

DIRECTORS' REPORT

The Directors have pleasure in presenting their Report and the Accounts for the year ended March 31, 2010.

1. FINANCIAL RESULTS

The key financial parameters for the period ended March 31, 2010 are:

Description	Rupees
Gross Fixed Assets	17,552,759
Depreciation	4,998,983
Pre-operative expenses	170,489,985
Capital Work-in-Progress	1,955,063,318
Toll collection during Construction	330,400,831
Profit before Tax	280,193
Profit after Tax	26,207

2. DIVIDEND

The Directors do not recommend dividend for the year 2009-2010.

3. PERFORMANCE OF THE COMPANY

The main object of the Company is six-laning of Chennai - Tada Section of NH-5 from Km 11 to Km 54.40 (Length-43.40 Km) in the State of Tamilnadu to be executed as Build, Operate and Transfer (BOT) basis on Design, Build, Finance and Operate pattern.

Concession Period is for 15 years including the construction period. Concession agreement also provides for collection of Toll during the construction period. The Company started collecting Toll from April 3, 2009, being the Appointed Date.

The Project is in the Initial Stages of implementation.

4. CAPITAL EXPENDITURE

As at March 31, 2010, the gross fixed assets stood at Rs. 17,552,759 and the net fixed assets stood at Rs. 12,553,776.

Pre-operative expenses incurred and pending allocation to fixed assets as of March 31, 2010 is Rs. 17,04,89,985.

5. DEPOSITS

The Company has not accepted any deposits from the public.

6. AUDITORS' REPORT

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

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

a. Conservation of Energy

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

b. Technology Absorption

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

c. Foreign Exchange Earnings and Outgo

During the year there has been no Foreign exchange earnings and outgo.

8. DISCLOSURE OF PARTICULARS

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

9. PARTICULARS OF EMPLOYEES

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

At the Board Meeting held on September 19, 2009, Mr. Mahaveer S. Dasharathna resigned as Manager of the Company under the Companies Act, 1956. At the same meeting held on September 19, 2009, Mr. Bhaskar Anand Shrotriya was appointed as Manager of the Company.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

1. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
2. that the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2010;
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; and
4. that the annual accounts have been prepared on a going concern basis.

11. DIRECTORS

During the year, Mr. T. S. Venkatesan was appointed as an Additional Director on the Board of Directors of the Company at the Meeting held on September 19, 2009 and shall hold office until the forthcoming Annual General Meeting. As per Section 260 of the Companies Act, 1956 an Additional Director holds office upto the date of the ensuing Annual General Meeting.

Notice under the provisions of Section 257 of the Companies Act, 1956 has been received by the Company from a member for the appointment of Mr. T. S. Venkatesan as a Director of the Company.

Mr. K. Venkatesh Director of the Company retires by rotation and being eligible offers himself for re-appointment.

12. AUDIT COMMITTEE

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

1. Mr. K. Venkatesh
2. Mr. B. Ramakrishnan
3. Mr. C. S. Damle

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. 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

T. S. VENKATESAN
Director

K. VENKATESH
Director

B. RAMAKRISHNAN
Director

Place : Chennai

Date : April 26, 2010

AUDITORS' REPORT

TO THE MEMBERS OF L&T CHENNAI TADA TOLLWAY LIMITED

We have audited the attached Balance Sheet of M/s L&T CHENNAI TADA TOLLWAY LIMITED as at March 31, 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) in our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) on the basis of the written representations received from the Directors of the Company as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies in Schedule I and the Notes to Accounts in Schedule J, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date;
 - iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

GIANENDER & ASSOCIATES
Chartered Accountants
(ICAI Registration No. 04661N)

