

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and Accounts for the year ended 31st March, 2012.

I. FINANCIAL RESULTS

	2011-12	2010-11
	Rs. Lacs	Rs. Lacs
1 Income for the year	3373.45	3586.07
2 Less: Expenditure	1884.57	1857.83
3 Profit Before Depreciation & Tax (PBDT)	1488.88	1728.24
4 Less: Depreciation	365.58	359.84
5 Profit / (Loss) before tax (PBT)	1123.30	1368.40
6 Less: Provision for tax	201.62	242.17
7 Profit / (Loss) after tax (PAT)	921.68	1126.23
8 Balance brought forward from previous year	3685.71	2559.48
9 Balance carried to Balance Sheet	4607.39	3685.71

II. APPROPRIATIONS

There were no appropriations made during the year 2011-12.

III. DIVIDEND

Your Directors prefer to retain the profit available for the purposes of appropriation for future operational requirements and hence no dividend is recommended for the year 2011-12.

IV. PERFORMANCE OF THE COMPANY

The Toll Collections during the FY 2011-12 had increased to an all-time high of Rs. 2282.03 Lakhs from that of Rs. 2134.94 Lakhs in the corresponding period in 2010-11.

Road Safety awareness was undertaken in the project with an aim of reducing the number of accidents. The total accidents were reduced from 140 in the FY 2010-11 to 109 in the FY 2011-12.

V. CAPITAL EXPENDITURE

During the year, your Company has added fixed assets amounting to Rs. 0.90 lakhs thereby the Gross fixed assets of the Company stood at Rs.10,044.47 Lakhs and the net fixed assets stood at Rs. 5,777.09 Lakhs after charging off depreciation to an extent of Rs. 4,267.38 Lakhs as on March 31, 2012.

VI. AUDITORS' REPORT

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

VII. DEPOSITS

The Company has not accepted any deposits from the public.

VIII. MATERIAL CHANGES, IF ANY BETWEEN DATE OF THE BALANCE SHEET AND DATE OF THE DIRECTORS' REPORT

There are no material changes to be reported between date of the Balance Sheet and date of the Directors' Report

IX. DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER THE COMPANIES' (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

- Conservation of Energy

As the Company is engaged in developing, operating and maintaining a bypass road the provisions relating to conservation of energy does not apply.

- Technology Absorption

There was no Technology absorption during the year 2011-12.

- Foreign Exchange Earnings and Outgo

There was no usage or earning of any foreign currency in the course of transactions during the year 2011-12.

L&T TRANSPORTATION INFRASTRUCTURE LIMITED

X. PARTICULARS OF EMPLOYEES

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

XI. SUBSIDIARY COMPANIES

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

XII. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. That the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- iii. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the annual accounts have been prepared on a going concern basis.
- v. That proper systems are in place to ensure compliance of all laws applicable to the Company.

XIII. DIRECTORS

Mr. R. Chandrasekaran, Director, who retires by rotation at this Annual General Meeting, being eligible, offer himself for reappointment.

Mr.T.S.Sundaresan has submitted his resignation as Director with effect from 12-04-2012.

The present Directors are as follows:

- a) Mr. B. Ramakrishnan
- b) Mr. Karthikeyan T. V.
- c) Mr. R. Chandrasekaran

XIV. AUDIT COMMITTEE

The Audit Committee consists of three non-executive Directors. The present members of the committee are:

1. Mr. B. Ramakrishnan
2. Mr. Karthikeyan T. V.
3. Mr. R. Chandrasekaran

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

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

XV. REMUNERATION COMMITTEE

The Remuneration Committee consists of three non-executive Directors. The present members of the committee are:

1. Mr. B. Ramakrishnan
2. Mr. Karthikeyan T. V.
3. Mr. R. Chandrasekaran

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

XVI. AUDITORS

The Auditors, M/S Sharp & Tannan, Chartered Accountants, being statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. Certificate from Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act.

XVII.COMPLIANCE WITH VOLUNTARY CORPORATE GOVERNANCE GUIDELINES, 2009

The Company has familiarized itself with the requirement of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs and it is in the process of implementing many of the suggestions. Our compliance with the said guidelines is given below –

A) SEPARATION OF OFFICES OF CHAIRMAN & CHIEF EXECUTIVE

The Chairman is elected during each Board Meeting by the Directors from amongst those present. All the Directors are Non-Executive and the role of Chairman is confined to the proper conduct of the Board Meeting. The Manager of the Company, as per the Companies Act 1956, handles the responsibilities envisaged for a Chief Executive and the occupant of the position is not a Board Member and attends the Board Meetings only as invitee. In this manner the separation of offices of Chairman & Manager is ensured as per the requirement of guidelines.

B) REMUNERATION OF DIRECTORS & MANAGER

The Directors are not paid any remuneration by way of sitting fees, etc.

C) INDEPENDENT DIRECTORS

None of the Directors are involved in the day to day affairs of the Company.

