

## DIRECTORS' REPORT

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

### 1. FINANCIAL RESULTS

The key financial parameters for the year ended March 31, 2012 are:

Description	2011-2012 Rupees in Lakhs	2010-2011 Rupees in Lakhs
<b>Profit before depreciation &amp; tax</b>	<b>892.18</b>	<b>319.29</b>
Depreciation	<b>2,265.58</b>	<b>2,176.06</b>
<b>Profit / (Loss) before tax</b>	<b>(1,373.40)</b>	<b>(1,856.78)</b>
Prior Period Adjustments	–	<b>(162.80)</b>
Provision for tax	–	–
<b>Profit / (Loss) after tax</b>	<b>(1,373.40)</b>	<b>(2,019.57)</b>
Balance brought forward from Previous year	<b>(4,279.55)</b>	<b>(2,259.98)</b>
<b>Balance carried to Balance Sheet</b>	<b>(5,652.95)</b>	<b>(4,279.55)</b>

### 2. PERFORMANCE OF THE COMPANY

Total Income for 2011-12 is Rs.4,423.90 lakhs against Rs.3,782.26 lakhs for the year 2010-11. Profit After Tax (PAT) for 2011-12 is Rs. (1,373.40) lakhs against Rs. (2,019.57) lakhs for the year 2010-11.

- The revenue for the company rose by 16.43% from Rs. 3,755.32 lakhs in 2010-11 to Rs 4,372.19 lakhs in 2011-12.
- Achieved savings by undertaking various initiatives like in-house fabrication, plant repository, disposal of scrap, reduction in consumption of water etc. at the Project level.
- All punch list items were successfully completed during the period.
- A safety week was conducted from January 1, 2012 to January 7, 2012. Schools on the stretch were targeted for educating the children of road safety. Safety stickers & Flyers were distributed to School Children and road users.
- Another Driver Education program was conducted in coordination with the Police from January 31, 2012 to February 4, 2012. Leaflets and flyers were distributed. The drivers were educated on safe driving.

### 3. DIVIDEND

The Board of Directors has not recommended any dividend for the year 2011-12.

### 4. CAPITAL EXPENDITURE

As at March 31, 2012, the gross fixed assets stood at Rs. 37,786.20 lakhs and the net fixed assets stood at Rs. 31,017.29 lakhs.

### 5. DEPOSITS

The Company has not accepted any deposits from the public.

### 6. AUDITORS' REPORT

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

### 7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

#### A. Conservation of Energy

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

#### B. Technology Absorption

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

#### C. Foreign Exchange Earnings And Outgo

During the year, the expenditure in foreign currency was NIL.

### 8. DISCLOSURE OF PARTICULARS

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

### 9. 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.

At the Board Meeting held on 19/09/2009, Mr. Sunil Narayan Purohit was appointed as Manager of the Company.

#### 10. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

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

#### 11. DIRECTORS

Mr. C. S. Damle, Mr. T. S. Venkatesan, Mr. B. Ramakrishnan, and Mr. R. Chandrasekaran are the current Directors of the Company.

During the year Mr. K. Venkatesh was appointed as an Additional Director on the Board of Directors of your Company at the Meeting held on August 22, 2011 and shall hold office until the forthcoming Annual General Meeting. As per Section 260 of the Companies Act, 1956 an Additional Director holds office upto the date of the ensuing Annual General Meeting.

Notice under the provisions of Section 257 of the Companies Act, 1956 has been received by the Company from a member for the appointment of Mr. K. Venkatesh as Director of the Company.

Mr. T. S. Venkatesan, retires by rotation at the Seventh Annual General Meeting and being eligible offers himself for re-appointment.

#### 12. AUDIT COMMITTEE

The Audit Committee was re-constituted at the Board Meeting held on March 22, 2010 . The Members of the Audit Committee are :

1. Mr. T. S. Venkatesan;
2. Mr. B. Ramakrishnan; and
3. Mr. C. S. Damle.

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.

#### 13. AUDITORS

The Auditors, M/s Gianender & Associates, 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, 1956.

#### 14. 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 is involved in the day to day affairs of the Company.

##### Number of Companies in which an Individual may become a Director

The Company has apprised 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. However, the signing partners are rotated at regular frequency.

**F) Internal Auditors**

M/s Dandeker & Co., Chennai has been appointed as the Internal Auditors of 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.

**15. ACKNOWLEDGEMENTS**

The Directors acknowledge the invaluable support extended to the Company by the financial institutions, bankers, employees of the Company, staff and management of the parent Company.

For and on behalf of the Board

Place : Chennai  
Date : April 26, 2012

**T. S. VENKATESAN**  
Director

**B. RAMAKRISHNAN**  
Director

## AUDITORS' REPORT

### TO THE MEMBERS OF M/S L&T WESTERN ANDHRA TOLLWAYS LIMITED

We have audited the attached Balance Sheet of M/s L&T Western Andhra Tollways Limited as at March 31, 2012 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 Account and Cash Flow Statement dealt with by this report are in agreement with the Books of accounts;
  - (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, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; 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 Note 25, 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, 2012;
    - (ii) in the case of the Profit and Loss account, of the loss for the year ended on that date; and
    - (ii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **GIANENDER & ASSOCIATES**

*Chartered Accountants*

*Firm Registration No.04661N*

**G. K. AGRAWAL**

*Partner*

*Membership No. 081603*

*Place : Chennai*

*Date : April 24, 2012*

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## ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of the report of the Auditors to the Members of M/s L&T Western Andhra Tollways Limited on the accounts for the year ended March 31, 2012, we report that:

- (i)
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.
  - (c) The Company has not disposed of its fixed assets so as to affect the going concern status.
- (ii) The Company is engaged in the business of infrastructure development and maintenance and hence the clauses 4(ii)(a), (b) & (c) of the Companies (Auditor's Report) Order, 2003 relating to inventory are not applicable.