Place : Chennai
Date : April 26, 2010

G. K. AGRAWAL
Partner
Membership No. 081603

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of the report of the Auditor's to the Members of L&T CHENNAI-TADA TOLLWAY LIMITED on the accounts for the year ended March 31, 2010, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.
(c) The Company has not disposed of any of its fixed assets so as to affect the going concern status.
- (ii) The Company is engaged in the business of infrastructure development and its maintenance and hence the clauses 4(ii)(a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 relating to inventory are not applicable.
- (iii) According to the information and the explanations given to us, the Company has not granted or taken any loans, secured or unsecured to or from Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence reporting under Clause 4(iii)(a) to (g) does not arise.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of fixed assets. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion, and according to the information and explanations given to us, there is no transaction that needs to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under clause 4(v)(b) does not arise.
- (vi) The Company has not accepted deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956. Hence clause 4(vi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (vii) In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Company is engaged in service activity and we were informed that the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing undisputed statutory dues including Income Tax and other statutory dues during the year with the appropriate authorities. As at March 31, 2010, 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 disputed statutory liabilities in respect of Income Tax, Service Tax and Cess.
- (x) The Company is registered for a period of less than five years and hence reporting on the accumulated losses and cash loss incurred during the financial year and in the immediately preceding financial year under clause 4(x) of the Companies (Auditor's Report) Order does not arise.
- (xi) The Company has not defaulted in repayment of dues to any banks or financial institutions.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies 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 and other investments.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment.
- (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 period.
- (xix) The Company has not issued debentures during the period and hence 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 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.

GIANENDER & ASSOCIATES
Chartered Accountants
(ICAI Registration No. 04661N)

G. K. AGRAWAL
Partner
Membership No. 081603

Place : Chennai
Date : April 26, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A		420,000,000		420,000,000
Loan Funds					
Secured Loans	B		1,490,012,028		—
TOTAL			1,910,012,028		420,000,000
APPLICATION OF FUNDS					
Fixed Assets					
Tangible Assets					
Gross Block		1,674,863		1,140,004	
Less: Depreciation		201,296		25,664	
Net Block			1,473,567		1,114,340
Intangible Assets					
Gross Block		15,877,896		—	
Less: Depreciation		4,797,687		—	
Net Block		11,080,209		—	
Add : Capital work-in-progress		1,955,063,318		358,284,365	
Add : Pre-operative expenses pending allocation	D	170,489,985		21,384,500	
		2,136,633,512		379,668,865	
Less : Toll Collections		330,400,831		—	
			1,806,232,681		379,668,865
Investments					
	E		—		—
Current Assets, Loan and Advances					
Cash and Bank balances	F	295,868,275		36,756,588	
Loans and Advances		3,955,548		2,419,827	
		299,823,823		39,176,415	
Less: Current Liabilities & Provisions					
Current Liabilities	G	198,423,077		1,178,884	
Provisions		679,257		391,234	
		199,102,334		1,570,118	
Net Current Assets			100,721,489		37,606,297
Profit & Loss Account			1,584,291		1,610,498
TOTAL			1,910,012,028		420,000,000
SIGNIFICANT ACCOUNTING POLICIES					
NOTES FORMING PART OF ACCOUNTS					
	I				
	J				

The Schedules referred to above and the notes attached form an integral part of the Balance Sheet.

As per our report attached

For and on behalf of the Board

GIANENDER & ASSOCIATES

Chartered Accountants
(ICAI Registration No. 04661N)

G. K. AGRAWAL
Partner
Membership No. 081603

BHASKAR ANAND
Manager

T. S. VENKATESAN
Director

K. VENKATESH
Director

B. RAMAKRISHNAN
Director

Place : Chennai
Date : April 26, 2010

Place : Chennai
Date : April 26, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

		2009-2010		For the period 24.03.2008 to 31.03.2009	
	Schedule	Rupees	Rupees	Rupees	Rupees
INCOME					
Other income	H		289,727		875,429
TOTAL			289,727		875,429
EXPENDITURE					
Loss on sale of Investments			9,534		—
Preliminary expenses written off			—		2,358,000
TOTAL			9,534		2,358,000
Profit / (Loss) before taxes			280,193		(1,482,571)
Provisions for					
Income Tax					
Current year		19,429		—	
Previous year		234,557		—	
Fringe Benefit Tax		—		127,927	
			253,986		127,927
Profit / (Loss) after taxes			26,207		(1,610,498)
Add: Profit / (Loss) brought forward from previous year			(1,610,498)		—
			(1,584,291)		(1,610,498)
Earnings per share (Basic & Diluted)			0.00		(0.04)
Face Value per share			10.00		10.00
SIGNIFICANT ACCOUNTING POLICIES	I				
NOTES FORMING PART OF ACCOUNTS	J				

