DIRECTORS' REPORT

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

1. FINANCIAL RESULTS

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

Amount (₹ Lakhs)

Description	**2012-13**	2011-12
Profit before depreciation & tax	**(1,839.59)**	-
Depreciation	**1,918.75**	-
Profit / (Loss) before tax	**(3,758.34)**	-
Prior Period Adjustments	**-**	(4.85)
Provision for tax	**-**	
Profit / (Loss) after tax	**(3,758.34)**	(4.85)
Balance brought forward from Previous year	**(87.62)**	(82.76)
Balance carried to Balance Sheet	**(3,845.96)**	(87.62)

2. PERFORMANCE OF THE COMPANY

The company has partially commenced operation during the year. The Total Income for 2012-13 is ₹ 1,774.88 lakhs. Loss After Tax for 2012-13 is ₹ 3,758.34 lakhs.

3. DIVIDEND

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

4. CAPITAL EXPENDITURE

As at March 31, 2013, the gross fixed assets stood at ₹ 64,668.73 lakhs and the net fixed assets stood at ₹ 62,731.42 lakhs. As at March 31, 2013, the capital work in progress and the pre-operative expenses stood at ₹ 88,832.30 lakhs.

5. DEPOSITS

The Company has not accepted any deposits from the public.

6. AUDITORS' REPORT

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

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

a. Conservation of Energy

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

b. Technology Absorption

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

c. Foreign Exchange Earnings and Outgo

i. Expenditure in foreign currency : ₹ 179.01 lakhs

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

8. DISCLOSURE OF PARTICULARS

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

9. PARTICULARS OF EMPLOYEES

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

Mr. Mahaveer S. Dasharathana resigned as a Manager on 16.08.2012. Consequent upon his resignation, Mr. Sanjay Prabhakar Ingle was appointed as the Manager of the Company under the Companies Act,1956 with effect from 16.08.2012.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

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

2. that the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2013;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts have been prepared on a going concern basis; and
5. that proper systems are in place to ensure compliance of all laws applicable to the company.

11. DIRECTORS

Mr. T. S. Venkatesan Mr. Karhikeyan T. V., Mr. Satish D. Parakh and Mr. Manoj Dave constitute the Board of Directors of the Company.

Mr. Manoj Dave was appointed as the Director in casual vacancy caused due to the resignation of Mr. C. Sankaralingam with effect from 09/07/2012.

Mr. Karthikeyan T. V. , retires by rotation at the Fourth Annual General Meeting and being eligible offers himself for re-appointment.

12. AUDIT COMMITTEE

The Members of the Audit Committee are:

1. Mr. T. S. Venkatesan
2. Mr. Karthikeyan T. V. and
3. Mr. Satish D. Parakh

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

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

13. AUDITORS

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

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

14. COMPLIANCE WITH VOLUNTARY CORPORATE GOVERNANCE GUIDELINES, 2009

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

A) SEPARATION OF OFFICES OF CHAIRMAN & CHIEF EXECUTIVE

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

B) REMUNERATION OF DIRECTORS

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

C) INDEPENDENT DIRECTORS

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

Number of Companies in which an Individual may become a Director

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

D) RESPONSIBILITIES OF THE BOARD

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

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

E) STATUTORY AUDITORS

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

F) INTERNAL AUDITORS

M/s Price Waterhouse Coopersare the Internal Auditors of the Company.

G) INTERNAL CONTROL

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

H) SECRETARIAL AUDIT

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

I) MAINTENANCE OF COST AUDIT COMPLIANCE REPORT

Pursuant to the provisions of Rule 5 of The Companies (Cost Accounting Records) Rules, 2011, your company is required to obtain a cost audit compliance report from a Practicing Cost Accountant and the same is required to be filed with the Ministry of Corporate Affairs.

