DIRECTORS' REPORT

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

1. **FINANCIAL RESULTS**

The key financial parameters for the year ended 31st March 2013 are:

Amount (₹.Lakhs)

Description	2012-13	2011-12
Gross Fixed Assets	**254.70**	*226.50*
Depreciation	**174.98**	*155.66*
Pre-Operative Expenses	**(3,624.41)**	*(3,168.47)*
Capital Work in Progress including Advances	**29,603.03**	*29,240.01*
Profit Before Tax	**–**	–
Prior Period Expenses	**–**	–
Provision for Taxes	**–**	–
Profit After Tax	**–**	–

2. **PERFORMANCE OF THE COMPANY**

The Toll Collections stood at ₹ 5,624.58 lakhs for the year as against ₹ 4,906.35 lakhs as against the previous year, signifying a growth of 14.64%.

3. **DIVIDEND**

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

4. **CAPITAL EXPENDITURE**

As at 31st March 2013, the gross fixed assets (tangible) stood at ₹ 254.70 lakhs and the net fixed assets (tangible) stood at ₹ 79.72 lakhs. The capital work-in-progress stood at ₹ 29,603.03 lakhs.

5. **DEPOSITS**

The Company has not accepted any deposits from the public.

6. **AUDITORS' REPORT**

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

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

A. **CONSERVATION OF ENERGY**

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

B. **TECHNOLOGY ABSORPTION**

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

C. **FOREIGN EXCHANGE EARNINGS AND OUTGO (₹ LAKHS)**

i. Expenditure in foreign currency: Interest Expenses : ₹ NIL

ii. CIF value of Imports (in ₹) : ₹ NIL

8. **DISCLOSURE OF PARTICULARS:**

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

9. **PARTICULARS OF EMPLOYEES:**

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

Mr. S. Elangovan is the Manager of the Company Under the Companies Act, 1956.

Ms. S. Chella has been appointed as the Company Secretary of the Company with effect from 06.08.2012, under the Companies Act, 1956.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

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

11. DIRECTORS

Mr. B. Ramakrishnan, Mr. T. S. Venkatesan and Mr. Manoj Dave constitute the Board of Directors of the Company.

Mr. K. Venkatesh, Mr. C. S. Damle and Mr. C. Sankaralingam resigned as Directors of the Company with effect from 06.08.2012.The Board of Directors record their sincere appreciation and gratitude for the valuable contribution made by Mr. K. Venkatesh, Mr. C. S. Damle and Mr. C. Sankaralingam towards the progress of the Company.

Mr. Manoj Dave was appointed as the Director in casual vacancy caused due to the resignation of Mr. K. Venkatesh on 06.08.2012.

Mr. Manoj Dave retires by rotation at the Fifth Annual General Meeting and being eligible offers himself for re-appointment.

12. AUDIT COMMITTEE

The Audit Committee was re-constituted at the Board Meeting held on 06.08.2012. The Members of the Audit Committee are:

1. Mr. B. Ramakrishnan
2. Mr. T. S.Venkatesan and
3. 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.

13. AUDITORS

The Auditors, M/s Gianender & Associates., Chartered Accountants, being statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment.

Certificate from Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

14. COMPLIANCE WITH VOLUNTARY CORPORATE GOVERNANCE GUIDELINES, 2009

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

A) SEPARATION OF OFFICES OF CHAIRMAN & CHIEF EXECUTIVE

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

B) REMUNERATION OF DIRECTORS

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

C) INDEPENDENT DIRECTORS

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

Number of Companies in which an Individual may become a Director

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

D) RESPONSIBILITIES OF THE BOARD

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

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

E) STATUTORY AUDITORS

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

F) INTERNAL AUDITORS

M/s Grant Thornton India LLP are the Internal Auditors of the Company.

G) INTERNAL CONTROL

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

H) SECRETARIAL AUDIT

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

I) MAINTENANCE OF COST AUDIT COMPLIANCE REPORT

Pursuant to the provisions of Rule 5 of The Companies (Cost Accounting Records) Rules, 2011, your Company is required to obtain a cost audit 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.

15. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Chennai
Date : April 25, 2013

T. S. VENKATESAN
Director

B. RAMAKRISHNAN
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T CHENNAI TADA TOLLWAY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **L&T CHENNAI TADA 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 no profit or no loss of the Company during 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 Cash Flow Statement 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 Cash Flow Statement 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 clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **GIANENDER AND ASSOCIATES**
Chartered Accountants
Firm Regn. No. 004661N

G. K. AGRAWAL
Partner
M. No. 081603

Place : Chennai
Date : April 25, 2013

ANNEXURE TO INDEPENDENT AUDITOR'S 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 CHENNAI TADA 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 clauses 4 (ii) (a), (b) & (c) of the Companies (Auditor's Report) Order 2003 relating to inventory are not applicable.

(iii) According to the information & explanation given to us, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence reporting under clause-4 (iii) (b) to (g) of the Companies (Auditor's Report) Order 2003 does not arise.

(iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business, for the purchase of fixed assets and for collection of toll. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.

(v) In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under clause 4 (v)(b) of the Companies (Auditor's Report) Order 2003 does not arise .

(vi) The Company has not accepted deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act 1956. Hence Clause 4 (vi) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

(vii) In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.