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

As per our report attached

For and on behalf of the Board

GIANENDER & ASSOCIATES

Chartered Accountants
(ICAI Registration No. 04661N)

G. K. AGRAWAL

Partner
Membership No. 081603

BHASKAR ANAND

Manager

T. S. VENKATESAN

Director

K. VENKATESH

Director

B. RAMAKRISHNAN

Director

Place : Chennai

Date : April 26, 2010

Place : Chennai

Date : April 26, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-2010 Rupees	For the period 24.03.2008 to 31.03.2009 Rupees
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before tax & extraordinary items	280,193	(1,482,571)
Adjustments for		
Dividend received	226,850	116,349
Interest Income	62,877	759,080
Loss on sale of Investments	(9,534)	—
Operating Profit before Working Capital changes	—	(2,358,000)
Adjustments for		
(Increase) / Decrease in trade and other receivables	(1,535,721)	(2,419,827)
Increase / (Decrease) in trade payables	197,532,217	1,570,118
Cash generated from Operations	195,996,496	(849,709)
Direct taxes paid (net of refund)	253,986	127,927
Net Cash (used in) / generated from Operating Activities (A)	195,742,510	(977,636)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (net)	(1,406,472,245)	(382,393,703)
Purchase of investments	(60,228,254)	(30,216,349)
Sale of investments	60,228,254	30,216,349
Dividend received	226,850	116,349
Interest received	62,877	—
Loss on sale of Investments	(9,534)	—
Net Cash (used in) / generated from Investing Activities (B)	(1,406,192,053)	(382,277,354)
C. Cash Flow from Financing Activities		
Issue of Share Capital	—	420,000,000
Secured Loans	1,490,012,028	—
Interest paid	(20,450,798)	—
Net Cash (used in) / generated from Financing Activities (C)	1,469,561,230	420,000,000
Net increase in Cash and Cash Equivalents (A+B+C)	259,111,687	36,756,588
Cash and Cash Equivalents as at the beginning	36,756,588	—
Cash and Cash Equivalents as at the end	295,868,275	36,756,588

NOTES

- Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 - "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- Purchase of fixed assets includes movement of Capital Work-in-Progress and Pre-operative expenses.
- Cash and Cash Equivalents represent Cash and Bank balances.
- Previous period figures are regrouped / reclassified wherever applicable.

As per our report attached

For and on behalf of the Board

GIANENDER & ASSOCIATESChartered Accountants
(ICAI Registration No. 04661N)**G. K. AGRAWAL**Partner
Membership No. 081603Place : Chennai
Date : April 26, 2010**BHASKAR ANAND**

Manager

Place : Chennai
Date : April 26, 2010**T. S. VENKATESAN**

Director

K. VENKATESH

Director

B. RAMAKRISHNAN

Director

SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
4,50,00,000 Equity shares of Rs. 10 each (Previous year 4,50,00,000 Equity shares of Rs. 10 each)	450,000,000	450,000,000
Issued and Subscribed		
4,20,00,000 Equity Shares of Rs. 10 each issued during the year [The equity shares are held by L&T Transco Private Limited (Holding Company), Larsen & Toubro Limited (Ultimate Holding Company) and its nominees] (Previous year 4,20,00,000 Equity shares of Rs. 10 each)	420,000,000	420,000,000
TOTAL	420,000,000	420,000,000
SCHEDULE - B		
SECURED LOANS		
Term Loan From Banks		
Andhra Bank	475,900,000	—
Vijaya Bank	389,012,028	—
IDBI Bank	489,300,000	—
United Bank of India	135,800,000	—
(Secured by paripassu charge on all the movable & immovable assets of the Company, both Present and future)		
TOTAL	1,490,012,028	—

SCHEDULE - C**FIXED ASSETS**

(Figures in Rupees)