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

15. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place : Chennai	**T. S. VENKATESAN**	**KARTHIKEYAN T. V.**
Date : April 25, 2013	*Director*	*Director*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OFPNG TOLLWAY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **PNG 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 principles generally accepted in India including accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

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

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that :
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
   c) The Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
   d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
   e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, 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 GIANENDER& ASSOCIATES
Chartered Accountants
Firm Regn. No. 004661N

G. K. AGRAWAL
Partner
M. No. 081603

Place : Chennai
Date : April 25, 2013

ANNEXURE TO THE AUDITORS REPORT

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

RE:PNG TOLLWAY LIMITED

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

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

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

(ii) The Company is engaged in the business of infrastructure development and maintenance and hence the clauses 4 (ii) (a), (b) & (c) of the Companies (Auditor’s Report) Order 2003 relating to inventory are not applicable.

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

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

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

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

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act,1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues, Income tax, and other statutory dues during the year with the appropriate authorities. As at March 31, 2013, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues which have not been deposited on account of any dispute of income tax and cess.

(x) The Company is in existence for a period less than five years; hence reporting on accumulated losses under clause 4(x) of the Companies (Auditor’s Report) Order 2003 is not required..

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

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

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

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

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

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

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

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

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

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

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

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

G. K. AGRAWAL
Partner
M. No. 081603

Place : Chennai
Date : April 25, 2013

BALANCE SHEET AS AT MARCH 31, 2013

	Note No.	As at 31.03.2013 ₹	₹	*As at 31.03.2012* ₹	₹
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	**A**	**1,691,000,000**		*1,691,000,000*	
Reserves & Surplus	**B**	**(384,596,943)**		*(8,762,609)*	
			1,306,403,057		*1,682,237,391*
Non-current liabilities					
Long-term borrowings	**C(I)**	**13,156,400,000**		*8,397,100,000*	
Other Long term liabilities	**C(II)**	**154,948,630**		*5,092,502*	
Long-term provisions	**C(III)**	**32,083,755**		*668,498*	
			13,343,432,385		*8,402,861,000*
Current liabilities					
Current maturities of long term borrowings	**D(I)**	**236,700,000**		-	
Trade payables	**D(II)**	**16,408,103**		*3,206,541*	
Other current liabilities	**D(III)**	**425,941,951**		*805,903,865*	
Short-term provisions	**D(IV)**	**141,245**		-	
			679,191,299		*809,110,406*
TOTAL			**15,329,026,741**		*10,894,208,797*
ASSETS					
Non-current assets					
Fixed Assets					
Tangible Assets	**E(I)**	**81,054,420**		*2,571,008*	
Intangible Assets	**E(II)**	**6,192,087,653**		-	
Intangible Assets under Development	**E(III)**	**8,883,230,284**		*10,368,126,003*	
Long-term loans and advances	**E(IV)**	**71,011,252**		*487,446,831*	
			15,227,383,609		*10,858,143,842*
Current Assets					
Cash and bank balances	**F(I)**	**96,505,474**		*24,047,080*	
Short-term loans and advances	**F(II)**	**5,137,658**		*12,017,875*	
			101,643,132		*36,064,955*
TOTAL			**15,329,026,741**		*10,894,208,797*
CONTINGENT LIABILITIES	**G**				
COMMITMENTS	**H**				
OTHER NOTES FORMING PART OF ACCOUNTS	**O**				
SIGNIFICANT ACCOUNTING POLICIES	**P**				