- (iii) According to the information & explanation given to us, 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. Hence reporting under clause 4(iii)(b) to (g) of the Companies (Auditor's Report) Order, 2003 does not arise.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business, for the purchase of fixed assets and for collection of toll. 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 clause 4(v)(b) of the Companies (Auditor's Report) Order, 2003 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. Hence Clause 4(vi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (vii) In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Company is engaged in service activity and we are informed that 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, Income tax, and other statutory dues during the year with the appropriate authorities. As at March 31, 2012, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us, there are no dues which have not been deposited on account of any dispute of income tax and cess.
- (x) The Company has accumulated losses of Rs. 56,52,95,209 which are less than 50% of the networth of the Company. Moreover, the Company has no cash loss incurred during the year and in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any banks or financial institutions.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures. However, the surplus funds have been invested in mutual funds. Proper records have been maintained for the transactions and contracts for the investment in mutual funds and are updated on a timely basis. 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 explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanation given to us, the Company has not raised funds on short term basis. Hence, the provisions of clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
- (xix) The Company has not issued debentures during the year. Accordingly, no security or charge needs 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For **GIANENDER & ASSOCIATES**  
Chartered Accountants  
Firm Registration No.04661N

**G. K. AGRAWAL**  
Partner  
Membership No. 081603

Place : Chennai  
Date : April 24, 2012

**BALANCE SHEET AS AT MARCH 31, 2012**

	Note No.	As at 31.03.2012 Rupees	Rupees	As at 31.03.2011 Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	565,000,000		565,000,000	
Reserves & Surplus	2	(115,295,209)		22,044,669	
Money received against share warrants		—		—	
			449,704,791		587,044,669
<b>Share application money pending allotment</b>					
		—		—	
<b>Non-current liabilities</b>					
Long-term borrowings	3	2,641,501,000		2,689,367,000	
Deferred tax liabilities ( Net )		—		—	
Other Long term liabilities		—		—	
Long-term provisions	4	50,000,000		32,200,000	
			2,691,501,000		2,721,567,000
<b>Current liabilities</b>					
Short-term borrowings		—		—	
Trade payables	5	6,170,955		4,531,952	
Other current liabilities	6	64,395,365		44,459,752	
Short-term provisions	7	708,057		420,684	
			71,274,377		49,412,388
<b>TOTAL</b>			<b>3,212,480,168</b>		<b>3,358,024,057</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed Assets					
Tangible Assets	8	77,925,092		96,971,761	
Intangible Assets	9	3,023,804,375		3,192,798,104	
Capital work-in-progress		—		—	
Intangible Assets under development		—		—	
Non-current Investments		—		—	
Long-term loans and advances	10	1,149,314		13,819,278	
Other non-current assets	11	7,072,536		—	
			3,109,951,317		3,303,589,143
<b>Current Assets</b>					
Current investments	12	54,303,100		—	
Inventories		—		—	
Trade receivables		—		—	
Cash and Bank balances	13	42,223,480		48,635,884	
Short-term loans and advances	14	5,471,910		5,799,030	
Other current assets	15	530,361		—	
			102,528,851		54,434,914
<b>TOTAL</b>			<b>3,212,480,168</b>		<b>3,358,024,057</b>
<b>CAPITAL COMMITMENTS</b>	16				
<b>CONTINGENT LIABILITY</b>	17				
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	25				

See accompanying Notes to the financial statements

As per our report of even date attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