(viii) It has been represented by the management that since commercial operations of the Company are yet to be started, maintenance of cost records u/s 209(1)(d) of the Act is not applicable.

(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 accumulated losses of the Company at the end of the financial year are less than fifty percent of its net-worth. The Company has not incurred cash losses both during the financial year and also in the immediately preceding financial year.

(xi) The Company has not defaulted in repayment of dues to any banks or financial institutions.

(xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures. However, the surplus funds have been invested in mutual funds. Proper records have been maintained for the transactions and contracts for the investment in mutual funds and are updated on a timely basis. The investments have been held by the Company in its own name.

(xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

(xvii) According to the information and explanation given to us, the Company has not raised funds on short term basis. Hence, the provisions of clause 4 (xvii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.

(xix) The Company has not issued debentures during the year. Accordingly, no security or charge needs to be created.

(xx) The Company has not raised any money by public issue during the year.

(xxi) During the course of our examination of the books and the records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For **GIANENDER AND ASSOCIATES**
Chartered Accountants
Firm Regn. No. 004661N

G. K. AGRAWAL
Partner
M. No. 081603

Place : Chennai
Date : April 25, 2013

L&T CHENNAI TADA TOLLWAY LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

	Note	As at 31.03.2013		*As at 31.03.2012*	
		₹	₹	*₹*	*₹*
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	A	420,000,000		*420,000,000*	
Reserves and surplus	B	(1,864,484)		*(1,864,484)*	
			418,135,516		*418,135,516*
Non-current liabilities					
Long-term borrowings	C(I)	1,964,662,028		*1,620,912,028*	
Long-term provisions	C(II)	1,211,136		*819,187*	
			1,965,873,164		*1,621,731,215*
Current liabilities					
Other current liabilities	D(I)	382,704,157		*223,868,291*	
Short-term provisions	D(II)	192,405		*–*	
			382,896,562		*223,868,291*
TOTAL			2,766,905,242		*2,263,735,022*
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	E(I)	7,972,390		*7,038,414*	
Intangible assets	E(II)	5		*46,129*	
Intangible assets under development	E(III)	2,577,239,731		*2,140,370,804*	
			2,585,212,126		*2,147,455,347*
Long-term loans and advances	F		20,622,344		*12,133,542*
Current assets					
Cash and cash equivalents	G(I)	108,222,970		*94,718,699*	
Short-term loans and advances	G(II)	52,847,802		*9,427,434*	
			161,070,772		*104,146,133*
TOTAL			2,766,905,242		*2,263,735,022*
CONTINGENT LIABILITIES	H				
COMMITMENTS (Capital and others)	I				
OTHER NOTES FORMING PART OF ACCOUNTS	J				
SIGNIFICANT ACCOUNTING POLICIES	K				

As per our report attached
For **GIANENDER & ASSOCIATES**
Chartered Accountants
(Firm registration no.: 004661N)

G. K. AGRAWAL
Partner
Membership No.: 081603
Place : Chennai
Date : April 25, 2013

For and on behalf of the Board

S. ELANGOVAN *Manager*

T. S. VENKATESAN *Director*

B. RAMAKRISHNAN *Director*

Place : Chennai
Date : April 25, 2013

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

	Note	2012-13	*2011-12*
REVENUE			
Revenue from Operations		–	–
Other income		–	–
TOTAL REVENUE		–	–
EXPENSES			
Operating expenses		–	–
Employee benefit expenses		–	–
Finance costs		–	–
Depreciation and amortisation		–	–
Other expenses		–	–
TOTAL EXPENSES		–	–
Profit / (Loss) before tax		–	–
Tax expense:			
Current tax	J(5)	–	–
Deferred tax	J(6)	–	–
Profit / (Loss) after tax		–	–
Earnings per equity share (Basic and diluted)	J(4)	–	–
Face value per equity share		10.00	*10.00*
OTHER NOTES FORMING PART OF ACCOUNTS	J		
SIGNIFICANT ACCOUNTING POLICIES	K		

As per our report attached
For **GIANENDER & ASSOCIATES**
Chartered Accountants
(Firm registration no.: 004661N)

For and on behalf of the Board

G. K. AGRAWAL
Partner
Membership No.: 081603
Place : Chennai
Date : April 25, 2013

S. ELANGOVAN
Manager

T. S. VENKATESAN
Director

B. RAMAKRISHNAN
Director

Place : Chennai
Date : April 25, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