As per our report of attached

For GIANENDER & ASSOCIATES
Chartered Accountants
Firm Registration No: 04661N

G. K. AGRAWAL
Partner
Membership No.081603

Place : Chennai
Date : April 25, 2013

For and on behalf of the Board

SANJAY P. INGLE
Manager

T. S. VENKATESAN
Director

KARTHIKEYAN T. V.
Director

Place : Chennai
Date : April 25, 2013

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

	Note No.	2012-13 ₹	2011-12 ₹
REVENUE			
Revenue from operations	I	177,488,201	–
Other Income	J	5,160,759	–
Total Revenue		182,648,960	–
EXPENSES			
Operating and maintenance expenses	K	67,049,063	–
Employee benefits expense	L	5,287,108	–
Administrative and other expenses	M	4,229,897	–
Finance costs	N	290,042,067	–
Depreciation and amortisation expense	E(I), (II)	191,875,159	–
Total Expenses		558,483,294	–
Profit/(Loss) Extraordinary items and tax		(375,834,334)	–
Exceptional items		–	–
Prior Period Adjustments		–	(485,943)
Profit/(Loss) before Taxes - PBT		(375,834,334)	(485,943)
Tax expense:			
Current tax		–	–
Deferred tax		–	–
Profit/(Loss) After Tax		(375,834,334)	(485,943)
Earnings per equity share			
Basic EPS		(2.22)	(0.00)
Diluted EPS		(2.22)	(0.00)
Face value per equity share (₹)		10.00	10.00
OTHER NOTES FORMING PART OF ACCOUNTS	O		
SIGNIFICANT ACCOUNTING POLICIES	P		

As per our report of attached

For GIANENDER & ASSOCIATES
Chartered Accountants
Firm Registration No: 04661N

G. K. AGRAWAL
Partner
Membership No.081603

Place : Chennai
Date : April 25, 2013

For and on behalf of the Board

SANJAY P. INGLE *Manager* | **T. S. VENKATESAN** *Director* | **KARTHIKEYAN T. V.** *Director*

Place : Chennai
Date : April 25, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

		2012-13 ₹	2011-12 ₹
A	**Cash Flow from operating activities**		
	Profit before tax		
	Profit before tax (excluding extraordinary items)	**(375,834,334)**	–
	Adjustments for :		
	Depreciation	**191,875,159**	–
	Interest paid	**290,042,067**	–
	Interest received	**–**	–
	(Profit) / Loss on sale of investments (net)	**–**	–
	Other non operating income	**–**	–
	Operating profit/Loss before working capital changes	**106,082,892**	–
	Adjustments for :		
	(Increase) / Decrease in trade and other receivables		
	(Increase) / Decrease in Loans and Advances	**423,315,796**	*641,736,970*
	Increase / (Decrease) in trade payables and liabilities	**139,569,435**	*261,296,808*
	Increase / (Decrease) in Provisions	**31,556,502**	*83,150*
	Cash generated from operations	**700,524,625**	*903,116,928*
	Direct taxes paid (net of refund)	**–**	–
	Net cash (used in) / generated from operating activities - (A)	**700,524,625**	*903,116,928*
B	**Cash flow from Investing activities**		
	Payment for fixed assets (Including Pre-operative expenses)	**(5,341,356,595)**	*(7,087,532,790)*
	Add: Depreciation during the year	**–**	–
	Purchase of Investments	**(1,664,400,000)**	*(1,129,500,000)*
	Sale of Investments	**1,665,926,560**	*1,132,971,171*
	Net cash (used in) / from investing activities - (B)	**(5,339,830,035)**	*(7,084,061,619)*
C	**Cash flow from financing activities**		
	Issue of Equity Shares	**–**	*845,500,000*
	Secured Loans	**3,805,000,000**	*4,725,000,000*
	Mezz Debt	**1,035,600,000**	*500,000,000*
	Other Long Term Loans	**155,400,000**	–
	Interest paid	**(284,236,196)**	–
	Net cash (used in) / from financing activities - (C)	**4,711,763,804**	*6,070,500,000*
	Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**72,458,394**	*(110,444,691)*
	Cash and cash equivalents as at the beginning of the year	**24,047,080**	*134,491,771*
	Cash and cash equivalents as at the end of the year	**96,505,474**	*24,047,080*

Notes:

1. Cash Flow statement has been prepared under the Indirect Method as set out in the Accounting Standard 3; "Cash Flow Statement" as per Companies (Accounting Standard) Rules, 2006.
2. Previous year's figures have been regrouped/reclassified wherever applicable
3. Components of Cash and cash equivalents-:

Particulars	₹	₹
Cash on Hand	**4,364,325**	–
Balance with Scheduled Banks - Current Accounts	**6,341,149**	*434,418*
Balance with Scheduled Banks in term deposits including accrued interest thereon	**85,800,000**	*23,612,662*
Cash & Bank Balances	**96,505,474**	*24,047,080*

As per our report of attached

For and on behalf of the Board

For GIANENDER & ASSOCIATES
Chartered Accountants
Firm Registration No: 04661N

G. K. AGRAWAL
Partner
Membership No.081603

SANJAY P. INGLE
Manager

T. S. VENKATESAN
Director

KARTHIKEYAN T. V.
Director

Place : Chennai
Date : April 25, 2013

Place : Chennai
Date : April 25, 2013

NOTES FORMING PART OF ACCOUNTS

NOTE A – SHARE CAPITAL

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

	As at 31.03.2013		*As at 31.03.2012*	
	No. of Shares	**₹**	*No. of Shares*	*₹*
Authorized				
Equity Shares of ₹ 10/– each	**170,000,000**	**1,700,000,000**	*170,000,000*	*1,700,000,000*
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/– each fully paid up	**169,100,000**	**1,691,000,000**	*169,100,000*	*169,100,000*

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

	As at 31.03.2013		*As at 31.03.2012*	
	No. of Shares	**₹**	*No. of Shares*	*₹*
Equity Shares:				
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the period	**169,100,000**	**1,691,000,000**	*84,550,000*	*845,500,000*
Add : Shares issued during the year as fully paid	**–**	**–**	*84,550,000*	*845,500,000*
Issued, subscribed and fully paid up equity shares outstanding at the end of the period	**169,100,000**	**1,691,000,000**	*169,100,000*	*1,691,000,000*

A(III) Terms / Rights attached to Equity Shares

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

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

Particulars	**Relationship**	**As at 31.03.2013** ₹	*As at 31.03.2012* ₹
Larsen & Toubro Limited (L&T)			
4,39,66,000 equity shares of ₹ 10 each fully paid up and its nominees *(as at March 31, 2012 : 4,39,66,000 Equity Shares of ₹ 10 each)*	Ultimate Holding Company	**439,660,000**	*439,660,000*
L&T Infrastructure Development Projects Limited (L&T IDPL)			
6,04,70,162 equity shares of ₹ 10 each fully paid up and its nominees *(as at March 31, 2012 : 6,04,70,162 Equity Shares of ₹ 10 each)*	Fellow subsidiary	**604,701,620**	*604,701,620*
L&T Transco Private Limited		**206,978,380**	*206,978,380*
2,06,97,838 equity shares of ₹ 10 each fully paid up and its nominees *(as at March 31, 2012 : 2,06,97,838 Equity Shares of ₹ 10 each)*	Fellow subsidiary		
Ashoka Buildcon Limited (ABL)			
4,39,66,000 equity shares of ₹ 10 each fully paid up and its nominees *(as at March 31, 2012 : 4,39,66,000 Equity Shares of ₹ 10 each)*	JV partner	**439,660,000**	*439,660,000*

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

Name of the Shareholder	**As at 31.03.2013**		*As at 31.03.2012*	
	No. of Shares	**%**	*No. of Shares*	*%*
Larsen and Toubro Limited, Holding Company and its nominees	**43,966,000**	**26.00%**	*43,966,000*	*26.00%*
L&T Infrastructure Development Projects Limited and its nominees	**60,470,162**	**35.76%**	*60,470,162*	*35.76%*
L&T Transco Private Limited and its nominees	**20,697,838**	**12.24%**	*20,697,838*	*12.24%*
Ashoka Buildcon Limited and its nominees	**43,966,000**	**26.00%**	*43,966,000*	*26.00%*

