

DIRECTORS' REPORT

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

1. FINANCIAL RESULTS

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

Description	2010-11 Rs. Lakhs	2009-10 Rs. Lakhs
Profit before depreciation & tax	319.29	67.32
Depreciation	2,176.06	2,141.72
Profit / (Loss) before tax	(1,856.78)	(2,074.40)
Prior Period Adjustments	(162.80)	–
Provision for tax	–	–
Profit / (Loss) after tax	(2,019.57)	(2,074.40)
Balance brought forward from Previous year	(2,259.98)	(185.58)
Balance carried to Balance Sheet	(4,279.55)	(2,259.98)

2. PERFORMANCE OF THE COMPANY

L&T WATL is an NHAI project on BOT (Toll) basis, on NH 7 starting from Jadcherla at Km 80.050 to Kothakotta at Km 135.740 in the state of Andhra Pradesh. The project has a concession period of 20 years (including construction) and the Commercial Operations for the project began on March 14, 2009. The 56 Km long 4 lane stretch is an important link between Hyderabad and Bangalore. The stretch comprises of five major bridges, one ROB, a bypass to Jadcherla Town, two flyovers and other wayside amenities.

- Revenue for L&T WATL jumped by 19.5% from Rs 31.39 Crore in 2009-10 to Rs 37.52 Crore.
- Traffic and safety awareness campaigns have been conducted with the help of local police which has led to 60% reduction in accidents caused due to wrong-side driving. Enhanced signages and safety equipments have been installed along the project stretch in order to bring down the number of accidents.
- The Company has recently initiated "Project Green" to bring down power & fuel expenses and to make the project greener.
- As part of social activity, the project has started a tradition of donating blood on the eve of every anniversary. This year the blood donation camp was inaugurated by the Collector of Mahbubnagar who congratulated WATL team for their effort.

3. DIVIDEND

The Board of Directors has not recommended any dividend for the year 2010-11.

4. CAPITAL EXPENDITURE

As at March 31, 2011, the gross fixed assets stood at Rs. 374,01,02,029 and the net fixed assets stood at Rs. 328,97,69,865.

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 Rs. 3,49,284 (on purchase of Materials).

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 September 19, 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, 2011;
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.
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 Present Directors of the Company.

There was no cessation in the office of any of the Directors during the year.

Mr. C. S. Damle, retires by rotation at the Sixth 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

The Corporate Audit Services department of Larsen & Toubro Limited provides internal audit services to the Company.

G) Internal Control

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

H) Secretarial Audit

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

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 25, 2011

T. S. VENKATESAN
Director

R. CHANDRASEKARAN
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, 2011 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit;
 - (b) in our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - (c) the Balance Sheet, Profit and Loss 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, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - (f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies in Schedule L and notes of accounts in Schedule M, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss account, of the 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 : New Delhi
Date : April 25, 2011*

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, 2011, we report that:

- (i)
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed 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 Sections 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, 2011, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues which have not been deposited on account of any dispute of income tax and cess.
- (x) The Company has accumulated losses of Rs. 427,982,923 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 : New Delhi
Date : April 25, 2011*

BALANCE SHEET AS AT MARCH 31, 2011

	<u>Schedule</u>	<u>As at 31.03.2011</u> <u>Rupees</u>	<u>Rupees</u>	<u>As at 31.03.2010</u> <u>Rupees</u>	<u>Rupees</u>
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	565,000,000		565,000,000	
Reserves & Surplus	B	450,000,000		449,500,000	
			1,015,000,000		1,014,500,000
Loan Funds					
Secured Loans	C		2,713,300,000		2,713,300,000
TOTAL			3,728,300,000		3,727,800,000
APPLICATION OF FUNDS					
Fixed Assets	D				
Tangible Assets					
Gross Block		115,413,889		115,276,685	
Less: Depreciation		18,442,128		8,027,028	
Net Block			96,971,761		107,249,657
Intangible Assets					
Gross Block		3,624,688,140		3,624,688,140	
Less: Amortisation		431,890,036		224,698,716	
Net Block			3,192,798,104		3,399,989,424
Investments	E		-		-
Current Assets, Loans & Advances	F				
Cash and Bank Balances		48,635,884		18,077,076	
Loans & Advances		20,002,275		11,614,452	
		68,638,159		29,691,528	
Less: Current Liabilities & Provisions	G				
Current Liabilities		25,442,671		34,855,965	
Provisions		32,620,684		272,574	
		58,063,355		35,128,539	
Net Current Assets			10,574,804		(5,437,011)
Miscellaneous Expenditure					
(to the extent not written off or adjusted)			-		-
Profit & Loss Account			427,955,331		225,997,930
TOTAL			3,728,300,000		3,727,800,000
SIGNIFICANT ACCOUNTING POLICIES	L				
NOTES ON ACCOUNTS	M				