		2012-13 ₹	*2011-12 ₹*
A	**Net profit / (loss) before tax**	**–**	–
	Operating profit/(loss) before working capital changes	**–**	–
	Adjustments for:		
	(Increase) / decrease in loans and advances	**–**	–
	Increase / (decrease) in current liabilities and provisions	**–**	–
	Net cash generated from/(used in) operating activities	**–**	–
	Direct taxes paid	**–**	–
	Net Cash(used in)/generated from Operating Activities (A)	**–**	–
B	**Cash flow from investing activities**		
	Purchase of fixed assets (including pre-operative expenses)	**(439,269,254)**	*(242,542,624)*
	Toll Collections	**562,458,293**	*490,635,422*
	Additional Concession fee to NHAI	**(112,875,617)**	*(93,563,586)*
	(Increase)/decrease in loans and advances	**(51,909,170)**	*3,728,060*
	Increase/(decrease) in current liabilities and provisions	**(86,505,340)**	*(183,439,114)*
	Interest paid	**(237,797,376)**	*(194,513,995)*
	Purchase of current investments	**(1,012,064,867)**	*(704,289,799)*
	Sale of current investments	**1,023,100,961**	*708,611,216*
	Dividend received	**–**	*1,101,297*
	Sale of fixed assets	**366,812**	–
	Interest received	**499,829**	*2,952,695*
	Net cash (used in)/generated from investing activities (B)	**(353,995,729)**	*(211,320,428)*
C	**Cash flow from financing activities**		
	Proceeds from long term borrowings	**379,700,000**	*130,900,000*
	Repayment of long term borrowings	**(12,200,000)**	–
	Net cash (used in)/generated from financing activities (C)	**367,500,000**	*130,900,000*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**13,504,271**	*(80,420,428)*
	Cash and Cash Equivalents as at the beginning	**94,718,699**	*175,139,127*
	Cash and Cash Equivalents as at the end	**108,222,970**	*94,718,699*

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 "Cash flow Statement" as specified in the Companies (Accounting Standards) Rules 2006.
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year figures are regrouped/reclassified wherever necessary.

As per our report attached
For **GIANENDER & ASSOCIATES**
Chartered Accountants
(Firm registration no.: 004661N)

For and on behalf of the Board

G. K. AGRAWAL
Partner
Membership No.: 081603
Place : Chennai
Date : April 25, 2013

S. ELANGOVAN *Manager*

T. S. VENKATESAN *Director*

B. RAMAKRISHNAN *Director*

Place : Chennai
Date : April 25, 2013

NOTES FORMING PART OF ACCOUNTS

NOTE A

Share Capital

A(I) Share Capital authorised, issued, subscribed and paid up

	As at March 31, 2013		*As at March 31, 2012*	
	No. of shares	**₹**	*No. of shares*	*₹*
Authorised:				
Equity shares of ₹ 10 each	**45,000,000**	**450,000,000**	*45,000,000*	*450,000,000*
Issued, subscribed and fully paid-up:				
Equity shares of ₹ 10 each	**42,000,000**	**420,000,000**	*42,000,000*	*420,000,000*

A(II) Reconciliation of the number of equity shares and share capital

	2012-13		*2011-12*	
	No. of shares	**₹**	*No. of shares*	*₹*
At the beginning of the year	**42,000,000**	**420,000,000**	*42,000,000*	*420,000,000*
Issued during the year as fully paid	**–**	**–**	*–*	*–*
At the end of the year	**42,000,000**	**420,000,000**	*42,000,000*	*420,000,000*

A(III) Terms / rights attached to equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the Company and no restrictions are attached to any specific shareholder.

A(IV) Details of Shares held by Holding Company/Ultimate Holding Company/its Subsidiaries or Associates:

	As at March 31, 2013		*As at March 31, 2012*	
	No. of shares	**₹**	*No. of shares*	*₹*
L&T Infrastructure Development Projects Limited (Holding Company - including nominee holding)*	**41,999,900**	**419,999,000**		
L&T Transco Private Limited (including nominee holding)*			*41,999,900*	*419,999,000*
Larsen & Tourbo Limited	**100**	**1,000**	*100*	*1,000*

*Note

During the year, the equity shares of the Company held by L&T Transco Private Limited were purchased by L&T Infrastructure Development Projects Limited ("L&T IDPL") and consequently, L&T IDPL became the Holding Company.

A(V) Shareholders holding more than 5% shares in the Company:

Name of the shareholder	As at March 31, 2013		*As at March 31, 2012*	
	No. of shares	**%**	*No. of shares*	*%*
L&T Infrastructure Development Projects Limited (including nominee holding)	**41,999,900**	**99.9998**		
L&T Transco Private Limited (including nominee holding)	**–**	**–**	*41,999,900*	*99.9998*

A(VI) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

A(VII) Calls unpaid : NIL; Forfeited Shares : NIL

NOTES FORMING PART OF ACCOUNTS

	As at 31.03.2013 ₹	As at 31.03.2013 ₹	*As at 31.03.2012* ₹	*As at 31.03.2012* ₹
NOTE B				
Reserves and surplus				
Surplus/(Deficit) in Statement of Profit and loss:				
As per last Balance Sheet	**(1,864,484)**		*(1,864,484)*	
Add: Profit/(Loss) for the year	**–**		*–*	
		(1,864,484)		*(1,864,484)*
TOTAL		**(1,864,484)**		*(1,864,484)*
NOTE C(I)				
Long term borrowings				
Secured Term loans from banks (Refer notes below)				
Andhra Bank		**456,120,000**		*475,900,000*
IDBI		**727,026,000**		*620,200,000*
Vijaya Bank		**579,192,028**		*389,012,028*
United Bank of India		**202,324,000**		*135,800,000*
TOTAL		**1,964,662,028**		*1,620,912,028*

C(I) (a) Details of term loans

Particulars	Rate of interest (weighted average)		Terms of Repayment
	2012-13	*2011-12*	
Rupee Term loans			
Andhra Bank	**12.94%**	*13.00%*	Repayable in unequal quarterly instalments commencing from December 31, 2013 till June 30, 2024, ranging from ₹ 1,18,75,000 to ₹ 26,12,50,000
IDBI	**12.94%**	*13.00%*	
Vijaya Bank	**12.94%**	*13.00%*	
United Bank of India	**12.94%**	*13.00%*	

C(I) (b) Nature of Security

The term loan is secured by pari passu first charge on all the assets of the Company, including tangible and intangible both present and future except Project assets as defined in the Concession Agreement.