Number of Companies in which an Individual may become a Director

The Company has appraised its Board members about the restriction on number of other directorships and the same is being complied with.

D) RESPONSIBILITIES OF THE BOARD

Presentations to the Board in areas such as financial results, budgets, business prospects etc. give the Directors, an opportunity to interact with senior managers and other functional heads. Directors are also updated about their role, responsibilities and liabilities.

The Company ensures necessary training to the Directors relating to its business through formal / informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable / discharge his duties. The Directors are given time to study the data and contribute effectively to Board discussions. The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board. The system of risk assessment and compliance with statutory requirements are in place.

E) STATUTORY AUDITORS

The Company has obtained a certificate from the auditors certifying its independence and arm's length relationship with the Company. The Company does not advocate rotation of Auditors as envisaged in these guidelines in view of the domain knowledge acquired by the Auditors over a period of time.

F) INTERNAL AUDITORS

M/S. Govind & Bala Associates, Chartered Accountants, provides internal audit services to the Company.

G) INTERNAL CONTROL

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

H) SECRETARIAL AUDIT

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

XVIII. ACKNOWLEDGEMENTS

The Directors acknowledge the invaluable support extended to the Company by the Financial Institutions, Bankers, employees of the Company and management staff of the parent Company.

For and on behalf of the Board

Place : Chennai
Date : April 12, 2012

KARTHIKEYAN T. V.
Director

R. CHANDRASEKARAN
Director

AUDITORS' REPORT

TO THE MEMBERS OF L&T TRANSPORTATION INFRASTRUCTURE LIMITED

Report on the financial statements

We have audited the accompanying financial statements of L&T Transportation Infrastructure Limited, which comprise the Balance Sheet as at 31 March 2012, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

SHARP & TANNAN

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

V. R. LALITHA

Partner
Membership No. 18284

Place : Chennai
Date : April 12, 2012

ANNEXURE TO THE AUDITORS REPORT

With reference to the Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of the independent auditor's report to the members of L&T Transportation Infrastructure Limited on the financial statements for the year ended March 31, 2012, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets so as to affect the going concern assumption.
- (ii) As the Company is engaged in the business of infrastructure development and maintenance, the clauses relating to inventory are not applicable.
- (iii) The Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(a) to (g) of the Order are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business, for the purchase of fixed assets and sale of services. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under this clause does not arise.
- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act 1956.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of accounts and records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income tax, and other statutory dues during the year with the appropriate authorities. As at 31 March 2012, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, following disputed statutory liabilities are not paid in respect of income tax as at March 31, 2012.

Nature of statute	Name of disputed dues	Amount (Rs.)	Period to which the amount relates	Forum where disputes are pending
Income Tax Act 1961	Dispute regarding brought forward losses and unabsorbed depreciation.	1,306,180	2005-06	Commissioner (Appeals)
	Total	1,306,180		

- (x) The Company has no accumulated losses at the end of the financial year and has not incurred cash losses in the financial year or in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to financial institution or bank or debenture holders, during the year.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not a dealer or trader in securities. The Company has invested surplus fund in mutual funds. According to the information and explanation given to us proper records have been maintained for the transactions and contracts and timely entries have been made therein. The investments have been held by the Company in its own name.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanation given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) The Company has not raised funds on short - term basis during the year.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly reporting under clause 4(xviii) of the Order does not arise.
- (xix) The Company has not issued debentures during the year. Hence reporting under clause 4(xix) of the Order does not arise.
- (xx) The Company has not raised any money by public issue during the year. Accordingly reporting under clause 4(xx) of the Order does not arise.
- (xxi) During the course of our examination of the books and the records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by management.

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

V. R. LALITHA
Partner
Membership No. 18284

Place : Chennai
Date : April 12, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note	As at 31.03.2012 Rupees	Rupees	As at 31.03.2011 Rupees	Rupees
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	A	414,000,000		414,000,000	
Reserves and Surplus	B	460,738,287		368,570,794	
			874,738,287		782,570,794
Non-current liabilities					
Long-term borrowings	C(I)	1,226,141,341		1,323,726,974	
Deferred tax liabilities (Net)	C(II)	99,066,976		101,379,614	
			1,325,208,317		1,425,106,588
Current liabilities					
Short-term borrowings	D(I)	918,800		918,800	
Current maturities of long-term borrowings	D(II)	97,500,000		63,750,000	
Trade payables	D(III)	9,976,896		5,483,431	
Other current liabilities	D(IV)	3,378,693		430,438	
Short-term provisions	D(V)	24,358,903		28,606,265	
			136,133,292		99,188,934
			2,336,079,896		2,306,866,316
ASSETS					
Non-current assets					
Fixed Assets					
Tangible Assets	E(I)	577,709,220		614,177,247	
Long-term loans and advances	E(II)	343,500		343,240	
			578,052,720		614,520,487
Current Assets					
Trade receivables	F(I)	6,016,000		2,575,600	
Cash and bank balances	F(II)	148,873,467		122,967,521	
Short-term loans and advances	F(III)	1,603,137,709		1,566,802,708	
			1,758,027,176		1,692,345,829
			2,336,079,896		2,306,866,316
CONTINGENT LIABILITIES AND COMMITMENT					
SIGNIFICANT ACCOUNTING POLICIES					
	G				
	J				

