 L&T AHMEDABAD-MALIYA TOLLWAY LIMITED

DIRECTORS' REPORT

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

I. FINANCIAL RESULTS

₹ in Lakhs

Particulars	**2012-13**	*2011-12*
Income for the year	**7,805**	–
Less: Expenditure	**(10,864)**	*(3)*
Profit Before Depreciation & Tax (PBDT)	**(3,059)**	*(3)*
Less: Depreciation	**5,369**	–
Prior Period adjustment	**–**	*(2)*
Profit/(Loss) before tax (PBT)	**(8,428)**	*(5)*
Less: Provision for tax	**–**	–
Profit/(Loss) after tax (PAT)	**(8,428)**	*(5)*
Balance brought forward from previous year	**(79)**	*(74)*
Balance carried to Balance Sheet	**(8,507)**	*(79)*

II. APPROPRIATIONS

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

III. DIVIDEND

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

IV. PERFORMANCE OF THE Company

The Company has started Commercial operations of all the Sections during the year. The Commercial operations are achieved on the following dates:

Section –III: April 12, 2012

Section –IV: May 09, 2012

Section –I : Sep 02, 2012

Section –II : Nov 22, 2012

The revenue from operations of the Company is ₹ 7,778 Lakhs in 2012-13.

V. CAPITAL EXPENDITURE (₹ In Lakhs)

The Gross fixed assets of the Company stood at ₹ 1,51,945 *(Previous year ₹ 1,31,801)* and the net fixed assets stood at ₹ 1,46,558 *(Previous year ₹ 1,31,780)* after charging off depreciation to an extent of ₹ 5,369 *(Previous year ₹ 15)* as on March 31, 2013.

VI. AUDITORS' REPORT

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

VII. DEPOSITS

The Company has not accepted any deposits from the public.

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

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

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

Conservation of Energy

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

Technology Absorption

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

 S-1600

Foreign Exchange Earnings and Outgo

Expenditure in foreign currency: ₹ 37.15 Lakhs

Earning in foreign curreny : ₹ Nil

X. PARTICULARS OF EMPLOYEES

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

XI. SUBSIDIARY COMPANIES

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

XII. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

i. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

ii. That the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date;

iii. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. That the annual accounts have been prepared on a going concern basis; and

v. That proper systems are in place to ensure compliance of all laws applicable to the Company.

XIII. DIRECTORS

Mr. B. Ramakrishnan, Director, who retires by rotation at this Annual General Meeting, being eligible, offers himself for re-appointment.

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

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

The present Directors are as follows:

a) Mr. T. S. Venkatesan

b) Mr. B. Ramakrishnan

c) Mr. Manoj Dave

XIV. AUDIT COMMITTEE

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

a) Mr. T. S. Venkatesan

b) Mr. B. Ramakrishnan

c) Mr. Manoj Dave

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

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

XV. REMUNERATION COMMITTEE

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

a) Mr. T. S. Venkatesan

b) Mr. B. Ramakrishnan

c) Mr. Manoj Dave

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

XVI. AUDITORS

The Auditors, M/S Dandeker & Co., Chartered Accountants, being statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. Certificate from Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act.

XVII. COMPLIANCE WITH VOLUNTARY CORPORATE GOVERNANCE GUIDELINES, 2009

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

A) SEPARATION OF OFFICES OF CHAIRMAN & CHIEF EXECUTIVE

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

B) REMUNERATION OF DIRECTORS

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

C) INDEPENDENT DIRECTORS

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

Number of Companies in which an Individual may become a Director

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

D) RESPONSIBILITIES OF THE BOARD

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

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

E) STATUTORY AUDITORS

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

F) INTERNAL AUDITORS

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

G) INTERNAL CONTROL

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

H) SECRETARIAL AUDIT

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

XVIII. MAINTENANCE OF COST RECORDS COMPLIANCE REPORT

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

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

XIX. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Chennai
Date : April 29, 2013

T. S. VENKATESAN
Director

B. RAMAKRISHNAN
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T AHMEDABAD-MALIYA TOLLWAY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **L&T AHMEDABAD-MALIYA TOLLWAY LIMITED**, which comprise the Balance Sheet as at March 31, 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 standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956. 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 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. 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 said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013,

b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2003 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.

Further to our comments in the Annexure referred to above, we report that:

i. 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;

ii. 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;

iii. The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;

iv. In our opinion, the Balance Sheet and Statement of Profit and Loss dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

v. On the basis of written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 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 M. K. DANDEKER & CO.
Chartered Accountants
(ICAI Reg No 000679S)

K. J. DANDEKER
Partner
Membership No. 018533

Place : Chennai
Date : April 29, 2013

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 AHMEDABAD-MALIYA TOLLWAY LIMITED on the accounts for the year ended 31st March 2013, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.

(c) The Company has not disposed of any of its fixed assets so as to affect the going concern status.

(ii) The Company is engaged in the business of infrastructure development and maintenance and hence the clauses 4(ii)(a), (b) & (c) of the 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. 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) The Company is maintaining the cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.

(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.

(x) The Company has been registered for a period less than five years and hence reporting under clause 4(x) of the companies (Auditor's Report) Order, 2003 regarding accumulated losses and cash losses does not arise.

