

## ***DIRECTORS' REPORT***

The Directors have pleasure in presenting their report and Accounts for the year ended March 31, 2009.

### **FINANCIAL RESULTS**

The Profit and Loss Account has been drawn from March 14, 2009 upto March 31, 2009. The key financial parameters for the year ended March 31, 2009 are

Description	(Rupees in Crores)
	<b>2008-2009</b>
Profit before depreciation & tax	<b>(0.07)</b>
Depreciation	<b>1.78</b>
<b>Profit / (Loss) before Tax</b>	<b>(1.85)</b>
Provision for Tax	<b>0.01</b>
<b>Profit / (Loss) after Tax</b>	<b>(1.86)</b>
Balance brought forward from Previous year	<b>-</b>
<b>Balance carried to Balance Sheet</b>	<b>(1.86)</b>

### **PERFORMANCE OF THE COMPANY**

Your Company achieved Commercial Operations Date on March 14, 2009.

### **DIVIDEND**

The Board of Directors has not recommended any dividend for the year 2008-2009.

### **CAPITAL EXPENDITURE**

As at March 31, 2009, the gross fixed assets stood at Rs. 373,15,94,427 and the net fixed assets stood at Rs. 371,29,68,824.

### **DEPOSITS**

The Company has not accepted any deposits from the public.

### **AUDITORS' REPORT**

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

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

#### **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).

#### **Technology Absorption**

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

#### **Foreign Exchange Earnings and Outgo**

During the year, the Company had the following transactions in foreign currency

Travel Expenses	—	Rs. 7,599
Value of Imports	—	Rs. 40,95,367
Value of Imports on CIF basis	—	Rs. 1,18,41,872

### **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.

### **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.

During the year Mr. D. Ramesh, Manager of the Company resigned from the services of the Company. The Directors at the Meeting held on February 4, 2009 took note of his resignation. At the Board Meeting of the Company held on February 4, 2009, Mr. N. Chandrasekar Reddy has been appointed as the Manager of the Company.

## **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, 2009;
- 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; and
- iv. that the annual accounts have been prepared on a going concern basis.

## **DIRECTORS**

Mr. K. Venkatesh resigned as a Director of the Company at the Board Meeting held on August 18, 2008. The Directors expressed their sincere appreciation and gratitude towards the contribution made by Mr. K. Venkatesh towards the progress of the Company.

Mr. T. S. Sundaresan retires by rotation at the Fourth Annual General Meeting of the Company and being eligible offers himself for re-appointment.

## **AUDIT COMMITTEE**

The Board of Directors re-constituted the Audit Committee at the Board Meeting held on August 18, 2008 consisting of Mr. B. Ramakrishnan, Mr. C. S. Damle and Mr. T. S. Sundaresan as Members.

Consequent upon the resignation of Mr. K. Venkatesh as a Director of the Company at the Board Meeting held on August 18, 2008, his Membership in the Audit Committee was vacated. As per the provisions of Section 292A of the Companies Act, 1956, the Audit Committee should comprise of not less than three Directors as Members. Hence, it was necessary to nominate another Director as member of the Audit Committee. As a result, the Audit Committee was reconstituted at the Board Meeting held on August 18, 2008 and the current composition of the Audit Committee is

Mr. B. Ramakrishnan

Mr. C. S. Damle and

Mr. T. S. Sundaresan

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.

## **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 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, 1956.

## **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 : Ahmedabad  
Date : April 22, 2009

**C. S. DAMLE**  
Director

**R. CHANDRASEKARAN**  
Director

## AUDITORS' REPORT

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

We have audited the attached Balance Sheet of L&T WESTERN ANDHRA TOLLWAYS LIMITED as at March 31, 2009 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 (Auditors' 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, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2009 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 K and notes to accounts in Schedule L, 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, 2009;
    - (ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**GIANENDER & ASSOCIATES**  
Chartered Accountants