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

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

SUNIL N. PUROHIT

Manager

T. S. VENKATESAN

Director

R. CHANDRASEKARAN

Director

Place : New Delhi

Date : April 25, 2011

Place : Chennai

Date : April 25, 2011

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

	<u>Schedule</u>	<u>2010-11 Rupees</u>	<u>2009-10 Rupees</u>
INCOME			
Fee collection from Users of Facility		375,532,728	313,868,473
Other Income	H	2,693,419	2,259,552
TOTAL		378,226,147	316,128,025
EXPENDITURE			
Operating and Maintenance Expenses	I	77,956,458	53,650,803
Administration and Other Expenses	J	4,416,207	5,872,758
Interest on Loans		263,924,810	249,872,637
Depreciation and Amortisation		217,606,420	214,171,609
TOTAL		563,903,895	523,567,807
Profit / (Loss) before Taxes		(185,677,748)	(207,439,781)
Prior Period Adjustments	K	(16,279,653)	–
Profit / (Loss) after Taxes		(201,957,401)	(207,439,781)
Add: Profit / (Loss) brought forward from previous year		(225,997,930)	(18,558,149)
Balance Carried to Balance Sheet		(427,955,331)	(225,997,930)
Earnings per share			
Basic		(3.57)	(3.67)
Diluted		(3.57)	(3.67)
Face Value per share		10.00	10.00
SIGNIFICANT ACCOUNTING POLICIES	L		
NOTES ON ACCOUNTS	M		

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

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

SUNIL N. PUROHIT

Manager

T. S. VENKATESAN

Director

R. CHANDRASEKARAN

Director

Place : New Delhi
Date : April 25, 2011

Place : Chennai
Date : April 25, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-11 Rupees	2009-10 Rupees
A Cash Flow from Operating Activities		
Net Profit / (Loss) before tax & extraordinary items	(185,677,748)	(207,439,781)
Adjustments For :		
Dividend Income	–	(561,811)
Profit on Sale of Investments	(1,146,912)	(893,638)
Interest Income	(290,778)	(730,534)
Depreciation and Amortisation	217,606,420	214,171,609
Prior Period Adjustments	(16,279,653)	–
Interest paid	263,924,810	249,872,637
Operating Profit before working capital changes	278,136,140	254,418,481
Adjustments For :		
(Increase) / Decrease in Loans and Advances	(8,387,824)	14,530,863
Increase / (Decrease) in Trade payables	(9,413,294)	(72,245,032)
Increase / (Decrease) in Provisions	32,348,110	(1,034,537)
Cash generated from operations	292,683,132	195,669,776
Direct taxes paid	–	–
Net Cash inflow from Operating Activities (A)	292,683,132	195,669,776
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(137,204)	(8,441,866)
Interest / Dividend received from other investments	1,437,690	2,185,983
Net Cash used in Investing Activities (B)	1,300,486	(6,255,883)
C. Cash Flow from Financing Activities		
Positive Grant from NHAI	500,000	–
(Repayment) / Proceeds from Borrowings	–	15,450,498
Interest paid	(263,924,810)	(249,872,637)
Net cash from Financing Activities (C)	(263,424,810)	(234,422,139)
Net increase in cash and cash equivalents (A+B+C)	30,558,808	(45,008,246)
Cash and Cash equivalents as at the beginning of the year	18,077,076	63,085,322
Cash and Cash equivalents as at the end of the year	48,635,884	18,077,076

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
- Components of Cash and cash equivalents:-

Cash on Hand	3,693,467	2,251,859
Balance with Scheduled Banks - Current Accounts	4,680,717	15,825,218
Balance with Scheduled Banks in term deposits including interest accrued thereon	40,261,700	–
Cash & Bank Balances	48,635,884	18,077,076

- Previous year's figures have been regrouped/reclassified wherever applicable.

