DIRECTORS' REPORT

The Directors have pleasure in presenting their report and Accounts for the year ended March 31, 2013.

I. FINANCIAL RESULTS

Sl. No	Particulars	**2012-13** **₹ Lacs**	*2011-12* *₹ Lacs*
1	Income for the year	**4,097.77**	*3,373.45*
2	Less: Expenditure	**2,089.73**	*1,884.57*
3	**Profit Before Depreciation & Tax (PBDT)**	**2,008.04**	*1,488.88*
4	Less: Depreciation	**368.66**	*365.58*
5	**Profit / (Loss) before tax (PBT)**	**1,639.38**	*1,123.30*
6	Less: Provision for tax	**331.66**	*201.62*
7	**Profit / (Loss) after tax (PAT)**	**1,307.72**	*921.68*
8	Balance brought forward from previous year	**4,587.09**	*3,665.41*
9	**Balance carried to Balance Sheet**	**5,894.81**	*4,587.09*

II. APPROPRIATIONS

There were no appropriations made during the year 2012-13.

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 2012-13.

IV. PERFORMANCE OF THE COMPANY

The Revenue from operations during the financial year 2012-13 had increased to an all-time high of ₹ 2,471.81 Lakhs as against ₹ 2,282.03 Lakhs for the financial year 2011-12, an increase of 8.63%. The Company recorded its highest toll collection per day of ₹ 7.86 Lakhs since its inception on 21st December 2012.

Accidents have drastically reduced to 59 in 2012-13 from 101 in 2011-12 due to the road safety measures that were undertaken by the Company which amounts to 41% reduction in accidents during the Financial Year 2012-13.

V. CAPITAL EXPENDITURE

During the year, your Company has added fixed assets amounting to ₹ 1.38 lakhs thereby the Gross fixed assets (both tangible and intangible) of the Company stood at ₹ 10,045.85 Lakhs and the net fixed assets (both tangible and intangible) stood at ₹ 5,409.80 Lakhs after charging off depreciation and amortization to the extent of ₹ 31.38 Lakhs and ₹ 337.28 Lakhs respectively as on 31st March, 2013.

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 2012- 13.

- **Foreign Exchange Earnings and Outgo**

  There was no usage or earning of any foreign currency in the course of transactions during the year 2012-13.

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. There are no employees who are drawing a remuneration of not less than ₹ 5 Lakhs per month.

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, 2013 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 and Mr. Karthikeyan T. V, Directors, who retire by rotation at this Annual General Meeting, being eligible, offer themselves for reappointment.

Mr. T. S. Sundaresan has submitted his resignation as Director with effect from 06-08-2012.

The present Directors are as follows:

a) Mr. B. Ramakrishnan

b) Mr. Karthikeyan T. V.

c) Mr. R. Chandrasekaran

d) Mr. J. Subramanian

XIV. AUDIT COMMITTEE

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

a) Mr. B. Ramakrishnan

b) Mr. Karthikeyan T. V.

c) 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:

a) Mr. B. Ramakrishnan

b) Mr. Karthikeyan T. V.

c) 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. The Remuneration to the Manager also is NIL.

C) Independent Directors

There are no Independent Directors on the Board 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, provide 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. MAINTENANCE OF COST RECORDS COMPLIANCE REPORT

Pursuant to the provisions of rule 5 of The Companies (Cost Accounting Records) Rules, 2011, your Company is required to obtain a Maintenance of Cost Records Compliance Report from a Practicing Cost Accountant and the same is required to be filed with the Ministry of Corporate Affairs.

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

XIX. 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 — **KARTHIKEYAN T. V.**, *Director* — **R. CHANDRASEKARAN**, *Director*

Date : April 25, 2013

INDEPENDENT AUDITOR'S 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** ("the Company"), which comprises the Balance Sheet as at March 31,2013 and 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 have 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, 2013;

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") as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said 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 comply with the accounting standards referred to in subsection (3C) of Section 211 of the Act;
   e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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
ICAI registration no. 003792S

Place : Chennai
Date : April 25, 2013

V. R. LALITHA
Partner
Membership No. 18284

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1under 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 31 March 2013, 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 2013, 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 31 March 2013.