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

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

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

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

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

(xvi) Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans 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 instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For M. K. DANDEKER & CO.
Chartered Accountants
(ICAI Reg No 000679S)

K. J. DANDEKER
Partner
Membership No. 018533

P*lace : Chennai*
Date : April 29, 2013

BALANCE SHEET AS AT MARCH 31, 2013

	Note No.	As at 31.03.2013 ₹	₹	*As at 31.03.2012* ₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	A	1,490,000,000		*1,490,000,000*	
Reserves & Surplus	B	(850,787,320)		*(7,941,765)*	
			639,212,680		*1,482,058,235*
Non-current liabilities					
Long-term borrowings	C(I)	13,753,757,455		*8,800,371,032*	
Other long term liabilities	C(II)	2,150,819		–	
Long-term Provisions	C(III)	1,922,467		*747,158*	
			13,757,830,741		*8,801,118,190*
Current liabilities					
Current maturity of long term borrowings	D(I)	11,980,000		–	
Other Current Liabilities	D(II)	360,854,124		*2,968,831,967*	
Short-term provisions	D(III)	80,070		*55,332*	
			372,914,194		*2,968,887,299*
TOTAL			14,769,957,615		*13,252,063,724*
ASSETS					
Non-current assets					
Fixed Assets					
Tangible Assets	E(I)	257,906,012		*21,903,457*	
Intangible Assets	E(II)	14,397,906,560		–	
Capital work-in-progress	E(III)	–		*176,084,929*	
Intangible Assets under Development	E(IV)	–		*12,980,053,612*	
Long term Loan & Advances	E(V)	11,681,793		*1,306,580*	
			14,667,494,365		*13,179,348,578*
Current Assets					
Cash and Bank Balances	F(I)	98,517,259		*71,029,562*	
Short-term loans and advances	F(II)	3,845,991		*1,585,584*	
Other current assets	F(III)	100,000		*100,000*	
			102,463,250		*72,715,146*
TOTAL			14,769,957,615		*13,252,063,724*
CONTINGENT LIABILITIES AND COMMITMENTS	G				
OTHER NOTES FORMING PART OF ACCOUNTS	N				
SIGNIFICANT ACCOUNTING POLICIES	O				

The accompanying notes are an integral part of financial statement.

As per our report attached

For and on behalf of the Board

M. K. DANDEKER & CO.
Chartered Accountants
Firm's Registration No. 000679S

By the hand of
K. J. DANDEKER
Partner
Membership No. 018533

SANJAY MATHUR
Manager

B. RAMAKRISHNAN
Director

T. S. VENKATESAN
Director

Place : Chennai
Date : April 29, 2013

Place : Chennai
Date : April 29, 2013

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

	Note No.	2012-2013 ₹	2012-2013 ₹	*2011-2012* ₹	*2011-2012* ₹
REVENUE		**–**	**–**		
Revenue from Operations	**H**	**777,761,046**		–	
Other Income	**I**	**2,700,028**		–	
Total Revenue			**780,461,074**		–
EXPENSES					
Operating and maintenance expenses	**J**	**102,335,663**		–	
Employee benefit expenses	**K**	**20,452,419**		–	
Administration and other expenses	**L**	**32,816,529**		*286,518*	
Finance costs	**M**	**930,790,861**		–	
Depreciation and Amortisation expense	**E**	**536,911,157**		–	
Total Expenses			**1,623,306,629**		*286,518*
Profit/(Loss) Before Exceptional & extraordinary items and Tax			**(842,845,555)**		*(286,518)*
Prior Period Adjustments			**–**		*220,600*
Profit/(Loss) before Taxes			**(842,845,555)**	–	*(507,118)*
Tax expense:					
Current tax		**–**		–	
Deferred tax		**–**		–	
			–		–
Profit/(Loss) after tax			**(842,845,555)**		*(507,118)*
Earnings per Equity share					
Basic/Diluted	**N(V)**		**(5.66)**		*(0.0)*
Face value of equity share			**10.00**		*10.00*

The accompanying notes are an integral part of financial statement.

As per our report attached

For and on behalf of the Board

M. K. DANDEKER & CO.
Chartered Accountants
Firm's Registration No. 000679S

By the hand of
K. J. DANDEKER
Partner
Membership No. 018533

SANJAY MATHUR
Manager

B. RAMAKRISHNAN
Director

T. S. VENKATESAN
Director

Place : Chennai
Date : April 29, 2013

Place : Chennai
Date : April 29, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