The notes referred to above and the notes attached form an integral part of the Balance Sheet.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

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

V. R. LALITHA

Partner
Membership No. 18284

Place : Chennai
Date : April 12, 2012

KARTHIKEYAN T. V.
Director

R. CHANDRASEKARAN
Director

Place : Chennai
Date : April 12, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

	Note	2011-12 Rupees	Rupees	2010-11 Rupees	Rupees
REVENUE					
Revenue from Operations	H(I)	228,203,677		213,494,259	
Other Income	H(II)	109,141,138		145,112,721	
Total Revenue			337,344,815		358,606,980
EXPENSES					
Operating and maintenance expenses	I(I)	24,705,363		20,649,998	
Employee benefit expenses	I(II)	9,527,081		7,606,643	
Administration and other expenses	I(III)	15,126,694		24,209,348	
Finance costs	I(IV)	139,098,209		133,316,759	
Depreciation and Amortization expenses		36,558,017		35,983,571	
Total Expenses			225,015,364		221,766,319
Profit Before Tax			112,329,451		136,840,661
Tax expense:					
Current tax		22,474,596		27,273,028	
Deferred tax		(2,312,638)		(3,055,955)	
			20,161,958		24,217,073
Profit After Tax			92,167,493		112,623,588
Earnings per share	K(V)				
Basic & Diluted			2.23		2.72
Nominal value per share			10.00		10.00

The notes referred to above and the notes attached form an integral part of the Profit and Loss Statement.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants

(Firm's Registration No. 003792S)

By the hand of

V. R. LALITHA

Partner

Membership No. 18284

Place : Chennai

Date : April 12, 2012

KARTHIKEYAN T. V.

Director

R. CHANDRASEKARAN

Director

Place : Chennai

Date : April 12, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	2011-12 Rupees	2010-11 Rupees
A Cash Flow from operating activities		
Profit before tax (excluding extraordinary items)	112,329,451	136,840,661
Adjustments for :		
Depreciation	36,558,017	35,983,571
Interest paid	129,704,053	133,316,759
Interest received	(106,282,668)	(119,567,780)
(Profit) / Loss on sale of fixed assets (net)	(2,990)	
(Profit) / Loss on sale of current investments (net)	(2,842,580)	(25,542,654)
Operating profit before working capital changes	169,463,283	161,030,557
Adjustments For :		
(Increase) / Decrease in trade receivables	(3,440,400)	(1,729,600)
(Increase) / Decrease in Loans and Advances	(72,278,134)	144,667,749
Increase / (Decrease) in current liabilities and provisions	(19,280,238)	(23,173,380)
Cash generated from operations	74,464,512	280,795,326
Direct taxes paid (net of refund)	(20,592,607)	(27,009,823)
Net cash from operating activities	53,871,905	253,785,503
B. Cash flow from Investing activities :		
Purchase of fixed assets	(90,000)	(124,100)
Sale of fixed assets	3,000	-
Loans / Advances to holding Company & fellow subsidiaries (net)	56,535,480	(192,800,000)
Purchase of investments	(340,731,999)	(3,431,877,153)
Sale of investments	343,574,579	3,457,419,807
Interest received	106,282,668	119,567,780
Net cash (used in) / from investing activities	165,573,728	(47,813,666)
C. Cash flow from financing activities		
(Repayment) / proceeds from other borrowings	(63,835,633)	(29,983,112)
Interest paid	(129,704,053)	(133,316,759)
Net cash (used in) / from financing activities	(193,539,686)	(163,299,871)
Net (decrease)/ increase in cash and cash equivalents	25,905,947	42,671,966
Cash and cash equivalents as at the beginning of the year	122,967,521	80,295,555
Cash and cash equivalents as at end of the year	148,873,468	122,967,521

Notes:

- Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3; "Cash Flow Statement" as per Companies (Accounting Standard) Rules, 2006.
- Cash and cash equivalents represent cash and bank balances.
- Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

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

V. R. LALITHA

Partner
Membership No. 18284

Place : Chennai
Date : April 12, 2012

KARTHIKEYAN T. V.
Director

R. CHANDRASEKARAN
Director

Place : Chennai
Date : April 12, 2012

NOTES TO FINANCIAL STATEMENTS

A SHARE CAPITAL

	As at 31.03.2012		As at 31.03.2011	
	No of Shares	Rupees	No of Shares	Rupees
Authorized Shares				
Equity Shares of Rs. 10/- each	50,000,000	500,000,000	50,000,000	500,000,000
Issued				
Equity Shares of Rs. 10/- each	41,400,000	414,000,000	41,400,000	414,000,000
Subscribed and fully paid up				
Equity Shares of Rs. 10/- each	41,400,000	414,000,000	41,400,000	414,000,000
	41,400,000	414,000,000	41,400,000	414,000,000