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

Place : Chennai  
Date : April 24, 2009

---

## 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 L&T WESTERN ANDHRA TOLLWAYS LIMITED on the accounts for the year ended March 31, 2009, 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 any 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 (Auditors' 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 (Auditors' 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. 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 (Auditors' Report) Order, 2003 does not arise.
- (vi) The Company has not accepted deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956. Hence Clause 4(vi) of the Companies (Auditors' 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, 2009, 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 is registered for a period of less than five years and hence reporting on the accumulated losses and cash loss incurred during the financial year and in the immediately preceding financial year under clause 4(x) of the Companies (Auditors' Report) Order does not arise.
- (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 (Auditors' 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 explanations given to us, the Company has not raised funds on short term basis. Hence, the provisions of clause 4(xvii) of the Companies (Auditors' 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 instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

**GIANENDER & ASSOCIATES**  
Chartered Accountants

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

Place : Chennai  
Date : April 24, 2009

**BALANCE SHEET AS AT MARCH 31, 2009**

	Schedule	As at 31.03.2009		As at 31.03.2008	
		Rupees	Rupees	Rupees	Rupees
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	A		565,000,000		391,672,000
Equity Support from NHAI			449,500,000		—
<b>Loan Funds</b>					
Secured Loans	B		2,697,849,502		1,651,674,952
<b>TOTAL</b>			<b>3,712,349,502</b>		<b>2,043,346,952</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>	C				
Tangible Assets					
Gross Block		107,062,123		4,067,793	
Less: Depreciation		1,099,873		402,271	
Net Block			105,962,250		3,665,522
Intangible Assets					
Gross Block		3,624,532,304		275,000	
Less: Amortisation		17,525,730		175,695	
Net Block		3,607,006,574		99,305	
Capital Work-in-Progress		—		1,909,911,218	
Pre-operative Expenses	D	—		128,440,306	
			3,607,006,574		2,038,450,829
<b>Current Assets, Loans &amp; Advances</b>	E				
Cash and Bank Balances		63,085,322		101,818,647	
Loans & Advances		26,145,315		1,080,784	
		89,230,637		102,899,431	
<b>Less: Current Liabilities &amp; Provisions</b>	F				
Current Liabilities		107,100,997		101,720,353	
Provisions		1,307,111		557,117	
		108,408,108		102,277,470	
<b>Net Current Assets</b>			(19,177,471)		621,961
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)			—		608,640
<b>Profit &amp; Loss Account</b>			18,558,149		—
<b>TOTAL</b>			<b>3,712,349,502</b>		<b>2,043,346,952</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	I				
<b>NOTES ON ACCOUNTS</b>	J				

Schedules referred to above form an integral part of Balance Sheet.

As per our report attached

For and on behalf of the Board

**GIANENDER & ASSOCIATES**

Chartered Accountants

**G. K. AGRAWAL**

Partner

Membership No. 081603

Place : Chennai

Date : April 24, 2009

**N. C. REDDY**

Manager

Place : Ahmedabad

Date : April 22, 2008

**C. S. DAMLE**

Director

**R. CHANDRASEKARAN**

Director

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2009**

	<b>Schedule</b>	<b>For the period from 14.03.2009 to 31.03.2009 Rupees</b>
<b>INCOME</b>		
Fee collection from Users of Facility		15,145,667
Other Income	<b>G</b>	121,472
<b>TOTAL</b>		<b>15,267,139</b>
<b>EXPENDITURE</b>		
Operating and Maintenance Expenses	<b>H</b>	3,132,098
Interest on Loans		12,241,019
Amortisation and Depreciation		17,803,082
Preliminary Expenses written off		608,640
<b>TOTAL</b>		<b>33,784,839</b>
<b>Profit / (Loss) Before Taxes</b>		<b>(18,517,700)</b>
Provision for FBT		(40,449)
<b>Profit / (Loss) After Taxes</b>		<b>(18,558,149)</b>
Add: Profit / (Loss) brought forward from previous year		-
<b>Balance Carried to Balance Sheet</b>		<b>(18,558,149)</b>
Earnings per share		
Basic		(0.37)
Diluted		(0.37)
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>I</b>	
<b>NOTES ON ACCOUNTS</b>	<b>J</b>	

---

Schedules referred to above form an integral part of Profit & Loss Account.