Name of the Statute	**Name of the disputed dues**	**Amount (₹)**	**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
ICAI registration no. 003792S

Place : Chennai
Date : April 25, 2013

V. R. LALITHA
Partner
Membership No. 18284

BALANCE SHEET AS AT MARCH 31, 2013

	Note	As at 31.03.2013		*As at 31.03.2012*	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	A	414,000,000		*414,000,000*	
Reserves and surplus	B	591,509,159		*460,738,287*	
			1,005,509,159		*874,738,287*
Non-current liabilities					
Long-term borrowings	C(I)	1,098,639,131		*1,226,141,341*	
Deferred tax liabilities (net)	P(8)	100,443,284		*99,066,976*	
Long-term provisions	C(II)	2,098,542		*1,884,307*	
			1,201,180,957		*1,327,092,624*
Current liabilities					
Trade payables	D(I)	12,885,390		*10,372,084*	
Other current liabilities	D(II)	129,924,753		*101,402,304*	
Short-term provisions	D(III)	3,794,073		*1,881,989*	
			146,604,216		*113,656,377*
TOTAL			2,353,294,332		*2,315,487,288*
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	E(I)	9,426,399		*12,426,718*	
Intangible assets	E(II)	531,553,963		*565,282,502*	
			540,980,362		*577,709,220*
Long-term loans and advances	F		343,500		*343,500*
Current assets					
Current investments	G(I)	250,000,000		–	
Trade receivables	G(II)	9,447,000		*6,016,000*	
Cash and bank balances	G(III)	484,885,394		*148,873,467*	
Short-term loans and advances	G(IV)	1,067,638,076		*1,582,545,101*	
			1,811,970,470		*1,737,434,568*
TOTAL			2,353,294,332		*2,315,487,288*
CONTINGENT LIABILITIES	H				
COMMITMENTS	I				
OTHER NOTES FORMING PART OF ACCOUNTS	P				
SIGNIFICANT ACCOUNTING POLICIES	Q				

As per our report attached
SHARP & TANNAN
Chartered Accountants
(Registration No. 003792S)
By the hand of

For and on behalf of the Board

V. R. LALITHA
Partner
Membership No. 18284

K. RAMANI *Manager*

KARTHIKEYAN T. V. *Director*

R. CHANDRASEKARAN *Director*

J. SUBRAMANIAN *Director*

Place : Chennai
Date : April 25, 2013

Place : Chennai
Date : April 25, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note	2012-13		2011-12	
		₹	₹	₹	₹
REVENUE					
Revenue from Operations	J		**247,875,023**		*228,203,677*
Other income	K		**161,901,565**		*109,141,137*
TOTAL REVENUE			**409,776,588**		*337,344,814*
EXPENSES					
Operating expenses	L		**34,836,320**		*26,803,190*
Employee benefit expenses	M		**10,142,695**		*9,517,617*
Finance costs	N		**147,395,762**		*139,302,371*
Depreciation and amortisation			**36,866,358**		*36,558,017*
Administration and other expenses	O		**16,598,699**		*12,834,167*
TOTAL EXPENSES			**245,839,834**		*225,015,362*
Profit/(loss) before tax			**163,936,754**		*112,329,452*
Tax Expense:					
Current tax		**32,800,056**		*22,474,596*	
Excess provision written back - prior year		**(1,010,482)**		*–*	
Deferred tax	P(8)	**1,376,308**		*(2,312,637)*	
			33,165,882		*20,161,959*
Profit/(loss) after tax for the year			**130,770,872**		*92,167,493*
Earnings per equity share (Basic and Diluted)	P(9)		**3.16**		*2.23*
Face value per equity share			**10.00**		*10.00*
OTHER NOTES FORMING PART OF ACCOUNTS	P				
SIGNIFICANT ACCOUNTING POLICIES	Q				

As per our report attached
SHARP & TANNAN
Chartered Accountants
(Registration No. 003792S)
By the hand of

V. R. LALITHA
Partner
Membership No. 18284

Place : Chennai
Date : April 25, 2013

For and on behalf of the Board

K. RAMANI	**KARTHIKEYAN T. V.**	**R. CHANDRASEKARAN**	**J. SUBRAMANIAN**
Manager	*Director*	*Director*	*Director*

Place : Chennai
Date : April 25, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

		2012-13	2011-12
		₹	₹
A	**Net profit / (loss) before tax and extraordinary items**	**163,936,754**	*112,329,452*
	Adjustment for		
	Depreciation and amortisation expense	**36,866,358**	*36,558,017*
	Interest expense	**147,395,762**	*139,302,371*
	Interest income	**(153,434,935)**	*(106,282,667)*
	(Profit)/loss on sale of current investments(net)	**(7,387,872)**	*(2,842,580)*
	(Profit)/loss on sale of fixed assets	**–**	*(2,990)*
	Operating profit before working capital changes	**187,376,067**	*179,061,603*
	Adjustments for		
	(Increase) / decrease in trade receivables	**(3,431,000)**	*(3,440,400)*
	(Increase) / decrease in loans and advances	**(47,388)**	*40,744,257*
	Increase / (decrease) in trade and other payables	**1,487,867**	*(19,280,239)*
	Net cash generated from/(used in) operating activities	**185,385,546**	*197,085,221*
	Direct taxes paid (net of refunds)	**(18,952,451)**	*(20,544,038)*
	Net Cash(used in)/generated from Operating Activities	**166,433,095**	*176,541,183*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(137,500)**	*(90,000)*
	Sale of fixed assets	**–**	*3,000*
	Purchase of current investments	**(2,177,418,771)**	*(340,731,999)*
	Sale of current investments	**1,934,806,643**	*343,574,579*
	Intercorporate deposits (placed)/refunded (net)	**500,000,000**	*(50,000,000)*
	Interest received	**157,226,432**	*99,747,187*
	Net cash (used in)/generated from investing activities	**414,476,804**	*52,502,767*
C	**Cash flow from financing activities**		
	Repayment of long term borrowings	**(97,502,210)**	*(63,835,633)*
	Interest paid	**(147,395,762)**	*(139,302,371)*
	Net cash (used in)/generated from financing activities	**(244,897,972)**	*(203,138,004)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**336,011,927**	*25,905,946*
	Cash and cash equivalents as at the beginning of the year	**148,873,467**	*122,967,521*
	Cash and cash equivalents as at the end of the year	**484,885,394**	*148,873,467*

