

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and Accounts for the year ended March 31, 2013.

I. FINANCIAL RESULTS

Sl. No	Particulars	2012-13 ₹ in Lakhs	2011-12 ₹ in Lakhs
1	Income for the year	5,980	863
2	Less: Expenditure	11,091	1,461
3	Profit Before Depreciation & Tax (PBDT)	(5,111)	(598)
4	Less: Depreciation	(6,235)	(939)
5	Profit / (Loss) before tax (PBT)	(11,346)	(1,537)
6	Less: Provision for tax	–	–
7	Profit / (Loss) after tax (PAT)	(11,346)	(1,537)
8	Balance brought forward from previous year	(1,595)	(58)
9	Balance carried to Balance Sheet	(12,941)	(1,595)

II. APPROPRIATIONS

There were no appropriations made during the year 2012-13.

III. DIVIDEND

The Board of Directors has not recommended any dividend for the year 2012-13.

IV. PERFORMANCE OF THE COMPANY

The revenue of the Company rose from ₹ 970 Lakhs in 2011-12 to ₹ 6,822 Lakhs in 2012-13.

*The figures are not comparable as the toll operation of the project commenced from 1st Feb, 2012.

V. CAPITAL EXPENDITURE

As at 31st March 2013 the Gross fixed assets of the Company stood at ₹1, 05,632 Lakhs (PY ₹ 96,148 Lakhs) and the net fixed assets stood at ₹ 98,441 Lakhs (PY ₹ 95,187 Lakhs).

VI. AUDITORS' REPORT

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

VII. DEPOSITS

The Company has not accepted any deposits from the public.

VIII. MATERIAL CHANGES, IF ANY BETWEEN DATE OF THE BALANCE SHEET AND DATE OF THE DIRECTORS' REPORT

There are no material changes to be reported between date of the Balance Sheet and date of the Directors' Report.

IX. DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER THE COMPANIES' (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

– CONSERVATION OF ENERGY

As the Company is engaged in developing, operating and maintaining a road the provisions relating to conservation of energy does not apply.

– TECHNOLOGY ABSORPTION

There was no Technology absorption during the year 2012- 13.

– FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no usage or earning of any foreign currency in the course of transactions during the year 2012-13.

X. PARTICULARS OF EMPLOYEES

There are no employees covered by the provisions of the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

XI. SUBSIDIARY COMPANIES

Your Company does not have any subsidiary companies under its purview.

XII. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. That the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date;
- iii. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the annual accounts have been prepared on a going concern basis; and
- v. That proper system is in place to ensure compliance of all laws applicable to the Company.

XIII. DIRECTORS

Mr. B. Ramakrishnan, Director, who retires by rotation at this Annual General Meeting, being eligible, offer himself for reappointment.

Mr. Manoj Dave was appointed as an Additional Director on the Board of the Company with effect from 05-07-2012.

Mr. C. S. Damle has submitted his resignation as Director with effect from 05-07-2012.

The present Directors are as follows:

- a) Mr. T. S. Venkatesan
- b) Mr. B. Ramakrishnan
- c) Mr. Manoj Dave

XIV. AUDIT COMMITTEE

The Audit Committee consists of three non-executive Directors. The present members of the committee are:

- a) Mr. T.S.Venkatesan
- b) Mr. B.Ramakrishnan
- c) Mr. Manoj Dave

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

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

XV. REMUNERATION COMMITTEE

The Remuneration Committee consists of three non-executive Directors. The present members of the committee are:

- a) Mr. T.S.Venkatesan
- b) Mr. B.Ramakrishnan
- c) Mr. Manoj Dave

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

XVI. AUDITORS

The Auditors, M/s 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.

XVII. COMPLIANCE WITH VOLUNTARY CORPORATE GOVERNANCE GUIDELINES, 2009

The Company has familiarized itself with the requirement of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs and it is in the process of implementing many of the suggestions. Our compliance with the said guidelines is given below -

A) SEPARATION OF OFFICES OF CHAIRMAN & CHIEF EXECUTIVE

The Chairman is elected during each Board Meeting by the Directors from amongst those present. All the Directors are Non-Executive and the role of Chairman is confined to the proper conduct of the Board Meeting. The Manager of the Company, as per the Companies Act 1956, handles the responsibilities envisaged for a Chief Executive and the occupant of the position is not a Board Member and attends the Board Meetings only as invitee. In this manner the separation of offices of Chairman & Manager is ensured as per the requirement of guidelines.

B) REMUNERATION OF DIRECTORS

The Directors are not paid any remuneration by way of sitting fees, etc.

C) INDEPENDENT DIRECTORS

There are no Independent Directors on the Board of the Company.

Number of Companies in which an Individual may become a Director

The Company has appraised its Board members about the restriction on number of other directorships and the same is being complied with.