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

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2013		*As at 31.03.2012*	
	₹	₹	₹	₹
NOTE B – RESERVES & SURPLUS				
Other Reserves :				
Surplus / (deficit) in the Statement of Profit and Loss				
As per the last Balance sheet	**(8,762,609)**		*(8,276,666)*	
Add: Profit / (Loss) for the year	**(375,834,334)**		*(485,943)*	
		(384,596,943)		*(8,762,609)*
TOTAL		**(384,596,943)**		*(8,762,609)*

NOTE C(I) – LONG TERM BORROWINGS

Particulars	Note No	**As at 31.03.2013** ₹	*As at 31.03.2012* ₹
Term loans*	C(I)(a)	**11,465,400,000**	*7,897,100,000*
Loans and advances from related parties	C(I)(c)	**1,691,000,000**	*500,000,000*
		13,156,400,000	*8,397,100,000*

*Loan guaranteed by director ₹ NIL *(Previous Year – ₹ NIL)*

C(I)(A) TERM LOANS (SECURED)

Particulars	Rate of interest	**As at 31.03.2013** ₹	*As at 31.03.2012* ₹	Terms of repayment
– From Banks	Bank rate + applicable spread	**11,465,400,000**	*7,897,100,000*	Rupee term loans consists of loans borrowed from a consortium of six bank. The loan is repayable in 138 monthly unequal installments ranging from ₹ 2.67 crores to ₹ 13.52 crores beginning from June 2013 to March 2025

Nature of security :

i) Mortgage of title deed of land located near Pune.

ii) Pari passu charge on all the movable & immovable assets of the Company, both present and future, except project assets.

iii) Secured by way of Pledge of 51% of equity shares held by the promoters in proportion to their shareholding.

C(I)(B) LOANS AND ADVANCES FROM RELATED PARTIES: (UNSECURED)

Particulars	**Rate of interest**	**As at 31.03.2013** ₹	*As at 31.03.2012* ₹	**Terms of loan**
Promoter's Mezzanine Debt				
– L&T Infrastructure Development Projects Limited	Bank rate	**710,880,000**	*240,000,000*	The mezzanine debt is a part of the Promoters capital contribution to the project
– Larsen & Toubro Limited		**439,660,000**	*130,000,000*	
– Ashoka Buildcon Limited		**385,060,000**	*130,000,000*	
		1,535,600,000	*500,000,000*	
Loans from Promotors				Funds received from the promotors for meeting the short term requirement
– L&T Infrastructure Development Projects Limited	Bank rate	**100,800,000**	–	
– Ashoka Buildcon Limited		**54,600,000**	–	
		155,400,000	–	

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at 31.03.2013 ₹	As at 31.03.2012 ₹
The amount under Note C(I) represents :–		
i) Secured Borrowings	**11,465,400,000**	*7,897,100,000*
ii) Unsecured Borrowings	**1,691,000,000**	*500,000,000*
TOTAL	**13,156,400,000**	*8,397,100,000*

NOTE C(II) – OTHER LONG TERM LIABILITIES

Others :		
Interest accrued on unsecured loans	**154,948,630**	*5,092,502*
TOTAL	**154,948,630**	*5,092,502*

NOTE C(III) – LONG TERM PROVISIONS

Provisions for Employee Benefits		
– Gratuity	**698,660**	*236,774*
– Compensated absences	**585,095**	*431,724*
Other Provisions		
Periodic major maintenance	**30,800,000**	–
TOTAL	**32,083,755**	*668,498*

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

Term loan (secured) – {Note C(I)(a)}		
– From Banks	**236,700,000**	–
TOTAL	**236,700,000**	–

NOTE D(II) – TRADE PAYABLES

Due to micro and small enterprises – {Note D(II)(a)}	**–**	–
Due to others	**16,408,103**	–
TOTAL	**16,408,103**	*3,206,541*

Note D(II)(a) : There have been no transactions with Micro and Small Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence, reporting details of principal and interest does not arise.

