

DIRECTORS' REPORT

The Directors have pleasure in presenting their Report and the Accounts for the period ending March 31, 2009.

FINANCIAL RESULTS

Your Company has not commenced commercial operations and does not have taxable income under the provisions of the Income Tax Act, 1961. The key financial parameters for the period ended March 31, 2009 are

| Particulars | 2008-2009 Rupees |
|--------------------------|---------------------|
| Gross Fixed Assets | 34,81,753 |
| Depreciation | 6,69,546 |
| Capital Work-in-progress | 702,86,60,178 |
| Pre-operative Expenses | 643,21,23,364 |

DIVIDEND

The Directors do not recommend dividend for the year 2008-2009.

PERFORMANCE OF THE COMPANY

The project is in the advanced stage of implementation.

CAPITAL EXPENDITURE

As at March 31, 2009, the gross fixed assets stood at Rs. 34,81,753 and the net fixed assets stood at Rs. 28,12,207. Pre-operative expenses incurred and pending allocation to fixed assets as of March 31, 2009 is Rs. 643,21,23,364.

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

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 following transactions have occurred in foreign currency

| | |
|---------------------|-------------------|
| Travel | – Rs. 3,98,194 |
| Interest on loan | – Rs. 6,39,68,933 |
| CIF value of Import | – Rs. 5,46,596 |

DISCLOSURE OF PARTICULARS

As the primary object of the Company is to develop, operate and maintain toll road there are no particulars to be disclosed as per the Companies' (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988. There are no foreign exchange earnings or outgo during the period.

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.

Mr. Manoj Singh has been appointed as Manager of the Company under the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms

- that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- that the selected accounting policies were applied consistently and the Directors made judgements 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;
- 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
- that the annual accounts have been prepared on a going concern basis.

DIRECTORS

Mr. P. L. Bongirwar, Director of the Company is liable to retire by rotation and being eligible offers himself for re-appointment.

Mr. P. L. Bongirwar was appointed as a Director of the Company in the casual vacancy caused due to the resignation of Mr. S. Hariharan at the Board Meeting held on December 6, 2006.

As per Section 262 of the Companies Act, 1956 any person appointed in casual vacancy shall hold office only up to the date upto which the Director in whose place he is appointed would have held office if it had not been vacated.

Mr. S. Hariharan is liable to retire by rotation in this Annual General Meeting if he had not vacated his office. Hence, Mr. P. L. Bongirwar who is appointed in the casual vacancy caused due to the resignation of Mr. S. Hariharan shall hold office only up to this Annual General Meeting.

The Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. P. L. Bongirwar as a Director of the Company.

AUDIT COMMITTEE

As per the provisions of Section 292A of the Companies Act, 1956, the Audit Committee has been constituted. The members of the Audit Committee are

Mr. M. H. Desai

Mr. C. S. Damle, and

Mr. R. Chandrasekaran

The role, terms of reference, the authority and power of Chairman are in conformity with the requirements of the Companies Act, 1956.

The Committee met periodically during the year and held discussions with the auditors on internal control systems and internal audit report.

AUDITORS

The Auditors, M/s M. K. Dandekar & Co., 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 **R. CHANDRASEKARAN**
Director Director

AUDITORS' REPORT

TO THE MEMBERS OF L&T VADODARA BHARUCH TOLLWAY LIMITED

We have audited the attached Balance Sheet of L&T VADODARA BHARUCH TOLLWAY 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 account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - (e) on the basis of the written representations received from the Directors of the Company as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified 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 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 profit for the year ended on that date;
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

M. K. DANDEKER & CO
Chartered Accountants

S. NEELAKANTAN
Partner
Membership No. 18961

Place : Chennai
Date : April 22, 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 VADODARA BHARUCH TOLLWAY 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 Company's (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)(a) 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. 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 Company's (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, 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 has not incurred cash loss during the financial year. The Company is registered for a period of less than five years and is yet to commence its commercial operations and hence reporting on the accumulated losses and cash loss incurred during the immediately preceding financial year under clause 4(x) of the Companies (Auditor's Report) Order, 2003 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 (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. Accordingly, 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 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.