D) RESPONSIBILITIES OF THE BOARD

Presentations to the Board in areas such as financial results, budgets, business prospects etc. give the Directors, an opportunity to interact with senior managers and other functional heads. Directors are also updated about their role, responsibilities and liabilities.

The Company ensures necessary training to the Directors relating to its business through formal/ informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/ discharge his duties. The Directors are given time to study the data and contribute effectively to Board discussions. The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board. The system of risk assessment and compliance with statutory requirements are in place.

E) STATUTORY AUDITORS

The Company has obtained a certificate from the auditors certifying its independence and arm's length relationship with the Company. The Company does not advocate rotation of Auditors as envisaged in these guidelines in view of the domain knowledge acquired by the Auditors over a period of time.

F) INTERNAL AUDITORS

M/s. Price Waterhouse Coopers provide internal audit services to the Company.

G) INTERNAL CONTROL

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

H) SECRETARIAL AUDIT

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

XVIII. MAINTENANCE OF COST RECORDS COMPLIANCE REPORT

Pursuant to the provisions of rule 5 of The Companies (Cost Accounting Records) Rules, 2011, your Company is required to obtain a Maintenance of Cost Records Compliance Report from a Practicing Cost Accountant and the same is required to be filed with the Ministry of Corporate Affairs.

The Board of your Company will identify a Practicing Cost Accountant for this purpose, obtain prescribed compliance certificate accordingly and file the same with the Ministry of Corporate Affairs.

XIX. ACKNOWLEDGEMENTS

The Directors acknowledge the invaluable support extended to the Company by the Financial Institutions, Bankers and employees of the Company and management staff of the parent Company.

For and on behalf of the Board

Place : Chennai
Date : April 25, 2013

T. S. VENKATESAN
Director

B. RAMAKRISHNAN
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T RAJKOT - VADINAR TOLLWAY LIMITED

Report On The Financial Statements

We have audited the accompanying financial statements of **L&T RAJKOT - VADINAR TOLLWAY LIMITED**, which comprise the Balance Sheet as at 31st March 2013, and the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India including accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our auditing in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013,
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report On Other Legal And Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 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. As required by Section 227(3) of the Act, 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 our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet and Statement of Profit and Loss and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Profit and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of Para (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **GIANENDER & ASSOCIATES**
Chartered Accountants
(Firm Regn. No. 004661N)

Place : Chennai
Date : April 25, 2013

G.K AGRAWAL
Partner
M. No. 081603

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 1 under the heading "Report on Other legal and regulatory requirements" of our report on even date

Re: L&T RAJKOT - VADINAR TOLLWAY LIMITED

- (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 Para 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 Para-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 Para 4 (v)(b) of the Companies (Auditor's Report) Order 2003 does not arise .
- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act 1956. Hence Para 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) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (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 31st March 2013, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues which have not been deposited on account of any dispute of income tax and cess.
- (x) The Company is in existence for a period less than five years; hence reporting on accumulated losses under Para 4(x) of the Companies (Auditor's Report) Order 2003 is not required..
- (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 Para 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 Para 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 Regn. No. 004661N)

G.K AGRAWAL
Partner
M. No. 081603

Place : Chennai
Date : April 25, 2013

BALANCE SHEET AS AT MARCH 31, 2013

	Note no.	As at 31.03.2013	As at 31.03.2012
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	A	1,100,000,000	1,100,000,000
Reserves & Surplus	B	(1,294,169,359)	(159,598,464)
		(194,169,359)	940,401,536
Non-current liabilities			
Long-term borrowings	C(I)	9,332,201,979	6,087,525,535
Long-term provisions	C(II)	1,001,432	879,184
		9,333,203,411	6,088,404,719
Current liabilities			
Current maturities of long term borrowings	D(I)	795,217	541,292
Other current liabilities	D(II)	798,391,618	2,513,981,860
Short-term provisions	D(III)	44,056	65,764
		799,230,891	2,514,588,916
TOTAL		9,938,264,943	9,543,395,171
ASSETS			
Non-current assets			
Fixed Assets			
Tangible Assets	E(I)	217,929,984	230,598,666
Intangible Assets	E(II)	9,626,167,010	9,288,131,001
Long-term loans and advances	E(III)	1,171,597	1,171,597
		9,845,268,591	9,519,901,264
Current Assets			
Current Investments		—	—
Cash and Bank balances	F(I)	86,108,612	19,970,471
Short-term loans and advances	F(II)	6,756,476	3,423,436
Other current assets	F(III)	131,264	100,000
		92,996,352	23,493,907
TOTAL		9,938,264,943	9,543,395,171
CONTINGENT LIABILITIES AND COMMITMENTS	G		
OTHER NOTES FORMING PART OF ACCOUNTS	N		
SIGNIFICANT ACCOUNTING POLICIES	O		