		2012-13 ₹	2011-12 ₹
A.	**Cash Flow from operating activities**		
	Net Profit/(Loss) after tax	**(842,845,555)**	*(507,118)*
	Adjustment for :		
	Depreciation	**536,911,157**	–
	Interest paid	**930,790,861**	–
	Interest received	**(94,031)**	
	(Profit)/Loss on sale of investments (net)	**(1,819,456)**	
	Operating Profit before working capital changes	**622,942,976**	*(507,118)*
	Adjustments For :	–	–
	Increase/(Decrease) in other long term liabilitites	**2,150,819**	
	Increase/(Decrease) in other current liabilitites	**(2,607,977,843)**	–
	Increase/(Decrease) in long term provisions	**1,175,309**	–
	Increase/(Decrease) in short term provisions	**24,738**	–
	(Increase)/Decrease in long term loans and advances	**(10,375,213)**	–
	(Increase)/Decrease in short term loans and advances	**(2,260,407)**	–
	Cash generated from operations	**(1,994,319,621)**	*(507,118)*
	Direct taxes provision	–	–
	Net Cash from Operating Activities (A)	**(1,994,319,621)**	*(507,118)*
B.	**Cash Flow from Investing activities**		
	Purchase of Fixed Assets (including Preoperative Expenses)	**(2,014,681,731)**	*(7,887,651,393)*
	(Increase)/Decrease in loans and advances	–	*7,010,188*
	(Increase)/Decrease in long term loans and advances	–	*764,611,659*
	Increase/(Decrease) in current liabilities & provisions	–	*2,012,464,760*
	Purchase of investments	**(1,110,241,150)**	–
	Sale of investments	**1,112,060,606**	–
	Interest received	**94,031**	–
	Net Cash/(used in) from Investing Activities (B)	**(2,012,768,244)**	*(5,103,564,786)*
C.	**Cash Flow from Financing Activities**		
	Equity share capital received	–	*519,849,000*
	Unsecured Loan from Promoters	**781,849,000**	
	Secured Loans from Banks & Financial Institutions received	**4,183,517,423**	*10,713,171,032*
	Secured loans repaid to Banks and Financial Institutions		*(6,432,100,000)*
	Interest paid	**(930,790,861)**	
	Net cash/(used in) from Financing Activities (C)	**4,034,575,562**	*4,800,920,032*
	Net increase in cash and cash equivalents (A+B+C)	**27,487,696**	*(303,151,872)*
	Cash and Cash equivalents as at the beginning	**71,029,562**	*374,181,434*
	Cash and Cash equivalents as at the end	**98,517,259**	*71,029,562*

Notes

1 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."

2 Previous year's figures have been regrouped/reclassified wherever applicable.

3 Components of Cash and cash equivalents:-

	2012-13	2011-12
Balances with banks:		
on current account	**4,578,909**	*34,917,137*
on Fixed Deposits with less than 3 months maturity	**83,567,116**	*36,112,425*
Cash in hand	**10,371,234**	–
TOTAL	**98,517,259**	*71,029,562*

As per our report attached

M. K. DANDEKER & CO.
Chartered Accountants
Firm's Registration No. 000679S

By the hand of
K. J. DANDEKER
Partner
Membership No. 018533

Place : Chennai
Date : April 29, 2013

For and on behalf of the Board

SANJAY MATHUR *Manager*

B. RAMAKRISHNAN *Director*

T. S. VENKATESAN *Director*

Place : Chennai
Date : April 29, 2013

NOTES TO FINANCIAL STATEMENTS

	As at 31.03.2013 No. of Shares	As at 31.03.2013 ₹	*As at 31.03.2012 No. of Shares*	*As at 31.03.2012 ₹*
A SHARE CAPITAL				
Authorised:				
Equity Shares of ₹ 10 each	**150,000,000**	**1,500,000,000**	*15,00,00,000*	*1,500,000,000*
Issued, Subscribed and Paid:				
Equity Shares of ₹ 10 each fully paid up	**149,000,000**	**1,490,000,000**	*149,000,000*	*1,490,000,000*
A(i) Reconciliation of the number of equity shares and share capital:				
Equity Shares:				
At the beginning of the period	**149,000,000**	**1,490,000,000**	*97,015,100*	*970,151,000*
Issued during the year as fully paid	**–**	**–**	*51,984,900*	*519,849,000*
Outstanding at the end of the period	**149,000,000**	**1,490,000,000**	*149,000,000*	*1,490,000,000*

A(ii) Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10/– per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board is subject to the approval of the Shareholders in the ensuing annual general meeting. During the year ended 31st March 2013, no dividend is declared by Board. *(Previous year – Nil)*

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

	Relationship	As at 31.03.2013 ₹	*As at 31.03.2012 ₹*
L&T Infrastructure Development Projects Limited & its nominess 148,999,900 equity shares of ₹ 10 each fully paid up	Holding Company	**1,489,999,000**	*1,489,999,000*
Larsen and Toubro Limited 100 equity shares of ₹ 10 each fully paid up	Ultimate Holding Company	**1,000**	*1,000*

A(iv) Details of Shareholders holding more than 5% shares in the Company:

	As at 31.03.2013 No of Shares	As at 31.03.2013 %	*As at 31.03.2012 No of Shares*	*As at 31.03.2012 %*
Equity Shares of ₹ 10 each fully paid				
L&T Infrastructure Development Projects Limited, Holding Company & its nominies	**148,999,900**	**100.00%**	*148,999,900*	*100.00%*

	As at 31.03.2013 ₹	*As at 31.03.2012 ₹*
B RESERVES & SURPLUS		
Surplus/(deficit) in the Statement of Profit and Loss		
Balance as per the last financial statement	**(7,941,765)**	*(7,434,647)*
Add: Profit/(Loss) for the period	**(842,845,555)**	*(507,118)*
TOTAL	**(850,787,320)**	*(7,941,765)*