A(1) Reconciliation of the Shares outstanding at the beginning and at the end of the year:

	As at 31.03.2012		As at 31.03.2011	
	No of Shares	Rupees	No of Shares	Rupees
Subscribed and fully paid up				
At the beginning of the year	41,400,000	414,000,000	41,400,000	414,000,000
Issued during the year as fully paid	–	–	–	–
At the end of the year	41,400,000	414,000,000	41,400,000	414,000,000

A(2) Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend.

No shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment.

A(3) Shares held by Holding / Ultimate holding Company and/or their subsidiaries/associates:

Particulars	Relationship	As at 31.03.2012	As at 31.03.2011
		No of Shares	No of Shares
L&T Infrastructure Development Projects Limited	Holding Company	30,536,000	30,536,000
Larsen and Toubro Limited	Ultimate Holding Company	10,864,000	10,864,000

A(4) Details of Shareholders holding more than 5% shares in the Company:

Particulars	As at 31.03.2012		As at 31.03.2011	
	No of Shares	%	No of Shares	%
L&T Infrastructure Development Projects Limited	30,536,000	73.76%	30,536,000	73.76%
Larsen and Toubro Limited	10,864,000	26.24%	10,864,000	26.24%

B RESERVES AND SURPLUS

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
General Reserve		2,029,771		2,029,771
Surplus in the Statement of Profit and Loss				
Balance as per the last financial statement	366,541,023		253,917,435	
Add: Profit for the year	92,167,493		112,623,588	
		458,708,516		366,541,023
TOTAL		460,738,287		368,570,794

NOTES TO FINANCIAL STATEMENTS (Contd.)**C(I) LONG TERM BORROWINGS**

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
Secured:				
Term loans				
United Bank of India	613,133,504		661,943,719	
UCO Bank	613,007,837		661,783,255	
		1,226,141,341		1,323,726,974
TOTAL		1,226,141,341		1,323,726,974

C(I) 1. Details of Term Loans:

Particulars	Rate of Interest	Rupees	Terms of Repayment
United Bank of India	9.5% p.a	661,883,504	Repayable in 162 monthly installments from October 2006 to March 2020 at specified amounts.
UCO Bank	9.5% p.a	661,757,837	
TOTAL		1,323,641,341	

C(I) 2. Security for the Term Loans:

Term loans are secured by,

- Mortgage of title deed of immovable property being Flat located in Coimbatore.
- Hypothecation of Movable properties, Assignment of project documents, Insurance policies, Investments, Receivables and general assets.

C(I) 3. Presentation of Term Loans in the Balance Sheet is as follows:

- Long Term Borrowing Rs. 122,61,41,341
- Current maturities of Long Term Borrowings Rs. 9,75,00,000 Ref Note No. D(II)

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
Deferred tax liability				
Fixed assets : Impact of difference between tax depreciation and depreciation / amortization as per books of accounts	99,678,339		101,812,183	
		99,678,339		101,812,183
Deferred tax asset				
Provision for Leave Encashment	215,551		132,977	
Provision for Gratuity	395,812		299,592	
		611,363		432,569
Deferred tax liability (net)		99,066,976		101,379,614

D(I) SHORT-TERM BORROWINGS

Deposits	918,800	918,800
TOTAL	918,800	918,800

- D(I) 1** Deposits represents security deposit received from lessors under leave and license given for the land and are repayable on surrender of lease.

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2012 Rupees	Rupees	As at 31.03.2011 Rupees	Rupees
D(II) CURRENT MATURITIES OF LONG TERM DEBT				
Secured				
Term loans from Banks (Ref Note no.C(I).3)				
United Bank of India	48,750,000		31,875,000	
UCO Bank	48,750,000		31,875,000	
		97,500,000		63,750,000
TOTAL		97,500,000		63,750,000
D(III) TRADE PAYABLES				
Due to Micro and small enterprises		-		-
Due to others		9,976,896		5,483,431
TOTAL		9,976,896		5,483,431
D(III) 1	There have been no reported transactions with Micro and Small Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence, reporting details of principal and interest does not arise			
D(IV) OTHER CURRENT LIABILITIES				
Other payables				
Due to Holding Company	205,893		-	
Statutory liabilities	1,165,356		130,935	
Others	2,007,444		299,503	
		3,378,693		430,438
TOTAL		3,378,693		430,438
D(V) PROVISIONS				
Provisions for Employee Benefits				
Provision for Gratuity (Note no. K(II))		1,219,948		923,383
Provision for Leave Encashment (Note no. K(II))		664,359		409,854
Other Provisions				
Current tax		22,474,596		27,273,028
TOTAL		24,358,903		28,606,265