See accompanying notes to the financial statements

As per our report attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

Firm Regn. No. 004661N

G. K. AGRAWAL

Partner

Membership No. 081603

Place : Chennai

Date : April 25, 2013

HARJINDER SINGH

Manager

Place : Chennai

Date : April 25, 2013

T. S. VENKATESAN

Director

B. RAMAKRISHNAN

Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note No.	2012-13	2011-12
		₹	₹
REVENUE			
Revenue from Operations	H	592,551,376	84,491,698
Other Income	I	5,486,402	1,776,784
Total Revenue		598,037,778	86,268,482
EXPENSES			
Operating and maintenance expenses	J	151,809,187	22,380,931
Employee benefit expenses	K	20,486,269	3,959,032
Administration and other expenses	L	20,839,644	7,142,563
Finance cost	M	916,000,386	112,629,872
Depreciation and amortisation expenses		623,473,187	93,930,636
Total Expenses		1,732,608,673	240,043,034
Profit / (Loss) before tax		(1,134,570,895)	(153,774,551)
Tax expense:			
Current tax		—	—
Deferred Tax		—	—
Profit/(Loss) after tax		(1,134,570,895)	(153,774,551)
Earnings per equity share			
Basic EPS	N(5)	(10.31)	(2.80)
Diluted EPS		(10.31)	(2.80)
Face value per share (₹)		10.00	10.00
OTHER NOTES FORMING PART OF ACCOUNTS	N		
SIGNIFICANT ACCOUNTING POLICIES	O		

See accompanying notes to the financial statements

As per our report attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

Firm Regn. No. 004661N

G. K. AGRAWAL

Partner

Membership No. 081603

Place : Chennai

Date : April 25, 2013

HARJINDER SINGH

Manager

Place : Chennai

Date : April 25, 2013

T. S. VENKATESAN

Director

B. RAMAKRISHNAN

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	2012-13 ₹	2011-12 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	(1,134,570,895)	(153,774,551)
Adjustments for :		
Depreciation and Amortisation	623,473,187	93,930,636
Interest paid	916,000,386	112,629,872
Interest received	(3,471,432)	(36,848)
(Profit) / Loss on sale of investments	(2,014,969)	(1,739,936)
Operating profit before working capital changes	399,416,276	51,009,172
Adjustments For :		
(Increase) / Decrease in long term loans and advances	–	313,055,637
(Increase) / Decrease in short term loans and advances	(3,333,040)	(772,072)
(Increase) / Decrease in other current assets	(31,264)	(100,000)
Increase / (Decrease) in Long term provision	122,248	879,184
Increase / (Decrease) in Short term provision	(21,708)	–258,297
Cash generated from operations	396,152,512	363,813,624
Direct taxes paid (net of refund)	–	–
Net cash from operating activities - A	396,152,512	363,813,624
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(948,840,515)	(4,973,326,377)
Profit on sale of investments	2,014,969	1,739,936
Increase / (Decrease) in other current liabilities	(1,715,336,317)	1,830,725,260
Interest received	3,471,432	36,848
Net cash (used in) / generated from investing activities - B	(2,658,690,430)	(3,140,824,333)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Equity share capital received	–	199,849,000
(Repayment) / proceeds from other borrowings	3,244,676,444	2,649,425,535
Interest paid	(916,000,385)	(112,629,872)
Net cash (used in) / generated from financing activities - C	2,328,676,058	2,736,644,664
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	66,138,140	(40,366,044)
Cash and cash equivalents as at the beginning of the year	19,970,471	60,336,515
Cash and cash equivalents as at end of the year	86,108,611	19,970,471

Notes:

- Cash Flow statement has been prepared under the Indirect Method as set out in the Accounting Standard 3; "Cash flow Statement" as per Companies (Accounting Standards) Rules, 2006.
- Cash and Cash Equivalents consists of Cash and Bank Balances.
- Previous Year's figures have been regrouped and reclassified wherever necessary.

In terms of our report of even date

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

Firm Regn. No. 004661N

G. K. AGRAWAL

Partner

Membership No. 081603

Place : Chennai

Date : April 25, 2013

HARJINDER SINGH

Manager

Place : Chennai

Date : April 25, 2013

T. S. VENKATESAN

Director

B. RAMAKRISHNAN

Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	₹	No. of Shares	₹
NOTE A: SHARE CAPITAL				
A(I) Share capital - authorised, issued, subscribed and paid-up				
Authorised:				
11,00,00,000 Equity Shares of ₹ 10/- each	110,000,000	1,100,000,000	110,000,000	1,100,000,000
Issued Subscribed & Paid-up:				
11,00,00,000 Equity Shares of ₹ 10/- each fully paid up	110,000,000	1,100,000,000	110,000,000	1,100,000,000
TOTAL		1,100,000,000		1,100,000,000

A(II) Reconciliation of the number of Equity Shares and Share Capital**Equity Shares:**

At the beginning of the year	110,000,000	1,100,000,000	55,015,100	550,151,000
Issued during the year as fully paid	–	–	54,984,900	549,849,000
Outstanding at the end of the year	110,000,000	1,100,000,000	110,000,000	1,100,000,000

A(III) Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. No shares have been reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment.