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
C(I) LONG TERM BORROWINGS				
a) Term loans from Banks				
Secured Loan		**12,467,757,455**		*8,296,220,032*
b) Loans and advances from related parties				
Unsecured Loan				
Mezannine Debt from Holding Company	**1,000,000,000**		*504,151,000*	
Loan from Holding Company	**286,000,000**		–	
		1,286,000,000		*504,151,000*
TOTAL		**13,753,757,455**		*8,800,371,032*

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

Particulars	Details
1. Interest rate	i) Base rate + applicable spread
2. Repayament terms	i) 46 quarterly unequal installments. ii) Repayment starts from April 2013 and ends by July 2024.
3. Security for the term loans	All the above term loans are secured by pari passu first charge on all the immovable properties both present and future of the Company and hypothecation of tangible movable properties present & future including book debt, cash & bank balance, stock–in–trade, intangible assets, uncalled share capital, etc. except project assets as defined in the concession agreement.
4. Presentation of Term Loans from Banks in Balance Sheet	i) Long Term borrowings ₹ 12,467,757,455/– ii) Current maturities of Long term borrowings ₹ 11,980,000/–

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

Particulars	Details
1. Mezzanine Debt from Holding Company	It is provided as quasi–equity without any interest.
2. Loan from Holding Company	Interest at bank rate

	As at 31.03.2013	As at 31.03.2012
	₹	₹
C(II) OTHER LONG TERM LIABILITIES		
Interest accrued but not due on Loans from Holding Company	**2,150,819**	–
TOTAL	**2,150,819**	–
C(III) LONG TERM PROVISIONS		
Provisions for Employee Benefits		
Provision for Gratuity –Note N(III)	**870,482**	*341,552*
Provision for Leave Encashment–Note N(III)	**1,051,985**	*405,606*
TOTAL	**1,922,467**	*747,158*

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013	As at 31.03.2012
	₹	₹
D(I) CURRENT MATURITIES OF LONG TERM BORROWINGS		
Current maturities of long–term borowings		
Secured Loan from Banks	**11,980,000**	–
TOTAL	**11,980,000**	–
D(II) OTHER CURRENT LIABILITIES		
Other payables		
Due to Micro and small enterprises *	–	–
Due to Ultimate Holding Company	**221,854,153**	*2,815,791,294*
Due to Holding Company	**2,639,646**	–
Due to Fellow Subsidiaries	–	–
Statutory liabilities	**2,445,028**	*38,526,428*
Sundry Creditors	**133,915,297**	*114,514,245*
TOTAL	**360,854,124**	*2,968,831,967*

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

	As at 31.03.2013	As at 31.03.2012
D(III) SHORT TERM PROVISIONS		
Provisions for Employee Benefits		
Provision for Gratuity –Note N(III)	**25,334**	*25,339*
Provision for Leave Encashment–Note N(III)	**54,736**	*29,993*
TOTAL	**80,070**	*55,332*

E(I) TANGIBLE ASSETS

PARTICULARS	COST				DEPRECIATION				NET CARRYING VALUE	
	As at 01.04.2012	Additions	Deletions	**As at 31.03.2013**	As at 01.04.2012	For the year	Deductions	**Up to 31.03.2013**	**As at 31.03.2013**	*As at 31.03.2012*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
COMPUTERS	3,099,841	419,336	49,875	**3,469,302**	988,686	779,712	42,853	**1,725,545**	**1,743,757**	*2,111,155*
Furniture & Fixtures	650,520	11,268,097	148,421	**11,770,196**	247,796	642,507	70,676	**819,627**	**10,950,569**	*402,724*
Office Equipment	1,713,932	412,235	341,644	**1,784,523**	466,441	490,957	220,529	**736,869**	**1,047,654**	*1,247,491*
Vehicles	9,729,705	11,771,222	–	**21,500,927**	157,143	2,813,054	–	**2,970,197**	**18,530,730**	*9,572,562*
P&M-Vehicle	6,549,438	14,446,175		**20,995,613**	260,213	2,038,188		**2,298,401**	**18,697,212**	*6,289,225*
Land	2,280,300	–	–	**2,280,300**	–	–	–	–	**2,280,300**	
Plant & Machinery	–	228,820,370	–	**228,820,370**	–	24,164,580	–	**24,164,580**	**204,655,790**	*2,280,300*
TOTAL	**24,023,736**	**267,137,435**	**539,940**	**290,621,231**	**2,120,279**	**30,928,998**	**334,058**	**32,715,219**	**257,906,012**	*21,903,457*
Previous year	*4,633,536*	*20,457,233*	*1,067,033*	*24,023,736*	*655,750*	*1,464,529*	–	*2,120,279*		
E(II) INTANGIBLE ASSETS										
Toll Collection Rights *	–	*14,903,888,719*	–	**14,903,888,719**	–	*505,982,159*	–	**505,982,159**	**14,397,906,560**	–
TOTAL	–	**14,903,888,719**	–	**14,903,888,719**	–	**505,982,159**	–	**505,982,159**	**14,397,906,560**	–
Previous year	–	–	–	–	–	–	–	–	–	–
E(III) CAPITAL WORK IN PROGRESS										
Plant & Machinery	176,084,929	52,735,441	228,820,370	–	–	–		–	–	*176,084,929*
TOTAL	**176,084,929**	**52,735,441**	**228,820,370**	–	–	–	–	–	–	*176,084,929*
Previous year	*76,000,662*	*100,084,267*		*176,084,929*	–	–		–		
E(IV) INTANGIBLE ASSETS UNDER DEVELOPMENT										
Toll collection Rights	11,120,700,279	1,360,355,719	12,481,055,998	–	–	–	–	–	–	*11,120,700,279*
Pre Operative Expenses	1,859,353,333	563,479,388	2,422,832,721	–	–	–	–	–	–	*1,859,353,333*
TOTAL	**12,980,053,612**	**1,923,835,107**	**14,903,888,719**	–	–	–	–	–	–	*12,980,053,612*
Previous year	*5,210,412,157*	*7,769,641,456*	–	*12,980,053,613*	–	–	–	–		