M. K. DANDEKER & CO
Chartered Accountants

S. NEELAKANTAN
Partner
Membership No. 18961

Place : Chennai
Date : April 22, 2009

BALANCE SHEET AS AT MARCH 31, 2009

| | <u>Schedule</u> | <u>As at 31.03.2009</u> <u>Rupees</u> | <u>Rupees</u> | <u>As at 31.03.2008</u> <u>Rupees</u> | <u>Rupees</u> |
|---|-----------------|--|-----------------------|--|----------------------|
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | A | | 435,000,000 | | 435,000,000 |
| Reserves and Surplus | B | | 2,398,198 | | — |
| Loan Funds | | | | | |
| Secured Loans | C | 10,864,381,018 | | 6,161,704,590 | |
| Unsecured Loans | D | 1,459,844,213 | | 682,344,213 | |
| | | | 12,324,225,231 | | 6,844,048,803 |
| TOTAL | | | 12,761,623,429 | | 7,279,048,803 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | E | | | | |
| Tangible Assets | | | | | |
| Gross Block | | 3,206,753 | | 3,194,063 | |
| Less: Depreciation | | 417,462 | | 157,054 | |
| Net Block | | | 2,789,291 | | 3,037,009 |
| Intangible Assets | | | | | |
| Gross Block | | 275,000 | | 275,000 | |
| Less: Depreciation | | 252,084 | | 160,417 | |
| Net Block | | 22,916 | | 114,583 | |
| Capital Work-in-progress - Carriageway | | 7,028,660,178 | | 2,458,041,985 | |
| | | 7,028,683,094 | | 2,458,156,568 | |
| Pre-operative expenses pending allocation | F | 6,432,123,364 | | 5,329,682,681 | |
| | | | 13,460,806,458 | | 7,787,839,249 |
| Current Assets, Loans & Advances | G | | | | |
| Current Assets | | | | | |
| Cash and Bank Balances | | 26,781,309 | | 28,406,040 | |
| Loans and Advances | | 32,928,809 | | 43,158,880 | |
| | | 59,710,118 | | 71,564,920 | |
| Less: Current Liabilities & Provisions | H | | | | |
| Current Liabilities | | 760,912,704 | | 583,344,828 | |
| Provisions | | 769,734 | | 660,729 | |
| | | 761,682,438 | | 584,005,557 | |
| Net Current Assets / (Liabilities) | | | (701,972,320) | | (512,440,637) |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | | | | | |
| Preliminary Expenses | | | — | | 613,182 |
| TOTAL | | | 12,761,623,429 | | 7,279,048,803 |
| SIGNIFICANT ACCOUNTING POLICIES | I | | | | |
| NOTES ON ACCOUNTS | J | | | | |

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

As per our report attached

For and on behalf of the Board

M. K. DANDEKER & CO.
Chartered Accountants

S. NEELAKANTAN
Partner
Membership No. 18961

Place : Chennai
Date : April 22, 2009

KARTHIKEYAN T. V.
Secretary

Place : Ahmedabad
Date : April 22, 2009

C. S. DAMLE
Director

R. CHANDRASEKARAN
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

| | <u>Schedule</u> | <u>As at 31.03.2009</u> <u>Rupees</u> | <u>Rupees</u> |
|---|-----------------|--|-------------------------|
| INCOME | | | |
| Other Income | | | |
| Dividend from Mutual Funds | | | 3,469,380 |
| TOTAL | | | <u>3,469,380</u> |
| EXPENDITURE | | | <u>-</u> |
| Profit / (Loss) Before Tax | | | 3,469,380 |
| Provision for Fringe Benefit Tax | | | 458,000 |
| Profit / (Loss) After Tax | | | <u>3,011,380</u> |
| Prior period items - preliminary expenses | | | 613,182 |
| Profit / (Loss) carried to Balance Sheet | | | <u><u>2,398,198</u></u> |
| Earnings Per Share | | | |
| Basic & Diluted (Face value of Rs. 10 each) | | | 0.07 |
| SIGNIFICANT ACCOUNTING POLICIES | I | | |
| NOTES ON ACCOUNTS | J | | |