ICAI Registration No. 04661N

**G. K. AGRAWAL**

Partner

Membership No. 081603

**S. N. PUROHIT**

Manager

**B. RAMAKRISHNAN**

Director

**R. CHANDRASEKARAN**

Director

Place : Chennai

Date : April 24, 2012

Place : Chennai

Date : April 26, 2012

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

	<b>Note No</b>	<b>2011-2012 Rupees</b>	<b>2010-2011 Rupees</b>
<b>INCOME</b>			
Revenue from Operations	<b>18</b>	<b>437,218,939</b>	375,532,728
Other Income	<b>19</b>	<b>5,171,394</b>	2,693,419
<b>TOTAL</b>		<b>442,390,333</b>	378,226,147
<b>EXPENSES</b>			
Operating and Maintenance Expenses	<b>20</b>	<b>62,082,197</b>	64,105,604
Employee benefits expenses	<b>21</b>	<b>9,426,460</b>	9,024,579
Administrative and Other Expenses	<b>22</b>	<b>16,174,252</b>	9,242,482
Finance cost	<b>23</b>	<b>265,489,370</b>	263,924,810
Depreciation and Amortisation expense	<b>8,9</b>	<b>226,557,932</b>	217,606,420
<b>TOTAL</b>		<b>579,730,211</b>	563,903,895
<b>Profit / (Loss) Before Exceptional &amp; Extraordinary items and Tax</b>		<b>(137,339,878)</b>	(185,677,748)
Exceptional items		—	—
Extra-ordinary items		—	—
Prior Period Adjustments		—	(16,279,653)
<b>Profit / (Loss) before taxes</b>		<b>(137,339,878)</b>	(201,957,401)
Tax expense:			
Current tax		—	—
Deferred tax		—	—
<b>Profit/(Loss) after taxes</b>		<b>(137,339,878)</b>	(201,957,401)
<b>Basic Earnings per share</b>	<b>27</b>	<b>(2.43)</b>	(3.57)
<b>Diluted Earnings per share</b>		<b>(2.43)</b>	(3.57)
Face value per equity share		<b>10.00</b>	10.00
<b>CAPITAL COMMITMENTS</b>	<b>16</b>		
<b>CONTINGENT LIABILITY</b>	<b>17</b>		
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>25</b>		

See accompanying Notes to the financial statements

As per our report of even date attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

ICAI Registration No. 04661N

**G. K. AGRAWAL**

Partner

Membership No. 081603

**S. N. PUROHIT**

Manager

**B. RAMAKRISHNAN**

Director

**R. CHANDRASEKARAN**

Director

Place : Chennai

Date : April 24, 2012

Place : Chennai

Date : April 26, 2012



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

	2011-2012 Rupees	2010-2011 Rupees
<b>Cash Flow from operating activities:</b>		
<b>Profit before tax (excluding extraordinary items)</b>	<b>(137,339,878)</b>	<b>(185,677,748)</b>
Adjustments for :		
Depreciation	226,557,932	217,606,420
Interest paid	265,489,370	263,924,810
Interest received	-	(290,778)
Prior Period Expenses	-	(16,279,653)
(Profit) / Loss on sale of investments	(3,629,503)	(1,146,912)
Non-Operating income	(468,342)	-
<b>Operating profit before working capital changes</b>	<b>350,609,579</b>	<b>278,136,139</b>
Adjustments For :		
(Increase) / Decrease in trade and other receivables	-	-
(Increase) / Decrease in long term loans and advances	12,669,964	(7,827,237)
(Increase) / Decrease in other non current assets	(7,072,536)	-
(Increase) / Decrease in short term loans and advances	327,120	(560,586)
(Increase) / Decrease in other current assets	(530,361)	-
Increase / (Decrease) in trade payables	1,639,003	(6,757,138)
Increase / (Decrease) in other current liabilities	(3,997,387)	(2,656,156)
Increase / (Decrease) in long term provision	17,800,000	32,200,000
Increase / (Decrease) in short term provision	287,373	148,110
<b>Cash generated from operations</b>	<b>371,732,755</b>	<b>292,683,132</b>
Direct taxes paid (net of refund)	-	-
<b>Net cash from operating activities - A</b>	<b>371,732,755</b>	<b>292,683,132</b>
<b>Cash flow from Investing activities :</b>		
Purchase of fixed assets	(38,517,534)	(137,204)
Dividend received from other investments	3,629,503	1,146,912
Purchase of investments	(54,303,100)	-
Investment in fixed deposits ( having original maturity more than three months )	(5,238,227)	-
Non-Operating income	468,342	-
Interest received	-	290,778
<b>Net cash (used in) / generated from investing activities - B</b>	<b>(93,961,016)</b>	<b>1,300,486</b>
<b>Cash flow from financing activities</b>		
Positive Grant from NHAI	-	500,000
(Repayment) / proceeds from other borrowings	(23,933,000)	-
Interest paid	(265,489,370)	(263,924,810)
<b>Net cash (used in) / generated from financing activities - C</b>	<b>(289,422,370)</b>	<b>(263,424,810)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>(11,650,630)</b>	<b>30,558,807</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>48,635,884</b>	<b>18,077,076</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>36,985,254</b>	<b>48,635,884</b>

**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.
- Previous year's figures have been regrouped/reclassified wherever applicable
- Components of Cash and cash equivalents:

Balances with banks:

- on current account

657,356

4,680,717

- on Bank balances with less than 3 months maturity

31,617,337

40,261,700

Cash in hand

3,210,560

3,693,467

Cash in Transit

1,500,000

-

**TOTAL****36,985,253****48,635,884**

As per our report of even date attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

ICAI Registration No. 04661N

**G. K. AGRAWAL**

Partner

Membership No. 081603

**S. N. PUROHIT**

Manager

**B. RAMAKRISHNAN**

Director

**R. CHANDRASEKARAN**

Director

Place : Chennai

Date : April 24, 2012

Place : Chennai

Date : April 26, 2012



## NOTES TO FINANCIAL STATEMENTS

### 1. SHARE CAPITAL

	As at 31.03.2012		As at 31.03.2011	
	No. of shares	Rupees	No. of shares	Rupees
<b>Authorized</b>				
Equity Shares of Rs10 each	60,000,000	600,000,000	60,000,000	600,000,000
<b>Issued, Subscribed &amp; Paid-up</b>				
Equity Shares of Rs 10 each	56,500,000	565,000,000	56,500,000	565,000,000
		565,000,000		565,000,000
	As at 31.03.2012		As at 31.03.2011	
	No. of shares	Rupees	No. of shares	Rupees
<b>Equity Shares:</b>				
At the beginning of the period	56,500,000	565,000,000	56,500,000	565,000,000
Issued during the year as fully paid	—	—	—	—
<b>Outstanding at the end of the period</b>	<b>56,500,000</b>	<b>565,000,000</b>	<b>56,500,000</b>	<b>565,000,000</b>

