

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and Accounts for the year ended March 31, 2011.

1. FINANCIAL RESULTS

The key financial parameters for the year ended March 31, 2011 are:

Sl. No	Particulars	2010-2011 Rs. Lakhs	2009-2010 Rs. Lakhs
1	Income for the year	3,586.07	3,673.74
2	Less: Expenditure	(1,857.82)	(1,743.89)
3	Profit Before Depreciation & Tax (PBDT)	1,728.25	1,929.85
4	Less: Depreciation	(359.84)	(348.95)
5	Profit / (Loss) before tax (PBT)	1,368.41	1,580.90
6	Less: Provision for tax	(242.17)	(255.89)
7	Profit / (Loss) after tax (PAT)	1,126.24	1,325.01
8	Balance brought forward from previous year	2,539.17	1,214.16
9	Balance carried to Balance Sheet	3,665.41	2,539.17

II. APPROPRIATIONS

There were no appropriations made during the year 2010-11.

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 2010-11.

IV. PERFORMANCE OF THE COMPANY

L&T TIL is an MORTH project on BOT (Toll) basis, on NH-47 in the state of Tamil Nadu. The Commercial Operations for the project started on December 12, 1998. It was the first road project executed on BOT basis in Tamil Nadu and was handled by L&T-TIL from concept to completion. The project scope included construction of a 28 km bypass road along with an additional two-lane bridge across river Noyyal at Athupalam. Revenue for L&T TIL rose from Rs. 20.12 Crore in 2009-10 to Rs. 20.93 Crore in 2010-11.

V. CAPITAL EXPENDITURE

During the year, your Company has added fixed assets amounting to Rs. 1.24 lakhs thereby the Gross fixed assets of the Company stood at Rs. 10,080.40 Lakhs and the net fixed assets stood at Rs. 6,141.77 Lakhs after charging off depreciation to an extent of Rs. 3,938.63 Lakhs as on March 31, 2011.

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 2010-11.

• FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no usage or earning of any foreign currency in the course of transactions during the year 2010-11.

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, 2011 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. Karthikeyan T. V., Director, who retires by rotation at this Annual General Meeting, being eligible, offer himself for re-appointment.

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

The Directors as on 31.03.2011 are as follows:

- a) Mr. B. Ramakrishnan
- b) Mr. T. S. Sundaresan
- c) Mr. Karthikeyan T. V.
- d) 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 re-appointment. 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

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

The Corporate Audit Services department of Larsen & Toubro Limited 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 25, 2011

T. S. SUNDARESAN
Director

T. V. KARTHIKEYAN
Director

AUDITORS' REPORT

TO THE MEMBERS OF L&T TRANSPORTATION INFRASTRUCTURE LIMITED

We have audited the attached Balance Sheet of L&T Transportation Infrastructure Limited as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, 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 the audit;
 - (b) in our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - (c) the Balance Sheet, Profit and Loss Accounts and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account 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 the written representations received from the Directors of the Company as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in Schedule L and notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

SHARP & TANNAN
Chartered Accountants
(ICAI Registration No 003792S)

V. R. LALITHA
Partner
Membership No. 18284

Place : Chennai
Date : April 25, 2011

ANNEXURE TO THE AUDITORS REPORT

With reference to the Annexure referred to in paragraph 1 of our report to the Members of L&T Transportation Infrastructure Limited on the accounts for the year ended March 31, 2011, 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 with in the meaning of Sections 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) Maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company.
- (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 March 31, 2011, 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, there are no disputed statutory liabilities in respect of income tax and cess.
- (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 of 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.
- (xix) The Company has not issued debentures during the year. Accordingly, no securities need to be created.
- (xx) The Company has not raised any money by public issue during the year.
- (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 instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

SHARP & TANNAN
Chartered Accountants
(ICAI Registration No 003792S)

