

DIRECTORS' REPORT

The Directors have pleasure in presenting their first report and accounts for the period September 9, 2008 (Date of Incorporation) to March 31, 2009.

FINANCIAL RESULTS

The Company is in the project implementation phase. The Profit and Loss Account has been drawn to comply with the provisions of the Companies Act, 1956. However, the Company has not commenced commercial operation. The key financial parameters for the period ended March 31, 2009 are:

	Rs. Lakhs
Profit / (Loss) before Tax	(4.79)
Provision for Tax	1.09
Profit / (Loss) after Tax	(5.88)
Balance carried to Balance Sheet	(5.88)
Gross Fixed Assets	10.13
Depreciation	0.49
Pre-Operative Expenses	63.06
Capital Work-in-Progress	NIL

During the period, Share Capital of Rs. 1,01,00,000 has been issued and paid-up. During the period, the parent Company has given Rs. 51,000 as advance against Share Capital.

DIVIDEND

The Company is a newly incorporated company and has not commenced commercial operations. The Directors do not recommend any dividend for the current period.

PERFORMANCE OF THE COMPANY

The Company was incorporated on September 9, 2008, with a main object of construction of additional 2 lane for Halol - Godhra - Shamlaji Road to make it 4 lane divided Carriageway Facility under Viability Gap Funding Scheme of GOI on BOT basis in State of Gujarat. It has executed the Concession Agreement with Gujarat State Road Development Corporation Limited (GSRDCL) on September 17, 2008.

The Project of the Company is in the initial stage of implementation.

The Company has established its project office at the site and expected to achieve financial closure in the first quarter of 2009-2010.

CAPITAL EXPENDITURE

As at March 31, 2009, the gross fixed assets stood at Rs. 10,12,770 and the net fixed assets including pre-operative expenses stood at Rs. 72,69,387.

DEPOSITS

The Company has not accepted any deposits from the public.

AUDITORS' REPORT

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

SECRETARIAL COMPLIANCE CERTIFICATE

The Secretarial Compliance Certificate for the year ended March 31, 2009 has been issued by B. Chitra & Co., Company Secretary in Practice in terms of Section 383A of the Companies Act, 1956. The said Compliance Certificate forms part of this Report.

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

Conservation of Energy

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

Technology Absorption

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

Foreign Exchange Earnings and Outgo

During the year, the Company had no transactions in foreign currency.

DISCLOSURE OF PARTICULARS

As the primary object of the Company is to develop, operate and maintain toll road-cum-bridge, there are no particulars to be disclosed as per the Companies' (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

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.

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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009;
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.

DIRECTORS

Mr. M. H. Desai, Mr. C. S. Damle and Mr. B. Ramakrishnan were appointed as first directors of the Company. All the first directors of the Company are liable to retire at the first Annual General Meeting and being eligible offer themselves for reappointment.

AUDITORS

The Auditors, M/s Sharp & Tannan, 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.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

M. H. DESAI
Director

C. S. DAMLE
Director

Place : Ahmedabad
Date : April 22, 2009

COMPLIANCE CERTIFICATE

B. CHITRA & CO.
Company Secretary

No. 59, 'G' Block, 1st Floor,
Senthil Flats, Burkit Road,
T. Nagar, Chennai - 600 017