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

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2013		*As at 31.03.2012*	
	₹	₹	₹	₹
E(V) LONG TERM LOANS AND ADVANCES				
Security Deposit				
Unsecured, Considered good		**11,681,793**		*1,306,580*
TOTAL		**11,681,793**		*1,306,580*
F(I) CASH AND BANK BALANCES				
Cash and cash equivalents				
Cash on hand		**10,371,234**		-
Balances with Banks				
on Current account	**4,578,909**		*34,917,137*	
on Term deposits including interest accrued there on (with less than 3 months maturity)	**83,567,116**		*36,112,425*	
		88,146,025		*71,029,562*
TOTAL		**98,517,259**		*71,029,562*
F(II) SHORT TERM LOANS AND ADVANCES				
Other Loans and Advances				
Unsecured, Considered good				
Prepaid Expenses	**2,663,811**		*311,813*	
Advance tax net of earlier years provision	**1,142,112**		*632,374*	
Others	**40,068**	**3,845,991**	*641,397*	*1,585,584*
TOTAL		**3,845,991**		*1,585,584*
F(III) OTHER CURRENT ASSETS				
Margin Money Deposit*		**100,000**		*100,000*
TOTAL		**100,000**		*100,000*

* Margin Money Deposit Given as security against Bank Guaruntee issued to Telecom Department.

G - CONTINGENT LIABILITIES AND COMMITMENTS

a. Contingent liabilities as at 31st March 2013 is Nil. *(Previous year - Nil)*

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

	2012-13	*2011-12*
	₹	₹
Estimated amount of contracts remaining to be executed on capital account (net of advances)	**Nil**	*142,71,85,790*

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2012-13 ₹	₹
H REVENUE FROM OPERATIONS		
Fee Collections - From users of Facility	**885,126,944**	
Less: GSRDC Share @ 12.13% fee collections from users	**(107,365,898)**	
		777,761,046
TOTAL		**777,761,046**
I OTHER INCOME		
a) Interest Income on		
Short term Deposits with Banks	**72,928**	
Others	**21,103**	
		94,031
b) Net Gain on Sale of Investments	**1,819,456**	
c) Other Non-operating Income	**786,541**	
		2,605,997
TOTAL		**2,700,028**
J OPERATING AND MAINTENANCE EXPENSES		
Toll Management Fees		**8,738,939**
Toll Security Charges		**62,734,555**
Repairs & Maintenance		
Civil maintenance expenses	**17,304,547**	
Electrical Maintenance	**11,625**	
Equipment & Plant & Machinery	**726,891**	
Office Maintenance	**536,162**	
Other	**1,228,256**	
		19,807,481
Power & Fuel		**10,623,821**
Others		**430,867**
TOTAL		**102,335,663**
K EMPLOYEE BENEFIT EXPENSES		
Salaries, wages & bonus		**16,401,671**
Contribution to and provision for		
Provident fund	**1,031,728**	
Gratuity	**83,170**	
Leave encashment	**287,816**	
		1,402,714
Staff welfare expenses		**2,648,034**
TOTAL		**20,452,419**

Note : The Company has commenced Commercial operation during current year, hence corresponding previous year data not applicable.

NOTES TO FINANCIAL STATEMENTS (Contd.)

		2012-13 ₹
L	**ADMINISTRATIVE AND OTHER EXPENSES**	
	Rent	**42,000**
	Rates & taxes	**–**
	Professional fees	**9,347,127**
	Auditors Remuneration (Ref details below)	**561,008**
	Printing & stationery	**1,173,064**
	Postage & Communication	**755,136**
	Travelling & Conveyance	**9,343,985**
	Insurance Expenses	**4,621,557**
	Marketting Expenses	**1,875,772**
	Bank Charges	**2,426,464**
	Miscellaneous expenses	**2,670,416**
	TOTAL	**32,816,529**

Auditors Remuneration	**2012-13** ₹	*2011-12* ₹
For Statutory audit	**370,788**	*286,518*
For Tax audit	**–**	*–*
For Other services	**186,793**	*147,701*
Reimbursement of expense	**3,427**	*39,858*
TOTAL	**561,008**	*474,077*

		2012-13 ₹
M	**FINANCE COSTS**	
	Interest on Term Loans	**928,034,876**
	Interest on Unsecured Loans	**2,150,819**
	Interest Others	**268,085**
	Trusteeship Fees	**337,081**
	TOTAL	**930,790,861**

Note : The Company has commenced Commercial operation during current year, hence corresponding previous year data not applicable.

NOTES TO FINANCIAL STATEMENTS (Contd.)