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 "Cash flow Statement" as specified in the Companies (Accounting Standards) Rules 2006.
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year figures are regrouped/reclassified wherever necessary.

As per our report attached
SHARP & TANNAN
Chartered Accountants
(Registration No. 003792S)
By the hand of

For and on behalf of the Board

V. R. LALITHA
Partner
Membership No. 18284

K. RAMANI — *Manager*
KARTHIKEYAN T. V. — *Director*
R. CHANDRASEKARAN — *Director*
J. SUBRAMANIAN — *Director*

Place : Chennai
Date : April 25, 2013

Place : Chennai
Date : April 25, 2013

NOTES FORMING PART OF ACCOUNTS

A SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

	As at 31.03.2013		*As at 31.03.2012*	
	No of Shares	**₹**	*No of Shares*	*₹*
Authorised				
Equity shares of ₹ 10 each	**50,000,000**	**500,000,000**	*50,000,000*	*500,000,000*
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	**41,400,000**	**414,000,000**	*41,400,000*	*414,000,000*

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

Particulars	**2012-13**		*2011-12*	
	No. of shares	**₹**	*No. of shares*	*₹*
At the beginning of the year	**41,400,000**	**414,000,000**	*41,400,000*	*414,000,000*
Issued during the year as fully paid	**–**	**–**	*–*	*–*
At the end of the year	**41,400,000**	**414,000,000**	*41,400,000*	*414,000,000*

(iii) Terms / rights attached to shares

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

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

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

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

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

Particulars	**As at 31.03.2013**		*As at 31.03.2012*	
	No. of shares	**₹**	*No. of shares*	*₹*
L&T Infrastructure Development Projects Limited (including nominee holding)	**30,536,000**	**305,360,000**	*30,536,000*	*305,360,000*
Larsen and Toubro Limited (ultimate holding company)	**10,864,000**	**108,640,000**	*10,864,000*	*108,640,000*
	41,400,000	**414,000,000**	*41,400,000*	*414,000,000*

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

L&T Infrastructure Development Projects Limited (including nominee holding)	**30,536,000**	**73.76**	*30,536,000*	*73.76*
Larsen and Toubro Limited (including nominee holding)	**10,864,000**	**26.24**	*10,864,000*	*26.24*

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

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

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
B RESERVES AND SURPLUS				
General reserve:				
As per last Balance Sheet		**2,029,771**		*2,029,771*
Surplus/(Deficit) as per Statement of Profit and Loss:				
As per last Balance Sheet	**458,708,516**		*366,541,023*	
Add: Profit/(Loss) for the year	**130,770,872**		*92,167,493*	
		589,479,388		*458,708,516*
		591,509,159		*460,738,287*

C(I) LONG TERM BORROWINGS

	As at 31.03.2013	As at 31.03.2012
Secured term loans from banks (Refer notes below)		
UCO Bank	549,255,627	613,007,837
United Bank of India	549,383,504	613,133,504
TOTAL	1,098,639,131	1,226,141,341

C (I) (A) DETAILS OF TERM LOANS

Particulars	Rate of Interest (weighted average) 2012-13	*Terms of Repayment*
UCO Bank	*** 10.20% + applicable spread**	*Repayable in 162 monthly installments from October 2006 to March 2020 at specified amounts.*
United Bank of India	*** 10.25% + applicable spread**	

* Base rate as at March 31, 2013

C (I) (B) NATURE OF SECURITY

i) Mortgage of title deed of immovable property being flat located at Coimbatore.

ii) Hypothecation of movable properties, Assignment of project documents, Insurance policies, Investments, Receivables and general assets.