To

THE MEMBERS

L&T HALOL - SHAMLAJI TOLLWAY PRIVATE LIMITED
CHENNAI - 600 089

I have examined the registers, records, books and papers of L&T HALOL - SHAMLAJI TOLLWAY PRIVATE LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year from September 9, 2008 to March 31, 2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made thereunder and entries therein have been recorded.
2. The Company has filed the forms and returns, during the financial year under review, with the Registrar of Companies, prescribed under the Act and the rules made thereunder.
3. The Company is a Private Limited Company, subsidiary of a Public Limited Company, and has the minimum prescribed paid-up capital and its maximum number of Members during the said financial year was four and the Company during the year under scrutiny
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from persons other than its Members, Directors or their Relatives.
4. The Board of Directors duly met Four times on September 10, 2008, September 12, 2008, November 26, 2008 and February 18, 2009, the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not opted to close its Register of Members during the financial year under review.
6. The Company was incorporated only on September 9, 2008 and no Annual General Meeting was held during the financial year.
7. No Extra-ordinary General Meeting was held during the financial year.
8. The Company being Private Limited Company, the provisions of Section 295 of the Act do not apply.
9. As per the information provided by the Management, the Company has not entered into contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Companies Act, 1956.
11. As per the information provided by the Management, there were no instances falling within the purview of Section 314 of the Companies Act, 1956, and the Company was not required to obtain any approval from the Board of Directors, Members, Central Government during the financial year under review.
12. The Company has not issued any duplicate certificates during the financial year.
13.
 - (i) The Company has delivered the Share Certificate on allotment of shares and transfer of shares and there were no transmission of shares during the year.
 - (ii) The Company had not declared any dividend or interim dividend.
 - (iii) There is no unpaid dividend to be transferred to Investor Education and Protection Fund.
 - (iv) As no Annual General Meeting was held, the Company was not required to comply with the provisions of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there were no appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been made.
15. The Company being a Private Limited Company, the provisions of Section 269 of the Companies Act, 1956, do not apply.
16. As per the information provided by the Management, the Company has not appointed sole-selling agents during the financial year.
17. As per the information provided by the Management, the Company was not required to obtain any approval of the Registrar of Companies, Central Government, Company Law Board, Regional Director or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued shares during the year.
20. The Company has not bought back any shares during the financial year.
21. There were no redemption of Preference Shares or Debentures during the financial year.

22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. As per the information provided by the Management, the Company has not accepted unsecured loan falling within the purview of Section 58A of the Companies Act, 1956, during the financial year.
24. The Company being a Private Limited Company, the provisions of Section 293(1)(d) of Companies Act, 1956, do not apply.
25. The Company being a Private Limited Company, the provisions of Section 372A of Companies Act, 1956, do not apply.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association.
31. As per the information provided by the Management, there were no prosecutions initiated against or show cause notices received by the Company during the financial year.
32. As per the information provided by the Management, the Company has not received any money as security from its employees during the year under certification.
33. As per the information provided by the Management, the Company has not constituted separate Provident Fund for its employees and as such, Section 418 of the Act, is not applicable to the Company.

Place : Chennai

Date : April 20, 2009

B. CHITRA & CO.

COMPANY SECRETARY

CP. No. 2928

ANNEXURE A

1. Minutes of Board Meetings & General Meetings
2. Register of Members
3. Register of Directors
4. Register of Directors Shareholding
5. Directors Attendance Register
6. Members Attendance Register
7. Register of Share Transfer

ANNEXURE B

1. All Incorporation forms
2. Form No. 2

AUDITORS' REPORT

TO THE MEMBERS OF L&T HALOL - SHAMLAJI TOLLWAY PRIVATE LIMITED

We have audited the attached Balance Sheet of L&T HALOL - SHAMLAJI TOLLWAY PRIVATE LIMITED as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement for the period from September 9, 2008 to March 31, 2009 as 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 accounts;
 - d) in our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) on the basis of the written representations received from the Directors of the Company as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2009 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 H, and the Notes to Accounts in Schedule I, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009.
 - ii) in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the period from September 9, 2008 to March 31, 2009.

SHARP & TANNAN
Chartered Accountants

L. VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 30, 2009

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of the report of the Auditors to the Members of L&T HALOL - SHAMLAJI TOLLWAY PRIVATE LIMITED on the accounts for the period from September 9, 2008 to March 31, 2009, we report that

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) We are informed that the management of the Company has physically verified during the period 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), of the Order, 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 reporting under clause 4(vi) of the Order does not arise.
- (vii) The Company has been incorporated during the year and is in the process of instituting an internal audit system.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the operation of the Company and hence, reporting on this clause does not arise.
- (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, 2009, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no disputed statutory liabilities in respect of Income Tax, Service Tax and Cess.
- (x) The Company is in existence for a period of less than five years; hence reporting on accumulated losses under clause 4(x) of the Companies (Auditor's Report) Order, 2003, does not arise. However, the Company has incurred cash loss during the period.
- (xi) According to the information and explanations given to us, the Company has not availed any loan from financial institutions / banks or debenture holders and hence reporting on default in repayment of dues in respect of loans from financial institutions / banks or debenture holders does not arise.
- (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, the Company has not taken term loans, and hence reporting on their application under clause 4(xvi) of the Companies (Auditors Report), Order, 2003 does not arise.
- (xvii) According to the information and explanations given to us, the Company has not raised funds on short term basis. Accordingly the provisions of clause 4(xvii) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the 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 this period.
- (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 instances of material fraud on or by the Company, noticed or reported during the period nor have we been informed of such case by management.