A(IV) Shares held by Holding / Ultimate holding Company and/or their subsidiaries/associates:

Particulars	Relationship	As at 31.03.2013	As at 31.03.2012
		₹	₹
L&T Infrastructure Development Projects Limited and its Nominees	Holding Company		
10,99,99,900 Equity Shares of Rs 10 each fully paid up		1,099,999,000	1,099,999,000
(Previous year - Nil)			
Larsen and Toubro Limited	Ultimate holding Company		
100 Equity Shares of ₹10 each fully paid up		1,000	1,000
(Previous year 100 of ₹ 10 each)			

A(V) Details of Shareholders holding more than 5% shares in the Company as at the end of the year:

Particulars	As at 31.03.2013		As at 31.03.2012	
	No of Shares	%	No of Shares	%
Equity Shares of ₹10/- each fully paid				
L&T Infrastructure Development Projects Limited & its Nominee	109,999,900	100.00%	109,999,900	100.00%
Larsen and Toubro Limited	100	0.00%	100	0.00%

A(VI) The Company declares and pays dividends in Indian rupees. During the year ended 31st March 2013, no dividend is declared by Board of Directors. (Previous year - Nil)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE B : RESERVES & SURPLUS		
Surplus / (deficit) in the Statement of Profit and Loss		
Balance as per the last financial statement	(159,598,464)	(5,823,913)
Add: Profit (Loss) for the Year	(1,134,570,895)	(153,774,551)
TOTAL	(1,294,169,359)	(159,598,464)

NOTE C(I) : LONG TERM BORROWINGS

a) Term loans		
– Secured Loan		
– From banks	7,950,501,979	5,412,374,535
b) Loans and advances from related parties	–	5,412,374,535
– Unsecured Loan		
Loan from holding Company	281,700,000	48,500,000
Mezannine Debt from holding Company	1,100,000,000	626,651,000
TOTAL	9,332,201,979	6,087,525,535

Details of Terms of Secured Loans as at March 31, 2013:

Particulars	Details
1. Interest rate	i) Base rate + applicable spread ii) Interest payable monthly basis.
2. Repayment terms	i) 141 monthly unequal installments which ranges from ₹ 73,000/- to ₹ 17,16,23,000/- ii) Repayment starts from Dec-2012 and last repayment date is August -2024.
3. Security for the term loans	All the above term loans are secured by pari passu first charge on all the immovable properties both present and future of the Company and hypothecation of tangible movable properties present & future including book debt, cash & bank balance, stock-in-trade, intangible assets, uncalled share capital, etc. except project assets as defined in the concession agreement.
4. Presentation of Term Loans in the Balance Sheet	i) Long Term borrowings ₹ 7,95,05,01,979/- ii) Current portion of long term borrowing ₹ 7,95,217/-

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE C(II) : LONG TERM PROVISIONS		
Provisions for Employee Benefits		
For gratuity	350,163	401,884
For leave encashment	651,269	477,300
TOTAL	1,001,432	879,184

NOTE D(I) : CURRENT MATURITIES OF LONG TERM BORROWINGS

Current maturities of long term debts from banks	795,217	541,292
TOTAL	795,217	541,292

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013	As at 31.03.2012
	₹	₹
NOTE D(II) : OTHER CURRENT LIABILITIES		
Other payables		
– Due to Micro and small enterprises *	–	–
– Due to ultimate holding Company	228,090	2,176,932,032
– Due to holding Company	5,758,185	99,662,699
– Due to others	789,349,739	195,745,542
– Statutory liabilities	1,405,604	41,054,087
– Others	1,650,000	587,500
TOTAL	798,391,618	2,513,981,860

* There have been no claimed transactions during the period with Micro and Small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence details of principal and interest have not been reported.

NOTE D(III) : SHORT TERM PROVISIONS

Provisions for Employee Benefits		
For gratuity	4,214	30,120
For leave encashment	39,842	35,644
TOTAL	44,056	65,764

NOTE E(I) : TANGIBLE ASSETS

Particulars	Gross Block				Depreciation			Carrying Value		
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	Up to 31.03.2012	For the Period	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets										
Computers	2,592,153	232,386	507,251	2,317,288	757,138	616,281	284,767	1,088,652	1,228,636	1,835,015
Furniture & Fixtures	7,639,484	2,785,277	361,387	10,063,374	409,893	997,005	135,379	1,271,519	8,791,855	7,229,591
Office Equipment	1,875,536	163,675	185,750	1,853,461	615,083	466,212	80,853	1,000,442	853,019	1,260,453
Vehicles	18,040,981	–	–	18,040,981	870,484	2,489,337	–	3,359,821	14,681,160	17,170,497
Highway Traffic Management System	119,679,767	–	–	119,679,767	2,849,518	17,097,109	–	19,946,627	99,733,140	116,830,249
Plant & Machinery	23,793,805	17,073,688	–	40,867,493	590,601	5,201,813	–	5,792,414	35,075,079	23,203,204
Toll Collection System	64,607,941	4,348,335	–	68,956,276	1,538,284	9,850,897	–	11,389,181	57,567,095	63,069,657
Total	238,229,667	24,603,361	1,054,388	261,778,640	7,631,001	36,718,654	500,999	43,848,656	217,929,984	230,598,666
Previous year	2,051,948	236,177,719	–	238,229,667	583,237	7,047,764	–	7,631,001	230,598,666	