	As at 31.03.2013 ₹	As at 31.03.2013 ₹	*As at 31.03.2012* ₹	*As at 31.03.2012* ₹
C(I) (c) Presentation of term loans in Balance sheet is as follows:				
Long term borrowings		**1,964,662,028**		*1,620,912,028*
Current maturities of long term borrowings		**23,750,000**		*–*
TOTAL		**1,988,412,028**		*1,620,912,028*
NOTE C(II)				
Long term provisions				
Provision for employee benefits:				
Gratuity (Refer note J(1)(b))	**517,507**		*362,224*	
Compensated absences (Refer note J(1)(b))	**693,629**		*456,963*	
		1,211,136		*819,187*
TOTAL		**1,211,136**		*819,187*

NOTES FORMING PART OF ACCOUNTS

	As at 31.03.2013		*As at 31.03.2012*	
	₹	₹	₹	₹
NOTE D(I)				
Other current liabilities				
Current maturities of long term borrowings (Refer note C(I)(c))"		**23,750,000**		–
Due to:				
Micro and small enterprises (Refer note (a) below)		**–**		–
Related parties				
Holding Company	**435,576**		*372,759*	
Ultimate Holding Company	**19,817,960**		*198,780,433*	
		20,253,536		*199,153,192*
Statutory liabilities		**3,342,126**		*837,175*
Other payable		**335,358,495**		*23,877,924*
TOTAL		**382,704,157**		*223,868,291*

(a) There have been no transactions during the year with Micro and small enterprises covered under the Micro, Small and Medium enterprises Development (MSMED) Act, 2006. Hence reporting details of principal and interest paid/outstanding does not arise.

	As at 31.03.2013		*As at 31.03.2012*	
NOTE D(II)				
Short term provisions				
Provision for employee benefits:				
Gratuity (Refer note J(1)(b))	**5,813**		–	
Compensated absences (Refer note J(1)(b))	**186,592**		–	
		192,405		–
TOTAL		**192,405**		–

NOTE E(I)

Tangible assets

(Amount in ₹)

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at 01.04.2012	Additions	Deletions	**As at 31.03.2013**	Upto 31.03.2012	For the year	Deductions	**Upto 31.03.2013**	**As at 31.03.2013**	*As at 31.03.2012*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Owned										
Plant and equipment	5,158,659	1,869,586	–	**7,028,245**	1,188,666	751,763	–	**1,940,429**	**5,087,816**	*3,969,993*
Furniture and fixtures	368,072	–	–	**368,072**	112,454	8,483	–	**120,937**	**247,135**	*255,618*
Vehicles	830,978	670,670	830,978	**670,670**	275,277	137,438	351,550	**61,165**	**609,505**	*555,701*
Office equipment	2,286,666	209,532	–	**2,496,198**	888,080	706,517	–	**1,594,597**	**901,601**	*1,398,586*
Airconditioning and refrigeration	128,300	387,407	–	**515,707**	16,505	40,694	–	**57,199**	**458,508**	*111,795*
Computers, laptop and printers	1,261,945	513,894	–	**1,775,839**	515,224	592,790	–	**1,108,014**	**667,825**	*746,721*
Total (A)	**10,034,620**	**3,651,089**	**830,978**	**12,854,731**	**2,996,206**	**2,237,685**	**351,550**	**4,882,341**	**7,972,390**	
Previous year	7,540,433	2,494,187	–	**10,034,620**	1,286,096	1,710,110	–	**2,996,206**	–	*7,038,414*

Note

The Company has reviewed the useful life of certain categories of fixed assets during the year. Consequently, depreciation rates have been revised resulting in additional depreciation of ₹ 67,934. As a result the Pre-operative expenses for the year is higher by such amount.

NOTES FORMING PART OF ACCOUNTS

NOTE E(II)

Intangible assets

(Amount in ₹)

PARTICULARS	COST				AMORTISATION				BOOK VALUE	
	As at 01.04.2012	Additions	Deletions	**As at 31.03.2013**	Upto 31.03.2012	For the year	Deductions	**Upto 31.03.2013**	**As at 31.03.2013**	*As at 31.03.2012*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Owned										
Toll equipments	12,615,672	–	–	**12,615,672**	12,569,543	46,124	–	**12,615,667**	**5**	*46,129*
Total	**12,615,672**	–	–	**12,615,672**	**12,569,543**	**46,124**	–	**12,615,667**	**5**	***46,129***
Previous year	*12,615,672*	*–*	*–*	*12,615,672*	*9,618,187*	*2,951,356*	*–*	*12,569,543*	*–*	

NOTE E(III)