SHARP & TANNAN
Chartered Accountants

L. VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 30, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	As at 31.03.2009 Rupees	Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	10,100,000	
Advance against Share Capital		51,000	
			10,151,000
TOTAL			10,151,000
APPLICATION OF FUNDS			
Fixed Assets	B		
Gross Block		1,012,770	
Less: Depreciation		49,045	
Net Block		963,725	
Pre-operative expenses	C	6,305,662	
			7,269,387
Investments	D		-
Current Assets, Loans & Advances	E		
Current Assets			
Cash and Bank Balances		2,983,515	
Loans & Advances		123,411	
		3,106,926	
Less: Current Liabilities and Provisions	F		
Current Liabilities		704,367	
Provisions		108,975	
		813,342	
Net Current Assets			2,293,584
Profit & Loss Account			588,029
TOTAL			10,151,000
SIGNIFICANT ACCOUNTING POLICIES	H		
NOTES ON ACCOUNTS	I		

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

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants

L . VAIDYANATHAN

Partner

Membership No. 16368

Place : Chennai

Date : April 30, 2009

M. H. DESAI

Director

C. S. DAMLE

Director

Place : Ahmedabad

Date : April 22, 2009

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON MARCH 31, 2009

		For the period 09.09.2008 to 31.03.2009	
	<u>Schedule</u>	<u>Rupees</u>	<u>Rupees</u>
INCOME			
Other Income	G		132,538
TOTAL			<u>132,538</u>
EXPENDITURE			
Preliminary Expenses written-off			611,592
TOTAL			<u>611,592</u>
Profit before Tax			(479,054)
Provisions for			
Current Tax		16,975	
Fringe Benefit Tax		92,000	
			<u>108,975</u>
Profit after Tax			<u>(588,029)</u>
Balance carried to Balance Sheet			<u>(588,029)</u>
Earnings per share (Basic & Diluted)			(0.58)
Face value per share			10.00
SIGNIFICANT ACCOUNTING POLICIES	H		
NOTES FORMING PART OF ACCOUNTS	I		

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

SHARP & TANNAN

Chartered Accountants

L . VAIDYANATHAN

Partner

Membership No. 16368

M. H. DESAI

Director

C. S. DAMLE

Director

Place : Chennai

Date : April 30, 2009

Place : Ahmedabad

Date : April 22, 2009

CASH FLOW STATEMENT FOR THE PERIOD SEPTEMBER 9,2008 TO MARCH 31, 2009

	<u>Rupees</u>
A. Cash Flow from Operating Activities	
Net Profit / (Loss) Before Tax & Extraordinary Items	(479,054)
Adjustment for	
Dividend received	(75,955)
Interest received	(56,583)
Operating Profit before Working Capital changes	<u>(611,592)</u>
(Increase) / Decrease in Loans and Advances	(14,927)
Increase / (Decrease) in trade payables	704,367
Cash Generated from Operations	<u>77,848</u>
Direct Taxes paid	(108,484)
Net Cash from Operating Activities (A)	<u>(30,636)</u>
B. Cash Flow from Investing Activities	
Purchase of Fixed Assets (including Preoperative Expenses)	(7,269,387)
Purchase of Investments	(7,075,955)
Sale of Investments	7,075,955
Dividend received	75,955
Interest received	56,583
Net Cash (used in) / from Investing Activities (B)	<u>(7,136,849)</u>
C. Cash Flow from Financing Activities	
Issue of Equity Shares	10,100,000
Advance against Sahre Capital	51,000
Net Cash (used in) / from Financing Activities (C)	<u>10,151,000</u>
Net increase in Cash and Cash Equivalents (A+B+C)	<u>2,983,515</u>
Cash and Cash Equivalents as at the beginning	<u>-</u>
Cash and Cash Equivalents as at the end	<u><u>2,983,515</u></u>