Particulars	COST				DEPRECIATION				BOOK VALUE	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Upto 31.03.2009	During the Period	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible Assets										
Computers	292,711	171,749	55,000	409,460	14,317	60,065	6,687	67,695	341,765	278,394
Aircondition & Refrigerator	15,400	56,238	—	71,638	244	4,447	—	4,691	66,947	15,156
Office Equipment	575,137	175,405	—	750,542	5,806	71,382	—	77,188	673,354	569,331
Furniture & Fixtures	256,756	186,467	—	443,223	5,297	46,425	—	51,722	391,501	251,459
Total	1,140,004	589,859	55,000	1,674,863	25,664	182,319	6,687	201,296	1,473,567	1,114,340
Intangible Assets										
Plant & Machinery	—	3,790,806	—	3,790,806	—	242,613	—	242,613	3,548,193	—
Toll Equipments	—	11,256,112	—	11,256,112	—	4,502,445	—	4,502,445	6,753,667	—
Vehicles	—	830,978	—	830,978	—	52,629	—	52,629	778,349	—
Total	—	15,877,896	—	15,877,896	—	4,797,687	—	4,797,687	11,080,209	—
Capital work-in-progress									1,955,063,318	358,284,365
GRAND TOTAL	1,140,004	16,467,755	55,000	17,552,759	25,664	4,980,006	6,687	4,998,983	1,967,617,094	—
Previous Year	—	1,140,004	—	1,140,004	—	25,664	—	25,664	—	359,398,705

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

	Upto 31.03.2009	For the year 2009-2010	Upto 31.03.2010
Construction related Pre-operative Expenses:			
Salaries and Wages	1,942,194	4,188,634	6,130,828
Contributions and provision for	–	–	–
Providend Fund	97,468	168,705	266,173
Leave Encashment	124,588	112,238	236,826
Gratuity	138,719	130,624	269,343
Staff Welfare	266,408	495,256	761,664
Travelling & Conveyance	1,338,323	–	1,338,323
Printing & Stationery	775,251	–	775,251
Insurance	731,627	3,105,738	3,837,365
Interest on Term Loans	–	20,450,798	20,450,798
Repairs & Maintenance			
Buildings	23,917	–	23,917
Plant & Machinery	103,046	–	103,046
Others	975,743	–	975,743
Concession Fee NHAI	–	1	1
NHAI-IE Payment	–	21,631,396	21,631,396
Service & Agency Charges	5,135,320	11,130,418	16,265,738
Bank Charges & Bank Guarantee Charges	7,830,676	–	7,830,676
Miscellaneous Expenses	987,813	1,078,822	2,066,635
	20,471,093	62,492,630	82,963,723
O&M related Pre-operative Expenses:			
Salaries, Wages and Bonus	–	2,774,552	2,774,552
Contributions and provision for	–	–	–
Providend Fund	–	109,897	109,897
Leave Encashment	–	74,826	74,826
Gratuity	–	87,083	87,083
Staff Welfare	–	212,252	212,252
Rent, Rates & Taxes	–	254,872	254,872
Travelling & Conveyance	–	3,282,287	3,282,287
Communication Expenses	–	231,861	231,861
Printing & Stationery	–	622,637	622,637
Insurance	–	69,876	69,876
Electricity	–	1,251,256	1,251,256
Professional Fees	–	258,137	258,137
Security charges	–	2,061,613	2,061,613
Repairs & Maintenance			
Buildings	–	163,519	163,519
Plant & Machinery	–	459,823	459,823
Others	–	1,322,244	1,322,244
Vehicles	–	538,211	538,211
Additional concession Fee-NHAI	–	56,366,991	56,366,991
Toll Management Charges	887,743	5,456,105	6,343,848
Tow Vehicle Services	–	375,080	375,080
Ambulance Services	–	1,156,911	1,156,911
O&M fee	–	3,020,496	3,020,496
Bank Charges & Bank Guarantee Charges	–	58,523	58,523
Miscellaneous Expenses	–	1,423,797	1,423,797
Depreciation	25,664	4,980,006	5,005,670
	913,407	86,612,855	87,526,262
TOTAL	21,384,500	149,105,485	170,489,985

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

	<u>As at 31.03.2010</u> <u>Rupees</u>	<u>As at 31.03.2009</u> <u>Rupees</u>
SCHEDULE - E		
INVESTMENTS		
Current Investments	-	-
TOTAL	<u>-</u>	<u>-</u>

Details of Investment purchased and sold during the period

	Face Value Rs Per unit	No. of Units	Cost (Rs)
HSBC Cash Fund Daily Dividend	10	28,73,536	30,000,000
HSBC Floating Rate Weekly Dividend	10	26,68,096	30,000,000
TOTAL		<u>55,41,632</u>	<u>60,000,000</u>