N OTHER NOTES FORMING PART OF ACCOUNTS

(i) Corporate information

The Company has been awarded Gujarat State Road Development Corporation Limited on Build Operate and Transfer (BOT) basis, the widening of existing two–lane, 181.06 km. road stretch in between Ahmedabad–Viramgam–Maliya 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 period of 22 years commenced from October 12, 2009, the appointed date as defined under concession agreement. At the end of the concession period, the entire facility will be transferred to Gujarat State Road Development Corporation Ltd.

During the year, the Company has received Provisional Completion Certifcates for all four Sections of the project and starterd commercial operation."

(ii) Provision for taxation

(i) No provision for current tax has been made on income as the Company does not have taxable income under the provision of the Income Tax Act, 1961.

(ii) No provision has been made for Wealth Tax, as the Company does not have taxable wealth under the provisions of the Wealth Tax Act, 1957.

(iii) The Company is eligible for deduction under Section 80IA of the Income Tax Act 1956 and the concession period of the Company's project falls within the tax holiday period as defined in the Section 80IA. Since deferred tax on timing difference between Accounting Income and Taxable Income that arise during the year is reversing during such Tax Holiday Period, no deferred tax assets/liability arises and accordingly no provision is made in the accounts."

(iii) Employee benefits

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

1. Gratuity

Particulars	**2012–2013**	*2011–2012*
A. Results of Actuarial Valuation		
1. Valuation as on	**March 31, 2013**	*March 31, 2012*
2. Retirement Age	**58 Yrs.**	*58 Yrs.*
3. No of Employees	**62**	*31*
4. Present Value of Benefit Obligations	**895,816**	*366,891*
B. Principal rules to compute Benefit Obligations		
1. Salary reckoned for calculating benefit obligations	**Basic Pay**	*Basic Pay*
2. Vesting Period	**5 years of Gratuity**	*5 years of Gratuity*
3. Benefit formula for Gratuity for all exits except death	B1 X Completed year of Service X 15/26 subject to benefit having vested	
4. Benefit formula for Gratuity on death	Same as B3 but no vesting condition	

The amounts recognised in Balance Sheet are as follows:

Particulars	**2012–2013**	*2011–2012*
	₹	₹
A) Present value of defined benefit obligation		
Wholly funded	**–**	*–*
Wholly unfunded	**895,816**	*366,891*
Less : Fair value of plan assets	**–**	*–*
Amount to be recognised as liability or (asset)	**895,816**	*366,891*
B) Amounts reflected in the Balance Sheet		
Liabilities		
Current	**25,334**	*25,339*
Non-Current	**870,482**	*341,552*
Assets	**–**	*–*

NOTES TO FINANCIAL STATEMENTS (Contd.)

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

Particulars	2012–2013	2011–2012
	₹	₹
1 Current service cost	**281,526**	*184,889*
2 Interest on Defined benefit obligation	**31,186**	*13,118*
3 Expected return on plan assets	**–**	–
4 Actuarial losses/(gains)	**(229,542)**	*9,883*
5 Past service cost	**–**	–
6 Effect of Curtailment or settlement	**–**	–
I. Amount included in “employee benefit expenses”	**83,170**	*207,890*
II. Amount included as part of “finance costs”	**–**	–
Total (I + II)	**83,170**	*207,890*
Actual return on plan assets	**–**	–

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

Particulars	2012–2013	2011–2012
	₹	₹
Opening balance of the present value of defined benefit obligation	**366,891**	*159,001*
Add: Current service cost	**281,526**	*184,889*
Add: Interest cost	**31,186**	*13,118*
Add: Contribution by plan participants		
i) Employer	**–**	–
ii) Employee	**–**	–
Add/(less): Actuarial losses/(gains)	**(229,542)**	*9,883*
Less: Benefits paid	**–**	
Add: Past service cost	**–**	
Add: Transfer in obligation	**445,755**	–
Closing balance of the present value of defined benefit obligation	**895,816**	*366,891*

2. Compensated Absenses

A. Summary of Staff		
1. No of Employees	**62**	*31*
2.Projected actuarial value of benefit obligation (in ₹)	**1,106,721**	*435,599*
B. Principle rule to compute benefit Obligations		
1. Salary reckoned for calculating Benefit obligations	**Basic Pay**	*Basic Pay*
2. Benefit formula for all exits.	B1 X Leave Balance/26	

3. Summary of Actuarial Assumptions

A. Mean Financial Assumptions		
1. Discount Rate per unit per annum	**8.10%**	*8.50%*
2. Salary escalation rate per unit per annum	**6.00%**	*6.00%*
3. Expected rate of return on Plan Assets per unit per annum	**N.A.**	*N.A.*
B. Mean Demographic Assumptions		
1. Mortality Rate	**LIC 94 – 96 Rates**	*LIC 94 – 96 Rates*
2.Withdrawal/Attrition Rate	**5% for younger age and 1% for older age**	*5% for all age*
3. Disability/ill health retirement	**No Explicit Assumption**	*No Explicit Assumption*

4. Employees Provident Fund

Contribution to the Provident Fund, made to regional provident fund office has been recognised on actual liability basis.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(iv) Lease

The Company has taken premises on cancelable operating lease. Lease rent for the year amounting to ₹ 24,38,288 *(Previous year ₹ 34,09,183)* is part of pre–operative expenses capitalised. Further Lease rent of ₹ 42000/– charged as expenses.