Notes:

- Cash Flow Statement has been prepared under the Indirect Method as set of in the Accounting Standard 3: "Cash Flow Statements as specified in the Companies (Accounting Standards) Rules, 2006.
- Cash and Cash Equivalents represent Cash and Bank Balances.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants

L . VAIDYANATHAN

Partner

Membership No. 16368

M. H. DESAI

Director

C. S. DAMLE

Director

Place : Chennai

Date : April 30, 2009

Place : Ahmedabad

Date : April 22, 2009

SCHEDULES FORMING PART OF BALANCE SHEET

As at 31.03.09
Rupees

SCHEDULE - A
SHARE CAPITAL

Authorise

1,00,00,000 Equity Shares of Rs. 10/- each

100,000,000

Issued Subscribed & Paid-up

10,10,000 Equity Shares of Rs. 10/- each fully paid-up

10,100,000

(All shares are held by Larsen & Toubro Limited, the Holding Company and its nominees)

TOTAL

10,100,000

SCHEDULE - B**FIXED ASSETS**

FIXED ASSETS	COST		DEPRECIATION / AMORTISATION		BOOK VALUE
	Additions during the period from September 9, 2008 to March 31, 2009 Rupees	As at 31.03.2009	For the period from September 9, 2008 to March 31, 2009 Rupees	Up to 31.03.2009	As at 31.03.2009
		Rupees		Rupees	Rupees
Tangible Assets					
Office Equipment	187,154	187,154	1,482	1,482	185,672
Furniture	285,763	285,763	12,736	12,736	273,027
Computers	539,853	539,853	34,827	34,827	505,026
TOTAL	1,012,770	1,012,770	49,045	49,045	963,725

For the period 09.09.2008
to 31.03.2009
Rupees

SCHEDULE - C**PRE-OPERATIVE EXPENSES**

Staff Cost	713,092
Office Expenses	1,819,910
Professional Fees	2,030,501
Club Membership Fees	350,000
Communication Expenses	8,450
Travelling and Conveyance	419,205
Rent, Rates & Taxes	32,523
Depreciation	49,045
Miscellaneous Expenses	882,936

TOTAL

6,305,662

As at 31.03.09
Rupees

SCHEDULE - D**INVESTMENTS**

Current Investments

-

TOTAL

-

Details of Investments purchased and sold during the year

Mutual Funds	Face Value Rs. Per Unit	Unit Nos.	Cost in Rs
SBI MF Short Horizon Fund - Liquid Plus	10.005	707,242	7,075,955

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

	As at 31.03.09	
	Rupees	Rupees
SCHEDULE - E		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Cash & Bank Balances		
Balances with Scheduled Banks		
on current account	2,983,515	2,983,515
Loans and Advances		
Unsecured, Considered good		
Advances recoverable in cash or in kind or for value to be received		123,411
TOTAL		3,106,926
SCHEDULE - F		
CURRENT LIABILITIES AND PROVISIONS		
Liabilities		
Sundry Creditors		
Due to Micro, Small & Medium Enterprises	–	
Others	704,367	704,367
Provisions		
Current Tax	16,975	
Fringe Benefit Tax	92,000	108,975
TOTAL		813,342

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	For the period 09.09.2008 to 31.03.2009	
	Rupees	
SCHEDULE - G		
OTHER INCOME		
Interest received - Banks		56,583
(Tax Deducted at Source: Rs. 11,657)		
Dividend / Income From Mutual Funds		75,955
TOTAL		132,538

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - H

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") except for the revaluation of certain fixed assets, in compliance with the provisions of the Companies Act, 1956, and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. However, certain escalation and other claims, which are not ascertainable / acknowledged by customers, are not taken into account.

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

2. Revenue Recognition

Interest income is recognized at applicable rates on the respective investments. Dividend income is recognized when the right to receive is established.

3. Fixed Assets

Fixed Assets are stated at original cost less accumulated depreciation. Pre-operative expenses on the project will be capitalized upon commencement of commercial operation.

4. Depreciation

Depreciation is provided in the accounts on straight-line basis at the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions / deductions is calculated *pro rata* from / to the month of additions / deductions.