AAs per our report attached

For and on behalf of the Board

**GIANENDER & ASSOCIATES**

*Chartered Accountants*

**G. K. AGRAWAL**

*Partner*

*Membership No. 081603*

*Place : Chennai*

*Date : April 24, 2009*

**N. C. REDDY**

*Manager*

*Place : Ahmedabad*

*Date : April 22, 2008*

**C. S. DAMLE**

*Director*

**R. CHANDRASEKARAN**

*Director*

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009**

	2008-2009 Rupees	2007-2008 Rupees
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before tax & extraordinary items	(18,517,700)	—
Adjustments for		
Dividend Income	(75,374)	—
Interest Income	(46,098)	—
Depreciation and Amortisation	17,803,082	—
Preliminary expenses written off	608,640	—
Interest paid	12,241,019	—
<b>Operating Profit before Working Capital changes</b>	<b>12,013,569</b>	—
(Increase) / Decrease in Trade and other receivables	—	—
(Increase) / Decrease in Inventories	—	—
(Increase) / Decrease in Loans and Advances	(25,064,531)	239,989
Increase / (Decrease) in Trade payables	(5,395,294)	(178,989,859)
<b>Cash generated from Operations</b>	<b>(18,446,256)</b>	<b>(178,749,870)</b>
Direct taxes paid	(75,482)	(573,901)
<b>Net Cash inflow from Operating Activities (A)</b>	<b>(18,521,738)</b>	<b>(179,323,771)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,688,655,555)	(1,415,512,816)
Interest / Dividend received from other investments	121,472	364,571
<b>Net Cash used in Investing Activities (B)</b>	<b>(1,688,534,083)</b>	<b>(1,415,148,245)</b>
<b>C. Cash Flow from Financing Activities</b>		
Issue of Equity Shares and advance against share capital	173,328,000	224,742,000
Positive Grant from NHAI	449,500,000	—
(Repayment) / Proceeds from Borrowings	1,046,174,550	1,468,970,652
Interest paid	(680,054)	—
<b>Net cash from Financing Activities (C)</b>	<b>1,668,322,496</b>	<b>1,693,712,652</b>
<b>Net increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(38,733,325)</b>	<b>99,240,636</b>
<b>Cash and Cash Equivalents as at the beginning</b> (including cash credit from banks)	<b>101,818,647</b>	<b>2,578,011</b>
<b>Cash and Cash Equivalents as at the end</b> (including cash credit from banks)	<b>63,085,322</b>	<b>101,818,647</b>

**Notes:**

- Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3: Cash Flow Statements as specified in the Companies (Accounting Standards) Rules, 2006.
- Purchase of Fixed Assets includes movement of Capital Work-in-Progress during the year.
- 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

**GIANENDER & ASSOCIATES**

Chartered Accountants

**G. K. AGRAWAL**

Partner

Membership No. 081603

Place : Chennai

Date : April 24, 2009

**N. C. REDDY**

Manager

Place : Ahmedabad

Date : April 22, 2008

**C. S. DAMLE**

Director

**R. CHANDRASEKARAN**

Director

**SCHEDULES FORMING PART OF BALANCE SHEET**

	<b>As at 31.03.2009 Rupees</b>	<b>As at 31.03.2008 Rupees</b>
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
6,00,00,000 Equity Shares of Rs. 10/- each	<b>600,000,000</b>	<i>600,000,000</i>
<b>Issued, Subscribed &amp; Paid-up</b>		
5,65,00,000 Equity Shares of Rs. 10/- each fully Paid-up	<b>565,000,000</b>	<i>391,672,000</i>
(Of the above 1,73,32,800 equity shares of Rs. 10/- each issued during the year)		
(All the shares are held by L&T Infrastructure Development Projects Limited, the Holding Company and its nominees)		
<b>TOTAL</b>	<b>565,000,000</b>	<i>391,672,000</i>
<b>SCHEDULE - B</b>		
<b>SECURED LOANS</b>		
Senior Loan from Banks		
Term Loan Corporation Bank	<b>350,000,000</b>	<i>241,543,854</i>
Term Loan IDFC Bank	<b>193,300,000</b>	<i>133,401,035</i>
Term Loan IIFCL	<b>400,000,000</b>	<i>276,049,744</i>
Term Loan SIDBI	<b>300,000,000</b>	<i>207,037,307</i>
Term Loan SBH	<b>400,000,000</b>	<i>276,049,744</i>
Term Loan State Bank of Indore	<b>399,186,582</b>	<i>276,049,744</i>
Term Loan UBI	<b>348,195,700</b>	<i>241,543,524</i>
Term Loan - IDFC Sub-Ordinate	<b>307,167,220</b>	<i>—</i>
(Secured by <i>pari passu</i> charge on all the movable & immovable assets of the Company, both present and future)		
<b>TOTAL</b>	<b>2,697,849,502</b>	<i>1,651,674,952</i>