NOTE E(II) : INTANGIBLE ASSETS

Particulars	Gross Block				Amortisation			Carrying Value		
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	Up to 31.03.2012	For the Period	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Intangible Assets										
Carriageway - Toll Collection rights	9,376,589,390	924,790,542	–	10,301,379,932	88,458,388	586,754,533	–	675,212,921	9,626,167,010	9,288,131,001
Total	9,376,589,390	924,790,542	–	10,301,379,932	88,458,388	586,754,533	–	675,212,921	9,626,167,010	9,288,131,001
Previous year	–	9,376,589,390	–	9,376,589,390	–	88,458,388	–	–	9,288,131,001	

As per para 63 of Accounting Standard-26 "Intangible Assets", presently the Company amortises the Toll Collection rights ("TCR"), on a Straight line basis ("SLM") over the concession period. The amortisation computed above, is higher than amortisation computed in terms of the Notification no. G.S.R. 298(E) dated April 17, 2012 issued by the Ministry of Corporate Affairs (on amortisation of Intangible assets created under Build Operate and Transfer, Build, Own, Operate and Transfer and other forms of Public Private Partnership Route). Accordingly the Company continues to amortise the Toll Collection Rights on a straight line basis over the Concession period.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE E(III) : LONG TERM LOANS AND ADVANCES		
Capital advances		
Unsecured, Considered good	-	-
Security deposits		
Unsecured, Considered good	1,171,597	1,171,597
TOTAL	1,171,597	1,171,597
NOTE F(I) : CASH AND BANK BALANCES		
Cash and cash equivalents		
Balances with banks:		
on Current account	5,086,029	3,773,423
on Bank deposits with less than 3 months original maturity	74,030,107	11,001,205
Cash on hand	6,992,476	5,195,843
TOTAL	86,108,612	19,970,471
NOTE F(II) : SHORT TERM LOANS AND ADVANCES		
Security deposits		
Unsecured, Considered good	46,000	426,548
Other Loans and Advances		
Unsecured, Considered good		
Prepaid Expenses	6,454,569	2,950,804
Others	255,907	46,084
TOTAL	6,756,476	3,423,436
NOTE F(III) : OTHER CURRENT ASSETS		
Margin money deposit including accrued interest@	131,264	100,000
TOTAL	131,264	100,000

@ Margin Money Deposit Given as security against Bank Guarantee issued to Telecom Department.

NOTE G : CONTINGENT LIABILITIES AND COMMITMENTS

a. Contingent liabilities as at 31st March 2013 is Nil. (Previous year Letter of credit outstanding - ₹ 12,44,504,600/-)

b. The Company has the following commitments remaining to be executed on capital account (net of advances)

	2012-13 ₹	2011-12 ₹
Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for	NIL	1,194,645,232

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	2012-13 ₹	2011-12 ₹
NOTE H : REVENUE FROM OPERATIONS		
Fee Collections from usage of facility	682,216,325	97,061,112
Less : Additional Concession Fee paid to GSRDC	(89,664,949)	(12,569,414)
TOTAL	592,551,376	84,491,698
NOTE I : OTHER INCOME		
Income from		
Other Income	3,450,068	2,898
Income from mutual funds	2,014,969	1,739,936
Other interest	21,364	33,950
TOTAL	5,486,402	1,776,784
NOTE J : OPERATING AND MAINTENANCE EXPENSES		
Toll Management Fees	6,657,905	931,943
Consultancy charges	34,666,577	6,329,789
Insurance	4,199,226	9,520
Repairs & maintenance		
Toll Operations	70,492,079	9,042,154
Civil maintenance	26,655,089	3,913,147
Others	–	811,618
Power & electricity charges	9,138,311	1,342,760
TOTAL	151,809,187	22,380,931
NOTE K : EMPLOYEE BENEFIT EXPENSES		
Salaries, wages & bonus	15,657,600	2,452,962
Contribution to and provision for		
– Provident fund	894,247	237,205
– Gratuity	(77,627)	277,051
– Leave encashment	399,217	352,691
Staff welfare expenses	3,612,832	639,123
TOTAL	20,486,269	3,959,032
NOTE L : ADMINISTRATIVE AND OTHER EXPENSES		
Audit Fees	521,601	402,745
Office expenses	743,687	977,553
Rent, Rates & taxes	406,267	224,470
Printing & stationery	1,168,830	558,225
Postage & Communication	1,369,915	200,095
Business promotion expenses	1,260,448	1,105,454
Travelling & conveyance	14,007,372	3,387,453
Miscellaneous expenses	1,361,524	286,568
TOTAL	20,839,644	7,142,563