(v) Earnings per share

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

Particulars	**2012–2013**	*2011–2012*
	₹	₹
Basic/Diluted		
Profit/(Loss) after tax as per Accounts	**(842,845,555)**	*(507,118)*
PAT/(Loss) available to Equity Share holders	**(842,845,555)**	*(507,118)*
Total/Weighted Average number of shares	**149,000,000**	*130,521,129*
Basic/Diluted EPS	**(5.66)**	*(0.00)*

(vi) Related Party Transactions

A. List of Related Parties

Holding Company	L&T Infrastructure Development Projects Limited
Ultimate Holding Company	Larsen and Toubro Limited
Subsidiary Company	Nil
Associate Company	Nil
Fellow Subsidiaries	L&T Rajkot-Vadinar Tollway Limited
	L&T Transco Private Limited
	L&T BPP Tollway Limited.
	L&T Interstate Road Corridor Limited
	L&T Halol Shamlaji Tollway Limited
	L&T Vadodara Bharuch Tollway Limited
	Narmada Infrastructure Construction Enterprise Ltd.
	L&T Samakhiali Gandhidham Tollway Limited
	L&T Panipat Elevated Corridor Limited
	L&T Krishnagiri Walajahpet Tollway Limited
	L&T Great Eastern Highway Limited

B. Transactions with related parties:

Name/Relationship/Nature of transaction	**2012–13**			*2011–12*		
	Amount of transaction	**Due to**	**Due from**	*Amount of transaction*	*Due to*	*Due from*
	₹	₹	₹	₹	₹	₹
L&T Infrastructure Development Projects Limited						
Subscription of Equity Share Capital	**–**	**–**	**–**	*519,849,000*	*–*	*–*
Subscription Promoter's Mazzanine Debt	**495,849,000**	**1,000,000,000**	**–**	*504,151,000*	*504,151,000*	*–*
Purchase of goods & services (incl. service tax)	**23,718,487**	**488,827**	**–**	*12,595,830*	*–*	*–*
Interest accrued on loans	**2,389,798**	**2,150,819**	**–**	*–*	*–*	*–*
Reimbursement of Expenses to	**–**	**–**	**–**	*58,002*	*–*	*–*
Reimbursement of Expenses from	**1,217,283**	**–**	**–**	*–*	*–*	*–*
Short Funding	**286,000,000**	**286,000,000**	**–**	*–*	*–*	*–*
Larsen & Toubro Limited						
Subscription of Equity	**–**	**–**	**–**	*–*	*–*	*–*
Mobilization of Advance	**–**	**–**	**–**	*765,784,129*	*–*	*–*
EPC Progress Invoice	**1,119,085,094**	**225,114,085**	**–**	*6,203,514,521*	*2,819,487,448*	*–*
Cost of Services	**–**	**–**	**–**	*163,792*	*–*	*–*
Reimbursement of Expenses to	**52,071**	**–**	**3,525,401**	*4,042,167*	*–*	*3,696,155*

NOTES TO FINANCIAL STATEMENTS (Contd.)

Name/Relationship/Nature of transaction	2012–13			*2011–12*		
	Amount of transaction	**Due to**	**Due from**	*Amount of transaction*	*Due to*	*Due from*
	₹	₹	₹	₹	₹	₹
Reimbursement of Expenses from	**34,714**	–	–	–	–	–
L&T Rajkot Vadinar Tollway Limited						
Reimbursement of Expenses from	**1,274,805**	–	–	*114,979*	–	–
Reimbursement of Expenses to	–	–	–	*104,000*	–	–
L&T Transco Private Limited						
Reimbursement of Expenses to	–	–	–	*14,162,517*	–	–
Purchase of goods and services	–	–	–	*877,482*	–	–
L&T BPP Tollway Limited.						
Reimbursement of Expenses from	**1,397**	–	–	–	–	–
L&T Interstate Road Corridor Limited						
Reimbursement of Expenses to	**106,960**	–	–	–	–	–
L&T Halol Shamlaji Tollway Limited						
Reimbursement of Expenses from	**293,165**	–	–	*401,745*	–	–
Purchase of Fixed Assets to	**2,645,058**	–	–	*21,325*	–	–
Transfer of Fixed Asset from	**47,250**	–	–	–	–	–
L&T Vadodara Bharuch Tollway Limited						
Reimbursement of Expenses to	**913,919**	–	–	*58,711*	–	–
Narmada Infrastructure Construction Enterprise Limited						
Reimbursement of Expenses from	**853,644**	–	–	–	–	–
L&T Samakhiali Gandhidham Tollway Limited						
Reimbursement of Expenses to	**2,106**	–	–	*5,854*	–	–
L&T Panipat Elevated Corridor Limited						
Reimbursement of Expenses to	**8,395,927**	–	–	*29,651*	–	–
L&T Krishnagiri Walajahpet Tollway Limited						
Reimbursement of Expenses to	**40,133**	–	–	–	–	–
L&T Great Eastern Highway Limited						
Transfer of Fixed Asset from	**205,460**	–	–	–	–	–
No amounts have been written off or written back in the year 2012–13 in respect of debts due from or due to related parties.						