**SCHEDULE - C****FIXED ASSETS**

PARTICULARS	COST				DEPRECIATION / AMORTISATION			BOOK VALUE	
	As at 01.04.2008 Rupees	Additions Rupees	Adjust- ments Rupees	Up to 31.03.2009 Rupees	Up to 31.03.2008 Rupees	For the year Rupees	Up to 31.03.2009 Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
<b>Tangible Assets</b>									
Status Property	2,455,800	—	—	2,455,800	46,702	47,991	94,693	2,361,107	<i>2,409,098</i>
Office Equipment	638,795	653,816	—	1,292,611	58,217	39,828	98,045	1,194,566	<i>580,578</i>
Computers	325,549	833,376	—	1,158,925	91,490	71,176	162,666	996,259	<i>234,059</i>
Furniture & Fixture	647,649	1,889,661	—	2,537,310	205,862	41,310	247,172	2,290,138	<i>441,787</i>
Vehicles	—	3,981,001	—	3,981,001	—	31,517	31,517	3,949,484	<i>—</i>
Tractor	—	929,225	—	929,225	—	8,759	8,759	920,466	<i>—</i>
Plant and Machinery	—	94,707,251	—	94,707,251	—	457,021	457,021	94,250,230	<i>—</i>
<b>Total</b>	<b>4,067,793</b>	<b>102,994,330</b>	<b>—</b>	<b>107,062,123</b>	<b>402,271</b>	<b>697,602</b>	<b>1,099,873</b>	<b>105,962,250</b>	<b>3,665,522</b>
<b>Intangible Assets</b>									
Carriage ways	—	3,624,257,304	—	3,624,257,304	—	17,258,368	17,258,368	3,606,998,936	<i>—</i>
Specialized Software	275,000	—	—	275,000	175,695	91,667	267,362	7,638	<i>99,305</i>
<b>Total</b>	<b>275,000</b>	<b>3,624,257,304</b>	<b>—</b>	<b>3,624,532,304</b>	<b>175,695</b>	<b>17,350,035</b>	<b>17,525,730</b>	<b>3,607,006,574</b>	<b>99,305</b>
Capital Work-in-Progress	1,909,911,218	1,714,346,086	(3,624,257,304)	—	—	—	—	—	<i>1,909,911,218</i>
<b>Grand Total</b>	<b>1,914,254,011</b>	<b>5,441,597,720</b>	<b>(3,624,257,304)</b>	<b>3,731,594,427</b>	<b>577,966</b>	<b>18,047,637</b>	<b>18,625,603</b>	<b>3,712,968,824</b>	
<i>Previous Year</i>	<i>581,473,397</i>	<i>1,332,780,614</i>	<i>—</i>	<i>1,914,254,011</i>	<i>250,345</i>	<i>327,621</i>	<i>577,966</i>		<i>1,913,676,045</i>

Note: Freehold Land and other assets of the Company have been mortgaged in favour of the lenders who have sanctioned term loans to the project.

During the year Depreciation / Amortisation of Rs. 8,22,521 has been charged to preoperative expenses and Rs. 1,78,03,082 has been charged to Profit and Loss Account.



**SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)****SCHEDULE - D****PRE-OPERATIVE EXPENSES**

<b>PARTICULARS</b>	Opening Balance as at 01.04.2008 Rupees	For the period 01.04.2008 to 13.03.2009 Rupees	<b>Balance capitalised to Toll Collection Rights Rupees</b>
Salaries and Bonus	6,729,845	5,058,497	11,788,342
Contributions to and Provision for Provident Fund	327,161	164,509	491,670
Gratuity	74,630	—	74,630
Leave Encashment	74,345	—	74,345
Welfare expenses	883,081	2,600	885,681
Rent	606,200	320,500	926,700
Rates & Taxes	3,601,225	96,535	3,697,760
Travelling & Conveyance	6,598,911	4,407,878	11,006,789
Communication Expenses	711,778	350,108	1,061,886
Printing & Stationery	422,130	205,592	627,722
Insurance	1,356,547	685,236	2,041,783
Electricity	162,582	197,918	360,500
Professional fees	41,127,569	17,192,872	58,320,441
Security charges	436,056	277,127	713,183
Interest on Term Loans	59,961,712	184,283,048	244,244,760
Repairs & Maintenance	2,068,272	413,599	2,481,871
Miscellaneous expenses	2,713,745	3,591,612	6,305,357
Depreciation and Amortization	577,966	244,555	822,521
	128,433,755	217,492,186	345,925,941
Less: Income			
Interest received from banks	763,592	1,863,641	2,627,233
Dividend from mutual funds	—	6,108,787	6,108,787
	127,670,163	209,519,758	337,189,921
Add: Provision for Taxes			
Current Income Tax	250,293	22,000	272,293
Fringe Benefit Tax	519,850	321,518	841,368
<b>TOTAL</b>	<b>128,440,306</b>	<b>209,863,276</b>	<b>338,303,582</b>

	<b>As at 31.03.2009 Rupees</b>	<b>As at 31.03.2008 Rupees</b>
<b>SCHEDULE - E</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
Cash and Bank Balances		
Cash on hand	1,873,554	—
Balances with scheduled banks		
On Current Account	41,211,768	101,818,647
On Deposit Account	20,000,000	—
	63,085,322	101,818,647
<b>Loans and Advances</b>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	26,145,315	1,080,784
<b>TOTAL</b>	<b>89,230,637</b>	<b>102,899,431</b>

**SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)**

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees	As at 31.03.2008 Rupees
<b>SCHEDULE - F</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>Liabilities</b>			
Sundry Creditors			
Due to Micro, Small & Medium Enterprises	—	—	
Due to Larsen & Toubro Limited (Ultimate Holding Company)	—	84,349,233	
L&T Infrastructure Development Projects Ltd. (Holding Company)	—	—	
Interest accrued but not due	11,507,713	6,495,597	
Others	95,593,284	10,875,523	
		107,100,997	101,720,353
<b>Provisions for</b>			
Current Taxes	281,531	115,142	
Fringe Benefit Tax	874,313	293,000	
Gratuity	68,448	74,630	
Leave Encashment	82,819	74,345	
		1,307,111	557,117
<b>TOTAL</b>		<b>108,408,108</b>	<b>102,277,470</b>

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

	For the period from 14.03.2009 to 31.03.2009 Rupees
<b>SCHEDULE - G</b>	
<b>OTHER INCOME</b>	
Dividend Income from mutual funds	75,374
Interest on Fixed Deposits (includes TDS Rs. 9,519)	46,098
<b>TOTAL</b>	<b>121,472</b>
<b>SCHEDULE - H</b>	
<b>OPERATING &amp; MAINTENANCE EXPENSES</b>	
Toll Management charges	167,057
Security charges	481,959
Professional charges	785,055
Audit fees	82,725
Salaries, Wages and Bonus	227,235
Contribution to Provident Fund	12,684
Provision for	
Leave Encashment	8,474
Gratuity	(6,182)
Staff Welfare	—
Rent, Rates & Taxes	24,500
Printing & Stationery	34,388
Travelling & Conveyance	226,132
Electricity charges	705,901
Insurance	148,129
Repairs & Maintenance	
Plant & Machinery	147,461
Others	1,100
Postage & Telephone expenses	53,090
Miscellaneous expenses	32,390
<b>TOTAL</b>	<b>3,132,098</b>

## **SCHEDULES FORMING PART OF ACCOUNTS**

### **SCHEDULE - I**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Basis of Accounting**

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

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

##### **2. Revenue Recognition**

Fee Collection from the Users of the facility is accounted for as and when the amount is due and recovery is certain.