E(I) TANGIBLE ASSETS

Fixed Assets	Cost				Depreciation				Book Value	
	As at 01.04.2011	Additions	Deletions	As at 31.03.2012	Up to 31.03.2011	For the year	Deductions	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees		Rupees	Rupees
Land	607,315	-	-	607,315	-	-	-	-	607,315	607,315
Toll Road & Bridge	979,689,743	-	-	979,689,743	38,823,996	33583245	-	414,407,241	565,282,502	598,865,747
Building	1,217,079	-	-	1,217,079	241,171	25,682	-	266,853	950,226	975,908
Plant & Equipments	20,283,331	90,000	3,564,237	16,809,094	9,114,454	2,530,006	3,564,231	8,080,229	8,728,865	11,168,877
Office Equipments	939,115	-	113,551	825,564	915,139	14,492	113,548	816,083	9,481	23,976
Electrical Installation	3,280,557	-	-	3,280,557	1,871,916	156,148	-	2,028,064	1,252,493	1,408,641
Furniture & Fittings	433,976	-	5,230	428,746	391,315	6,154	5,229	392,240	36,506	42,661
Vehicles	1,589,074	-	-	1,589,074	504,952	242,290	-	747,242	841,832	1,084,122
Total	1,008,040,190	90,000	3,683,018	1,004,447,172	393,862,943	36,558,017	3,683,008	426,737,952	577,709,220	
Previous year	1,007,916,090	124,100	-	1,008,040,190	357,879,372	35,983,571	-	393,862,943		614,177,247

NOTES TO FINANCIAL STATEMENTS (Contd.)**E(II) INTANGIBLE ASSETS**

Fixed Assets	Cost				Depreciation				Book Value	
	As at 01.04.2011	Additions	Deletions	As at 31.03.2012	Up to 31.03.2011	For the year	Deductions	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees		Rupees	Rupees
Toll Road & Bridge (Ref Note E(II)(1) below)	979,689,743	–	–	979,689,743	380,823,996	33,583,245	–	414,407,241	565,282,502	598,865,747
Total	979,689,743	–	–	979,689,743	380,823,996	33,583,245	–	414,407,241	565,282,502	
Previous year	979,689,743	–	–	979,689,743	347,240,752	33,583,244	–	380,823,996		598,865,747

- E(II) (1) a.** Toll Road & Bridge represents Bypass road and bridge over river Noyyal (known as Athupalam bridge) constructed on land provided by Government of Tamilnadu under Concession Agreement dated 3rd October, 1997 with Ministry of Surface Transport, Government of India and Department of Highways, Government of Tamilnadu.
- b.** The cost of the bridge and bypass are being depreciated on straight line method (SLM) equally over a period of 20 years and 30 years respectively, commencing from 12th Dec 1998 and 19th Jan 2000 respectively.
- c.** The Ministry of Corporate Affairs has vide notification dated April 17, 2012 amended Schedule XIV to the Companies Act, 1956 ("the Act") by inserting a new entry for Intangible Assets created under Build, Operate and Transfer or any other form of Public Private Partnership Route and has also prescribed certain minimum rates for amortization of the aforesaid class of intangible asset.
- d.** Accordingly, the Company has reclassified from Tangible to Intangible Asset, the Toll Road & Bridge being the cost of construction for acquiring the toll collection right. The rate of amortization of the aforesaid intangible asset on the basis of SLM is 3.43% for the year 2011-12, which is higher than the applicable rate of 1.97% for the year computed under amended Schedule XIV to the Act.

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
E(II) LOANS AND ADVANCES				
Security Deposit				
Unsecured, Considered good		343,500		343,240
TOTAL		343,500		343,240
F(I) TRADE RECEIVABLES				
Outstanding for more than six months				
Unsecured, Considered good		4,295,800		864,800
Other Receivables				
Unsecured, Considered good		1,720,200		1,710,800
TOTAL		6,016,000		2,575,600

- F(II) 1** Trade Receivable represents the Toll Fee receivable from Tamil Nadu State Transport Corporation.

F(II) CASH AND BANK BALANCES**Cash and Cash Equivalents**

Balances with banks

on Current account

1,579,945

1,823,721

on Bank deposits with less than 3 months maturity (including interest accrued thereon)

26,614,359

–

Cash on hand

1,061,369

970,286

29,255,673

2,794,007

Other Bank Balances

Bank Deposits with more than 3 months maturity including interest accrued thereon (includes Rs. 8,73,72,048 with more than 12 months maturity, previous year Rs. 1,02,81,096)

118,336,463

118,966,053

Margin Money Deposit including interest accrued thereon

1,281,331

1,207,461

119,617,794

120,173,514

TOTAL**148,873,467****122,967,521**

- F(II) 2** Margin Money Deposit given as security against Bank Guarantee furnished to Ministry of Road Transport and Highways (MORTH).