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

	2012-13 ₹	2011-12 ₹
Payment to Auditor		
As Auditor		
– Audit Fees	320,788	224,720
– Tax Audit Fees	84,270	84,270
In other capacity		
Certification Fees	116,543	93,755
Other Service	–	–
TOTAL	521,601	402,745

NOTE M : FINANCE COST

Interest on term loans	842,810,785	112,369,150
Others	68,658,373	3,773,423
Bank Charges	4,531,228	260,722
TOTAL	916,000,386	112,629,872

NOTE N : OTHER NOTES FORMING PART OF ACCOUNTS**N(1) CORPORATE INFORMATION**

The Company is a Special Purpose Vehicle (SPV) and has been awarded on Build Operate and Transfer (BOT) basis, the widening of existing two-lane, 131.65 kilometers Road stretch covering Rajkot Jamnagar Vadinar to make it four lane divided Carriageway facility under Viability Gap Funding scheme of GOI and operation and maintenance thereof, under the Concession Agreement dated 17th September, 2008. The Concession is for a period of 20 years including the construction period. At the end of the 20 years the entire facility will be transferred to Gujarat State Road Development Corporation Ltd. The Company achieved commercial operation on February 1, 2012 upon receipt of the provisional completion certificate.

N(2) PROVISION FOR TAXATION

The Company is eligible for deduction under Section 80IA of the Income Tax Act 1961 and the concession period of the Company's project falls within the tax holiday period as defined in the Section 80IA. Since deferred tax on timing difference between Accounting Income and Taxable Income that arise during the year is reversing during such Tax Holiday Period, no deferred tax assets/ liability arises and accordingly no provision is made in the accounts.

The Company does not have taxable wealth and hence no provision for wealth tax under Wealth Tax Act 1957 has been made.

N(3) EMPLOYEE BENEFITS

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

Particulars	2012-13	2011-12
1. Gratuity		
A. Results of Actuarial Valuation		
1. Valuation as on	31st March 2013	31st March 2012
2. Retirement Age	58 Yrs.	58 Yrs.
3. No of Employees	49	50
4. Present Value of Benefit Obligations	₹ 3,54,377	₹ 4,32,004
B. Principal rules to compute Benefit Obligations		
1. Salary reckoned for calculating benefit obligations	As per rule of the Company	As per rule of the Company
2. Vesting Period	5 years of Gratuity	5 years of 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	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The amounts recognised in Balance Sheet are as follows:

Particulars	2012-2013 ₹	2011-2012 ₹
A) Present value of defined benefit obligation		
– Wholly funded	–	–
– Wholly unfunded	3,54,377	4,32,004
Less : Fair value of plan assets		
Amount to be recognised as liability or (asset)	3,54,377	4,32,004
B) Amounts reflected in the Balance Sheet		
Liabilities	3,54,377	4,32,004
Non-current	350,163	401,884
Current	4,214	30,120
Assets		

The amounts recognised in the Statement of Profit and loss are as follows:

Particulars	2012-2013 ₹	2011-2012 ₹
1 Current service cost	190,731	198,985
2 Interest on Defined benefit obligation	36,720	12,784
3 Expected return on plan assets	–	–
4 Actuarial losses/(gains)	(305,078)	13,153
5 Past service cost	–	52,129
6 Effect of Curtailment or settlement	–	–
I Amount included in “employee benefit expenses”	(77,627)	277,051
II Amount included as part of “finance costs”	–	–
Total (I + II)	(77,627)	277,051

Actual return on plan assets

The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	2012-2013 ₹	2011-2012 ₹
Opening balance of the present value of defined benefit obligation	432,004	154,953
Add: Current service cost	190,731	198,985
Add: Interest cost	36,720	12,784
Add: Contribution by plan participants		
i) Employer	–	
ii) Employee	–	
Add/(less): Actuarial losses/(gains)	(305,078)	13,153
Less: Benefits paid	–	–
Add: Past service cost	–	52,129
Add: Transfer in obligation		
Closing balance of the present value of defined benefit obligation	354,377	432,004

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	2012-2013 ₹	2011-2012 ₹
2. Compensated Absenses		
A. Summary of Staff		
1. No of Employees	49	50
2. Projected actuarial value of benefit obligation in ₹	₹6,91,111	₹5,12,944
B. Principle rule to compute benefit Obligations		
1. Salary reckoned for calculating Benefit obligations	As per rule of the Company	As per rule of the Company
2. Benefit formula for all exits.	B1 X Leave Balance / 30	
3. Summary of Actuarial Assumptions		
A. Mean Financial Assumptions		
1. Discount Rate per unit per annum	8.10%	8.50%
2. Salary escalation rate per unit per annum	6.00%	6.00%
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	LIC 94 - 96 Rates
2. Withdrawal / Attrition Rate	5% for all age	5% for all age
3. Disability / Ill health retirement	No Explicit Assumption	No Explicit Assumption

N(4) - LEASE

The Company has taken premises on cancellable operating lease. Lease rent for the year is ₹2,81,194/- (PY ₹11,36,358/-).