Other items of income are accounted as and when the right to receive arises.

##### **3. Fixed Assets**

###### **Tangible**

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

###### **Intangible Assets and Amortization**

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" as specified in the Companies (Accounting Standards) Rules, 2006 and are amortized as follows

Preliminary Expenses are written off in the year of commencement of operations.

Specialized Software is written off over a period of 3 years.

Preoperative expenses incurred up to the date of commencement of commercial operations are capitalized.

Carriage ways 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 Carriage ways comprises construction cost and other preoperative costs incurred during the implementation phase.

Such Carriage ways on completion are capitalized as Intangible Asset and are amortized over the period of rights given under the Concession Agreement as they represent right to collect Toll revenue during the concession period.

##### **4. Depreciation**

Tangible Assets are depreciated on straight-line basis at the rates specified in Schedule XIV to the Companies Act, 1956. However, those Tangible assets where the rate of depreciation provided in Schedule XIV of the Companies Act, 1956 does not depreciate the asset fully over the period of concession, are depreciated over the period of rights given under the Concession Agreement. Depreciation on additions / deductions is calculated pro rata from / to the month of additions / deductions.

##### **5. Positive Grant**

Grants received from NHAI is credited to Capital Reserve and treated as part of Shareholders' Funds as per AS-12, as the same is in the nature of Promoters' Contribution.

##### **6. Borrowing Costs**

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

##### **7. Employee Benefits**

Provisions for / contributions to retirement benefit schemes are made as follows (as per AS 15)

- a) Provident Fund on actual liability basis.
- b) Gratuity based on actuarial valuation.
- c) Leave Encashment benefit on retirement on actuarial valuation basis.

##### **8. Investments**

Current investments are carried at lower of cost or market value.

## SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

### 9. Taxes

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Fringe Benefit Tax for the year is determined as per the provisions of Chapter XII-H of the Income Tax Act, 1961.

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

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

### 10. Foreign Currency Transactions and Derivatives

- (i) The reporting currency of the Company is the Indian Rupee.
- (ii) Foreign Currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction.
- (iii) 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 at each Balance Sheet date, of Monetary items at the closing rate are adjusted in capital Work-in-Progress during the construction phase of the project and recognized as income or expense in the operations phase in which they arise.

### 11. Provisions and Contingent Liabilities

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

- a. the Company has a present obligation as a result of a past event,
- b. a probable outflow of resources is expected to settle the obligation, and
- c. the amount of the obligation can be reliably estimated.

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

Contingent Liability is disclosed in the case of

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b. a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, not disclosed

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

## SCHEDULE - J

### NOTES FORMING PART OF ACCOUNTS

1. The Company has been awarded on Build, Operate and Transfer (BOT) basis, the widening of existing two-lane of 55.740 Kilometers stretch covering Jadcherla to Kotakatta on National Highway No. 7 to four lanes covering specific stretches and operation and maintenance thereof, under concession agreement dated January 17, 2006 with the National Highways Authority of India. The Concession agreement is for a period of 20 years from the appointed date of February 21, 2006 in clause 1.1 of the said agreement.

During the year, the Project of the Company achieved Commercial operations Date (COD) on March 14, 2009. Accordingly, Profit and Loss Account have been drawn for the period March 14, 2009 to March 31, 2009.