C (I) (C) PRESENTATION OF TERM LOANS IN THE BALANCE SHEET IS AS FOLLOWS:

	As at 31.03.2013	*As at 31.03.2012*
(i) Long term borrowings	**1,098,639,131**	*1,226,141,341*
(ii) Current maturities of long term borrowings	**127,500,000**	*97,500,000*
TOTAL	**1,226,139,131**	*1,323,641,341*

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
C(II) LONG TERM PROVISIONS				
Provision for employee benefits				
Gratuity (Refer note P(3)(ii))		**1,061,337**		*1,219,948*
Compensated absences (Refer note P(3)(ii))		**1,037,205**		*664,359*
TOTAL		**2,098,542**		*1,884,307*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
D (I) TRADE PAYABLES				
Due to:				
Micro and small enterprises (Refer note D(I)(a))		–		–
Related parites				
Holding Company		1,656,464		205,893
Others		11,228,926		10,166,191
TOTAL		12,885,390		10,372,084

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

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
D(II) OTHER CURRENT LIABILITIES				
Security deposits received		918,800		918,800
Current maturities of long term debt (Refer note C(I)(c))		127,500,000		97,500,000
Statutory liabilities		410,401		1,165,356
Others		1,095,552		1,818,148
TOTAL		129,924,753		101,402,304
D(III) SHORT TERM PROVISIONS				
Provisions for :				
Employee benefits				
Gratuity (Refer note P(3)(ii))	51,978		–	
Compensated absences (Refer note P(3)(ii))	185,899		–	
		237,877		–
Current tax [net of advance taxes paid ₹ 2,92,43,860; *previous year:₹ 2,05,92,607)*]		3,556,196		1,881,989
TOTAL		3,794,073		1,881,989

E (I) TANGIBLE ASSETS

Particular	Cost				Depreciation				Book Value	
	As at 01.04.2012	Additions	Deletions	**As at 31.03.2013**	*Up to 31.03.2012*	For the year	Deductions	**Up to 31.03.2013**	**As at 31.03.2013**	*As at 31.03.2012*
Owned										
Land (Refer note E(I)(a))	607,315	–	–	607,315	–	–	–	–	607,315	607,315
Building	1,217,079	–	–	1,217,079	266,853	25,682	–	292,535	924,544	950,226
Plant and Equipment	12,198,081	–	–	12,198,081	4,341,681	2,068,500	–	6,410,181	5,787,900	7,856,400
Furniture and fixtures	428,746	–	–	428,746	392,240	6,155	–	398,395	30,351	36,506
Vehicles	1,589,074	–	–	1,589,074	747,242	242,290	–	989,532	599,542	841,832
Office equipment	825,564	–	–	825,564	816,083	6,564	–	822,647	2,917	9,481
Electrical installations	3,280,557	–	–	3,280,557	2,028,064	177,011	–	2,205,075	1,075,482	1,252,493
Air conditioning and Refrigeration	178,376	–	–	178,376	119,260	9,115	–	128,375	50,001	59,116
Computers, laptops and printers	4,432,637	137,500	–	4,570,137	3,619,288	602,502	–	4,221,790	348,347	813,349
Total	24,757,429	137,500	–	24,894,929	12,330,711	3,137,819	–	15,468,530	9,426,399	
Previous year	28,350,447	90,000	3,683,018	24,757,429	13,038,947	2,974,772	3,683,008	12,330,711	–	12,426,718

NOTES FORMING PART OF ACCOUNTS (Contd.)

E (I) (A) Land represents 920 sq. ft of undivided portion of land in the flat at Coimbatore registered in the name of the Company.

E (I) (B) The Company has reviewed the useful life of certain categories of fixed assets during the year. Consequently depreciation rates have been revised resulting in additional depreciation of ₹ 2,10,771. As a result, profit before tax for the year is lower to that extent.

E (II) INTANGIBLE ASSETS

Particulars	Cost				Amortisation				Book Value	
	As at 01.04.2012	Additions	Deductions	**As at 31.03.2013**	*Up to 31.03.2012*	For the year	Deductions	**Up to 31.03.2013**	**As at 31.03.2013**	*As at 31.03.2012*
Toll collection rights (Refer notes below)	*979,689,743*	–	–	**979,689,743**	*414,407,241*	33,728,539	–	**448,135,780**	**531,553,963**	*565,282,502*
Total	***979,689,743***	–	–	**979,689,743**	***414,407,241***	**33,728,539**	–	**448,135,780**	**531,553,963**	
Previous year	*979,689,743*	–	–	*979,689,743*	*380,823,996*	*33,583,245*	–	*414,407,241*	–	*565,282,502*

Notes:

(a) Toll collection rights represent the bypass road and bridge over river Noyyal (known as Athupalam bridge) constructed on land provided by Government of Tamilnadu under Concession Agreement dated October 3, 1997 with Ministry of Surface Transport, Government of India and Department of Highways, Government of Tamilnadu. The cost of the bridge and bypass are being depreciated on straight line method equally over a period of 20 years and 30 years, commencing from December 12, 1998 and January 19, 2000 respectively.