V. R. LALITHA
Partner
Membership No. 18284

Place : Chennai
Date : April 25, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	<u>Schedule</u>	<u>As at 31.03.2011</u> <u>Rupees</u>	<u>Rupees</u>	<u>As at 31.03.2010</u> <u>Rupees</u>	<u>Rupees</u>
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	414,000,000		414,000,000	
Reserves & Surplus	B	368,570,794		255,947,206	
			782,570,794		669,947,206
Loan Funds					
Secured loans	C		1,387,476,974		1,417,460,086
Deferred Tax Liability (net)			101,379,614		104,435,569
TOTAL			2,271,427,382		2,191,842,861
APPLICATION OF FUNDS					
Fixed Assets					
Gross block	D	1,008,040,190		1,007,916,090	
Less: Depreciation		393,862,943		357,879,372	
Net block			614,177,247		650,036,718
Investments	E		-		-
Current Assets, Loan and Advances					
F					
Sundry debtors		2,575,600		846,000	
Cash and bank balances		122,967,521		80,295,555	
Loans and advances		1,567,145,948		1,492,003,874	
		1,692,689,069		1,573,145,429	
Less: Current liabilities and provisions	G				
Liabilities		6,832,669		3,280,182	
Provisions		28,606,265		28,059,104	
		35,438,934		31,339,286	
Net Current Assets			1,657,250,135		1,541,806,143
TOTAL			2,271,427,382		2,191,842,861
SIGNIFICANT ACCOUNTING POLICIES	L				
NOTES FORMING PART OF ACCOUNTS	M				

The schedules 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

(ICAI Registration No. 003792S)

By the hand of

V. R. LALITHA

Partner

Membership No. 18284

T. S. SUNDARESAN

Director

T. V. KARTHIKEYAN

Director

Place : Chennai

Date : April 25, 2011

Place : Chennai

Date : April 25, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

		2010-11	2009-10
	<u>Schedules</u>	<u>Rupees</u>	<u>Rupees</u>
INCOME			
Fee Collection from user of facility		212,870,473	200,689,205
Licence fee for wayside amenities		623,786	581,416
Other Income	H	145,112,721	166,103,632
TOTAL		358,606,980	367,374,253
EXPENDITURE			
Operating expenses	I	28,256,641	25,841,845
Administration and other expenses	J	24,209,348	12,193,136
Interest expenses	K	133,316,759	136,354,306
Depreciation & amortisation		35,983,571	34,894,613
TOTAL		221,766,319	209,283,900
Profit / (Loss) before taxes		136,840,661	158,090,353
Provision for taxes			
Current Tax		27,273,028	26,867,455
Deferred Tax		(3,055,955)	(1,278,151)
		24,217,073	25,589,304
Profit / (Loss) after taxes		112,623,588	132,501,049
Add: Balance brought forward from previous year		253,917,435	121,416,386
Balance carried to Balance Sheet		366,541,023	253,917,435
Earnings per share:			
Basic / Diluted		2.72	3.20
Face value per share		10.00	10.00
SIGNIFICANT ACCOUNTING POLICIES	L		
NOTES FORMING PART OF ACCOUNTS	M		

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

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants
(ICAI Registration No. 003792S)
By the hand of