	<u>As at 31.03.2010</u> <u>Rupees</u>	<u>As at 31.03.2009</u> <u>Rupees</u>	<u>As at 31.03.2009</u> <u>Rupees</u>
SCHEDULE - F			
CURRENT ASSETS, LOANS & ADVANCES			
Cash and Bank balances			
Cash on hand	2,115,439		1,015,517
Cheques on Hand	64,900		
Balances with scheduled banks			
on current account	293,687,936		5,741,071
on fixed deposits	-		30,000,000
	<u>295,868,275</u>		36,756,588
Loans & Advances			
Advances recoverable in cash or in kind or for value to be received	2,561,842		375,971
Prepaid Expenses	1,393,706		2,043,856
TOTAL	<u>299,823,823</u>		<u>39,176,415</u>

SCHEDULE - G**CURRENT LIABILITIES & PROVISIONS****Liabilities**

Sundry Creditors			
Micro & Small Enterprises	-		-
Larsen & Toubro Ltd (Ultimate Holding Company)	179,675,114		172,811
Other Creditors	18,747,963		1,006,073
	<u>198,423,077</u>		1,178,884
Provisions for			
Fringe Benefit Tax	-		127,927
Gratuity	356,426		138,719
Leave Encashment	303,402		124,588
Income Tax	19,429		-
	<u>679,257</u>		391,234
TOTAL	<u>199,102,334</u>		<u>1,570,118</u>

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	2009-2010		For the period from
	Rupees	Rupees	24.03.2008 to 31.03.2009
			Rupees
			Rupees
SCHEDULE - H			
OTHER INCOME			
Interest received Banks		62,877	759,080
(Tax deducted at source - Rs. 12,953; Previous year - Rs. 156,372)			
Dividend Income from Mutual Funds		226,850	116,349
		289,727	875,429

SCHEDULES FORMING PART OF ACCOUNTS**SCHEDULE - I****SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Accounting**

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP"), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government.

The preparation of financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

2. Fixed Assets

Tangible

Tangible fixed assets are stated at original cost less accumulated depreciation.

Intangible Assets and Amortization

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

Specialized Software - over a period of three years

Carriage ways representing Toll Collection Rights are obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer basis. The cost of such Carriage ways comprises construction cost and other pre-operative costs incurred during the implementation phase.

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

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

3. Depreciation

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

Toll equipment installed for collecting toll only upto COD are depreciated over the period of construction.

4. Borrowing Costs

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

5. Taxes

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

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

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

6. Employee Benefits

As per Accounting Standard 15 - Employee Benefits (Revised) issued by the Companies (Accounting Standards) Rules, 2006, the provisions for / contributions to retirement benefit schemes are accounted for as follows:

- i) Contribution to Provident Fund - on actual basis
- ii) Provision for Leave Encashment and Gratuity - as per actuarial valuation.

7. Investments

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

8. Lease

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

9. Foreign Currency Transactions and Derivatives

- a. The reporting currency of the Company is the Indian Rupee.
- b. Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction.
- c. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Exchange differences that arise on settlement of monetary items or on reporting at each Balance Sheet date of monetary items at the closing rate are adjusted in pre-operative expenses.

10. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Contingent Liability is disclosed in the case of

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

Contingent Assets are neither recognized, nor disclosed.

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

SCHEDULE - J

NOTES FORMING PART OF ACCOUNTS

1. The Company has been awarded on Build Operate and Transfer (BOT) basis for six-laning of existing 4 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 June 3, 2008 with the National Highways Authority of India. The Concession Agreement is for a period of 15 years from the Appointed Date stated in clause 3.1 of Part-II, Article 3 of the said agreement.
2. As per the provisions of the Concession Agreement, the Company is entitled to collect toll from the Appointed Date i.e. April 3, 2009. The toll collected during the period of construction being Capital receipt in nature, is reduced from Intangible Assets.
3. Profit & Loss Account has been drawn to comply with the provisions of the Companies Act, 1956. However, the Company has not commenced commercial operations. The Company does not have taxable wealth under the provisions of Wealth Tax Act, 1957.
4. There have been no transactions during the year with Micro and Small Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence reporting details of principal and interest does not arise.
5. Company has no information to furnish under paragraph 4(C) of Part II of Schedule VI to the Companies Act, 1956 as Company is a Service Company.
6. Estimated amount of contracts remaining to be executed on capital account (net of advances) is Rs. 4,93,55,00,000 (*Previous year Rs. 5,60,00,00,000*)