Intangible assets under development

		As at March 31, 2012	*For the year*	**As at March 31, 2013**
		₹	₹	₹
a)	**Construction cost**			
	EPC contract bills	*2,457,218,090*	*444,185,466*	**2,901,403,556**
	Other works - Toll plaza	*–*	*38,276,853*	**38,276,853**
	TOTAL (A)	*2,457,218,090*	*482,462,319*	**2,939,680,409**
b)	**Pre-operative expenses pending allocation**			
	Salaries and wages	*34,693,348*	*13,595,751*	**48,289,099**
	Contribution to and provisions for :			
	Provident fund	*1,428,957*	*638,935*	**2,067,892**
	Gratuity	*362,224*	*161,096*	**523,320**
	Leave encashment	*808,155*	*423,258*	**1,231,413**
	Staff welfare expenses	*2,732,458*	*2,362,453*	**5,094,911**
	Insurance	*3,860,578*	*2,461,215*	**6,321,793**
	Additional Concession fee to NHAI	*221,746,483*	*112,875,617*	**334,622,100**
	Concession fee to NHAI	*4*	*1*	**5**
	Security charges	*9,273,276*	*7,604,361*	**16,877,637**
	Toll management charges	*32,101,879*	*15,786,618*	**47,888,497**
	Ambulance services	*3,955,374*	*1,452,000*	**5,407,374**
	Operation and maintenance fee	*10,986,895*	*5,008,593*	**15,995,488**
	Power and fuel	*9,421,473*	*5,464,814*	**14,886,287**
	Rent, rates and taxes (Refer note (a) below)	*386,182*	*5,604,809*	**5,990,991**
	Travelling and conveyance	*15,876,388*	*7,330,138*	**23,206,526**
	Communication expenses	*931,374*	*966,137*	**1,897,511**
	Printing and stationery	*2,688,501*	*712,617*	**3,401,118**
	Professional fees (Refer note (b) below)	*83,401,084*	*40,190,583*	**123,591,667**
	Bank charges and bank guarantee charges	*8,146,286*	*677,187*	**8,823,473**
	Repairs and maintenance	*52,520,317*	*63,929,112*	**116,449,429**
	Prior period adjustment	*1,309,637*	*–*	**1,309,637**

NOTES FORMING PART OF ACCOUNTS

	As at March 31, 2012	*For the year*	**As at March 31, 2013**
	₹	₹	₹
Depreciation and amortisation	*15,595,861*	*2,283,809*	**17,879,670**
Miscellaneous expenses	*6,664,804*	*1,256,695*	**7,921,499**
Interest on term loans	*399,476,093*	*237,797,376*	**637,273,469**
Less:			
Toll collections	*1,218,291,159*	*562,458,293*	**1,780,749,452**
Other income	*16,923,758*	*11,718,274*	**28,642,032**
TOTAL (B)	*(316,847,286)*	*(45,593,392)*	**(362,440,678)**
GRAND TOTAL (A+B)	*2,140,370,804*	*436,868,927*	**2,577,239,731**

(a) The Company has not entered into any finance lease. The Company has taken office premises and Guest house under cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses in respect of operating leases for the year ₹ 56,02,028 *(previous year: ₹ 1,40,500)* has been included in Pre-operative expenses.

(b) Professional fees includes Auditors' remuneration (excl. service tax) as follows:

Particulars	**2012-13**	*2011-12*
a) As auditor	**250,000**	*240,000*
b) For other services	**88,200**	*5,000*
TOTAL	**338,200**	*245,000*

	As at 31.03.2013		*As at 31.03.2012*	
	₹	₹	₹	₹
NOTE F				
Long term loans and advances				
Capital advance , Unsecured, considered good		**20,622,344**		*12,133,542*
TOTAL		**20,622,344**		*12,133,542*
NOTE G(I)				
Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
In current accounts	**6,055,915**		*2,063,590*	
In deposit accounts with maturity less than three months (including interest accrued thereon)	**98,371,647**		*90,002,717*	
		104,427,562		*92,066,307*
Cheques on hand		**–**		*40,964*
Cash on hand		**3,795,408**		*2,611,428*
Other bank balances		**–**		-
TOTAL		**108,222,970**		*94,718,699*

NOTES FORMING PART OF ACCOUNTS

	As at 31.03.2013		*As at 31.03.2012*	
	₹	₹	₹	₹
NOTE G(II)				
Short term loans and advances				
Unsecured, considered good:				
Security deposits		**1,550,434**		*371,394*
Prepaid taxes		**6,400,689**		*1,889,910*
Prepaid expenses		**1,819,251**		*1,105,336*
Utility shifting recoverable		**40,770,405**		*1,245,863*
Others		**2,307,023**		*4,814,931*
TOTAL		**52,847,802**		*9,427,434*

NOTE H

Contingent liabilities

Contingent liabilities as at March 31, 2013 is ₹ NIL. *(previous year: ₹ Nil)*

NOTE I

Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 4,03,96,97,247 *(previous year: ₹ 4,08,85,03,719)*

NOTE J

Other notes forming part of Accounts

J(1) Disclosure pertaining to AS-15 (Revised) on Employee benefits:

(i) Defined contribution plans

An amount of ₹ 6,38,935 *(previous year: ₹ 2,33,445)*, being contribution made to provident fund is recognised as Employee benefit expense and included under Pre-operative expenses.