Assets given under Concession Agreement to Gujarat State Road Development Corporation Limited (GSRDCL) are depreciated over the period for which they are required to be provided to Gujarat State Road Development Corporation Limited.

5. Intangible Assets and Amortization

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

6. Employee Benefits

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

- a) Provident Fund on actual liability basis.
- b) Gratuity based on actuarial valuation.
- c) Leave Encashment benefit on retirement on actuarial valuation basis.

7. Investments

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

8. Taxes

- a) 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.
- b) Fringe Benefit Tax for the year is determined as per the provisions of Chapter XII-H of the Income Tax Act, 1961.

9. 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.

10. Provisions and Contingent Liabilities

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 & Contingent Assets are reviewed at such Balance Sheet date.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**SCHEDULE - I****NOTES FORMING PART OF ACCOUNTS**

1. The Company was incorporated on September 9, 2008 and hence the accounts are drawn for the period from September 9, 2008 to March 31, 2009. The Profit and Loss Account has been drawn to comply with the provisions of the Companies Act, 1956. However, the Company has not commenced commercial operation.
2. The Company has been awarded by GSRDCL on Build Operate and Transfer (BOT) basis, the widening of existing two-lane, 173.06 kilometers Road stretch covering Halol-Godhra-Shamlaji to make it four-lane divided Carriageway facility under Viability Gap Funding Scheme of GOI and operation and maintenance thereof, under the Concession Agreement dated September 17, 2008. The concession is for a period of 20 years including the construction period.
3. There have been no transactions during the period with Micro, Small and Medium enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence, reporting details of principal and interest does not arise.
4. The Company is a service company and accordingly information required under paragraph 4(C) of Part II of Schedule VI to the Companies Act, 1956, has not been furnished.
5. Estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2009 is Rs. NIL.
6. Computers reflected under fixed assets have been given to GSRDCL under clause K to Schedule C of the Concession Agreement. These are depreciated over a period of three years.
7. Auditor's Remuneration (excluding service tax)

Remuneration**For the period September 9, 2008 to March 31, 2009**

Audit Fees

Rs. 50,000

8. (a) Provision for Current Tax has been made on interest income on short term deposits as per the provision of the Income Tax Act, 1961.
(b) Provision for Fringe Benefit Tax has been made as per the provision of the Income Tax Act, 1961.
(c) No provision has been made for Wealth Tax, as the Company does not have taxable wealth under the provisions of the Wealth Tax Act, 1952.
9. Employee Benefits
Employees Provident Fund and Misc. Provisions Act, 1952 and Payment of Gratuity Act, 1972 are not applicable to the Company.
Provision for Gratuity is NIL as per the actuarial assumptions summarized below.

SUMMARY OF ACTUARIAL ASSUMPTIONS**A Principle rules to compute Benefit Obligations**

- | | | |
|---|---|---|
| 1 | Salary reckoned for calculating Benefit Obligations | As per rule of the Company |
| 2 | Vesting Period | 5 Years for Gratuity |
| 3 | Benefit formula for Gratuity for all exits except death | A1 x Completed year of service x 15/26 subject to benefit having vested |
| 4 | Benefit formula for Gratuity on death | Same as A3 but no vesting condition |

B Mean Financial Assumptions

- | | | |
|---|---|-------|
| 1 | Interest Rate for discount per unit per annum | 6.50% |
| 2 | Salary escalation rate per unit per annum | 6.00% |
| 3 | Expected rate of return on Plan Assets per unit per annum | N.A |

C Mean Demographic Assumptions

- | | | |
|---|------------------------------------|------------------------|
| 1 | Mortality rate | LIC 94-96 rates |
| 2 | Attrition rate | 15% for all age |
| 3 | Disability / ill health retirement | No explicit assumption |

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Provision for Leave Encashment is NIL as per actuarial assumptions summarized below

SUMMARY OF ACTUARIAL ASSUMPTIONS**A Principle rules to compute Benefit Obligations**

- | | | |
|---|---|----------------------------|
| 1 | Salary reckoned for calculating Benefit Obligations | As per rule of the Company |
| 2 | Benefit formula for all exits | A1 * Leave Balance / 30 |