As per our report attached

M. K. DANDEKER & CO.
Chartered Accountants

For and on behalf of the Board

S. NEELAKANTAN
Partner
Membership No. 18961Place : Chennai
Date : April 22, 2009**KARTHIKEYAN T. V.**
*Secretary*Place : Ahmedabad
Date : April 22, 2009**C. S. DAMLE**
*Director***R. CHANDRASEKARAN**
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

| | 2008-2009 Rupees | 2007-2008 Rupees |
|---|---------------------|---------------------|
| A Cash Flow from Operating Activities | | |
| Net Profit / (Loss) before Tax & Extraordinary items | 3,469,380 | — |
| Adjustment for | | |
| Dividend received | (3,469,380) | — |
| Operating Profit before Working Capital changes | — | — |
| (Increase) / Decrease in Loans and Advances | 10,584,071 | (41,272,936) |
| Increase / (Decrease) in Trade Payables | 177,676,881 | 560,489,353 |
| Cash Generated (used in) / from Operations | 188,260,952 | 519,216,417 |
| Direct Taxes paid | (354,000) | (472,013) |
| Net Cash from Operating Activities (A) | 187,906,952 | 518,744,404 |
| B. Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets (Including Interest Capitalised Rs. 71,08,80,425; Previous Year Rs. 45,10,21,230) | (5,330,892,935) | (2,218,728,237) |
| Dividend received from other investments | 3,469,380 | 1,010,867 |
| Net Cash (used in) / from Investing Activities (B) | (5,327,423,555) | (2,217,717,370) |
| C. Cash Flow from Financing Activities | | |
| Issue of Equity shares and advance against share capital | — | — |
| (Repayment) / Proceeds from other borrowings | 5,137,891,872 | 1,721,724,634 |
| Net Cash (used in) / from Financing Activities (C) | 5,137,891,872 | 1,721,724,634 |
| Net Increase in Cash and Cash Equivalents (A+B+C) | (1,624,731) | 22,751,668 |
| Cash and Cash Equivalents as at the beginning | 28,406,040 | 5,654,372 |
| Cash and Cash Equivalents as at the end | 26,781,309 | 28,406,040 |

- Notes**
1. 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.
 2. Cash and Cash Equivalents represent Cash and Bank Balances.
 3. Purchase of Fixed Assets includes movement of Capital work-in-progress and pre-operative expenses during the year.
 4. Previous year's figures have been regrouped / reclassified wherever applicable.