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
F(III) SHORT TERM LOANS AND ADVANCES				
Loans and advances to related parties				
Unsecured, Considered good				
Inter Corporate Deposits (ICD)				
Ultimate Holding Company		1,556,535,480		1,500,000,000
Holding Company		–		–
Others from Ultimate Holding Company		83,840		–
Other Loans and Advances				
Unsecured, Considered good				
Others		46,518,389		66,802,708
TOTAL		1,603,137,709		1,566,802,708
G CONTINGENT LIABILITIES AND COMMITMENT				
Contingent liabilities as at March 31, 2012 is Nil.				
	2011-2012		2010-2011	
	Rupees	Rupees	Rupees	Rupees
H(I) REVENUE FROM OPERATIONS				
Fee Collection - Road and Bridge		227,545,325		212,870,473
Other Operating Income:				
License fee for wayside amenities		658,352		623,786
TOTAL		228,203,677		213,494,259
H(II) OTHER INCOME				
Interest Income on				
Bank Deposits	9,041,569		4,733,080	
Inter Corporate Deposits	97,241,099		114,834,700	
		106,282,668		119,567,780
Net gain on Sale of current investments		2,842,580		25,542,654
Net gain on Sale of Fixed Assets		2,990		–
Other Non-operating Income		12,900		2,287
TOTAL		109,141,138		145,112,721
I(I) OPERATING AND MAINTENANCE EXPENSES				
Toll Management Fees		9,820,111		6,168,216
Security Services		9,935,239		9,244,495
Insurance		534,346		956,938
Repairs & maintenance				
Toll Road & bridges	453,136		453,343	
Building	35,003		30,957	
Plant & Machinery	1,484,262		1,492,955	
Others	381,320	2,353,721	417,293	2,394,548
Power & electricity charges		2,061,946		1,885,801
TOTAL		24,705,363		20,649,998

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2011-2012		2010-2011	
	Rupees	Rupees	Rupees	Rupees
I(II) EMPLOYEE BENEFIT EXPENSES				
Salaries, wages & bonus		7,931,574		6,453,655
Contribution to and Provisions for:				
Provident Fund	380,482		308,574	
Leave Encashment	254,505		42,816	
Gratuity	296,565		98,772	
		931,552		450,162
Staff welfare expenses		663,953		702,826
TOTAL		9,527,079		7,606,643
I(III) ADMINISTRATION AND OTHER EXPENSES				
Rates & taxes		670		12,000
Professional fees		13,580,327		12,876,656
Printing & stationery		397,560		319,598
Postage & Communication		198,043		94,969
Travelling & conveyance		282,169		221,847
CSR Expenses		–		10,000,000
Miscellaneous expenses		667,925		684,278
TOTAL		15,126,694		24,209,348
I(III) 1 Miscellaneous expenses includes the following:				
Auditor Remuneration (excluding Service Tax)				
Auditor		240,000		200,000
For taxation matters		50,000		40,000
For other services		21,000		10,500
Reimbursement of Expenses		–		11,167
TOTAL		311,000		261,667
I(IV) FINANCE COSTS				
Interest expenses		139,098,209		133,316,759
TOTAL		139,098,209		133,316,759

J SIGNIFICANT ACCOUNTING POLICIES**1. Basis of Preparation:**

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP") and in compliance with provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006 prescribed by the Central Government. However, certain escalation and other claims, which are not ascertainable or acknowledged by customers, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include useful life of tangible and intangible fixed assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Actual results could differ from these estimates.

2. Income:

- Fee collections from users of facility are accounted for as and when the amount is due and recovery is certain.
- Dividend income is recognized when the right to receive is established.
- Interest income is accrued at applicable rates.
- License fees for wayside amenities are accounted on accrual basis, based on contract.
- Other items of income are accounted as and when the right to receive arises.

NOTES TO FINANCIAL STATEMENTS (Contd.)

3. Employee Benefits

(i) Short Term Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(ii) Post-Employment Benefits

a. Defined Contribution Plans: the Company's obligation to employees provident fund is a defined contribution plan. The contribution paid/payable is recognized in the period in which the employee renders the related service.

b. Defined Benefit Plans: The Company's obligation towards gratuity is a defined benefit plan.

The present value of the obligation under such Defined Benefit Plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

(iii) Long Term Employee Benefits

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

4. Fixed Assets

Tangible Fixed Assets are stated at original cost less accumulated depreciation.

5. Depreciation

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

Category of Asset	Depreciation Rate (% per annum)
Building – Residential	2.00%
Office Equipment	25.00%
Computers – Desktop	16.67%
Computers – Laptop	25.00%
Furniture and Fixtures	10.00%
Motor Cars	14.29%
Motor Bike	9.50%
Air conditioners	8.33%
Toll Equipments	14.29%

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

6. Investments

Current Investments are stated at lower of cost or market value.