2. 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.
3. 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.
4. Estimated amount of contracts remaining to be executed on capital account (net of advances) as of March 31, 2009 is Rs. NIL (Previous period: Rs. 1,51,62,88,523).
5. Managerial remuneration for the year April 1, 2008 to March 31, 2009 has been charged to the accounts as below

<u>Remuneration</u>	<u>2008-2009 Rupees</u>	<u>2007-2008 Rupees</u>
Salary	10,19,927	9,37,880
Contribution to provident fund	51,084	43,200
<b>TOTAL</b>	<b>10,71,011</b>	<b>9,81,080</b>

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

## 6. Auditor's Remuneration (excluding Service Tax)

	<b>2008-2009 Rupees</b>	<b>2007-2008 Rupees</b>
Audit Fees	<b>75,000</b>	1,00,000
Certification Expenses	<b>15,000</b>	9,475
<b>TOTAL</b>	<b>90,000</b>	1,09,475

7. a) The Company does not have taxable income and hence Provision for Current tax has not been made. The Company is eligible for deduction under Section 80IA of the Income Tax Act and the concession period of the Company's project falls within the tax holiday period as defined in Section 80IA. Since deferred tax on Timing Differences between Accounting Income and Taxable Income that arise during the year is reversing during such Tax Holiday period, no deferred tax asset / liability arises and accordingly no provision is made in the accounts.
- b) Provision for Fringe Benefit Tax has been made as per the provisions of the Income Tax Act, 1961. Fringe Benefit Tax for the construction phase is charged to preoperative expenses and for the operations phase, charged to Profit and Loss Account.
- c) The Company does not have taxable wealth under the provisions of the Wealth Tax Act, 1952.
8. As per Clause 23.3 of the Concession Agreement, NHAI Grant shall be applied by the concessionaire for meeting the capital cost of the project and shall be treated as part of the shareholders funds. Accordingly, the grant received has been depicted as part of the shareholders funds as equity support from NHAI.
9. Expenditure in foreign currency

	<b>2008-2009 Rupees</b>	<b>2007-2008 Rupees</b>
Travelling expenses	<b>7,599</b>	2,73,952
Value of Imports	<b>40,95,367</b>	—

10. Value of Imports (on C.I.F. basis) : Rs. 1,18,41,872.
11. The Company has no contingent liabilities as at March 31, 2009 (*Previous Year : Rs. NIL*).
12. Employee Benefits
- Provisions for gratuity is made on actuarial basis as summarized below

**TABLE 1 : AMOUNT TO BE RECOGNIZED IN BALANCE SHEET**

	<b>31.03.2009 Rupees</b>	<b>31.03.2008 Rupees</b>
Present Value of Funded Obligations	<b>Nil</b>	<i>Nil</i>
Fair Value of Plan Assets	<b>Nil</b>	<i>Nil</i>
Present Value of Unfunded Obligations	<b>68,448</b>	74,630
Unrecognised Past Service Cost	<b>—</b>	—
Net Liability	<b>68,448</b>	74,630
Amounts in Balance Sheet		
Liabilities	<b>68,448</b>	74,630
Assets	<b>—</b>	—
<b>Net Liability</b>	<b>68,448</b>	74,630

**TABLE 2 : EXPENSE TO BE RECOGNIZED IN PROFIT & LOSS ACCOUNT**

	<b>31.03.2009 Rupees</b>	<b>31.03.2008 Rupees</b>
Current Service Cost	<b>(6,182)</b>	74,630
Interest on Defined Benefit Obligation	<b>—</b>	—
Expected Return on Plan Assets	<b>—</b>	—
Net Actuarial Losses / (Gains) recognised during the period	<b>—</b>	—
Past Service Cost	<b>—</b>	—
Losses / (Gains) on "Curtailements & Settlements"	<b>—</b>	—
<b>Total</b>	<b>(6,182)</b>	74,630
Actual Return on Plan Assets	<b>—</b>	—

Previous year the expenses had been recognized under Pre-operative expenses

**SCHEDULES FORMING PART OF ACCOUNTS (Contd.)****TABLE 3 : SUMMARY OF ACTUARIAL ASSUMPTIONS****A Principle rules to compute Benefit Obligations**

1	Salary recokoned 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	A1 x Completed year of service x 15/26 subject to benefit having vested *
4	Benefit formula for Gratuity on death	Same as A3 but no vesting condition *

**B Mean Financial Assumptions**

1	Interest Rate for discount per unit per annum	6.5% (Previous Year 7.5%)
2	Salary escalation rate per unit per annum	6% *
3	Expected rate of return on Plan Assets per unit per annum	N.A. *

**C Mean Demographic Assumptions**

1	Mortality Rate	LIC 94-96 Rates *
2	Attrition rate	15% for all age (15% for all age)
3	Disability / ill health retirement	No explicit assumption *

\* Remains same as Previous Year.