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

7. Managerial remuneration for the year has been charged to the accounts as below

Remuneration

	2009-2010 Rupees	<i>For the period 24.03.2008 to 31.03.2009 Rupees</i>
Salary	8,16,280	3,24,120
Contribution to Provident Fund	48,056	20,196
Total	8,64,336	3,44,316

8. Auditor's Remuneration: (excluding service tax)

Remuneration

	2009-2010 Rupees	<i>For the period 24.03.2008 to 31.03.2009 Rupees</i>
Audit Fees	1,50,000	75,000
Certification Expenses	20,000	—

9. Employee Benefits

Provisions for Gratuity and Leave Encashment is made on actuarial basis as summarized below

9.(1) A Results of Actuarial Valuation - Gratuity

1. Valuation as on	March 31, 2010	<i>March 31, 2009</i>
2. Retirement Age	As per rule of the Company	As per rule of the Company
3. No of Employees	21	18
4. Notional Benefit Obligations (Accrued benefits) on Current Salary in Rupees	4,25,394	1,60,318
5. Present Value of Benefit Obligations in Rupees	3,63,470	1,38,719

B Principle Rules to Compute Benefit Obligations

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

9.(2) Leave Salary Valuation**A Summary of Staff date**

1. No of Employees	21	18
2. Notional benefit obligations on current salary in rupees	3,56,426	1,45,333
3. Projected actuarial value of benefit obligation in rupees	3,03,402	1,24,588

B Principle rules to compute benefit obligations

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

9.(3) Summary of Actuarial Assumptions**A Mean Financial Assumptions**

1. Discount Rate per unit per annum	7.5%	6.50%
2. Salary escalation rate per unit per annum	6%	6%
3. Expected rate of return on Plan Assets per unit per annum	N.A	N.A

B Mean Demographic assumptions

1. Mortality rate	LIC 94-96 Rates	LIC 94-96 Rates
2. Withdrawal / attrition rate	5% for all age	15% for all age
3. Disability / ill health retirement	No Explicit Assumption	No Explicit Assumption

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Provisions for Gratuity and Leave Encashment is made on actuarial basis as summarized below

	March 31, 2010	<i>March 31, 2009</i>
Current Service Cost	6,66,872	2,63,307
Interest on Defined Benefit Obligation	–	–
Expected Return on Plan Assets	–	–
Net Actuarial Losses / (Gains) Recognised during the period	–	–
Past Service Cost	–	–
Losses / (Gains) on "Curtailments & Settlements"	–	–
Total	6,66,872	2,63,307
Actual Return on Plan Assets	–	–

Contributions on account of provident fund are made to the regional provident fund office.

10. The estimated useful lives of the Furniture & Fixtures, Office Equipment and Air-condition & Refrigerator are revised during the year with effect from April 1, 2009 taking into consideration the balance concession period over which the asset would be available for use. Accordingly the balance unamortized cost of the Tangible Assets as on April 1, 2009 are depreciated over the remaining concession period.

This Change is accounted for prospectively as a change in accounting estimate as per Accounting Standard 6 on Depreciation as specified in the Companies (Accounting Standards) Rule, 2006 and as a result the depreciation charge for the year has increased by Rs.15,969.