As per our report attached

For and on behalf of the Board

M. K. DANDEKER & CO.
Chartered Accountants

S. NEELAKANTAN
Partner
Membership No. 18961

Place : Chennai
Date : April 22, 2009

KARTHIKEYAN T. V.
Secretary

Place : Ahmedabad
Date : April 22, 2009

C. S. DAMLE
Director

R. CHANDRASEKARAN
Director

SCHEDULES FORMING PART OF BALANCE SHEET

| | As at 31.03.2009 | As at 31.03.2008 |
|---|------------------------------|-----------------------------|
| | Rupees | Rupees |
| | | |
| SCHEDULE - A | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 22,00,00,000 Equity Shares of Rs. 10/- each | <u>2,200,000,000</u> | <u>2,200,000,000</u> |
| Issued, Subscribed & Paid-up | | |
| 4,35,00,000 Equity Shares of Rs. 10/- each fully paid-up (The entire shares are held by L&T Infrastructure Development Projects Limited, the Holding Company and its nominees) | <u>435,000,000</u> | <u>435,000,000</u> |
| TOTAL | <u><u>435,000,000</u></u> | <u><u>435,000,000</u></u> |
| SCHEDULE - B | | |
| RESERVES & SURPLUS | | |
| Profit & Loss Account | <u>2,398,198</u> | <u>-</u> |
| TOTAL | <u><u>2,398,198</u></u> | <u><u>-</u></u> |
| SCHEDULE - C | | |
| SECURED LOANS | | |
| Term Loans from Scheduled Banks | | |
| Andhra Bank | 924,153,001 | 545,213,550 |
| Bank of Baroda | 1,032,896,268 | 509,537,624 |
| IDBI Bank | 1,152,549,654 | 681,753,321 |
| Indian Overseas Bank | 924,177,700 | 545,232,631 |
| Punjab National Bank | 922,039,723 | 545,402,653 |
| State Bank of India | 1,152,549,654 | 687,581,158 |
| State Bank of Mysore | 922,039,723 | 545,402,653 |
| State Bank of Patiala | 1,014,243,692 | 599,942,918 |
| State Bank of Travancore | 966,879,979 | 447,131,451 |
| UCO Bank | <u>922,039,723</u> | <u>545,402,653</u> |
| | 9,933,569,117 | 5,652,600,612 |
| Term Loans from Financial Institution | | |
| India Infrastructure Finance Company Limited | 922,039,723 | 509,023,343 |
| Interest Accrued and Due on Term Loans | 8,772,178 | 80,635 |
| (All the above term loans are secured by <i>pari passu</i> charge on all the immovable properties both present and future of the Company and hypothecation of all movable properties present and future including book debt, stock-in-trade, intangible assets, uncalled share capital, etc.) | | |
| TOTAL | <u><u>10,864,381,018</u></u> | <u><u>6,161,704,590</u></u> |
| SCHEDULE - D | | |
| UNSECURED LOANS | | |
| Promoter's Subordinate Loan | <u>1,459,844,213</u> | <u>682,344,213</u> |
| TOTAL | <u><u>1,459,844,213</u></u> | <u><u>682,344,213</u></u> |

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**SCHEDULE - E****FIXED ASSETS**

| PARTICULARS | COST | | | DEPRECIATION / AMORTISATION | | | BOOK VALUE | |
|--------------------------|-------------------------------|---------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|-------------------------------|-------------------------------|
| | As at 01.04.2008 Rupees | Additions Rupees | As At 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 |
| TANGIBLE ASSETS | | | | | | | | |
| Buildings | 2,519,202 | — | 2,519,202 | 47,907 | 178,648 | 226,555 | 2,292,647 | 2,471,295 |
| Office Equipment | 242,386 | 12,690 | 255,076 | 11,761 | 17,285 | 29,046 | 226,030 | 230,625 |
| Furniture | 40,955 | — | 40,955 | 8,472 | 1,955 | 10,427 | 30,528 | 32,483 |
| Computers | 391,520 | — | 391,520 | 88,914 | 62,520 | 151,434 | 240,086 | 302,606 |
| INTANGIBLE ASSETS | | | | | | | | |
| Specialised Software | 275,000 | — | 275,000 | 160,417 | 91,667 | 252,084 | 22,916 | 114,583 |
| TOTAL | 3,469,063 | 12,690 | 3,481,753 | 317,471 | 352,075 | 669,546 | 2,812,207 | |
| <i>Previous Year</i> | <i>3,216,627</i> | <i>252,436</i> | <i>3,469,063</i> | <i>100,145</i> | <i>217,326</i> | <i>317,471</i> | | <i>3,151,592</i> |
| Capital Work-in-Progress | | | | | | | 7,028,660,178 | 2,458,041,985 |
| GRAND TOTAL | | | | | | | 7,031,472,385 | 2,461,193,577 |

Note: The Company is yet to receive the share certificate conveying its ownership of the undivided share of land from the co-operative housing society formed by the apartment holders.