V. R. LALITHA

Partner
Membership No. 18284

T. S. SUNDARESAN
Director

T. V. KARTHIKEYAN
Director

Place : Chennai
Date : April 25, 2011

Place : Chennai
Date : April 25, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-11 Rupees	2009-10 Rupees
A. Cash Flow from operating activities		
Profit before tax (excluding extraordinary items)	136,840,661	158,090,353
Adjustments for :		
Depreciation	35,983,571	34,894,613
Interest paid	133,316,759	136,354,306
Interest received	(119,567,780)	(164,751,452)
(Profit) / Loss on sale of investments (net)	(25,542,654)	(1,154,150)
Operating profit before working capital changes	161,030,557	163,433,670
Adjustments For :		
(Increase) / Decrease in trade and other receivables	(1,729,600)	(291,400)
(Increase) / Decrease in Loans and Advances	144,667,749	(111,361,284)
Increase / (Decrease) in trade payables	(23,173,380)	(18,977,541)
Cash generated from operations	280,795,326	32,803,445
Direct taxes paid (net of refund)	(27,009,823)	(27,187,123)
Net cash from operating activities	253,785,503	5,616,322
B. Cash flow from Investing activities		
Purchase of fixed assets (net)	(124,100)	(15,000)
Loans / Advances to holding Company & fellow subsidiaries (net)	(192,800,000)	(80,800,000)
Purchase of investments	(3,431,877,153)	(398,829,847)
Sale of investments	3,457,419,807	399,983,997
Interest received	119,567,780	164,751,452
Net cash (used in) / from investing activities	(47,813,666)	85,090,602
C. Cash flow from financing activities		
(Repayment) / proceeds from other borrowings	(29,983,112)	(30,096,631)
Interest paid	(133,316,759)	(136,354,306)
Net cash (used in) / from financing activities	(163,299,871)	(166,450,937)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	42,671,966	(75,744,013)
Cash and cash equivalents as at the beginning of the year	80,295,555	156,039,568
Cash and cash equivalents as at end of the year	122,967,521	80,295,555

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
(ICAI Registration No. 003792S)
By the hand of

V. R. LALITHA

Partner
Membership No. 18284

T. S. SUNDARESAN
Director

T. V. KARTHIKEYAN
Director

Place : Chennai
Date : April 25, 2011

Place : Chennai
Date : April 25, 2011

SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31.03.2011		As at 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - A				
SHARE CAPITAL				
Authorised				
50,000,000 Equity Shares of Rs. 10 each (previous year : 50,000,000 Equity Shares of Rs. 10 each)		500,000,000		500,000,000
Issued and Subscribed				
41,400,000 Equity Shares of Rs. 10 each fully paid up [The equity shares are held by L&T Infrastructure Development Projects Limited (Holding Company), Larsen & Toubro Limited (Ultimate Holding Company) and its nominees] (previous year : 41,400,000 Equity Shares of Rs. 10 each fully paid up)		414,000,000		414,000,000
TOTAL		414,000,000		414,000,000

SCHEDULE - B				
RESERVES & SURPLUS				
General Reserve		2,029,771		2,029,771
Profit and Loss Account:				
Transferred from Profit and Loss Account		366,541,023		253,917,435
TOTAL		368,570,794		255,947,206

SCHEDULE - C				
SECURED LOANS				
Loan From Bank				
United Bank of India		693,818,719		708,849,348
UCO Bank		693,658,255		708,610,738
(The loans are secured by a <i>pari passu</i> charge on all the movable and immovable properties and receivables of the Company present and future)				
TOTAL		1,387,476,974		1,417,460,086

SCHEDULE - D**FIXED ASSETS**

Fixed Assets	Cost				Depreciation				Book Value	
	As at 01.04.2010	Additions	Deletions	As at 31.03.2011	Up to 31.03.2010	For the year	Deductions	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees		Rupees	Rupees
Land	607,315	—	—	607,315	—	—	—	—	607,315	607,315
Toll Road & Bridges*	979,689,743	—	—	979,689,743	347,240,752	33,583,244	—	380,823,996	598,865,747	632,448,991
Building	1,217,079	—	—	1,217,079	219,872	21,299	—	241,171	975,908	997,207
Plant & Machinery	21,098,346	124,100	—	21,222,446	8,094,938	1,934,655	—	10,029,593	11,192,853	13,003,408
Electrical Installations	3,280,557	—	—	3,280,557	1,716,009	155,907	—	1,871,916	1,408,641	1,564,548
Furniture & Fittings	433,976	—	—	433,976	270,238	121,077	—	391,315	42,661	163,738
Vehicles	1,589,074	—	—	1,589,074	337,563	167,389	—	504,952	1,084,122	1,251,511
TOTAL	1,007,916,090	124,100	—	1,008,040,190	357,879,372	35,983,571	—	393,862,943	614,177,247	650,036,718
Previous year	1,007,901,090	15,000	—	1,007,916,090	322,984,759	34,894,613	—	357,879,372	650,036,718	684,916,331

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

*Toll Road & Bridge includes 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 respectively, commencing from December 12, 1998 and January 19, 2000 respectively.