7. Leases

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

b) Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit & Loss Account on accrual basis.

8. Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS (Contd.)

9. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on expected outcome of assessments / appeals.

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

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

10. Impairment of Assets

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

- a. The provision for impairment loss, if any required; or
- b. The reversal, if any, required of impairment loss recognized in previous period"

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

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

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

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

11. Provisions, Contingent Liabilities and Contingent Assets

- a) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if
 - (i) the Company has a present obligation as a result of a past event.
 - (ii) a probable outflow of resources is expected to settle the obligation, and
 - (iii) the amount of the obligation can be reliably estimated.
- b) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.
- c) Contingent Liability is disclosed in the case of
 - a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
 - b. a present obligation when no reliable estimate is possible, and
 - c. a possible obligation arising from past events where the probability of outflow of resources is not remote.
- d) Contingent Assets are neither recognized, nor disclosed.
- e) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

K. (I) CORPORATE INFORMATION

L&T Transportation Infrastructure Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the construction of a bypass and a bridge over the River Noyyal (known as Athupalam bridge) in Coimbatore District of Tamil Nadu State, under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated October 3, 1997 with Ministry of Surface Transport, Government of India and Department of Highways, Government of Tamilnadu. The Company had completed construction of bypass road on January 18, 2000 and Bridge on December 11, 1998. The concession period is 20 years for Athupalam Bridge and 30 years for the Bypass.

NOTES TO FINANCIAL STATEMENTS (Contd.)**(II) GRATUITY AND LEAVE ENCASHMENT**

1. Gratuity		
A. Results of Actuarial Valuation		
1. Valuation as on	March 31, 2012	<i>March 31, 2011</i>
2. Retirement Age	As per rule of the Company	<i>As per rule of the Company</i>
3. No of Employees	25	<i>25</i>
4. Present Value of Benefit Obligations	1,219,948	<i>923,383</i>
B. Principal rules to compute Benefit Obligations		
1. Salary reckoned for calculating Benefit Obligations	As per rule of the Company	<i>As per rule of the Company</i>
2. Vesting Period	5 years of Gratuity	<i>5 years of Gratuity</i>
3. Benefit formula for Gratuity for all exits except death	B1 X Completed year of Service X 15/26 subject to benefit having vested	
4. Benefit formula for Gratuity on death	Same as B3 but no vesting condition	
2. Leave Salary		
A. Summary of Staff		
1. No of Employees	25	<i>25</i>
2. Projected actuarial value of benefit obligation in Rupees	664,359	<i>409,854</i>
B. Principal rules to compute Benefit Obligations		
1. Salary reckoned for calculating Benefit Obligations	As per rule of the Company	<i>As per rule of the Company</i>
2. Benefit formula for all exits	B1 X Leave Balance / 30	
3. Summary of Actuarial Assumptions		
A. Mean Financial Assumptions		
1. Discount Rate per unit per annum	8.50%	<i>8.00%</i>
2. Salary escalation rate per unit per annum	6.00%	<i>6.00%</i>
3. Expected rate of return on Plan Assets per unit per annum	N.A	<i>N.A</i>
B. Mean Demographic Assumptions		
1. Mortality Rate	LIC 94 - 96 Rates	
2. Withdrawal / Attrition Rate	5% for all age	<i>5% for all age</i>
3. Disability / Ill health retirement	No Explicitly Assumption	
4. Contribution to the Provident Fund is made to regional provident fund office		

(III) SEGMENTAL INFORMATION

The Company is engaged in single business of building and operating the Toll bridge and Bypass road. Accordingly furnishing segment details is not applicable. Further the Company is carrying on its business in only one geographical segment i.e., India and hence furnishing details of geographical segment does not arise

(IV) RELATED PARTY TRANSACTIONS**A. List of Related Parties**

Holding Company
Ultimate Holding Company
Fellow Subsidiaries

L&T Infrastructure Development Projects Limited
Larsen and Toubro Limited
L&T Urban Infrastructure Limited
L&T Chennai Tada Tollway Limited
Narmada Infrastructure Construction Enterprise
L&T Devihalli Hassan Tollway Limited
L&T Rajkot Vadinar Tollway Limited
L&T Krishnagiri Thopur Tollroad Limited
L&T General Insurance Company Limited

NOTES TO FINANCIAL STATEMENTS (Contd.)**B. Transactions with related parties:**

Amount in Rs.