(ii) Defined benefit plans

a) The amounts recognised in Balance Sheet are as follows:

Particulars		Gratuity plan		Compensated absences	
		As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
		₹	₹	₹	₹
A)	Present value of defined benefit obligation				
	- Wholly funded	**–**	*–*	**–**	*–*
	- Wholly unfunded	**523,320**	*362,224*	**880,221**	*456,963*
		523,320	*362,224*	**880,221**	*456,963*
	Less : Fair value of plan assets	**–**	*–*	**–**	*–*
	Amount to be recognised as liability or (asset)	**523,320**	*362,224*	**880,221**	*456,963*
B)	Amounts reflected in the Balance Sheet				
	Liabilities	**523,320**	*362,224*	**880,221**	*456,963*
	Assets	**–**	*–*	**–**	*–*
Net Liability / (asset)		**523,320**	*362,224*	**880,221**	*456,963*

NOTES FORMING PART OF ACCOUNTS

b) The amounts recognised in the Statement of Profit and loss (Pre-operative expenses) are as follows:

Particulars		Gratuity plan		Compensated absences	
		As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
		₹	₹	₹	₹
1	Current service cost	**51,204**	*132,667*	**126,131**	*55,492*
2	Interest on Defined benefit obligation	**30,789**	*30,393*	**38,842**	*30,393*
3	Expected return on plan assets	**–**	–	**–**	–
4	Actuarial losses/(gains)	**79,103**	*(180,746)*	**258,285**	*(8,832)*
5	Past service cost	**–**	–	**–**	–
6	Actuarial gain/(loss) not recognised in books	**–**	–	**–**	
7	Adjustment for earlier years	**–**	–	**–**	–
Total (1 to 7)		**161,096**	*(17,686)*	**423,258**	*77,053*
I	Amount included in “employee benefit expenses”	**161,096**	*(17,686)*	**423,258**	*77,053*
II	Amount included as part of “finance costs”	**–**	–	**–**	–
Total (I + II)		**161,096**	*(17,686)*	**423,258**	*77,053*
Actual return on plan assets		**–**	–	**–**	–

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

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**362,224**	*379,910*	**456,963**	*379,910*
Add: Current service cost	**51,204**	*132,667*	**126,131**	*55,492*
Add: Interest cost	**30,789**	*30,393*	**38,842**	*30,393*
Add: Contribution by plan participants				
i) Employer	**–**	–	**–**	–
ii) Employee	**–**	–	**–**	–
Add/(less): Actuarial losses/(gains)	**79,103**	*(180,746)*	**258,285**	*(8,832)*
Less: Benefits paid	**–**	–	**–**	–
Add: Past service cost	**–**	–	**–**	–
Closing balance of the present value of defined benefit obligation	**523,320**	*362,224*	**880,221**	*456,963*
Current liability	**5,813**	–	**186,592**	–
Non-current liability	**517,507**	–	**693,629**	–

d) Principal actuarial assumptions at the Balance Sheet date :

Particulars		**As at March 31, 2013**	*As at March 31,2012*
1	Discount rate	**8.50%**	*8.50%*
2	Salary growth rate	**6.00%**	*6.00%*
3	Attrition rate	**5.00%**	*5.00%*

J(2) Segment Reporting

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting on primary segment does not arise. The Company does not have operations outside India. Hence, disclosure of secondary / geographical segment information does not arise.

NOTES FORMING PART OF ACCOUNTS

J(3) Disclosure of related parties / related party transactions pursuant to AS 18 “Related Party Disclosures”

a) List of related parties

Holding Company	L&T Infrastructure Development Projects Limited (“L&T IDPL”)*
Ultimate Holding Company	Larsen & Toubro Limited
Fellow Subsidiaries (disclosed where transactions existed in the current and the previous year)	L&T Western Andhra Tollways Limited L&T Krishnagiri Thopur Tollroad Limited L&T Transportation Infrastructure Limited L&T Panipat Elevated Corridor Limited PNG Tollway Limited L&T Vadodara Bharuch Tollway Limited L&T Devihalli Hassan Tollway Limited L&T Halol-Shamlaji Tollway Limited L&T Krishnagiri Walajahpet Tollway Limited Narmada Infrastructure Construction Enterprise Limited L&T Rajkot-Vadinar Tollway Limited L&T Transco Private Limited**

*Holding Company with effect from October 12, 2012.

**Fellow Subsidiary with effect from October 12, 2012 from Holding Company.

b) Disclosure of related party transactions (incl. service tax wherever applicable):