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

SUNIL N. PUROHIT

Manager

T. S. VENKATESAN

Director

R. CHANDRASEKARAN

Director

Place : New Delhi

Date : April 25, 2011

Place : Chennai

Date : April 25, 2011

SCHEDULE FORMING PART OF BALANCE SHEET

	As at 31.03.2011	<i>As at 31.03.2010</i>
	Rupees	<i>Rupees</i>
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
6,00,00,000 Equity Shares of Rs. 10 each (previous year 6,00,00,000 equity shares of Rs. 10 each)	600,000,000	<i>600,000,000</i>
Issued Subscribed & Paid-up		
5,65,00,000 Equity Shares of Rs. 10 each fully paid up (All the shares are held by L&T Infrastructure Development Projects Limited, the holding Company and its nominees) (Previous year 5,65,00,000 equity shares of Rs. 10 each fully paid are held by L&T Infrastructure Development Projects Limited, the holding Company and its nominees)	565,000,000	<i>565,000,000</i>
TOTAL	565,000,000	<i>565,000,000</i>
SCHEDULE - B		
RESERVES & SURPLUS		
Capital Reserve		
Equity support from NHAI	450,000,000	<i>449,500,000</i>
TOTAL	450,000,000	<i>449,500,000</i>
SCHEDULE - C		
SECURED LOANS		
Senior Loan from Banks		
Term Loan - Corporation Bank	350,000,000	<i>350,000,000</i>
Term Loan - State Bank of Hyderabad	400,000,000	<i>400,000,000</i>
Term Loan - State Bank of Indore	400,000,000	<i>400,000,000</i>
Term Loan - Union Bank of India	350,000,000	<i>350,000,000</i>
Senior Loan from Financial Institutions		
Term Loan - IDFC	193,300,000	<i>193,300,000</i>
Term Loan - IIFCL	400,000,000	<i>400,000,000</i>
Term Loan - SIDBI	300,000,000	<i>300,000,000</i>
(Secured by pari-passu first charge on all the assets, including both tangible and intangible assets of the Company, both present and future except project assets)		
Sub-Ordinate Loan from Financial Institutions		
IDFC	320,000,000	<i>320,000,000</i>
(Secured by second charge on all the assets, including both tangible and intangible assets of the Company, both present and future except project assets)		
TOTAL	2,713,300,000	<i>2,713,300,000</i>

SCHEDULE FORMING PART OF BALANCE SHEET (Contd.)**SCHEDULE - D****FIXED ASSETS**

Particulars	COST				DEPRECIATION / AMORTIZATION				BOOK VALUE	
	As at 01.04.2010	Additions	Adjustments	As at 31.03.2011	Up to 31.03.2010	For the year	Adjustments	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Tangible Assets										
Status Property	2,455,800	–	–	2,455,800	230,259	112,698	–	342,957	2,112,843	2,225,541
Office Equipment	1,289,449	–	–	1,289,449	167,590	412,446	–	580,036	709,413	1,121,859
Computers	1,198,721	–	–	1,198,721	331,056	238,881	–	569,937	628,784	867,665
Furniture & Fixture	2,439,659	85,536	–	2,525,195	348,263	182,057	–	530,320	1,994,875	2,091,396
Vehicles	8,842,069	–	–	8,842,069	818,932	963,150	–	1,782,082	7,059,987	8,023,137
Tractor	929,225	–	–	929,225	113,855	104,372	–	218,227	710,998	815,370
Plant and Machinery	98,121,762	51,668	–	98,173,430	6,017,073	8,401,496	–	14,418,569	83,754,861	92,104,689
TOTAL	115,276,685	137,204	–	115,413,889	8,027,028	10,415,100	–	18,442,128	96,971,761	107,249,657
Intangible Assets										
Carriage ways	3,624,257,304	–	–	3,624,257,304	224,358,785	207,100,417	–	431,459,202	3,192,798,102	3,399,898,519
Specialised Software	430,836	–	–	430,836	339,931	90,903	–	430,834	2	90,905
TOTAL	3,624,688,140	–	–	3,624,688,140	224,698,716	207,191,320	–	431,890,036	3,192,798,104	3,399,989,424
GRAND TOTAL	3,739,964,825	137,204	–	3,740,102,029	232,725,744	217,606,420	–	450,332,164	3,289,769,865	3,507,239,081
<i>Previous Year</i>	<i>3,731,594,427</i>	<i>8,662,904</i>	<i>292,507</i>	<i>3,739,964,825</i>	<i>18,625,603</i>	<i>214,171,609</i>	<i>71,468</i>	<i>232,725,744</i>	<i>3,507,239,081</i>	<i>3,712,968,824</i>