SCHEDULE - F**STATEMENT OF EXPENSES INCURRED DURING PRE-OPERATIVE PERIOD**

| PARTICULARS | Opening Balance As at 01.04.2008 Rupees | For the Year Rupees | Closing Balance As at 31.03.2009 Rupees |
|---|---|------------------------|---|
| Salaries and Bonus | 7,961,685 | 4,372,373 | 12,334,058 |
| Contributions to and Provision for | | | |
| Provident Fund | 467,126 | 214,512 | 681,638 |
| Gratuity | 134,824 | 23,042 | 157,866 |
| Leave Encashment | 92,705 | 61,163 | 153,868 |
| Staff Welfare Expenses | 1,142,982 | 369,049 | 1,512,031 |
| Rent | 1,958,776 | 1,806,108 | 3,764,884 |
| Rates & Taxes | 11,551,378 | 94,136 | 11,645,514 |
| Travelling & Conveyance | 8,373,171 | 7,204,585 | 15,577,756 |
| Communication Expenses | 571,490 | 410,613 | 982,103 |
| Printing & Stationery | 300,172 | 128,549 | 428,721 |
| Insurance | 2,183,389 | 1,643,927 | 3,827,316 |
| Electricity | 392,693 | 251,869 | 644,562 |
| Professional Fees | 115,327,949 | 28,454,352 | 143,782,301 |
| Negative Grant-National Highways Authority of India | 4,710,000,000 | — | 4,710,000,000 |
| Bank Charges & Guarantee Charges | 863,712 | 526,679 | 1,390,391 |
| Interest on Term Loans | 538,622,592 | 719,652,603 | 1,258,275,195 |
| Miscellaneous Expenses | 3,070,625 | 3,362,670 | 6,433,295 |
| Depreciation and Amortisation | 317,471 | 352,075 | 669,546 |
| | 5,403,332,740 | 768,928,305 | 6,172,261,045 |
| Less: Income | | | |
| Interest received from Banks | 1,053,968 | — | 1,053,968 |
| Dividend Income | 1,047,284 | — | 1,047,284 |
| (Loss) / Gain on Foreign Exchange Fluctuation | 72,551,595 | (333,512,378) | (260,960,783) |
| Short Term Gain on Investment | 4,121 | — | 4,121 |
| | 5,328,675,772 | 1,102,440,683 | 6,431,116,455 |
| Add: Provision for | | | |
| Current Tax | 369,216 | — | 369,216 |
| Fringe Benefit Tax | 637,693 | — | 637,693 |
| Total Pre-operative Expenses Pending Allocation to Fixed Assets | 5,329,682,681 | 1,102,440,683 | 6,432,123,364 |

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

| | As at 31.03.2009 | | As at 31.03.2008 | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | Rupees | Rupees | Rupees | Rupees |
| SCHEDULE - G | | | | |
| CURRENT ASSETS, LOANS & ADVANCES | | | | |
| Cash and Bank Balances | | | | |
| Cash on hand | 22,976 | | — | |
| Balances with scheduled banks on current account | 26,758,333 | | 28,406,040 | |
| | | 26,781,309 | | 28,406,040 |
| Loans and Advances | | | | |
| Unsecured, Considered good | | | | |
| Advances recoverable in cash or in kind or for value to be received | | 32,928,809 | | 43,158,880 |
| TOTAL | | 59,710,118 | | 71,564,920 |
| SCHEDULE - H | | | | |
| CURRENT LIABILITIES & PROVISIONS | | | | |
| Liabilities | | | | |
| Sundry Creditors | | | | |
| Due to Micro, Small & Medium Enterprises | — | | — | |
| Due to Larsen & Toubro Limited (Ultimate Holding Company) | 723,777,981 | | 551,644,666 | |
| Others | 37,134,723 | | 31,700,162 | |
| | | 760,912,704 | | 583,344,828 |
| Provisions for | | | | |
| Fringe Benefit Tax | 458,000 | | 433,200 | |
| Leave Encashment | 153,868 | | 134,824 | |
| Gratuity | 157,866 | | 92,705 | |
| | | 769,734 | | 660,729 |
| TOTAL | | 761,682,438 | | 584,005,557 |

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, 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 fixed assets and intangible 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. 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 specifies in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India and are amortized as follows

- a. Specialized Software: over a period of three years.

Pre-operative expenses incurred up to the date of commencement of commercial operations are capitalized.

Carriageway representing toll collection rights are obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer basis. The cost of such Carriageway comprise of construction cost, negative grant paid to NHAI and other pre-operative costs incurred during the construction phase.

Such Carriageway on completion are capitalized as Intangible Asset and are amortised over the period of rights given under the Concession Agreement as they represent right to collect toll revenue during the concession period.

3. Depreciation

Tangible Assets are depreciated on straight-line basis at the rates specified in Schedule XIV to 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. Depreciation on additions / deductions is calculated *pro rata* from / to the month of additions / deductions.

4. 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 and based on the expected outcome of assessments / appeals. Fringe Benefit Tax is determined for the year 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.

5. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying asset 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 year in which they are incurred.

6. 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.

7. Investments

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

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**8. 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.