NOTE N(5) - EARNINGS PER SHARE

Basic and Diluted Earnings per share (EPS) computed in accordance with Accounting Standard (AS 20) "Earning per Share".

Particulars	2012-2013 ₹	2011-2012 ₹
Basic / Diluted		
Profit after tax as per Accounts	(1,134,570,895)	(153,774,551)
PAT available to Equity Share holders	(1,134,570,895)	(153,774,551)
Weighted Average number of equity shares	110,000,000	55,013,756
Basic / Diluted EPS	(10.31)	(2.80)

NOTE N(6) - FOREIGN CURRENCY TRANSACTION**Expenditure**

(Value of imports calculated on CIF basis)

Particulars	2012-2013 ₹	2011-2012 ₹
Purchase of Highway traffic management system and Toll software	NIL	28,958,490

Earnings

During the year the Company does not have any earnings in foreign currency.

NOTE N(7) - SEGMENT REPORTING

The Company is engaged in the single business segment of operating the Toll road. Further the Company is carrying on its business in only one geographical segment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**NOTE N(8) - RELATED PARTY TRANSACTIONS****A. List of Related Parties**

Holding Company	L&T Infrastructure Development Projects Limited
Ultimate Holding Company	Larsen and Toubro Limited
Subsidiary Company	Nil
Associate Company	Nil
Fellow Subsidiaries	L&T Ahmedabad - Maliya Tollway Limited
	L&T Halol - Shamlaji Tollway Limited
	L&T Interstate Road Corridor Limited
	L&T Transco Private Limited
	L&T Vadodara - Bharuch Tollway Limited
	L&T Urban Infrastructure Limited
	L&T BPP Tollway Limited
	L&T Samakhiali Gandhidham Tollway Limited
	L&T Krishnagiri Walajahpet Tollway Limited
	L&T Panipat Elevated Corridor Limited
	L&T Chennai - Tada Tollway Limited
	L&T Western Andhra Tollways Limited
	L&T Transportation Infrastructure Limited
	L&T Great Eastern Highway Limited

B. Transactions with related parties:

Amount in ₹

Name / Relationship/ Nature of transaction	2012-13			2011-12		
	Amount of transaction	Due to	Due from	Amount of transaction	Due to	Due from
L&T Infrastructure Development Projects Limited						
§ Subscription in Equity	–	–	–	549,849,000	–	–
§ Short-term borrowings	233,200,000	281,700,000	–	48,500,000	48,500,000	–
§ Promoters mezzanine debt	473,349,000	1,100,000,000	–	626,651,000	626,651,000	–
§ Purchase of Goods & Services	6,657,905	–	–	122,583,580	99,662,699	–
§ Reimbursement of Expenses to	14,153,770	5,758,185	–	1,010,257	–	–
§ Reimbursement of Expenses from	309,287	–	–	383,254	–	–
Larsen & Toubro Limited						
§ Subscription in Equity	–	–	–	–	–	–
§ EPC Cost	170,538,600	–	–	3,474,514,207	2,178,584,229	–
§ Mobilisation Advance recovered	–	–	–	314,202,234	–	–
§ Share application money pending allotment	–	–	–	–	–	–
§ Reimbursement of Expenses From	1,703,827	–	–	1,703,827	–	1,703,827
§ Reimbursement of Expenses to	3,426,283	228,090	–	1,501,669	51,630	–
§ Cost of Services	–	–	–	–	–	–
§ Performance Security Bank Guarantee Limits	–	–	–	–	–	–
L&T Ahmedabad - Maliya Tollway Limited						
§ Reimbursement of Expenses from	–	–	–	114,979	–	–
§ Reimbursement of Expenses to	1,274,805	–	–	104,000	–	–
L&T Halol - Shamlaji Tollway Limited						
§ Reimbursement of Expenses from	–	–	–	–	56,414	–
§ Reimbursement of Expenses to	214,200	–	–	–	–	–
L&T Interstate Road Corridor Limited						
§ Reimbursement of Expenses from	–	–	–	–	–	–
L&T Transco Private Limited						
§ Reimbursement of Expenses to	–	–	–	12,378,925	–	–
L&T Vadodara - Bharuch Tollway Limited						
§ Reimbursement of Expenses from	32,892	–	–	–	–	–
§ Reimbursement of Expenses to	388,416	–	–	144,731	–	–
§ Change Money	4,680,000	–	–	3,090,000	–	–
L&T BPP Tollway Ltd.						
§ Reimbursement of Expenses from	198,366	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Name / Relationship/ Nature of transaction	2012-13			2011-12		
	Amount of transaction	Due to	Due from	Amount of transaction	Due to	Due from
\$ Reimbursement of Expenses to						
L&T Krishnagiri Walajahpet Tollway Limited.						
\$ Reimbursement of Expenses to	37,981	–	–	75,798	–	–
L & T Panipat Elevated Corridor Limited						
\$ Reimbursement of Expenses to	9,195	–	–	166,666	–	–
L&T Chennai - Tada Tollway Limited						
\$ Reimbursement of Expenses to	–	–	–	81,984	–	–
L&T Western Andhra Tollway Limited						
\$ Reimbursement of Expenses to	–	–	–	18,067	–	–
L&T Transportation Infrastructure Limited						
\$ Reimbursement of Expenses to	–	–	–	43,403	–	–
L&T Great Eastren Highway Ltd.						
\$ Reimbursement of Expenses from	252,311	–	–	–	–	–
\$ Reimbursement of Expenses to						