	As at 31.03.2011		As at 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - E				
INVESTMENTS				
Current Investment				
Mutual Funds		-		-
TOTAL		-		-

Details of Investment Purchased and Sold during the year

Particulars	Face Value Rs. Per unit	Units (Nos)	Cost (Rs.)
Reliance Money Manager Fund - Institutional Option - Growth Plan	1,000.00	417,384	544,000,000
Brila Sun Life Savings Fund - Retail - Growth	10.00	1,786,399	31,900,000
HDFC Cash Management Fund Treasury Advantage Plan - Retail - Growth	10.00	385,830	7,800,000
TFLG TATA Floater Fund - Growth	10.00	35,476,923	507,500,000
Reliance Liquid Fund - Treasury Plan - Institutional Option - Growth Option - Growth Plan	10.00	397,238	9,004,802
Religare Ultra Short Term Fund Regular Growth	10.00	516,203	6,500,000
Reliance Medium Term Fund - Retail Plan - Growth Plan - Growth Option	10.00	77,203	1,500,000
SBI-SHF-Ultra Short Term Fund - Institutional Plan - Growth	10.00	1,423,626	17,600,000
Brila Sun Life Cash Plus - Retail - Growth	10.00	204,477	5,091,973
TLHG01 TATA Liquid High Investment - Growth	1,000.00	3,211	5,000,000
HDFC Cash Management Fund Treasury Advantage Plan - Wholesale - Growth	10.00	24,761,965	520,300,000
SBI - Magnum Insta Cash Fund - Cash Option	10.00	431,286	9,143,774
Religare Liquid Fund - Regular Growth	10.00	359,045	4,636,604
Brila Sun Life Cash Plus - Instl. Prem. - Growth	10.00	49,787,798	761,400,000
ICICI Prudential Liquid Super Institutional Plan - Growth	100.00	5,485,596	775,000,000
ICICI Prudential Flexible Income Plan Regular Growth	100.00	66,988	7,300,000
ICICI Prudential Floating Rate Plan D - Growth	100.00	1,442,754	206,200,000
Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan	10.00	765,995	12,000,000
TOTAL		123,789,921	3,431,877,153

	As at 31.03.2011		As at 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - F				
CURRENT ASSETS, LOANS AND ADVANCES				
Sundry Debtors				
Unsecured, considered good:				
Outstanding for more than six months	864,800		-	
Others	1,710,800		846,000	
		2,575,600		846,000

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

	As at 31.03.2011		As at 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
Cash and bank balances				
Cash on hand	970,286		955,326	
Balances with scheduled banks				
on current account	1,823,721		1,674,936	
on fixed deposits (including interest accrued there on)	120,173,514		76,536,871	
on margin money deposit accounts (including interest accrued thereon)	–		1,128,422	
		122,967,521		80,295,555
Loans & Advances				
Unsecured, considered good:				
Intercompany Deposits	1,500,000,000		1,307,200,000	
Larsen & Toubro Limited (Ultimate Holding Company)	–		6,854	
Advances recoverable in cash or in kind or value to be received	67,145,948		184,797,020	
		1,567,145,948		1,492,003,874
TOTAL		1,692,689,069		1,573,145,429

SCHEDULE - G**CURRENT LIABILITIES AND PROVISIONS****Liabilities****Sundry Creditors**

Due to:

Micro and Small Enterprises

Other than Micro and Small Enterprises

Provisions for

Income-tax

Gratuity

Leave Encashment

TOTAL

	–	–		
	6,832,669	3,280,182		
		6,832,669		3,280,182
	27,273,028	26,867,455		
	923,383	824,611		
	409,854	367,038		
		28,606,265		28,059,104
		35,438,934		31,339,286

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	2010-11		2009-10	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - H				
OTHER INCOME				
Interest on Fixed Deposits [tax deducted at source: Rs. 4,74,129; (previous year: Rs. 6,16,340)]	4,733,080		4,289,578	
Interest on Inter Corporate Deposits [tax deducted at source: Rs. 11,483,473; (previous year: Rs. 2,57,66,144)]	114,834,700		160,461,874	
		119,567,780		164,751,452

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT (Contd.)