	Particulars	2012-13	2011-12
		₹	₹
1	**Holding Company**		
	L&T Infrastructure Development Projects Limited		
	Reimbursement of expenses	**1,369,742**	*4,364,253*
	Purchase of goods and services	**15,557,488**	*9,954,591*
2	**Ultimate Holding Company**		
	Larsen & Toubro Limited		
	EPC bills	**22,531,908**	*121,611,496*
	Mobilisation advance	**-**	*12,161,149*
	Payroll processing fees	**202,248**	*178,680*
	Reimbursement of expenses	**3,012,056**	*5,733,997*
3	**Fellow Subsidiaries**		
	L&T Western Andhra Tollways Limited		
	Reimbursement of expenses to	**729**	*25,411*
	L&T Krishnagiri Thopur Tollroad Limited		
	Coins transportation	**850,000**	*2,000,000*
	Reimbursement of expenses from	**508,450**	-
	Reimbursement of expenses to	**10,907**	-
	L&T Transportation Infrastructure Limited		
	Advance paid and adjusted	**19,583**	*6,514,891*
	L&T Panipat Elevated corridor limited		
	Reimbursement of expenses to	**-**	*4,710,947*
	PNG Tollway Limited		
	Reimbursement of expenses to	**2,211,350**	*50,102*
	L&T Vadodara Bharuch Tollway Limited		
	Coins transportation	**-**	-
	Reimbursement of expenses to	**-**	*6,509*
	L&T Devihalli Hassan Tollway Limited		
	Reimbursement of expenses to	**-**	*8,798*

NOTES FORMING PART OF ACCOUNTS

Particulars		2012-13	*2011-12*
		₹	*₹*
	L&T Halol-Shamlaji Tollway Limited		
	Reimbursement of expenses to	-	*20,028*
	Narmada Infrastructure Construction Enterprise Limited		
	Reimbursement of expenses to	-	*903,600*
	L&T Krishnagiri Walajahpet Tollway Limited		
	Reimbursement of expenses to	-	*415,477*
	L&T Rajkot-Vadinar Tollway Limited		
	Reimbursement of expenses to	-	*81,984*

c) Amount due to/from related parties (Net):

(Amount in ₹)

Particulars		As at March 31, 2013		*As at March 31, 2012*	
		Due to	**Due from**	*Due to*	*Due from*
1	**Holding Company**				
	L&T Infrastructure Development Projects Limited	**435,576**	**–**	*372,759*	*–*
2	**Ultimate Holding Company**				
	Larsen & Toubro Limited	**19,817,960**	**–**	*198,780,433*	*–*
3	**Fellow Subsidiaries**				
	L&T Western Andhra Tollways Limited	**–**	**–**	*–*	*–*
	L&T Krishnagiri Thopur Tollroad Limited	**–**	**–**	*–*	*–*
	L&T Transportation Infrastructure Limited	**–**	**–**	*–*	*–*
	L&T Panipat Elevated corridor limited	**–**	**–**	*–*	*–*
	PNG Tollway Limited	**–**	**–**	*–*	*–*
	L&T Vadodara Bharuch Tollway Limited	**–**	**–**	*–*	*–*
	L&T Devihalli Hassan Tollway Limited	**–**	**–**	*–*	*–*
	L&T Halol Shamlaji Tollway Limited	**–**	**–**	*–*	*–*
	Narmada Infrastructure Construction Enterprise Limited	**–**	**–**	*–*	*–*
	L&T Krishnagiri Walajahpet Tollway Limited	**–**	**–**	*–*	*–*
	L&T Rajkot Vadinar Tollway Limited	**–**	**–**	*–*	*–*

d) No amounts pertaining to related parties have been written off or written back during the year. *(previous year: ₹ Nil)*

J(4) Disclosures pursuant to AS-20, "Earnings per share"

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

(Amount in ₹)

Particulars	2012-13	*2011-12*
Basic and diluted		
Profit after tax available to equity share holders (A)	**–**	*–*
Weighted Average number of shares outstanding for basic and diluted EPS (B)	**42,000,000**	*42,000,000*
Basic and diluted earnings per equity share (A / B)	**–**	*–*

J(5) The Company does not have taxable income under the provisions of Income Tax Act, 1961 and hence no provision for current tax is made during the year.

J(6) There are no timing differences between accounting income and taxable income and hence no Deferred tax asset/liability is recognised during the year.

J(7) The Company does not have taxable wealth under the provisions of Wealth Tax Act, 1957 and hence no provision for wealth tax is made during the year.

J(8) The Company is not covered under the provisions of Payment of Bonus Act, 1965 and hence no provision is made during the year.

J(9) The Company had incurred ₹ Nil in foreign currency during the year. *(previous year: ₹ 42,94,518)*. The Company had not earned any income in foreign currency during the current year or previous year.

NOTES FORMING PART OF ACCOUNTS

J(10) L&T Chennai Tada Tollway Limited, a Special Purpose Vehicle (SPV) incorporated for the purpose of widening of existing four lanes to six lanes from KM 11.00 to KM 54.40 on Chennai-Tada Section of NH 5 in the state of Tamilnadu under Concession Agreement dated 3rd June 2008 with the National Highways Authority of India to be executed as BOT (TOLL) on DBFO Pattern under NHDP Phase V. The Concession Agreement is for a period of 15 years from the Appointed Date stated in clause 3.1 of the said agreement.

J(11) Previous year figures have been regrouped/reclassified wherever necessary.

NOTE K

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 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, allowance for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

2 Revenue recognition

(i) Fee collection from the users of the facility are accounted as and when it becomes due and the recovery is certain.

(ii) Dividend income is accounted when the right to receive the same is established.

(iii) Interest income is accrued at applicable interest rate on time proportionate basis.

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

3 Tangible Fixed assets

Fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation, accumulated amortization and cumulative impairment.

Administrative and other general overhead expenses that are specifically attributable to the construction or acquisition of fixed assets or bringing the fixed assets to working condition are allocated and capitalised as a part of cost of fixed assets.