As at 31.03.2011 As at 31.03.2010
Rupees Rupees

**SCHEDULE - E
INVESTMENTS**

Current Investments

TOTAL

– –
– –
=====

Details of Investments purchased and sold during the year**Mutual Funds**

	Face Value	No of Units	Cost (Rs.)
Birla Sunlife Saving Fund Growth	10	22,90,137	41,300,000
HDFC Cash Management Growth Plan	10	5,01,031	10,600,000
ICICI Pridential - Flexible Plan	10	3,13,898	55,600,000
Kotak Floater Long Term - Growth	10	15,97,148	23,900,000
Reliance Medium Term Fund	10	6,54,478	12,500,000
Reliance Money Manager Fund - Retail Option	10	27,231	40,000,000
Religare Short Term -Regular Growth	10	7,20,993	9,200,000
Religare Ultra Short Term plan - Growth	10	5,65,764	7,400,000
SBI - SHF Ultra Short Term Fund	10	11,02,992	13,500,000
Tata Floater Fund - Growth	10	4,54,963	6,500,000
TOTAL			260,500,000

As at 31.03.2011 As at 31.03.2010
Rupees Rupees Rupees Rupees

SCHEDULE - F**CURRENT ASSETS, LOANS & ADVANCES****Cash and Bank Balances**

Cash on Hand	3,693,467	2,251,859	
Balances with Scheduled Banks			
On Current Account	4,680,717	15,825,218	
On Term Deposit Account including interest accrued thereon	40,261,700	–	
		48,635,884	18,077,076
Loans and Advances, (Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received		20,002,275	11,614,452
TOTAL		68,638,159	29,691,528

SCHEDULE FORMING PART OF BALANCE SHEET (Contd.)

	As at 31.03.2011 Rupees	Rupees	As at 31.03.2010 Rupees	Rupees
SCHEDULE - G				
CURRENT LIABILITIES & PROVISIONS				
Liabilities				
Sundry Creditors				
Due to Larsen & Toubro Limited (Ultimate Holding Company)	–		134,075	
L&T Infrastructure Development Projects Ltd (Holding Company)	–		447,921	
Others	13,199,304		22,583,433	
Interest accrued but not due	12,243,367		11,690,536	
		25,442,671		34,855,965
Provisions For				
Gratuity	200,146		120,109	
Leave Encashment	220,538		152,465	
Periodic Major Maintenance	32,200,000		–	
		32,620,684		272,574
TOTAL		58,063,355		35,128,539

SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT

	2010-11 Rupees	2009-10 Rupees
SCHEDULE - H		
Dividend Income from mutual funds	–	561,811
Profit on Sale of Investment	1,146,912	893,638
Foreign Exchange Gain	–	73,569
Interest on Term Deposits (includes tax deduction at source Rs. 29,078 (previous year Rs. 95,327))	290,778	711,195
Interest others	–	19,339
Excess Provision Written Back	1,255,730	–
TOTAL	2,693,419	2,259,552