	2010-11	2009-10
	Rupees	Rupees
Profit on sale of investments	25,542,654	1,154,150
Miscellaneous income	2,287	198,030
TOTAL	145,112,721	166,103,632

SCHEDULE - I**OPERATING EXPENSES**

Toll Management Fees	6,168,216	5,571,687
Security Services	9,244,495	7,381,439
Salaries, wages & bonus	6,336,597	6,135,264
Contribution to and provision for		
Provident fund	308,574	309,013
Gratuity	179,749	59,191
Leave encashment	78,897	121,077
	567,220	489,281
Staff welfare expenses	702,826	578,731
Insurance	956,938	815,365
Repairs & maintenance		
Toll Roads & bridges	453,343	1,890,153
Building	30,957	25,589
Plant & Machinery	1,492,955	780,230
Others	417,293	384,900
	2,394,548	3,080,872
Power & electricity charges	1,885,801	1,789,206
TOTAL	28,256,641	25,841,845

SCHEDULE - J**ADMINISTRATION AND OTHER EXPENSES**

Rates & taxes	12,000	—
Professional fees	12,876,656	10,635,876
Printing & stationery	319,598	473,252
Postage & Communication	94,969	113,763
Travelling & conveyance	221,847	285,740
CSR Expenses (Refer Note No.9 in schedule L)	10,000,000	—
Miscellaneous expenses	684,278	684,505
TOTAL	24,209,348	12,193,136

SCHEDULE - K**INTEREST EXPENSES**

Interest on fixed loans	133,316,759	136,354,306
TOTAL	133,316,759	136,354,306

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - L

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") 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.

3. Employee Benefits

As per Accounting Standard 15 – Employee Benefits (Revised) issued by the Companies (Accounting Standards) Rules, 2006, the provisions for / contributions to retirement benefit schemes are made as follows:

- Provident fund on actual liability basis.
- Leave encashment provision and provision for gratuity are made as per actuarial valuation.

4. Fixed Assets

Fixed Assets are recorded at cost. The carrying amounts are reviewed at each Balance Sheet date to assess 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.

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. Assets constructed on land are amortized over the period of the rights given under the concession agreement with the Ministry of Surface Transport, Government of India dated October 3, 1997.

However in respect of the following asset categories the Depreciation is provided at higher rates in line with their revised estimated useful life with effect from January 1, 2011.

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

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

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

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 capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- b) 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 capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

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 realised.

10. 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.

SCHEDULE - M

NOTES FORMING PART OF ACCOUNTS

1. The Company has been awarded a composite contract on Build Operate and Transfer (BOT) basis, the construction of a bypass and a bridge over the River Noyyal (known as Athupalam bridge) in Coimbatore District of Tamil Nadu State, under 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 20 years for Athupalam Bridge and 30 years for the Bypass.
2. During the year 2009-10, the Company had received a termination notice from the Ministry of Shipping, Road Transport and Highways, Government of India. The Company moved the honorable High Court, New Delhi, against the notice served and the court directed vide its order on 21st January 2010 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 filed a petition with the Court seeking interim injunction restraining the Ministry from taking possession of the project and to permit the Company to continue to collect toll. The Government passed an order injuncting the Ministry from taking over possession of the project except through the process of courts and law thereby allowing the Company to continue to collect the toll.