Name / Relationship/ Nature of transaction	2011-2012			2010-2011		
	Amount of transaction	Due to	Due from	Amount of transaction	Due to	Due from
L&T Infrastructure Development Projects Limited						
ICD Given	1,500,000,000	-	-	1,500,000,000	-	-
ICD Refund received	1,500,000,000	-	-	1,307,200,000	-	-
Interest received /receivable on ICD	89,979,455	-	-	112,368,947	-	-
Purchase of goods & services (incl. service tax)	7,738,118	-	-	2,354,846	-	-
Cost of Services	-	-	-	1,467,347	-	-
Reimbursement of Expenses to	38,712	-	-	12,503,808	-	-
Reimbursement of Expenses from	107,056	-	-	2,484	-	-
Total Accounts Payable / Receivable		205,893				1,513,315,069
Larsen & Toubro Limited						
ICD Given	1,550,000,000	-	-	1,500,000,000	-	-
ICD Refund received	-	-	-	1,500,000,000	-	-
Interest received /receivable on ICD	7,261,644	-	-	2,465,753	-	-
Reimbursement of Expenses to	7,517,094	-	-	5,788,405	-	-
Purchase of Goods and Services (Including Service tax)	198,540	-	-	132,360	-	-
Total Accounts Payable / Receivable			1,556,619,320			94,040
L&T Urban Infrastructure Limited						
Purchase of Goods and Services (Including Service tax)	34,528	-	-	-	-	-
Reimbursement of Expenses from		-	-	384,834	-	-
L&T Chennai Tada Tollway Limited						
Reimbursement of Expenses to	11,539,225	-	-	5,257,847	-	-
Reimbursement of Expenses from	33,840	-	-	-	-	-
Narmada Infrastructure Construction Enterprise Limited						
Advance given/refunded	250,000	-	-	-	-	-
L&T Devihalli Hassan Tollway Limited						
Reimbursement of Expenses from	750	-	-	-	-	-
L&T Rajkot Vadinar Tollway Limited						
Reimbursement of Expenses from	43,403	-	-	-	-	-
L&T General Insurance Company Limited						
Purchase of Services - Insurance	386,686	-	-	-	-	-
L&T Krishnagiri Walajahpet Tollway Limited						
Reimbursement of Expenses from	828	-	-	4,812	-	-

C. Amounts written off/ written back: Nil**(V) EARNINGS PER SHARE**

Basic and Diluted Earnings per share (EPS) computed in accordance with Accounting Standard (AS 20) "Earning per Share"

Particulars	2011-12	2010-11
	Rupees	Rupees
Basic / Diluted		
Profit after tax as per accounts	92,167,493	112,623,588
PAT available to Equity Share holders	92,167,493	112,623,588
Weighted Average number of shares	41,400,000	41,400,000
Basic / Diluted EPS	2.23	2.72

NOTES TO FINANCIAL STATEMENTS (Contd.)**(VI) ARBITRATION**

The Company received a termination notice from Ministry of Road Transport and Highways, Government of India during 2009-10 terminating the Concession Agreement (CA) dated 03.10.1997 against which a Writ petition was filed before the Hon'ble High Court of Delhi challenging the Termination. The High Court by its order dated 21.01.2010 directed the parties to maintain status-quo till the Steering Group decides on the dispute.

Accordingly the Steering Group has decided on 12.02.2010 upholding the Termination of the Project invoking the force majeure clause 16.2.3 (ii) of the CA and directed the Company to act according to Clause 16.6.3(f) of CA.

Aggrieved by the decision of the Steering Group, the Company, vide its letter dated 18.03.2010 invoked the arbitration Clause 19.3 of CA for settlement of disputes/claims and an Arbitral Tribunal has been constituted in terms of CA. The Company has submitted the Statement of Claims before the Arbitral Tribunal, which has granted MoRTH/GoTN time till 15.05.2012 for filing their reply.

Pending outcome of the Arbitration, the Company has filed an application under Section 9 of the Arbitration and Conciliation Act, 1996 against MoRTH before the High Court of Delhi to continue the operations of the Company. The Hon'ble High Court, vide its order dated 26.03.2010, directed MoRTH to refrain from interfering with the operations and maintenance of the Project in any manner and to also refrain from taking over possession of the project in any manner except through the due process of courts and law. Pleadings have been completed during the current year and the matter is now posted for arguments.

(VII) TAXATION

Provision for current tax is made as per the provisions of Section 115JB of the Income Tax Act 1961 since tax under the normal computation is lesser than that computed under Section 115JB.

The Company does not have taxable wealth under Wealth Tax Act 1957 and hence no provision for wealth tax has been made.

(VIII) FOREIGN CURRENCY TRANSACTIONS

There were no foreign currency earnings, expenditure and imports by the Company during the current and previous year. Hence reporting the same does not arise.

(IX) IMPAIRMENT OF ASSETS

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

(X) PREVIOUS YEAR FIGURES

During the year, the revised Schedule VI notified under the Companies Act, 1956, is applicable to the Company. The Company has reclassified the previous year figures to confirm to this year's classification.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants

(Firm's Registration No. 003792S)

By the hand of

V. R. LALITHA

Partner

Membership No. 18284

Place : Chennai

Date : April 12, 2012

KARTHIKEYAN T. V.

Director

R. CHANDRASEKARAN

Director

Place : Chennai

Date : April 12, 2012