#### b. Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, no dividend is declared by Board of Directors. (Previous year - Nil)

#### c. Shares held by Holding / Ultimate Holding Company and/or their subsidiaries/associates:

	Relationship	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>L&amp;T Infrastructure Development Projects Limited (L&amp;T IDPL)</b>	Holding Company	56,500,000	56,500,000
Equity shares of Rs.10 each fully paid up			

	As at 31.03.2012		As at 31.03.2011	
	No. of shares	%	No. of shares	%
<b>Equity Shares of Rs.10/- each fully paid</b>				
L&T Infrastructure Development Projects Limited, Holding Company and its nominees	56,500,000	100%	56,500,000	100%

### 2. RESERVES & SURPLUS

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
<b>Capital Reserve :</b>				
<b>Positive Grant from NHAI</b>				
Balance as per the last financial statement	450,000,000		449,500,000	
Add: Current year grant	—		500,000	
		450,000,000		450,000,000
<b>Other Reserves :</b>				
<b>Surplus / (deficit) in the Statement of Profit and Loss</b>				
Balance as per the last financial statement	(427,955,331)		(225,997,930)	
Add: Profit / ( Loss ) for the year	(137,339,878)		(201,957,401)	
		(565,295,209)		(427,955,331)
<b>TOTAL</b>		<b>(115,295,209)</b>		<b>22,044,669</b>

**NOTES TO FINANCIAL STATEMENTS (Contd.)****3. LONG TERM BORROWINGS**

	<b>As at 31.03.2012</b>		<b>As at 31.03.2011</b>	
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Term loans ( Secured )</b>				
Indian Rupee Loans From banks				
Senior Debt				
From Banks		<b>1,358,000,000</b>		<b>1,380,067,000</b>
From Financial institutions		<b>963,501,000</b>		<b>989,300,000</b>
Subordinate Debt				
From Financial institutions		<b>320,000,000</b>		<b>320,000,000</b>
<b>TOTAL</b>		<b>2,641,501,000</b>		<b>2,689,367,000</b>

**The above amount includes :-**

a) Secured Borrowings	<b>2,641,501,000</b>	<b>2,689,367,000</b>
b) Unsecured Borrowings	—	—
3a) i) The Indian Rupee Term Loan - Senior debt consists of Loans borrowed from a consortium of Seven bankers with a weighted average interest rate of 9.60 % pa as on March 31, 2012. The next interest reset is schedule to be in March 2013. The loan is repayable in 42 quarterly unequal installments. The loan is secured by pari passu charge on all the movable & immovable assets of the Company, both present and future, except project assets.		
ii) The Indian Rupee Term Loan - Sub-ordinate debt is taken from Infrastructure Development Finance Company ( IDFC ). The repayment of the loan starts from April 2013 in 42 quarterly unequal installments. The loan is a secured facility carrying a interest rate of 10.90%. The loan is secured by secondary charge on all the movable & immovable assets of the Company, both present and future, except project assets.		
iii) Security for the Term Loans		
i) Imovable property being : A residential flat at Pune		
ii) Movable properties : Assignment of project documents, insurance policies, investments, receivables and general assets, except project assets		
iii) Pledge of share to senior lenders : Secured by way of pledge of 2,88,14,997 equity shares held by L&T Infrastructure Development Projects Limited (Holding Company).		

	<b>As at 31.03.2012</b>		<b>As at 31.03.2011</b>	
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>4. LONG TERM PROVISIONS</b>				
Other Provisions				
Periodic major maintenance		<b>50,000,000</b>		<b>32,200,000</b>
<b>TOTAL</b>		<b>50,000,000</b>		<b>32,200,000</b>

**5. TRADE PAYABLES**

Due to Micro and small enterprises *	—	—
Due to		<b>4,531,952</b>
Holding Company (L&T IDPL)	<b>402,475</b>	—
Others	<b>5,768,480</b>	—
<b>TOTAL</b>	<b>6,170,955</b>	<b>4,531,952</b>

- 5a) i) There have been no transactions with Micro and Small Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence, reporting details of principal and interest does not arise.