The Company has filed an application for opting arbitration and is in the process of constituting an arbitration tribunal.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

3. There have been no transactions during the year with Micro, Small and medium enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence, reporting details of principal and interest does not arise
4. The Company is a service company and accordingly information required under paragraph 4(C) of Part II of Schedule VI to the Companies Act, 1956 has not been furnished.
5. Manager's salary and perquisites of Rs. 1,467,347 (*Previous year: Rs. 1,241,439*) for the year 2010-11 have been charged to the accounts.
6. Auditors Remuneration: (Excluding service tax)

Particulars	2010-11 Rupees	2009-10 Rupees
Audit Fees	200,000	200,000
Tax Audit Fees	40,000	40,000
Consultancy Fees	40,000	Nil
Certification Fees	10,500	9,500
Reimbursement of Expenses	11,167	2,756

7. The Company is governed by the provisions of Section 115JB of the Income Tax Act 1961 ie Minimum Alternate Tax. Since the tax under the normal computation is less. Accordingly provision for a sum of Rs. 27,273,028 (*Previous Year: Rs. 26,867,455*) has been made. The Company does not have taxable wealth and hence no provision for wealth tax under Wealth Tax Act 1957 has been made.
8. The Company is engaged only in the 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 and hence furnishing details of geographical segment does not arise.
9. CSR expenses indicates contribution towards Skills Training Park, Chhindwara amounting to Rs. 1,00,00,000.
10. Employee Benefits :
 - 10.(1) Provisions for gratuity & leave encashment is made on actuarial basis as summarized below:

(Figures in Rupees)

10.(2) A Results of Actuarial Valuation- Gratuity			
1. Valuation as on		March 31, 2011	March 31, 2010
2. Retirement Age		As per rule of the company	As per rule of the company
3. No of Employees		25	33
4. Notional Benefit Obligations (Accrued benefits) on Current Salary in Rupees		1,222,096	984,874
5. Present Value of Benefit Obligations in Rupees		923,383	824,611
B Principle Rules to Compute Benefit Obligations			
1. Salary reckoned for calculating Benefit Obligations		As per rule of the Company	
2. Vesting Period		5 Years for Gratuity	
3. Benefit formula for Gratuity for all exits except death		B 1 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	
10. (3) Leave Salary Valuation			
A Summary of Staff date		25	33
1. No. of Employees			
2. Notional benefit obligations on current salary in rupees		545,130	440,848
3. Projected actuarial value of benefit obligation in rupees		409,854	367,038
B Principle rules to compute benefit obligations			
1. Salary reckoned for calculating Benefit Obligations		As per rule of the Company	
2. Benefit formula for all exits		B1 x Leave Balance / 30	

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

10. (4) Summary of Actuarial Assumptions		
A Mean Financial Assumptions		
1. Discount Rate per unit per annum	8.00%	<i>7.50%</i>
2. Salary escalation rate per unit per annum	6%	<i>6%</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>15% for all age</i>
3. Disability / ill health retirement	No Explicit Assumption	<i>No Explicit Assumption</i>

10.5) Contribution to provident fund is made to the regional provident fund office

11. Disclosure of Related Parties/ related party transactions

A. List of related parties

Holding company	:	L&T Infrastructure Development Projects Limited Larsen & Toubro Limited (ultimate holding company)
Subsidiary company	:	NIL
Associate	:	NIL
Fellow subsidiaries	:	L&T Transco Private Limited L&T Urban Infrastructure Limited L&T Arun Excello IT SEZ Private Limited L&T Chennai-Tada Tollway Limited Narmada Infrastructure Construction Enterprise Limited L&T Western Andhra Tollways Limited L&T Vadodara Bharuch Tollways Limited L&T Krishnagiri Walajahpet Tollway Limited

B. Transactions with related parties and amounts due to / due from related parties.

(Amount in Rupees)

Name / Relationship / Nature of transaction	2010-11			2009-10		
	Amount of transaction	Due to	Due from	Amount of transaction	Due to	Due from
L&T Infrastructure Development Projects Limited						
Holding company						
• ICD Given	1,500,000,000		1,500,000,000	<i>170,800,000</i>		<i>1,307,200,000</i>
• ICD Refund received	1,307,200,000			—		
• Interest received /receivable on ICD	112,368,947		13,315,069	<i>155,934,974</i>		<i>131,160,932</i>
• Purchase of goods & services (incl. service tax)	2,354,846			<i>2,220,019</i>		
• Cost of Services	1,467,347			<i>1,241,439</i>		
• Reimbursement of Expenses	12,503,808			<i>1,711,762</i>		
• Reimbursement of Expenses from	2,484					
Total Accounts Receivable (net)			1,513,315,069			<i>1,438,360,932</i>