NOTE N(9) - CHANGE IN ACCOUNTING ESTIMATE

As a result of change in accounting estimate for useful life of desktop-computers, the increase in the depreciation amount for desktop is ₹74110/-. Accordingly the loss for the period shall be higher to the extent of additional depreciation charged.

NOTE N(10) - IMPAIRMENT OF ASSETS

The Company has revised the future discounted cash flows based on value in use of fixed assets and is satisfied that the recoverable amount is more than the amount carried in the books. Accordingly, no provision is required to be made for the impairment in the accounts.

NOTE N(11) - PREVIOUS YEAR FIGURES

The Company has reclassified/ regrouped the previous year's figures to conform to this year's classification wherever necessary.

NOTE O : SIGNIFICANT ACCOUNTING POLICIES**NOTE O(I) - Basis of preparation**

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

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

NOTE O(2) - Revenue recognition**Income:**

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

NOTE O(3) - Employee benefits**(i) Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences etc. and the expected cost of bonus are recognized in the period in which the employee renders the related service.

(ii) Post-Employment Benefits

Defined Contribution Plans: Provident fund contribution is made to State Governed Recognized Provident Fund. The contribution paid / payable under the schemes is recognized during the period in which the employee renders the related service.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(iii) Long Term Employee Benefits

The obligation for long term employee benefits like long term compensated absences, gratuity etc. is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses are recognized immediately in the Statement of Profit & Loss."

NOTE O(4) - FIXED ASSETS

Tangible

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

Intangible Assets

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

Carriage ways represents Toll Collection Rights, which are obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer basis. The cost of such carriage ways comprises of construction cost and other preoperative costs incurred during the implementation phase. Such carriage ways on completion are capitalized as Intangible Asset.

NOTE O(5) - DEPRECIATION AND AMORTISATION

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 unabsorbed depreciable amount is charged over the revised remaining useful life.

However w.e.f. 1st January 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	Depreciation Rate (% per annum)
Office Equipment	25.00%
Desktops/ Laptops	25.00%
Furniture and Fixtures	10.00%
Motor Cars	14.29%
Motor Bike	9.50%
Toll Equipments	14.29%

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

Items below ₹5,000/- have been depreciated at the rate of 100%.

Amortization:

Intangible assets are amortized as per the criteria specified in Accounting Standards (AS) 26 "Intangible Assets" as specified in the **Companies (Accounting Standards) Rules, 2006.**

NOTE O(6) - Investments

Current Investments are stated at lower of cost or market value. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment. Long term investments including trade investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.

NOTE O(7) - Leases

- Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit & Loss Account on accrual basis.

NOTE O(8) - Borrowing Cost

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. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing cost are recognized as an expense in the period in which they are incurred.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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."

NOTE O(9) - Impairment of assets

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

- The provision for impairment loss, if any required; or
- 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:

- In the case of an individual asset, at the higher of the net selling price and the value in use;
- 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 and from its disposal at the end of its useful life)"

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

NOTE O(9) - Taxes on Income

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.

Deferred tax is recognized on timing differences between the income accounted in financial statements 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 relating to unabsorbed depreciation/business losses/losses under the head "capital gain" are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

NOTE O(10) - Commitments

Commitments are future liabilities for contractual expenditure. They are classified and disclosed as follows:

- Estimated amount of contractors remaining to be executed on capital account and not provided for.
- Other non-cancellable commitments, if any to the extent they are considered material and relevant in the opinion of the management.

NOTE O(11) - Provisions, Contingent Liabilities and Contingent Assets

Provision 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.

In terms of our report of even date

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**

Chartered Accountants

Firm Regn. No. 004661N

G. K. AGRAWAL

Partner

Membership No. 081603

Place : Chennai

Date : April 25, 2013

HARJINDER SINGH

Manager

Place : Chennai

Date : April 25, 2013

T. S. VENKATESAN

Director

B. RAMAKRISHNAN

Director