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

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
<b>6. OTHER CURRENT LIABILITIES</b>				
Interest accrued but not due on long term borrowings		12,186,780		12,243,367
Current maturities on long term borrowings				
Secured - ( Refer note -3.a.i )				
Senior debt				
Term loans from Banks		28,000,000		18,000,000
Term loans from Financial institutions		19,866,000		5,933,000
Sub-ordinate debt		-		-
Other payables				
Due to related parties				
Ultimate holding Company		175,720		-
Expenses payables		2,597,392		559,417
Statutory liabilities		843,152		6,630,305
Trade Deposit received / Retention money		726,321		1,093,663
<b>TOTAL</b>		<b>64,395,365</b>		<b>44,459,752</b>
<b>7. SHORT TERM PROVISIONS</b>				
Provision for Gratuity		311,275		200,146
Provision for Leave encashment		396,782		220,538
<b>TOTAL</b>		<b>708,057</b>		<b>420,684</b>

**8. FIXED ASSETS-TANGIBLE**

Particulars	GROSS BLOCK				DEPRECIATION				NET CARRYING VALUE	
	As at 01.04.2011	Additions	Adjustments	As at 31.03.2012	Up to 31.03.2011	For the year	Deductions	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Tangible Assets</b>										
Building	2,455,800	-	-	2,455,800	342,957	44,100	-	387,057	2,068,743	2,112,843
Office Equipment	1,289,449	-	-	1,289,449	580,036	354,756	-	934,792	354,657	709,413
Computers	1,198,721	122,327	-	1,321,048	569,937	334,633	-	904,570	416,478	628,784
Furniture & Fixture	2,525,195	68,250	-	2,593,445	530,320	291,849	-	822,169	1,771,276	1,994,875
Vehicles	9,771,294	-	-	9,771,294	2,000,309	1,332,600	-	3,332,909	6,438,385	7,770,985
Plant and Equipment	98,173,430	-	-	98,173,430	14,418,569	16,879,308	-	31,297,877	66,875,553	83,754,861
<b>Total</b>	<b>115,413,889</b>	<b>190,577</b>	-	<b>115,604,466</b>	<b>18,442,128</b>	<b>19,237,246</b>	-	<b>37,679,374</b>	<b>77,925,092</b>	<b>96,971,761</b>
Previous Year	115,276,685	137,204	-	115,413,889	8,027,028	10,415,100		18,442,128	96,971,761	

**9. FIXED ASSETS-INTANGIBLE**

Particulars	GROSS BLOCK			AMORTIZATION				NET CARRYING VALUE	
	As at 01.04.2011	Additions	As at 31.03.2012	Up to 31.03.2011	For the year	Adjustments	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Intangible Assets	2,455,800	—	2,455,800	342,957	44,100	—	387,057	2,068,743	2,112,843
Toll Collection Rights	3,624,257,304	38,326,957	3,662,584,261	431,459,202	207,320,686	—	638,779,888	3,023,804,373	3,192,798,102
Specialized Software	430,836	—	430,836	430,834	—	—	430,834	2	2
Total	3,624,688,140	38,326,957	3,663,015,097	431,890,036	207,320,686	—	639,210,722	3,023,804,375	3,192,798,104
Previous Year	3,624,688,140	—	3,624,688,140	224,698,716	207,191,320	—	431,890,036	3,192,798,104	

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

	As at 31.03.2012	As at 31.03.2011
	Rupees	Rupees
<b>10. LONG TERM LOANS AND ADVANCES</b>		
<b>Capital advances</b>		
Secured, Considered good	–	12,744,090
Unsecured, Considered good	–	–
<b>Security Deposit</b>		
Secured, Considered good	–	–
Unsecured, Considered good - Electricity & Gas Deposit	1,149,314	1,075,188
<b>TOTAL</b>	<b>1,149,314</b>	<b>13,819,278</b>
<b>11. OTHER NON CURRENT ASSETS</b>		
Others (Unsecured, Considered good)		
Receivable from NHAI	7,072,536	–
<b>TOTAL</b>	<b>7,072,536</b>	<b>–</b>
<b>12. CURRENT INVESTMENTS</b>		
Commercial Paper - 7.75% CP L&T IDPL, 2013	54,303,100	–
<b>TOTAL</b>	<b>54,303,100</b>	<b>–</b>
Aggregate amount of Quoted Investments	–	–
Aggregate amount of Unquoted Investments	54,303,100	–
Aggregate provision for diminution in the value of investments	–	–
Investments in Commercial Papers are held in L&T Infrastructure Development Projects Limited, the Holding Company		
<b>13. CASH AND BANK BALANCES</b>		
<b>Cash and Cash equivalents</b>		
Balances with banks:		
on current account	657,356	4,680,717
on Bank balances with less than 3 months maturity (including interest accrued thereon )	31,617,337	40,261,700
Cash in hand	3,210,560	3,693,467
Cash in Transit	1,500,000	–
Other bank balances :		
On Bank balances with more than 3 months maturity including interest accrued thereon (Bank Deposits with more than 12 months maturity - NIL)	5,238,227	–
<b>TOTAL</b>	<b>42,223,480</b>	<b>48,635,884</b>
<b>14. SHORT TERM LOANS AND ADVANCES</b>		
Other Loans and Advances		
Balances with statutory / govt authorities	1,403,380	
Prepaid Expenses	2,680,631	3,315,238
Advance Tax (Net of Provision for Taxation)	1,387,899	2,319,631
Due from related party - (Holding Company)	–	164,161
<b>TOTAL</b>	<b>5,471,910</b>	<b>5,799,030</b>
<b>15. OTHER CURRENT ASSETS</b>		
Interest accrued but not due on commercial paper	530,361	–
<b>TOTAL</b>	<b>530,361</b>	<b>–</b>