(vii) Foreign Currency transaction

Details of foreign currency transactions entered and paid by the Company:

Particulars	2012–2013	*2011–2012*
	₹	₹
Purchase of Highway Traffic Management System and Toll Collection Software	**3,715,177**	*31,298,303*

There are no foreign exchange earnings during the year 2012–13. *(Previous Year ₹ Nil)*

(viii) Investor education and protection fund

There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2013.

(ix) Change in accounting estimate

As a result of change in accounting estimate for useful life of desktop–computers, the increase in depreciation amount for desktop is ₹ 1,31,133. Accordingly the loss for the period is higher to the extent of additional depreciation charged.

(x) Impairment of asset

The Company has reviewed the future discounted cash flows and is satisfied that the recoverable amount is more than the amount carried in the books. Accordingly, no provision is required to be made for the impairment in the accounts.

(xi) Previous Year Figures

The Company has reclassified/regrouped the previous year figures wherever necesarry.

NOTES TO FINANCIAL STATEMENTS (Contd.)

O SIGNIFICANT ACCOUNTING POLICIES

i. Basis of preparation

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles (“GAAP”) and in compliance with 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 or 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 useful life of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans etc.Actual results could differ from these estimates and would be recognized in the year in which the results are known.”

ii. Revenue recognition

a) Fee collections from users of facility are accounted for as and when the amount is due and recovery is certain.

b) Dividend income is recognized when the right to receive is established.

c) Interest income is accrued at applicable rates.

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

iii. Employee benefits

(i) Short Term Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(ii) Post-Employment Benefits:

(a) Defined Contribution Plans:

The Company’s obligation to employees provident fund is a defined contribution plan. The contribution paid/payable is recognized in the period in which the employee renders the related service.

(b) Defined Benefit Plans:

The Company’s obligation towards gratuity is a defined benefit plan. The present value of the obligation under such Defined Benefit Plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the Profit and Loss Account.

(iii) 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.

iv. Fixed Assets

Tangible Assets

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

Intangible Assets

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

Toll Collection Rights is 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. Such Carriageway on completion is capitalized as Intangible Assets as it represents right to collect Toll revenue during the concession period.

v. Depreciation and Amortisation

Depreciation

Depreciation on assets has been provided on straight-line basis at the rates specified in the Schedule XIV of the Companies Act, 1956. However where the rate of depreciation provided in Schedule XIV of the Companies Act, 1956 does not depreciate the asset fully over the period of concession, such tangible assets are depreciated over the period of rights given under the Concession Agreement. Where there is a revision of the estimated useful life of an asset, the unabsorbed depreciable amount is charged over the revised remaining useful life.

NOTES TO FINANCIAL STATEMENTS (Contd.)

However w.e.f. January 1, 2011, in respect of the following categories of fixed assets, the depreciation has been provided at a higher rate in line with their estimated useful life:

Category of Asset	**Depreciation Rate (% per annum)**
Office Equipment	25.00%
Computers – Desktop & Laptop	25.00%
Furniture and Fixtures	10.00%
Vehicles	14.29%
Toll Equipments	14.29%
Plant & Machinery	11.90%

W.e.f. 01.04.2012 useful life of desktops is revised to 4 years from 6 years and accordingly depreciation has been provided at a higher rate.

Depreciation on additions/deductions is calculated pro-rata from/to the month of additions/deductions. Items valuing below ₹ 5,000/- have been fully written off in the year of purchase.

Amortization

Toll Collection Rights are amortized over the period of rights given under the Concession Agreement as they represent right to collect Toll revenue during the concession period.

vi. Lease

a) Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

b) Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit & Loss on accrual basis. “

vii. Impairment of Assets

As 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 period.”

Recoverable amount is determined:

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

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

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

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

viii. Investments

(a) Current Investments are stated at lower of cost or market value. (b) Long Term Investments are stated at Cost.

ix. Cash & Bank Balances

Cash and bank balances also include fixed deposits and earmarked balances with banks. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

x. Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. 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 recognised as an expense in the period in which they are incurred.

xi. Segment Reporting

The Company is engaged only in the business of developing and operating the Toll Roads, bridges and bypass roads; further the Company is carrying business in only one geographical segment and hence furnishing details of geographical segment does not arise.

xii. Taxes on Income

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

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

NOTES TO FINANCIAL STATEMENTS (Contd.)

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

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

xiii. Provisions, Contingent Liabilities and Contingent Assets

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

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

(ii) a probable outflow of resources is expected to settle the obligation, and

(iii) the amount of the obligation can be reliably estimated.

b) 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.

c) Contingent Liability is disclosed in the case of

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

(ii) a present obligation when no reliable estimate is possible, and

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

d) Contingent Assets are neither recognized, nor disclosed.

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

xiv. Commitments

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

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

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

xv. Operating cycle for current and non-current classification

The Company is engaged only in one line of business and the Operating cycle for the Company shall be 12 months.

xvi. 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.

As per our report attached

M. K. DANDEKER & CO.
Chartered Accountants
Firm's Registration No. 000679S

By the hand of
K. J. DANDEKER
Partner
Membership No. 018533

Place : Chennai
Date : April 29, 2013

For and on behalf of the Board

SANJAY MATHUR
Manager

B. RAMAKRISHNAN
Director

T. S. VENKATESAN
Director

Place : Chennai
Date : April 29, 2013