(b) In terms of the Notification no.G.S.R. 298(E) dated April 17, 2012, issued by the Ministry of Corporate Affairs, on Amortisation of Intangible assets created under Build, Operate and Transfer, Build, Own Operate and Transfer and other modes of Public Private Partnership Route, the Company has reclassified the Toll road and bridge during the year being the construction cost for acquiring the Toll collection right as an Intangible Asset as it represents a right to collect Toll revenue from the users of the facility during the concession period.

(c) As per para 63 of Accounting Standard-26 “Intangible Assets”, the Company amortises the Toll road and bridge being Toll Collection rights (“TCR”), on a Straight line basis (“SLM”) over the concession period of 20 years and 30 years for the bypass and the bridge respectively.

(d) The amortisation computed on stright line method for the year, is higher than amortisation computed in terms of the aforesaid notification. Accordingly the Company continues to amortise the Toll Collection Rights on a straight line basis over the Concession period.

	As at 31.03.2013	*As at 31.03.2012*
	₹	₹
F LONG TERM LOANS AND ADVANCES		
Security deposits		
Unsecured, considered good	**343,500**	*343,500*
TOTAL	**343,500**	*343,500*
G (I) CURRENT INVESTMENTS		
Investment in Mututal funds - Quoted	**250,000,000**	–
L&T Liquid Growth Fund (155560.27 units of face value ₹ 1000)		
Book Value - ₹ 25,00,00,000		
Market value - ₹ 25,02,62,119		
TOTAL	**250,000,000**	–
G (II) TRADE RECEIVABLES		
Unsecured, considered good		
Debts outstanding for a period exceeding six months	**7,736,200**	*4,295,800*
Others	**1,710,800**	*1,720,200*
TOTAL	**9,447,000**	*6,016,000*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2013	*As at 31.03.2012*
	₹	*₹*
G (III) CASH AND BANK BALANCES		
Balances with banks		
In current accounts	**5,014,032**	*1,579,945*
In deposit accounts with maturity less than three months (including interest accrued thereon)	**410,174,996**	*26,614,359*
Cash on hand	**1,613,342**	*1,061,369*
Other bank balances		
In deposit accounts with maturity more than three months (including interest accrued thereon)	**66,729,618**	*118,336,463*
Margin money deposit against bank guarantee issued (including interest accrued thereon)	**1,353,406**	*1,281,331*
TOTAL	**484,885,394**	*148,873,467*

	As at 31.03.2013	*As at 31.03.2012*
G (IV) SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Related parties:		
Intercorporate deposits (including interest accrued thereon)		
Holding Company	**1,052,743,983**	*–*
Ultimate Holding Company	**–**	*1,556,535,480*
Others		
Ultimate Holding Company	**40,223**	*83,840*
Advances recoverable in cash or kind	**14,647,452**	*25,810,368*
Others	**206,418**	*115,413*
TOTAL	**1,067,638,076**	*1,582,545,101*

H Contingent liabilities as at March 31, 2013 ₹ Nil *(previous year: ₹ Nil)*

I Commitments as at March 31, 2013 ₹ Nil *(previous year: ₹ Nil)*

	2012-13		*2011-12*	
	₹	₹	*₹*	*₹*
J REVENUE FROM OPERATIONS				
Operating revenue:				
Fee collection from users of facility		**247,180,790**		*227,545,325*
Other operating revenue:				
License fee from wayside amenities		**694,233**		*658,352*
TOTAL		**247,875,023**		*228,203,677*
K OTHER INCOME				
Interest income from:				
Bank deposits	**11,386,735**		*9,041,568*	
On intercorporate deposits	**140,484,410**		*97,241,099*	
Others	**1,563,790**		*–*	
		153,434,935		*106,282,667*
Profit on sale of current investments		**7,387,872**		*2,842,580*
Profit/(loss) on disposal of fixed assets		**–**		*2,990*
Other income		**1,078,758**		*12,900*
TOTAL		**161,901,565**		*109,141,137*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	2012-13		2011-12	
	₹	₹	₹	₹
L OPERATING EXPENSES				
Toll Management fees		**14,956,126**		*12,299,258*
Security services		**10,616,282**		*9,935,239*
Insurance		**648,146**		*534,346*
Repairs and maintenance				
Toll road & bridge	**1,332,467**		*164,719*	
Plant and machinery	**2,942,663**		*1,482,741*	
Others	**1,615,999**		*324,941*	
		5,891,129		*1,972,401*
Power and fuel		**2,724,637**		*2,061,946*
TOTAL		**34,836,320**		*26,803,190*
M EMPLOYEE BENEFIT EXPENSES				
Salaries, wages and bonus		**8,613,479**		*8,044,610*
Contributions to and provisions for:				
Provident fund (Refer P(3)(i))	**447,612**		*380,482*	
Gratuity (Refer P(3)(ii))	**(106,633)**		*390,835*	
Compensated absences (Refer P(3)(ii))	**558,745**		303,199	
		899,724		*1,074,516*
Staff welfare expenses		**629,492**		*398,491*
TOTAL		**10,142,695**		*9,517,617*
N FINANCE COSTS				
Interest on borrowings		**147,350,119**		*129,704,053*
Others		**45,643**		*9,598,318*
TOTAL		**147,395,762**		*139,302,371*
O ADMINISTRATION AND OTHER EXPENSES				
Rates and taxes		**220**		*2,170*
Professional fees (Refer note (a) below)		**13,638,067**		*11,410,552*
Postage and communication		**294,394**		*198,043*
Printing and stationery		**480,476**		*400,056*
Travelling and conveyance		**1,352,868**		*663,489*
CSR expenses		**105,449**		-
Miscellaneous expenses		**727,225**		*159,857*
TOTAL		**16,598,699**		*12,834,167*