9. Foreign Currency Transactions and Derivatives

- The reporting currency of the Company is the Indian Rupee.
- Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction.
- 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 pre-operative expenses.

10. Provisions, Contingent Liabilities and Contingent Assets

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.

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, nor disclosed.

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

SCHEDULE - J**NOTES FORMING PART OF ACCOUNTS**

- The Company has been awarded on Build Operate and Transfer (BOT) basis, the strengthening of existing 4 Lanes from Km 108.700 to Km 192.00 on Vadodara to Bharuch Section on National Highway No. 8 in State of Gujarat & widening thereof to six lanes under Concession Agreement dated July 12, 2006 with the National Highways Authority of India (NHAI). The Concession Agreement is for a period of 15 years from the appointed date stated in clause 3.1 of Chapter-II of the said agreement. At the end of the concession period, the entire facility will be transferred to NHAI.
- Profit & Loss Account has been drawn to comply with the provisions of the Companies Act, 1956. However, the Company has not commenced commercial operations. The Company does not have taxable income under the provisions of the Income Tax Act, 1961 and hence no provision for current tax has been made. Provision for Fringe Benefit Tax has been made as per the provisions of the Income Tax Act, 1961. The Company does not have taxable wealth under the provisions of the Wealth Tax Act, 1957.
- 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.
- During the year Company received Subordinate debt of Rs. 77,75,00,000 (*Previous Year Rs. 18,39,53,000*) from M/s L&T Infrastructure Development Projects Limited (Holding Company). No interest is payable till expiry of twelve months from commercial operation date as per Common Loan Agreement dated December 13, 2006.
- 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.
- Estimated amount of contracts remaining to be executed on capital account (net of advances) is Rs. 56,62,33,813 (*Previous Year Rs. 5,08,48,65,398*).
- Managerial remuneration for the year has been charged to the accounts as below.

| Remuneration | 2008-2009 Rupees | 2007-2008 Rupees |
|--------------------------------|-----------------------------|-----------------------------|
| Salary | 13,92,177 | 11,29,000 |
| Contribution to Provident Fund | 54,288 | 38,340 |
| TOTAL | 14,46,465 | 11,67,340 |

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

8. Auditor's Remuneration: (excluding Service Tax)

| Remuneration | 2008-2009 Rupees | 2007-2008 Rupees |
|------------------------|-----------------------------|-----------------------------|
| Audit Fees | 1,00,000 | 1,00,000 |
| Certification Expenses | — | 2,000 |

9. Disclosure of related parties / related party transactions.

A. List of related parties

| | | |
|-------------------|---|--|
| Holding Company | : | L&T Infrastructure Development Projects Limited (Holding Company) Larsen & Toubro Limited (Ultimate Holding Company) |
| Fellow subsidiary | : | L&T Urban Infrastructure Limited L&T Ahmedabad-Maliya Tollway Private Limited L&T Halol - Shamlaji Tollway Private Limited L&T Rajkot - Vadinar Tollway Private Limited |

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

| Sl. No. | Nature of transaction | Amount of Transaction Rupees | Amount Due to Rupees | Amount Due From Rupees |
|----------------|--|---|---------------------------------|-----------------------------------|
| 1 | Larsen & Toubro Limited, Ultimate Holding Company | | | |
| i) | EPC - Bills | 502,07,01,764 (185,01,49,556) | 72,28,82,613 (53,49,24,073) | Nil (Nil) |
| ii) | Advance for Electrical Items (Toll Plaza) | 3,61,44,022 (1,08,42,897) | Nil (Nil) | Nil (Nil) |
| iii) | Reimbursement of Expenses | 26,615 (1,52,27,752) | 14,95,368 (1,67,20,593) | Nil (Nil) |
| 2 | L&T Infrastructure Developmental Projects Limited, Holding Company | | | |
| i) | Reimbursement of Expenses | 49,37,254 (5,56,107) | Nil (Nil) | Nil (Nil) |
| ii) | Cost of Services | 5,45,156 (46,289) | Nil (Nil) | Nil (Nil) |
| iii) | Subscription of Equity | Nil (43,45,00,000) | Nil (Nil) | Nil (Nil) |
| iv) | Unsecured Loans (Subordinate Debt) | 77,75,00,000 (18,39,53,000) | 145,98,44,213 (68,23,44,213) | Nil (Nil) |
| 3 | L&T Urban Infrastructure Limited (Fellow Subsidiary) | | | |
| i) | Reimbursement of Expenses | Nil (150) | Nil (Nil) | Nil (Nil) |
| 4 | L&T Ahmedabad-Maliya Tollway Private Limited | | | |
| i) | Reimbursement of Expenses | 58,669 (Nil) | Nil (Nil) | Nil (Nil) |
| 5 | L&T Halol - Shamlaji Tollway Private Limited | | | |
| i) | Reimbursement of Expenses | 88,179 (Nil) | Nil (Nil) | Nil (Nil) |
| 6 | L&T Rajkot - Vadinar Tollway Private Limited | | | |
| i) | Reimbursement of Expenses | 90,249 (Nil) | Nil (Nil) | Nil (Nil) |