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Name / Relationship / Nature of transaction	2010-11			2009-10		
	Amount of transaction	Due to	Due from	Amount of transaction	Due to	Due from
Larsen & Toubro Limited Ultimate holding company						
• ICD Given	1,500,000,000					
• ICD Refund received	1,500,000,000					
• Interest received on ICD	2,465,753					
• Reimbursement of Expenses	5,788,405		222,469			
• Purchase of Goods and Services (Including service tax)	132,360		187,510		—	
• Total Accounts Receivable (net)	—		94,040			91,955
L&T Urban Infrastructure Limited Fellow subsidiary						
• ICD Given				20,000,000		
• ICD Refund received				764,111		
• Interest received on ICD				582,080		
• Reimbursement of Expenses from	384,834			1,820		
• Reimbursement of Expenses to						
• Total Accounts Payable (net)						
L&T Chennai-Tada Tollway Ltd. Fellow subsidiary						
Reimbursement of Expense to	5,257,847					
L&T Arun Excelllo IT SEZ Private Limited Fellow subsidiary						
• ICD Refund received				70,000,000		
• Interest Received / receivable on ICD						
Total Accounts Receivable (net)				3,496,644		
L&T Transco Private Ltd Fellow subsidiary						
• ICD Given				13,000,000		
• ICD Refunded				13,000,000		
• Interest received on ICD				266,145		
L&T Western Andhra Tollways Limited Fellow subsidiary						
• Reimbursement of Expenses from				28,470		
L&T Vadodara Bharuch Tollways Limited Fellow subsidiary						
• Reimbursement of Expenses from				21,877		
Narmada Infrastructure Construction Enterprise Fellow subsidiary						
• Reimbursement of Expenses to				43,128		
L&T Krishnagiri Walajahpet Tollway Limited Fellow subsidiary						
• Reimbursement of Expenses from	4,812					

C. Amounts written off / written back: Nil

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

11. 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 charge of depreciation of Rs.10,74,332/- and Profit before tax for the year is lower to that extent.
12. The Company has revised the future discounted cash flows based on value in use of fixed assets and is satisfied that the recoverable amount is more than the amount carried in the books. Accordingly, no provision is required to be made for the impairment in the accounts.
13. Basic and Diluted Earnings per share (EPS) computed in accordance with Accounting Standard (AS 20) "Earning per Share"

Particulars	2010-11	2009-10
	Rupees	Rupees
Basic/ Diluted		
Profit after tax as per Accounts	112,623,588	132,501,049
PAT available to equity share holders	112,623,588	132,501,049
Weighted average number of shares	41,400,000	41,400,000
Basic / Diluted EPS (Rupees)	2.72	3.20

14. Deferred Tax has been accounted for in accordance with the provisions of Accounting Standard 22, as per the details given below.

Deferred Tax Liability

	31.03.2011	31.03.2010
	Rupees	Rupees
On account of Difference between book and tax depreciation.	101,812,183	104,831,435
Less Deferred Tax Assets		
Unpaid statutory liabilities debited to Profit & Loss A/c	132,977	121,930
Unpaid Gratuity	299,592	273,936
Total	432,569	395,866
Net Deferred Tax Liability	101,379,614	104,435,569
Net incremental provision for differed tax liability / (asset)		(3,055,955)

15. There were no foreign currency transactions during the current and previous year.
16. Previous year figures have been reclassified / regrouped wherever necessary to confirm with the presentation adopted in the current year.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants

(ICAI Registration No. 003792S)

By the hand of

V. R. LALITHA

Partner

Membership No. 18284

T. S. SUNDARESAN

Director

T. V. KARTHIKEYAN

Director

Place : Chennai

Date : April 25, 2011

Place : Chennai

Date : April 25, 2011