NOTES FORMING PART OF ACCOUNTS (Contd.)

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

		2012 Rupees	*2011 Rupees*
a)	As auditor	**269,664**	*269,664*
b)	For taxation matters	**56,180**	*55,150*
c)	For Company law matters	**-**	*–*
d)	For other services	**111,685**	*23,163*
TOTAL		**437,529**	*347,977*

P(1) CORPORATE INFORMATION

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

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

P(3) DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) 15 (REVISED) ON "EMPLOYEE BENEFITS":

(i) Defined contribution plan:

An amount of ₹ 4,47,612 *(previous year : ₹ 3,80,482)* being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note M) in the Statement of Profit and Loss.

(ii) Defined benefit plans:

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

	Particulars	**Gratuity plan**		**Compensated absences**	
		As at 31.03.2013 ₹	*As at 31.03.2012 ₹*	**As at 31.03.2013 ₹**	*As at 31.03.2012 ₹*
A)	Present value of defined benefit obligation				
	- Wholly funded	**–**	*–*	**–**	*–*
	- Wholly unfunded	**1,113,315**	*1,219,948*	**1,223,104**	*664,359*
		1,113,315	*1,219,948*	**1,223,104**	*664,359*
	Less : Fair value of plan assets	**–**	*–*	**–**	*–*
	Amount to be recognised as liability or (asset)	**1,113,315**	*1,219,948*	**1,223,104**	*–*
B)	Amounts reflected in the Balance Sheet				
	Liabilities	**1,113,315**	*1,219,948*	**1,223,104**	*664,359*
	Assets	**–**	*–*	**–**	*–*
	Net Liability / (asset)	**1,113,315**	*1,219,948*	**1,223,104**	*664,359*

b) The amounts recognised in the Statement of Profit and Loss are as follows:

1	Current service cost	**52,896**	*120,428*	**166,506**	*45,371*
2	Interest on Defined benefit obligation	**103,696**	*70,100*	**56,471**	*30,841*
3	Expected return on plan assets	**–**	*–*	**–**	*–*
4	Actuarial losses/(gains)	**(263,225)**	*200,307*	**335,768**	*226,987*
5	Past service cost	**–**	*–*	**–**	*–*
6	Actuarial gain/(loss) not recognised in books	**–**	*–*	**–**	*–*
7	Adjustment for earlier years	**–**	*–*	**–**	*–*
TOTAL (1 TO 7)		**(106,633)**	*390,835*	**558,745**	*303,199*
I	Amount included in "employee benefit expenses"	**(106,633)**	*390,835*	**558,745**	*303,199*
II	Amount included as part of "finance costs"	**–**	*–*	**–**	
TOTAL (I + II)		**(106,633)**	*390,835*	**558,745**	*303,199*
	Actual return on plan assets	**–**	*–*	**–**	*–*

NOTES FORMING PART OF ACCOUNTS (Contd.)

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

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2013	*As at 31.03.2012*	**As at 31.03.2013**	*As at 31.03.2012*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**1,219,948**	*923,383*	**664,359**	*409,854*
Add: Current service cost	**52,896**	*120,428*	**166,506**	*45,371*
Add: Interest cost	**103,696**	*70,100*	**56,471**	*30,841*
Add: Contribution by plan participants				
i) Employer	**–**	*–*	**–**	
ii) Employee	**–**	*–*	**–**	
Add/(less): Actuarial losses/(gains)	**(263,225)**	*200,307*	**335,768**	*226,987*
Less: Benefits paid	**–**	*94,270*	**–**	*48,694*
Add: Past service cost	**–**	*–*	**–**	
Closing balance of the present value of defined benefit obligation	**1,113,315**	*1,219,948*	**1,223,104**	*664,359*
Current liability	**51,978**	*–*	**185,899**	*–*
Non-current liability	**1,061,337**	*1,219,948*	**1,037,205**	*664,359*

d) Principal actuarial assumptions at the Balance Sheet date:

		As at 31.03.2013	*As at 31.03.2012*
1)	Discount rate	**8.50%**	*8.50%*
2)	Salary growth rate	**6.00%**	*6.00%*
3)	Attrition rate	**5.00%**	*5.00%*

P(4) DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) - 16 "BORROWING COSTS"

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

P(5) SEGMENT INFORMATION

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

P(6) DISCLOSURE OF RELATED PARTIES / RELATED PARTY TRANSACTIONS PURSUANT TO ACCOUNTING STANDARD (AS) 18 "RELATED PARTY DISCLOSURES"

a) List of related parties

Holding Company :	L&T Infrastructure Development Projects Limited
Ultimate Holding Company :	Larsen & Toubro Limited
Fellow Subsidiaries :	L&T Chennai-Tada Tollway Limited
	L&T Krishnagiri Walajahpet Tollway Limited
	L&T Urban Infrastructure Limited
	Narmada Infrastructure Construction Enterprise Limited
	L&T Devihalli Hassan Tollway Limited
	L&T Rajkot-Vadinar Tollway Limited
	L&T General Insurance Company Limited

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Disclosure of related party transactions:

Particulars	**2012-13**	*2011-12*
	₹	₹
Holding Company		
L&T Infrastructure Development Projects Limited		
• Intercorporate deposits placed	**1,250,000,000**	*1,500,000,000*
• Intercorporate deposits refunded	**200,000,000**	*1,500,000,000*
• Interest received on Intercorporate deposit	**3,144,759**	*89,979,455*
• Purchase of goods and services	**9,286,642**	*7,738,118*
• Reimbursement of expenses to	**5,039,328**	*38,712*
• Reimbursement of expenses from	**1,372,863**	*107,056*
Ultimate holding Company		
Larsen & Toubro Limited		
• Intercorporate deposits placed	**–**	*1,550,000,000*
• Intercorporate deposits refunded	**1,550,000,000**	*–*
• Interest received on Intercorporate deposit	**137,339,652**	*7,161,644*
• Purchase of goods and services	**202,248**	*198,540*
• Reimbursement of expenses to	**8,149,367**	*7,517,094*
Fellow Subsidiaries		
L&T Chennai-Tada Tollway Limited		
• Reimbursement of expenses to	**1,184,425**	*11,539,225*
• Reimbursement of expenses from	**–**	*33,840*
L&T Krishnagiri Walajahpet Tollway Limited		
• Reimbursement of expenses to	**15,800**	*828*
L&T Urban Infrastructure Limited		
• Reimbursement of expenses to	**–**	*34,528*
Narmada Infrastructure Construction Enterprise Limited		
• Reimbursement of expenses to	**–**	*250,000*
L&T Devihalli Hassan Tollway Limited		
• Reimbursement of expenses to	**–**	*750*
L&T Rajkot-Vadinar Tollway Limited		
• Reimbursement of expenses to	**–**	*43,403*
L&T General Insurance Company Limited		
• Purchase of services - Insurance	**737,624**	*386,686*

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

(Amount in ₹)

Particulars	**Amounts due (to)/from**	
	As at 31.03.2013	*As at 31.03.2012*
Holding Company		
L&T Infrastructure Development Projects Limited	**1,051,087,518**	*(205,893)*
Ultimate Holding Company		
Larsen & Toubro Limited	**40,223**	*1,551,966,320*
Fellow Subsidiaries	**–**	*–*

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

P(7) DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) 19 "LEASES"

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

P(8) MAJOR COMPONENTS OF DEFERRED TAX LIABILITIES AND DEFERRED TAX ASSETS:

Particulars	**As at 31.03.2013** ₹	*As at 31.03.2012* ₹
Deferred Tax Assets (DTA)		
Gratuity	**359,567**	*395,812*
Compensated absences	**405,468**	*215,551*
DEFERRED TAX ASSETS	**765,035**	*611,363*
Deferred Tax Liabilities (DTL)		
Difference between WDV as per books and tax	**101,208,319**	*99,678,339*
Deferred Tax Liabilities	**101,208,319**	*99,678,339*
Net deferred tax liability / (asset)	**100,443,284**	*99,066,976*
NET INCREMENTAL PROVISION FOR DEFERRED TAX LIABILITY / (ASSET)	**1,376,308**	*(2,312,638)*

P(9) DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) 20 "EARNINGS PER SHARE"

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

Particulars		**2012-13** ₹	*2011-12* ₹
Basic and Diluted			
Profit after tax as per accounts (₹)	**A**	**130,770,872**	*92,167,493*
Weighted average number of shares outstanding	**B**	**41,400,000**	*41,400,000*
Basic and Diluted EPS (₹)	**A / B**	**3.16**	*2.23*
Face value per equity share (₹)		**10.00**	*10.00*

P(10) DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) 28 "IMPAIRMENT OF ASSETS"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

P(11) ARBITRATION

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

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

Arbitration Tribunal has been constituted as per the terms of the Concession Agreement. Pleadings in the matter has been completed and further proceedings are in progress.