SCHEDULE - I**OPERATING & MAINTENANCE EXPENSES**

Toll Management Charges	4,141,263	3,461,794
Toll Collection Expenses	3,986,461	4,322,411
Route Operation expenses	3,832,497	3,855,502
Security Charges	2,672,492	2,731,727
Professional Charges	3,690,743	8,569,212
Cash Pick up Charges	257,213	398,976
Salaries, Wages and Bonus	7,666,148	6,706,171
Contribution to Provident Fund	322,164	296,229

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

	2010-11 Rupees	2009-10 Rupees
Provision for		
Leave Encashment	98,537	69,646
Gratuity	80,037	51,661
Staff Welfare	857,693	582,003
Electricity Charges	5,482,874	5,047,655
Insurance	2,676,804	2,456,115
Repairs & Maintenance		
Plant & Machinery	6,582,207	4,461,794
Others	19,009,325	10,639,907
Periodic Major Maintenance Expenses	16,600,000	—
TOTAL	77,956,458	53,650,803

SCHEDULE - J**ADMINISTRATION AND OTHER EXPENSES**

Rent, Rates and Taxes	71,053	180,631
Printing and Stationery	498,392	340,695
Travelling & Conveyance	1,665,570	3,342,904
Postage & Telephone Expenses	530,700	669,593
Miscellaneous Expenses	1,650,492	1,338,935
TOTAL	4,416,207	5,872,758

SCHEDULE - K**PRIOR PERIOD ITEMS**

Periodic Major Maintenance Expenses	15,600,000	—
Repairs and Maintenance	158,096	—
Professional Fee	372,173	—
Other expenses	149,384	—
TOTAL	16,279,653	—

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - L

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP"), 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.

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. Difference, if any, between the actual results and estimates is 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. Revenue from sale of passes to local traffic is accounted for as and when such passes are sold.

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

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India as follows:

Carriageways representing Toll Collection Rights, 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 carriageways on completion are capitalized as intangible asset.

4. Depreciation & Amortization:

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, 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, such tangible assets are depreciated over the period of rights given under the Concession Agreement. Where there is a revision of the estimated useful life of an asset, the unamortized depreciable amount are charged over the revised remaining useful life.

However w.e.f January 1, 2011, in respect of the following categories of fixed assets, the depreciation has been provided at a higher rate in line with their estimated useful life.

Category of Asset	Estimated Useful life (in Years)	Depreciation Rate (% per annum)
Office Equipment	4	25.00%
Computers – Laptop	4	25.00%
Furniture and Fixtures	10	10.00%
Motor Cars	7	14.29%
Airconditioners	12	8.33 %
Toll Equipments	7	14.28%

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

Items below Rs. 5,000 have been depreciated at the rate of 100%.

Amortization:

Carriageway representing Toll Collection Rights are amortized over the period of rights given under the Concession Agreement as they represent right to collect Toll revenue during the concession period.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

5. NHAI Grants:

Where the government grants are of the nature of promoters' contributions, i.e., they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay (for example, central investment subsidy scheme) and no repayment is ordinarily expected in respect thereof, the grants are treated as capital reserve which can be neither distributed as dividend nor considered as deferred income.

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.

In compliance of AS-16 "Borrowing Cost", income earned on temporary investments, out of funds borrowed, which is inextricably linked with the project is deducted from the related borrowing costs incurred.

7. Impairment of Assets:

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

- A. The provision for impairment loss, if any required; or
- B. The reversal, if any, required of impairment loss recognized in previous period.

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

Recoverable amount is determined:

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

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

8. Employee Benefits:

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

- a) Contribution to Provident fund - on actual basis.
- b) Provision for Gratuity – as per actuarial valuation.
- c) Provision for Leave encashment – as per actuarial valuation

9. Investments:

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

10. Lease:

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease

11. 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.

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.

12. 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.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

13. Provisions:

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

- the Company has a present obligation as a result of a past event
- a probable outflow of resources is expected to settle the obligation and
- 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.