**NOTES TO FINANCIAL STATEMENTS (Contd.)****16. CAPITAL COMMITMENTS**

The estimated amount of contracts remaining to be executed on capital account (net of advances) as at 31st March 2012 amounts is NIL.  
(Previous year - NIL)

**17. CONTINGENT LIABILITIES**

The Company has no contingent liabilities as on March 31, 2012 (Previous year - NIL)

	<b>2011-2012</b>		<b>2010-2011</b>	
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>18. REVENUE FROM OPERATIONS</b>				
Toll Fee Collections		<b>437,218,939</b>		<b>375,532,728</b>
<b>TOTAL</b>		<b>437,218,939</b>		<b>375,532,728</b>
<b>19. OTHER INCOME</b>				
<b>Interest Income on</b>				
Bank Deposits				
Current Investments		<b>484,739</b>		<b>290,778</b>
Long term investments		<b>530,361</b>		<b>—</b>
On refund of Income tax		<b>58,449</b>		<b>—</b>
<b>Net Gain On Sale of investments</b>				
Current investment		<b>3,629,503</b>		<b>1,146,912</b>
<b>Other Non-operating Income (Net of expenses)</b>				
Miscellaneous receipts		<b>468,342</b>		<b>1,255,730</b>
<b>TOTAL</b>		<b>5,171,394</b>		<b>2,693,419</b>
<b>20. OPERATING AND MAINTENANCE EXPENSES</b>				
Toll Management Fees		<b>10,693,222</b>		<b>8,127,724</b>
Security Services		<b>4,124,725</b>		<b>2,672,492</b>
Insurance		<b>3,036,065</b>		<b>2,676,804</b>
Repairs & maintenance				
Toll Roads & bridges	<b>13,152,079</b>		<b>19,644,275</b>	
Plant & Machinery	<b>5,798,338</b>		<b>6,582,207</b>	
Periodic Major Maintenance	<b>17,800,000</b>		<b>16,600,000</b>	
Vehicle	<b>722,025</b>		<b>661,125</b>	
Others	<b>1,540,373</b>		<b>1,658,103</b>	
		<b>39,012,815</b>		<b>45,145,710</b>
Power & electricity charges		<b>5,215,370</b>		<b>5,482,874</b>
<b>TOTAL</b>		<b>62,082,197</b>		<b>64,105,604</b>
<b>21. EMPLOYEE BENEFITS EXPENSE</b>				
Salaries, wages & bonus		<b>8,284,159</b>		<b>7,764,685</b>
Contribution to and Provision for				
Provident fund		<b>415,150</b>		<b>322,164</b>
Gratuity		<b>111,129</b>		<b>80,037</b>
Leave encashment		<b>237,313</b>		<b>—</b>
Staff welfare expenses		<b>378,709</b>		<b>857,693</b>
<b>TOTAL</b>		<b>9,426,460</b>		<b>9,024,579</b>

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

	2011-2012		2010-2011	
	Rupees	Rupees	Rupees	Rupees
<b>22. ADMINISTRATIVE AND OTHER EXPENSES</b>				
Rates & taxes		124,699		71,053
Payment to auditors				
As Auditor				
Auditor	224,720		165,450	
Taxation matter	41,363		41,363	
In other capacity				
Company law Matters	16,648		—	
Management Service	49,635		82,725	
Other Service	—		—	
Reimbursement of Expense	—		—	
		332,366		289,538
Professional fees		6,483,524		3,401,205
Printing & stationery		249,936		498,392
Postage & Communication		550,176		530,700
Travelling & conveyance		3,207,645		2,801,102
Bank charges		4,861,764		1,038,742
Miscellaneous expenses		364,142		611,750
<b>TOTAL</b>		<b>16,174,252</b>		<b>9,242,482</b>
<b>23. FINANCE COST</b>				
Interest on fixed loans		265,489,370		263,924,810
<b>TOTAL</b>		<b>265,489,370</b>		<b>263,924,810</b>

**24. CORPORATE INFORMATION**

L&T Western Andhra Tollways Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the strengthening and widening the existing 55 kms road on NH-7 from Jadcherla to Kothakotta in the state of Andhra Pradesh, under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated January 2006 with National Highways Authority of India. The Company had completed construction on March 13, 2009 and started operation from that date. The total concession period is 20 years till the year 2027.

**25. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Basis of Preparation**

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP") and in compliance with provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006 prescribed by the Central Government. 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. The accounting policies adopted in the preparation of financial statements are consistent with those of previous years except for change in accounting policy as stated below.

**b. Income**

- Fee collections from users of facility are accounted for as and when the amount is due and recovery is certain. Income from the sale of smart cards are recognised as and when the amount is received from the users of the cards.
- Dividend income is recognized when the right to receive is established.
- Interest income is accrued at applicable rates.
- Other items of income are accounted as and when the right to receive arises.

## NOTES TO FINANCIAL STATEMENTS (Contd.)

### c. 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.

### d. Fixed Assets

#### Tangible asset

Tangible fixed assets are stated at original cost less accumulated depreciation

#### Intangible asset

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 “Intangible Assets” as specified in the Companies (Accounting Standards) Rule, 2006.

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 comprise of construction cost, negative grant payable to NHAI and other pre-operative costs incurred during the construction phase.