* Figures in brackets relate to previous year.

C. No amount to related parties have been written off / written back during the year.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

10. Employee Benefits

(i) Provisions for Gratuity and Leave Encashment is made on actuarial basis as summarized below.

(ii) A Results of Actuarial Valuation - Gratuity

| | March 31, 2009 | March 31, 2008 |
|--|----------------------------|----------------------------|
| 1. Valuation as on | As per rule of the Company | As per rule of the Company |
| 2. Retirement Age | | |
| 3. No of Employees | 7 | 7 |
| 4. Notional Benefit Obligations (Accrued benefits) on Current Salary in Rupees | 1,78,904 | 1,41,282 |
| 5. Present Value of Benefit Obligations in Rupees | 1,57,866 | 1,34,824 |

B Principle Rules to Compute Benefit Obligations

| | |
|--|--|
| 1. Salary reckoned for calculating Benefit Obligations | As per rule of the Company |
| 2. Vesting Period | 5 Years for Gratuity |
| 3. Benefit formula for Gratuity for all exits except death | B1 X Completed year of service X 15/26 subject to benefit having vested |
| 4. Benefit formula for Gratuity on death | Same as B3 but no vesting condition |

(iii) Leave Salary Valuation

A Summary of Staff data

| | | |
|--|----------|--------|
| 1. No of Employees | 7 | 7 |
| 2. Notional benefit obligations on current salary in rupees | 1,74,453 | 97,213 |
| 3. Projected actuarial value of benefit obligation in rupees | 1,53,868 | 92,705 |

B Principle rules to compute benefit obligations

| | |
|--|----------------------------|
| 1. Salary reckoned for calculating Benefit Obligations | As per rule of the Company |
| 2. Benefit formula for all exits | B1 x Leave Balance / 30 |

(iv) Summary of Actuarial Assumptions

A Mean Financial Assumptions

| | | |
|--|-------|-------|
| 1. Discount Rate per unit per annum | 6.50% | 7.50% |
| 2. Salary escalation rate per unit per annum | 6% | 6% |
| 3. Expected rate of return on Plan Assets per unit per annum | N.A. | N.A. |

B Mean Demographic assumptions

| | | |
|---------------------------------------|------------------------|------------------------|
| 1. Mortality rate | LIC 94-96 Rates | |
| 2. Withdrawal / attrition rate | 15% for all age | 15% for all age |
| 3. Disability / ill health retirement | No Explicit Assumption | No Explicit Assumption |

Expense to be recognized in Pre-operative Expenses

| | March 31, 2009 | March 31, 2008 |
|---|----------------|----------------|
| Current Service Cost | 3,11,734 | 2,27,529 |
| Interest on Defined Benefit Obligation | — | — |
| Expected Return on Plan Assets | — | — |
| Net Actuarial Losses / (Gains) Recognised during the period | — | — |
| Past Service Cost | — | — |
| Losses / (Gains) on "Curtailements & Settlements" | — | — |
| Total | 3,11,734 | 2,27,529 |
| Actual Return on Plan Assets | — | — |

(v) Contribution to Provident Fund is made to the Regional Provident Fund Office.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

11. (a) Expenditure in foreign currency

| Particulars | 2008-2009 Rupees | 2007-2008 Rupees |
|-------------------------|---------------------|---------------------|
| Travel | 3,98,194 | 43,157 |
| Interest on Loan | 6,39,68,933 | 5,67,42,890 |
| (b) CIF Value of Import | 5,46,596 | — |

12. The Company has taken land and premises on cancellable operating lease. Lease rent amounting to Rs. 18,06,108 (*Previous Year Rs. 15,97,976*) has been included in pre-operative expenses for the year.