Q SIGNIFICANT ACCOUNTING POLICIES

1 Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP"), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. However, certain claims, which are not ascertainable / acknowledged 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 year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowance for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

NOTES FORMING PART OF ACCOUNTS (Contd.)

2 **Revenue recognition**

A. Revenue from operations

a) Fee from users of facility

Fee collection from the users of the facility are accounted for as and when the amount is due and recovery is certain.

b) Other operating revenue

License fees from wayside amenities are accounted on accrual basis as per arrangement with the customers.

B. Other income

(i) Interest income is accrued at applicable interest rate on time proportionate basis.

(ii) Dividend income is accoounted in the period in which the right to receive is established.

(iii) Other items of income are accounted as and when the right to receive is established.

3 **Tangible fixed assets**

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

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

4 **Depreciation**

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

Category of Asset	**Depreciation Rate (p.a)**
Building	2.00%
Vehicles	
Motor cars	14.29%
Motor bike	9.50%
Furniture and fixtures	10.00%
Plant and Equipment General	
Toll equipments	14.29%
Desktops, laptops, printers, scanners, Multi-functional devices	25.00%
Air conditioners and refrigeration equipments	8.33%
Other office equipments	25.00%

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

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

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

5 **Intangible assets and amortisation**

Intangible asset is recognized when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Carriageway representing Toll collection rights are obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer basis. The cost of such carriageway comprises of construction cost and other pre-operative costs incurred during the construction phase. Such carriageway on completion are capitalised as Intangible asset and are amortised over the period of rights given under the concession agreement, on a straight line basis as they represent right to collect Toll revenue during the concession period.

"Administrative and other general overhead expenses net of income from temporary investments, incurred upto the date of commencement of commercial operations that are specifically attributable to the construction/acquisition of the Intangible assets is allocated and capitalized as part of cost of the asset."

6 **Impairment of assets**

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

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

a) the provision for impairment loss, if any, required; or

b) "the reversal, if any, required of impairment loss recognized in previous periods."

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

NOTES FORMING PART OF ACCOUNTS (Contd.)

Recoverable amount is determined:

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

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

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

7 Employee benefits

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

(i) Short term employee benefits:

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

(ii) Post employment benefits:

(a) Defined contribution plans:

State Governed Provident Fund linked with Employee Pension Scheme is the Defined Contribution Plan. The contribution paid / payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees gratuity fund scheme is a defined benefit plan. The present value of the obligation under such Defined Benefit Plan is determined based on actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

(iii) Other long term employee benefits:

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

8 Investments

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

Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature and the same is determined separately for each individual investment. Current investments are stated at lower of cost and market value. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

9 Foreign currency transactions

(i) The reporting currency of the Company is Indian Rupee.

(ii) Foreign currency transactions are recorded on initial recognition in the reporting currency using the exchange rate applicable on the date of transaction.

(iii) At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

(iv) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognised as income or expense in the period in which they arise.

10 Borrowing costs

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

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of such assets, till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires 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.

11 Taxes on income

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

NOTES FORMING PART OF ACCOUNTS (Contd.)

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

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

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

12 Leases

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

13 Cash and bank balances

Cash and bank balances include fixed deposits and margin money deposits. Short term and liquid investments being not free from more than insignificant risk of changes in value, are not included as part of cash and cash equivalents.

14 Provisions, contingent liabilities and contingent assets

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

a) the Company has a present obligation as a result of a past event.

b) a probable outflow of resources is expected to settle the obligation and

c) the amount of the obligation can be reliably estimated.

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

Contingent liability is disclosed in the case of

a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.

b) a present obligation when no reliable estimate is possible and

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

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

15 Commitments

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

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

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

16 Operating cycle for current and non-current classification

Operating cycle for the business of the Company is taken as twelve months.

17 Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

i) transactions of a non-cash nature

ii) any deferrals or accruals of past or future operating cash receipts or payments and

iii) items of income or expense associated with investing or financing cash flows.

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

As per our report attached
SHARP & TANNAN
Chartered Accountants
(Registration No. 003792S)
By the hand of

V. R. LALITHA
Partner
Membership No. 18284

Place : Chennai
Date : April 25, 2013

For and on behalf of the Board

K. RAMANI	**KARTHIKEYAN T. V.**	**R. CHANDRASEKARAN**	**J. SUBRAMANIAN**
Manager	*Director*	*Director*	*Director*

Place : Chennai
Date : April 25, 2013