### e. Depreciation

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

Category of Asset	Estimated Useful Life ( Years )	Depreciation Rate (% per annum)
Building – Residential	50	2.00%
Office Equipment	4	25.00%
Electrical Installations	9	11.11%
Plant and Machinery	9	11.11%
Computers – Desktop	6	16.67%
Computers – Laptop	4	25.00%
Furniture and Fixtures	10	10.00%
Motor Cars	7	14.29%
Motor Bike	11	9.09%
Air conditioners	12	8.33%
Toll Equipments	7	14.29%

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

### f. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which the investments are made, are classified as Current Investments. All other investment are classified as Long term investments.

### g. Leases

- Assets acquired under leases where the Company has substantially classified all the risks and rewards of ownership 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.
- 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.

### h. 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.

### i. 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.



## NOTES TO FINANCIAL STATEMENTS (Contd.)

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.

### j. Provisions, Contingent Liabilities and Contingent Assets

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

### k. Foreign Currency Transactions and Derivatives

- a) The reporting currency of the Company is the Indian Rupee.
- b) Foreign currency transactions are recorded on initial recognition in the foreign currency using the exchange rate on the date of the transaction.
- c) At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Exchange differences that arise on settlement of monetary items or on reporting of each Balance Sheet date of monetary items at the closing rate are adjusted in pre-operative expenses.

## 26. SEGMENT REPORTING

The Company is engaged only in the business of building and operating the Toll roads and bridge. 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.

## 27. EARNINGS PER SHARE

Particulars	2011-2012	2010-2011
<b>Basic EPS:</b>		
Net Profit / (loss) for calculation of Basic EPS - A (Rs.)	<b>(137,339,878)</b>	<b>(201,957,401)</b>
Weighted Average No. of Equity Shares in calculating Basic EPS - B	<b>56,500,000</b>	<b>56,500,000</b>
<b>Earnings Per Share - Basic ( EPS ) - A/B (Rs.)</b>	<b>(2.43)</b>	<b>(3.57)</b>
<b>Diluted EPS:</b>		
Net Profit / (loss) as per P/L A/c (Rs.)	<b>(137,339,878)</b>	<b>(201,957,401)</b>
Less: Effects of Dilution of equity shares	–	–
Net Profit / (loss) for calculation of Diluted EPS - A (Rs.)	<b>(137,339,878)</b>	<b>(201,957,401)</b>
Weighted Average No. of Equity Shares	<b>56,500,000</b>	<b>56,500,000</b>
Less: Effects of Dilution of equity shares	–	–
Weighted Average No. of Equity Shares for calculation of Diluted EPS - B	<b>56,500,000</b>	<b>56,500,000</b>
<b>Earnings Per Share - Diluted ( EPS ) - A/B (Rs.)</b>	<b>(2.43)</b>	<b>(3.57)</b>

## NOTES TO FINANCIAL STATEMENTS (Contd.)

### 28. GRATUITY EXPENSES

The Company recognises Gratuity based on the Actuarial Valuation. The following table summarizes the components of the net benefit expense recognised in the Profit and Loss Account

Particulars	2011-2012 Rupees	2010-2011 Rupees
<b>1. Gratuity</b>		
<b>A. Results of Actuarial Valuation</b>		
1. Valuation as on	<b>March 31, 2012</b>	<i>March 31, 2011</i>
2. Retirement Age	<b>58</b>	<i>58</i>
3. No of Employees	<b>17</b>	<i>21</i>
4. Present Value of Benefit Obligations	<b>311,275</b>	<i>200,146</i>
<b>B. Principal rules to compute Benefit Obligations</b>		
1. Salary reckoned for calculating Benefit Obligations	<b>As per rule of the Company</b>	<i>As per rule of the Company</i>
2. Vesting Period	<b>5 years of Gratuity</b>	<i>5 years of Gratuity</i>
3. Benefit formula for Gratuity for all exits except death	<b>B1 X Completed year of Service X 15/26 subject to benefit having vested</b>	
4. Benefit formula for Gratuity on death	<b>Same as B3 but no vesting condition</b>	
<b>2. Leave salary</b>		
<b>A. Summary of Staff</b>		
1. No of Employees	<b>17</b>	<i>21</i>
2. Projected actuarial value of benefit obligation in Rupees	<b>396,782</b>	<i>220,538</i>
<b>B. Principle rule to compute benefit Obligations</b>		
1. Salary reckoned for calculating Benefit obligations	<b>As per rule of the Company</b>	<i>As per rule of the Company</i>
2. Benefit formula for all exits.	<b>B1 X Leave Balance / 30</b>	
<b>3. Summary of Actuarial Assumptions</b>		
<b>A. Mean Financial Assumptions</b>		
1. Discount Rate per unit per annum	<b>8.50%</b>	<i>8.00%</i>
2. Salary escalation rate per unit per annum	<b>6.00%</b>	<i>6.00%</i>
3. Expected rate of return on Plan Assets per unit per annum	<b>N.A.</b>	<i>N.A.</i>
<b>B. Mean Demographic Assumptions</b>		
1. Mortality Rate	<b>LIC 94 - 96 Rates</b>	<i>LIC 94 - 96 Rates</i>
2. Withdrawal / Attrition Rate	<b>5% for all age</b>	<i>5% for all age</i>
3. Disability / Ill health retirement	<b>No Explicit Assumption</b>	<i>No Explicit Assumption</i>
Contribution to the Provident Fund is made to regional Provident fund office		