Contribution to Provident Fund is made to the Regional Provident Fund Office and provision for Leave Encashment is made on actuarial basis.

**13. Disclosure of Related Parties / Related Party Transactions****A. List of related parties**

Holding companies: L&T Infrastructure Development Projects Limited (L&T IDPL) (Holding Company)  
Larsen & Toubro Limited (Ultimate Holding Company)

Subsidiary Company : NIL

Associate : NIL

Fellow subsidiaries : L&amp;T Urban Infrastructure Limited (L&amp;T UIL)

**B. Transactions with related parties**

S. No.	Nature of transaction	Amount of Transaction Rupees	Amount Due to Rupees	Amount Due from Rupees
1	Larsen & Toubro Limited			
	i) Mobilization Advance	NIL (3,15,00,000)	NIL (NIL)	NIL (NIL)
	ii) Construction of Road	1,59,30,93,579 (135,64,97,275)	NIL (8,43,34,735)	NIL (NIL)
	iii) Reimbursement of expenses	1,80,884 (61,234)	NIL (14,498)	1,66,386 (NIL)
	iv) Advance for electrical items (Toll Plaza)	3,45,01,140 (76,66,920)	10,83,839 (NIL)	NIL (NIL)
2	L&T IDPL			
	i) Reimbursement of Expenses	20,43,692 (7,16,216)	NIL (NIL)	NIL (NIL)
	ii) Subscription of Equity	17,33,28,000 (39,11,72,000)	NIL (NIL)	NIL (NIL)
	iii) Advance against Equity	NIL (NIL)	NIL (NIL)	NIL (NIL)
3	L&T UIL			
	i) Reimbursement of Expenses	NIL (140)	NIL (NIL)	NIL (NIL)
4	L&T Krishnagiri Thopur Toll Road Limited	1,89,675 (NIL)	NIL (NIL)	NIL (NIL)

**Note :** Figures in bracket relate to previous year.**C. Amount written off / written back during the year : Rs. NIL. (Previous year Rs. NIL)**

## **SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**

14. The Estimated useful lives of Plant & Machinery, Air-conditioning & Refrigeration Equipment and Office Equipment are revised during the year with effect from March 14, 2009 taking into consideration the balance concession period over which the asset would be available for use. Accordingly, the balance unamortized cost of the Tangible Assets as on March 14, 2009 is depreciated over the remaining concession period. This change is accounted for prospectively as a change in accounting estimate as per Accounting Standard 6 on Depreciation as specified in the Companies (Accounting Standards) Rules, 2006 and as a result the depreciation charge for the year have increased by Rs. 84,782.
15. The Company is engaged only in the business of Operating the BOT Project. Accordingly, furnishing segment details is not applicable. Further, the Company is carrying its business in only one geographical segment.
16. (a) Claims for increase / escalation / variation of works will be accounted for as and when received and accepted by the Company.  
(b) Company claims for increase / escalation / variation of work against NHAI, if any, will be accounted for as and when accepted and paid by them.
17. Based on a review of the future discounted cash flows, the recoverable amount of the project facility is more than its carrying amount. Accordingly, no provision for impairment is made for in the accounts.
18. The Company does not have transactions to which the provisions of the following Accounting Standards apply  
Valuation of Inventories – AS 2
16. Figures for the previous year have been regrouped / reclassified wherever necessary.

---

As per our report attached

For and on behalf of the Board

### **GIANENDER & ASSOCIATES**

*Chartered Accountants*

**G. K. AGRAWAL**

*Partner*

*Membership No. 081603*

*Place : Chennai*

*Date : April 24, 2009*

**N. C. REDDY**

*Manager*

*Place : Ahmedabad*

*Date : April 22, 2008*

**C. S. DAMLE**

*Director*

**R. CHANDRASEKARAN**

*Director*