Maintenance Obligations: Contractual obligations to maintain, replace or restore the infrastructure (principally resurfacing costs and major repairs and unscheduled maintenance which are required to maintain the Toll Road in operational condition except for any enhancement element) are recognized and measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. The provision for the resurfacing is built up in accordance with the provisions of AS 29, Provisions, Contingent Liabilities and Contingent Assets

Contingent Liability is disclosed in the case of

- 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.
- 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 - M

NOTES ON ACCOUNTS

- The Company has been awarded contract 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 as per clause 1.1 of the said agreement.

The project achieved Commercial Operations Date (COD) on March 14, 2009.

- There have been no transactions during the year 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.
- The Company has no information to furnish under paragraph 4(C) of Part II of Schedule VI to the Companies Act, 1956 as Company is a Service Company.
- Managerial remuneration paid to Mr. Lt Col. Sunil N. Purohit during the year

Remuneration	2010-11 Rupees	2009-10 Rupees
Salary	8,58,937	6,24,550
Contribution to provident fund	39,635	36,840
TOTAL	8,98,572	6,61,390

- Auditor's Remuneration: (excluding Service Tax)

Remuneration	2010-11 Rupees	2009-10 Rupees
Audit Fees	1,50,000	1,50,000
Tax Audit Fees	37,500	30,000
Certification Expenses	25,000	52,000
For Other Matters	75,000	—
TOTAL	2,87,500	2,32,000

- The Company does not have taxable income and hence no provision for current tax has been made. The Company is eligible for deduction under Section 80IA of the Income Tax Act and the tax holiday period of the Company's project falls within the concession period of the Company 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.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

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

7. As per Clause 23.3 of the Concession Agreement, Grant received from NHAI for meeting the cost of the project is in the nature of equity support and has been treated as part of shareholder's fund. Accordingly Rs. 45,00,00,000 received as grant from NHAI has been accounted as Capital Reserve.
8. Expenditure in foreign currency:

Remuneration	2010-11 Rupees	<i>2009-10 Rupees</i>
Discharge of Liabilities	Nil	29,83,070
Purchase of materials	3,49,284	3,72,950

9. Value of Imports (on C.I.F. basis) : Rs. 445,030 (Rs. 3,72,950)

10. Employee Benefits:

Provisions for gratuity is made on actuarial basis as summarized below

TABLE 1 – AMOUNT TO BE RECOGNIZED IN BALANCE SHEET		
	31.03.2011	31.03.2010
Present Value of Funded Obligations	Nil	Nil
Fair Value of Plan Assets	Nil	Nil
Present Value of Unfunded Obligations	200,146	120,109
Unrecognised Past Service Cost	–	–
Net Liability	200,146	120,109
Amounts in Balance Sheet		
Liabilities	200,146	120,109
Assets	–	–
Net Liability	200,146	120,109
TABLE 2 – EXPENSE TO BE RECOGNIZED IN P&L		
	31.03.2011	31.03.2010
Current Service Cost	80,037	51,661
Interest on Defined Benefit Obligation	–	–
Expected Return on Plan Assets	–	–
Net Actuarial Losses / (Gains) Recognised during the period	–	–
Past Service Cost	–	–
Losses / (Gains) on “Curtailments & Settlements”	–	–
Total	80,037	51,661
Actual Return on Plan Assets	–	–

TABLE 3 – SUMMARY OF ACTUARIAL ASSUMPTIONS		
A	Principle rules to compute Benefit Obligations	
1	Salary reckoned for calculating Benefit Obligations	As per rule of the Company *
2	Vesting Period	5 Years for Gratuity *
3	Benefit formula for Gratuity for all exits except death	A1 x Completed year of service x 15/26 subject to benefit having vested *
4	Benefit formula for Gratuity on death	Same as A 3 but no vesting condition *

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

B	Mean Financial Assumptions	
1	Interest Rate for discount per unit per annum	7.5% (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.