11. Disclosure of related parties / related party transactions

A. List of related parties

Holding company	: L&T Transco Private Limited (Holding Company) Larsen & Toubro Limited (Ultimate holding company)
Fellow subsidiary	: L&T Infrastructure Developmental Projects Limited L&T Western Andhra Tollways Limited L&T Krishnagiri Thopur Toll Road Limited L&T Panipat Elevated Corridor Limited L&T PNG Tollway Private Limited L&T Vadodara Bharuch Tollway Limited L&T Urban Infrastructure Limited L&T Transportation Infrastructure Limited Narmada Infrastructure Construction Enterprises Limited

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

Sl. No.	Nature of transaction	Amount of Transaction	Amount Due to	Amount Due from
1	Larsen & Toubro Limited, Ultimate Holding Company			
i)	EPC Bills	1,39,45,14,799 (NIL)	17,96,75,114 (NIL)	
ii)	Mobilisation Advance	21,05,48,519 (35,00,00,000)		56,05,48,519 (35,00,00,000)
iii)	Subscription of Equity	NIL (1,000)		
iv)	Reimbursement of Expenses	11,06,800 (1,72,811)	NIL (1,72,811)	
v)	Supply of Goods and Services	187,510 (NIL)		893,515 (NIL)

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Sl. No.	Nature of transaction	Amount of Transaction	Amount Due to	Amount Due from
2	L&T Transco Private Limited (Holding Company) i) Advance ii) Subscription of Equity	3,62,27,950 (33,27,997) NIL (41,99,99,000)		
3	L&T Infrastructure Developmental Projects Ltd (Fellow Subsidiary) i) Reimbursement of Expenses ii) Service Agency fee (O&M Fee)	5,04,311 (23,65,857) 30,20,496 (NIL)		
4	L&T Western Andhra Tollways Limited i) Reimbursement of Expenses ii) Purchase of Assets	2,57,072 (63,667) 2,21,038 (NIL)		
5	L&T Krishnagiri Thopur Toll Road Limited i) Reimbursement of Expenses ii) Purchase of Assets	1,84,060 (3,23,561) 1,71,749 (NIL)		
6	L&T Transportation Infrastructure Limited i) Reimbursement of Expenses	NIL (97,752)		
7	Narmada Infrastructure Construction Enterprises Limited i) Reimbursement of Expenses	NIL (3,933)		
8	L&T Panipat Elevated Corridor Limited i) Reimbursement of Expenses	25,875 (NIL)		
9	L&T PNG Tollway Private Limited i) Reimbursement of Expenses ii) Sale of Asset	11,66,658 (NIL) 48,313 (NIL)		
10	L&T Vadodara Bharuch Tollway Limited i) Reimbursement of Expenses	6,81,757 (NIL)		
11	L&T Urban Infrastructure Limited i) Reimbursement of Expenses	57,742 (NIL)		

* Figures in brackets relate to previous year.

C. No amounts to related parties have been written off / written back during the period.

12. The Company is eligible for deduction under Section 80IA of the Income Tax Act and the concession period of the Company's project falls within the tax holiday period as defined in Section 80IA. Since deferred tax on Timing Differences between Accounting Income and Taxable Income that arise during the year is reversing during such Tax Holiday period, no deferred tax asset / liability arises and accordingly no provision is made in the accounts.
13. The Company has no contingent liabilities as at March 31, 2010.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

14. Basic and Diluted Earnings per Share (EPS)

Particulars	2009-2010	<i>For the period 24.03.2008 to 31.03.2009</i>
Basic and Diluted EPS		
Profit after tax as per Accounts (Rs.)	26,207	<i>(16,10,498)</i>
Weighted average number of equity shares	4,20,00,000	<i>4,20,00,000</i>
Basic and Diluted EPS (Rs.)	0.00	<i>(0.04)</i>

15. The Company is engaged only in the business of Constructing and Operating the BOT Project. Accordingly, furnishing segment details is not applicable. Further, the Company is carrying its business in only one geographical segment.

16. Based on a review of the future discounted cash flows, the recoverable amount of the project facility is more than its carrying amount. Accordingly, no provision for impairment is made for in the accounts.

17. The Company does not have transaction to which the provision of the following Accounting Standards apply

Valuation of Inventories – AS 2

18. Previous period figures are not comparable to Current year as Previous period is for the period March 24, 2008 to March 31, 2009.

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

As per our report attached

GIANENDER & ASSOCIATES

*Chartered Accountants
(ICAI Registration No. 04661N)*

G. K. AGRAWAL

*Partner
Membership No. 081603*

*Place : Chennai
Date : April 26, 2010*

BHASKAR ANAND

Manager

*Place : Chennai
Date : April 26, 2010*

T. S. VENKATESAN

Director

K. VENKATESH

Director

B. RAMAKRISHNAN

Director

For and on behalf of the Board