4 Intangible assets

Intangible asset is recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

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 comprises of construction cost and other pre-operative costs incurred during the construction phase.

Administrative and other general overhead expenses net of income from temporary investments, incurred upto the date of commencement of commercial operations that are specifically attributable to the construction/acquisition of the Intangible assets is allocated and capitalised as part of cost of the asset. Other expenses have been written off in the year of incurrence of such expenditure

4 Depreciation and amortisation

a) Depreciation

Depreciation on assets has been provided on straight-line basis at the rates specified in the schedule XIV to the Companies Act, 1956. In respect of the following asset categories depreciation is provided at rates in line with their estimated useful lives.

Category of Asset	**Depreciation Rate (p.a)**
Furniture and fixtures	10.00%
Vehicles	
Motor cars	14.29%
Motor bikes	9.50%
Plant and Equipment General	
Desktops, Laptops, Printers, Scanners, Multi-functional devices	25.00%
Air conditioning and Refrigeration equipments	8.33%
Office equipments	25.00%

NOTES FORMING PART OF ACCOUNTS

Depreciation on additions (including assets costing less than ₹ 5,000) / deductions is calculated pro-rata from / to the month of additions / deductions.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

b) Amortisation

Toll equipments installed for collecting toll upto Commercial Operations date are amortised over a period of three years.

6 Impairment of assets

The carrying amounts of fixed assets are reviewed at each Balance Sheet date to ascertain whether they are recorded in excess of their recoverable amount. Where carrying values exceed this recoverable amount, assets are written down to their recoverable amount.

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

a) the provision for impairment loss, if any, required; or

b) the reversal, if any, required of impairment loss recognized in previous periods.

Impairment loss, if any is recognised when the carrying amount of an asset or group of assets, as the case may be, exceeds the recoverable amount.

Recoverable amount is determined:

a) In the case of individual asset, at higher of the net selling price and value in use.

b) In the case of a cash generating asset, (a group of assets that generates identifiable independent cash flows), at higher of the cash generating unit's net selling price and the value in use.

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

7 Employee benefits

The following are the accounting policies of the Company with regard to 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, exgratia are recognized in the period in which the employee renders the related service.

(ii) Post employment benefits:

(a) Defined contribution plans:

State Governed Provident Fund linked with Employee Pension Scheme is the Defined Contribution Plan. The contribution paid / payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees gratuity fund scheme is a defined benefit plan. The present value of the obligation under such Defined Benefit Plan is determined based on actuarial valuation using Projected Unit Credit Method, which recognises 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. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and loss/included in Pre-operative expenses.

(iii) Other long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

8 Investments

Investments, which are readily realisable and are intended to be held for not more than one year from the date of acquisition, are classified as current investments. All other investments are classified as long term investments.

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

NOTES FORMING PART OF ACCOUNTS

9 Foreign currency transactions

(i) The reporting currency of the Company is Indian Rupee.

(ii) Foreign currency transactions are recorded on initial recognition in the reporting currency using the exchange rate applicable on the date of transaction.

(iii) At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

(iv) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognised as income or expense in the period/included in Pre-operative expenses in which they arise

10 Borrowing costs

Borrowing costs include interest, commitment charges, amortisation of ancillary costs, amortisation of discounts/premium related to borrowings, finance charges in respect of assets acquired on finance lease and exchange difference arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

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

In accordance of Accounting Standard -16 “Borrowing Costs” , income earned on investment (short term) of funds intermittently surplus but inextricably linked with the project is set off against related borrowing costs.

11 Taxes on income

Taxes on income for the current year are determined on the basis of taxable income and tax credits computed in accordance of the provisions of the Income-tax Act, 1961, and based on expected outcome of assessments / appeals.

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

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head “capital gains” are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised 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.

12 Leases

Assets acquired on leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and loss/included under Pre-operative expenses on accrual basis.

13 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and othe bank balances which have restrictions on repatriation.Short term and liquid investments being not free from more than insignificant risk of changes in value, are not included as part of cash and cash equivalents.

14 Provisions, contingent liabilities and contingent assets

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

a) the Company has a present obligation as a result of a past event.

b) a probable outflow of resources is expected to settle the obligation and

c) the amount of the obligation can be reliably estimated.

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

Contingent liability is disclosed in the case of

a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.

b) a present obligation when no reliable estimate is possible and

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

NOTES FORMING PART OF ACCOUNTS

15 Commitments

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

i) Estimated amount of contracts remaining to be executed on capital account and not provided for.

ii) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the management.

16 Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

i) transactions of a non-cash nature

ii) any deferrals or accruals of past or future operating cash receipts or payments and

iii) items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure. However till the commencement of commercial operations the cash flows are segregated into investing and financing activities only.

As per our report attached
For **GIANENDER & ASSOCIATES**
Chartered Accountants
(Firm registration no.: 004661N)

G. K. AGRAWAL
Partner
Membership No.: 081603
Place : Chennai
Date : April 25, 2013

For and on behalf of the Board

S. ELANGOVAN
Manager

T. S. VENKATESAN
Director

B. RAMAKRISHNAN
Director

Place : Chennai
Date : April 25, 2013