11. Disclosure of Related Parties / Related Party Transactions

A. List of related parties

Holding companies: L&T Infrastructure Development Projects Limited (Holding Company)
Larsen & Toubro Limited (ultimate holding Company)

Subsidiary Company : NIL

Associate : NIL

Fellow subsidiaries : L&T Krishnagiri Thopur Toll Road Limited
L&T Chennai Tada Tollway Limited
L&T Interstate Road Corridor Limited
L&T Panipat Elevated corridor Limited
L&T Transportation Infrastructure Limited
Narmada Infrastructure Construction Enterprises Limited
L&T Urban Infrastructure Limited
L&T Vadodra Bharuch Tollway Limited
L&T Infocity Limited
L&T Krishnagiri Walajahpet Tollway Limited
L&T Samakhali Gandhidham Tollway Private Limited

B. Transactions with related parties

(Figures in Rupees)

S.No	Nature of transaction	Amount of Transaction	Amount Due to	Amount Due From
1	Larsen & Toubro Limited (ultimate holding company)			
	i) Supply of goods and services	10,58,887 (5,33,89,939)	70,837 (1,34,075)	Nil (Nil)
	ii) Reimbursement of Expenses	267,663 (26,325)	Nil (Nil)	164,161 (386)
2	L&T Infrastructure Development Projects Limited			
	i) Reimbursement of Expenses	5,39,252 (11,03,891)	Nil (1,43,565)	Nil (Nil)
	ii) Supply of goods and services	38,18,149 (34,61,794)	Nil (3,04,356)	Nil (Nil)
3	L&T Chennai-Tada Tollway Limited			
	Reimbursement of Expenses	2,53,506 (2,57,072)	Nil (Nil)	Nil (Nil)
4	L&T Interstate Road Corridor Limited			
	Reimbursement of Expenses	3,154 (72,895)	Nil (Nil)	Nil (Nil)
5	L&T Panipat Elevated Corridor Limited			
	Reimbursement of Expenses	41,456 (6,177)	Nil (Nil)	Nil (Nil)

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

6	L&T Vadodra Bharuch Tollway Limited Reimbursement of Expenses	4,540 (Nil)	Nil (Nil)	Nil (Nil)
7	L&T Infocity Limited Reimbursement of Expenses	20,318 (Nil)	Nil (Nil)	Nil (Nil)
8	L&T Krishnagiri Walajahpet Tollway Limited Reimbursement of Expenses	3,59,004 (Nil)	Nil (Nil)	Nil (Nil)
9	L&T Samakhali Gandhidham Tollway Private Limited Reimbursement of Expenses	53,874 (Nil)	Nil (Nil)	Nil (Nil)
10	L&T Krishnagiri Thoppur Tollroad Limited Reimbursement of Expenses	127057 (15,477)	Nil (Nil)	Nil (Nil)

Note: Figures in brackets relate to previous year.

C. Amounts written off / written back during the year: Nil (Previous year Nil)

12. Basic and Diluted Earnings per share (EPS)

Particulars	2010-11	2009-10
Basic and Diluted EPS		
Profit after tax as per Accounts (Rs.)	(18,53,46,834)	(20,75,13,350)
Weighted average number of equity shares	565,00,000	565,00,000
Basic and Diluted EPS (Rs.)	(3.28)	(3.67)

13. The Company has reviewed and revised the useful life of certain categories of fixed assets w.e.f January 1, 2011. Consequently, depreciation rates have been revised resulting in additional charge of depreciation of Rs. 33,37,159/- and profit before tax is lower to that extent.
14. 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.
15. Provision for resurfacing amounting to Rs. 3,22,00,000/- (previous year Rs. NIL) has been provided in accounts in terms of clause 4.3.1 of Schedule L of Concession Agreement.
16. The Company has contingent liability to the extent of Rs. 100,000 given as Bank Guarantee to Department of Telecommunications for payment of license fees.
17. The Company is engaged only in the business of Constructing and Operating the BOT Project. Further, the Company is carrying its business in only one geographical segment.
18. The Company does not have transactions to which the provisions of AS 2- Valuation of Inventories apply, since the materials required for operation and maintenance are procured on need basis.
19. Figures for the previous year have been regrouped / reclassified wherever necessary.

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

SUNIL N. PUROHIT

Manager

T. S. VENKATESAN

Director

R. CHANDRASEKARAN

Director

Place : New Delhi

Date : April 25, 2011

Place : Chennai

Date : April 25, 2011