### 29. RELATED PARTY DISCLOSURE

Names of the related party and related party relationship

#### A. Related party where control exists

Ultimate Holding Company : Larsen & Toubro Limited

Holding Company : L&T Infrastructure Development Projects Limited

#### B. Related Parties with whom transaction have taken place during the year

L&T Krishnagiri Walajahpet Tollways Limited

L&T Chennai-Tada Tollways Limited

L&T Panipat Elevated Corridor Limited

L&T Rajkot-Vadinar Tollway Limited

L&T Samakhiali Gandhidam Tollway Limited

L&T Urban Infrastructure Limited

L&T Vadodara Baruch Tollway Limited

L&T Infocity Limited

L&T Halol-Shamlaji Tollway Limited

} Fellow Subsidiaries

**NOTES TO FINANCIAL STATEMENTS (Contd.)****C. Related Party Transactions**

The following table shows the total amount of related party transaction that have been entered with the related persons during the year:

**a. Receipt / Provision of Services**

	Year Ended	Receipt of Services	Provision of Services	Amount owed by Related party	Amount owed to Related party
<b>i. Holding and Ultimate Holding Company :</b>					
a. Larsen & Toubro Limited - Ultimate Holding Company Share Service Centre ( SSC )	31.03.2012 31.03.2011	7,185,394 6,477,956	– 164,161	– –	175,720 –
b. L&T Infrastructure Developments Projects Limited - Holding Company O&M Fee	31.03.2012 31.03.2011	4,340,507 3,818,149	– –	– –	402,475 –
Cost of Services	31.03.2012 31.03.2011	2,975,975 –	– –	– –	– –
Other services	31.03.2012 31.03.2011	7,666,968 –	– –	– –	– –
<b>ii. Fellow Subsidiaries :</b>					
L&T Krishnagiri Walajahpet Tollways Limited	31.03.2012 31.03.2011	52,595 –	– –	– –	– –
L&T Chennai-Tada Tollways Limited	31.03.2012 31.03.2011	11,624 253,506	25,411 –	– –	– –
L&T Infocity Limited	31.03.2012 31.03.2011	– 20,318	– –	– –	– –
L&T Infrastructure Road Corridor Limited	31.03.2012 31.03.2011	– 3,154	– –	– –	– –
L&T Krishnagiri Thopur Tollroad Limited	31.03.2012 31.03.2011	– 127,057	– –	– –	– –
L&T Panipat Elevated Corridor Limited	31.03.2012 31.03.2011	– 41,456	86,988 –	– –	– –
L&T Rajkot-Vadinar Tollway Limited	31.03.2012 31.03.2011	– –	18,067 –	– –	– –
L&T Samakhiali Gandhidam Tollway Limited	31.03.2012 31.03.2011	– –	87,991 53,874	– –	– –
L&T Urban Infrastructure Limited	31.03.2012 31.03.2011	19,316 –	– –	– –	– –
L&T Vadodara Baruch Tollway Limited	31.03.2012 31.03.2011	700,000 4,540	– –	– –	– –
L&T Halol-Shamlaji Tollway Ltd	31.03.2012 31.03.2011	– –	– 91,559	– –	– –

**b. Investment in Commercial Papers**

Particulars	Year Ended	CP purchased	CP sold	Interest Accrued	Amount owed to Related party
		Rupees	Rupees	Rupees	Rupees
L&T Infrastructure Developments Projects Limited (Holding Company)	31.03.2012 31.03.2011	54,303,100 –	– –	530,361 –	– –

**NOTES TO FINANCIAL STATEMENTS (Contd.)****30. IMPAIRMENT OF ASSETS**

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.

**31. EXPENDITURE IN FOREIGN CURRENCY**

Particulars	2011-2012 Rupees	2010-2011 Rupees
i) Purchase of Spare parts	1,095,673	445,030

**32. VALUE OF IMPORTS CALCULATED ON CIF BASIS**

The value of imports on CIF basis is Rs. 10,95,673 (*Previous year - Rs. 4,45,030*)

**33. EARNINGS IN FOREIGN CURRENCY**

The Company do not have any earnings in the foreign currency during the current year. (*Previous year - NIL*)

**34. WEALTH TAX ACT 1957**

The Company does not have taxable wealth under the provisions of the Wealth Tax Act 1957.

**35. PREVIOUS YEAR'S FIGURES**

Hitherto the Company had adopted the old Schedule VI to the Companies Act 1956 for the preparation and presentation of its financial statements. However from the current year, the Company has adopted the Revised Schedule VI to comply with the notification made under the Companies Act 1956. Accordingly the Company has reclassified / regrouped the previous year figures to make them comparable.

As per our report of even date attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

*Chartered Accountants*

*ICAI Registration No. 04661N*

**G. K. AGRAWAL**

*Partner*

*Membership No. 081603*

**S. N. PUROHIT**

*Manager*

**B. RAMAKRISHNAN**

*Director*

**R. CHANDRASEKARAN**

*Director*

*Place : Chennai*

*Date : April 24, 2012*

*Place : Chennai*

*Date : April 26, 2012*