B Mean Financial Assumptions

- | | | |
|---|---|-------|
| 1 | Interest rate for discount per unit per annum | 6.50% |
| 2 | Salary escalation rate per unit per annum | 6.00% |

C Mean Demographic Assumptions

- | | | |
|---|------------------------------------|------------------------|
| 1 | Mortality rate | LIC 94-96 Rates |
| 2 | Attrition rate | 15% for all age |
| 3 | Disability / ill health retirement | No explicit assumption |

10. Disclosure of Related Parties / Related Party Transactions**A. List of Related Parties**

Holding Company	:	Larsen & Toubro Limited
Fellow Subsidiaries	:	L&T Infrastructure Development Projects Limited
	:	L&T Transco Private Limited
	:	L&T Vadodara Bharuch Tollway Limited
	:	L&T Ahmedabad-Maliya Tollway Private Limited

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

S. No.	Name of Related Party	Reimbursement of Expenses (to) / from	Subscription of Equity from	Advance against Equity from	Balance due to / (from)
1.	Larsen & Toubro Limited (Holding Company)	(6,08,000)	1,01,00,000	51,000	NIL
2.	L&T Infrastructure Development Projects Limited (Fellow Subsidiary)	(35,11,244)			NIL
3.	L&T Transco Private Limited (Fellow Subsidiary)	(1,23,476)			NIL
4.	L&T Vadodara Baruch Tollway Limited (Fellow Subsidiary)	(88,179)			NIL
5.	L&T Ahmedabad-Maliya Tollway Private Limited (Fellow Subsidiary)	(8,334)			NIL

C. No amount due to / due from has been written off or written back during the period.

11. The Company has taken premises on cancellable operating lease. Lease rent amounting to Rs. 30,000 has been included in pre-operative expenses for the year.

12. Basic and Diluted Earnings Per Share (EPS) computed in accordance with Accounting standard (AS) 20 'Earnings Per Share'

Particulars**For the period 09.09.2008 to 31.03.2009****Basic / Diluted**

Profit after Tax	Rs. (588,029)
PAT available to Equity shareholders	Rs. (588,029)
Number of Shares	10,10,000
Basic / Diluted EPS	Rs. (0.58)

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

13. Preliminary expenses representing filing fees paid to Registrar of Companies have been charged to Profit and Loss Account
14. The provisions of the following Accounting Standards are not applicable, since
- a. The Company is yet to commence commercial operations:
 - Segment Reporting - AS 17
 - Deferred Tax - AS 22
 - Impairment of Assets - AS 28
 - b. The Company does not have transactions to which the provisions for the following Accounting Standards apply
 - Valuation of Inventories - AS 2
 - Accounting for borrowing cost - AS 16
15. The Company does not have any contingent liability as at March 31, 2009.
16. This being the first accounting period, giving comparative figures does not arise.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants

L . VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 30, 2009

M. H. DESAI
Director

C. S. DAMLE
Director

Place : Ahmedabad
Date : April 22, 2009

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No. U45203TN2008PTC069210

State Code

1 8

Balance Sheet Date 3 1 0 3 2 0 0 9

Date Month Year

II. Capital raised during the Year (Amount in Rs. Thousands)

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

1 0 1 0 0

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

Total Liabilities

1 0 1 5 1

Total Assets

1 0 1 5 1

Sources of Funds

Paid-up Capital (Including Advance against Share Capital)

1 0 1 5 1

Secured Loans

N I L

Reserves & Surplus

N I L

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets (Including Pre-operative Expenses)

7 2 6 9

Net Current Assets / (Liabilities)

2 2 9 4

Accumulated Losses

5 8 8

Investments

N I L

Miscellaneous Expenditure

N I L

+

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

Turnover (Including other income)

1 3 3

+ -

-

Profit / Loss before tax

4 7 9

+ -

-

Earning per Share in Rs.

0 . 5 8

Total Expenditure

6 1 2

+ -

+

Profit / Loss after tax

5 8 8

Dividend Rate %

N I L

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

Item Code No. N . A .

Product Description INFRASTRUCTURE PROJECT ON BOT BASIS

For and on behalf of the Board

Place : Ahmedabad
Date : April 22, 2009M. H. DESAI
DirectorC. S. DAMLE
Director