13. The estimated useful lives of the Buildings, Furniture & Fixtures, Plant & Machinery are revised during the year with effect from April 1, 2008 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 April 1, 2008 are 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) Rule, 2006 and as a result the depreciation charge for the year has increased by Rs. 1,42,846.

14. Loans and Advances include on account payment of Rs. 99,36,310 paid to sub contractors for utility shifting works. The Company has lodged claims with NHAI for reimbursement of these expenses as these are outside the scope of the Company's works. Such advances will be adjusted as and when NHAI settles the reimbursements.

15. Pursuant to amendment of AS 11 – "Effects of Changes in Foreign Exchange Rates" by the Central Government vide notification dated March 31, 2009, the Company has decided to adopt the option provided in the notification with respect to capitalisation of exchange differences as part of fixed assets and as a result the entire exchange difference has been added to pre-operative expenses. Since the Company was hitherto following the same treatment for the year's ending March 31, 2007 and March 31, 2008, there is no impact of the amendment in the accounts *vis-à-vis* what was followed earlier.

16. Preliminary expenses incurred prior to commencement of commercial business operations were hitherto classified under the head 'Miscellaneous Expenditure' and was to be written off in the year of commencement of commercial business operations. During the year though commercial business operations were not commenced, such preliminary expenses are charged to Profit & Loss account.

17. Basic and Diluted Earnings per share ("EPS") computed in accordance with Accounting Standard 20 "Earnings per Share" is as under

| | 2008-2009 |
|--|-------------|
| Basic and Diluted EPS | |
| Profit after tax as per Accounts (Rs.) | 30,11,380 |
| Weighted average number of equity shares | 4,35,00,000 |
| Basic and Diluted EPS (Rs.) | 0.07 |

18. The provisions of the following Accounting Standards are not applicable since

a. The Company is yet to commence commercial operations

Segment Reporting – AS 17

Deferred Tax – AS 22

Impairment of Assets – AS 28

b. The Company does not have transactions attracting provisions of the following Accounting Standard

Valuation of Inventories – AS 2

19. Figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

M. K. DANDEKER & CO.
Chartered Accountants

S. NEELAKANTAN
Partner
Membership No. 18961

Place : Chennai
Date : April 22, 2009

KARTHIKEYAN T. V.
Secretary

Place : Ahmedabad
Date : April 22, 2009

C. S. DAMLE
Director

R. CHANDRASEKARAN
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No. U45203TN2006PLC058417

State Code 18

Balance Sheet Date 31 03 2009
Date Month Year**II. Capital raised during the year (Amount in Rs. Thousands)**

Public Issue

NIL

Bonus Issue

NIL

Rights Issue

NIL

Private Placement

NIL

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities

12761623

Total assets

12761623

Sources of Funds

Paid-Up Capital

435000

Secured Loans

10864381

Reserves & Surplus

2398

Unsecured Loans

1459844

Application of Funds

Net Fixed Assets (Including Pre-operative Expenses)

13463596

+ -

Net Current Assets/(Liabilities)

-701972

Accumulated Losses

NIL

Investments

NIL

Miscellaneous Expenditure

NIL

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including other income)

3469

+ -

Profit / Loss Before Tax

+3469

Earning Per Share in Rs. (Basic)

NIL

Total Expenditure

NIL

+ -

Profit / Loss After Tax

+3011

Dividend rate %

NIL

V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No. N . A .

Product Description INFRASTRUCTURE PROJECT ON BOT BASIS

For and on behalf of the Board

Place : Ahmedabad
Date : April 22, 2009KARTHIKEYAN T. V.
SecretaryC. S. DAMLE
DirectorR. CHANDRASEKARAN
Director