NOTE D(III) – OTHER CURRENT LIABILITIES

Trade Deposit received / Retention money	**939,906**	–
Other payables		
– Due to ultimate holding Company	**251,403,077**	*539,782,503*
– Due to fellow subsidiary	**463,850**	–
– Due to others	**151,553,486**	*225,453,590*
– Statutory liabilities	**19,063,652**	*36,839,222*
– Others	**2,517,980**	*3,206,541*
TOTAL	**425,941,951**	*805,281,856*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2013	As at 31.03.2012
	₹	₹
NOTE D(IV) – SHORT TERM PROVISIONS		
Provisions for Employee Benefits		
– Gratuity	**22,369**	–
– Compensated absences	**118,876**	–
TOTAL	**141,245**	–

NOTE E(I) – TANGIBLE ASSETS

Figures in ₹

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at 01.04.2012	Additions	Deductions	**As at 31.03.2013**	Upto 31.03.2012	For the year 2012-13	Deductions 2012-13	**Upto 31.03.2013**	**As at 31.03.2013**	*As at 31.03.2012*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Freehold Land	940,000	–	–	**940,000**	–	–	–	–	**940,000**	*940,000*
Plant & Machinery	–	52,180,761	–	**52,180,761**	–	3,723,286		**3,723,286**	**48,457,475**	–
Furniture & Fixture	381,180	5,203,073	–	**5,584,253**	121,886	345,966	–	**467,852**	**5,116,401**	*259,294*
Vehicles	–	19,406,351	–	**19,406,351**	–	1,366,239		**1,366,239**	**18,040,112**	–
Office Equipments	1,428,234	8,476,033	–	**9,904,267**	676,316	1,794,553		**2,470,869**	**7,433,398**	*751,918*
Computers	1,123,775	947,700	139,563	**1,931,912**	503,979	472,844	111,945	**864,878**	**1,067,034**	*619,796*
Total	**3,873,189**	**86,213,918**	**139,563**	**89,947,544**	**1,302,181**	**7,702,888**	**111,945**	**8,893,124**	**81,054,420**	*2,571,008*
Previous year figures	*3,615,341*	*257,848*	–	*3,873,189*	*523,028*	*779,153*	–	*1,302,181*	*2,571,008*	*3,092,313*

NOTE E(II) – INTANGIBLE ASSETS

Particulars	COST				AMORTISATION				BOOK VALUE	
	As at 01.04.2012	Additions	Deletions	**As at 31.03.2013**	Up to 31.03.2012	For the year 2012–13	Deductions 2012–13	**Up to 31.03.2013**	**As at 31.03.2013**	As at 31.03.2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Toll Collection rights	–	6,376,926,090	–	**6,376,926,090**	–	184,838,437		**184,838,437**	**6,192,087,653**	–
Total	–	**6,376,926,090**	–	**6,376,926,090**	–	**184,838,437**	–	**184,838,437**	**6,192,087,653**	–

Note :

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.

NOTE E(III) – INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 01.04.2012	Add : Additions during the year	Less: Capitalised during the year	**As at 31.03.2013**
	₹	₹	₹	₹
A. Construction Cost				
Toll collection rights – Expenditure towards EPC	9,207,981,156	3,627,625,759	(5,562,604,017)	**7,273,002,898**
Plant and machinery – Toll Equipment	17,923,219	–	(17,923,219)	**–**
Others	73,101,784	126,789,750	(89,705,519)	**110,186,015**
TOTAL	**9,299,006,159**	**3,754,415,509**	**(5,670,232,755)**	**7,383,188,913**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars		As at 01.04.2012	Add : Additions during the year	Less: Capitalised during the year	As at 31.03.2013
		₹	₹	₹	₹
B.	**Pre–Operative Expenses pending allocation**				
	Salaries and Wages	19,510,609	6,187,956	(10,635,783)	**15,062,782**
	Contribution to employee funds	1,627,007	325,818	(797,175)	**1,155,650**
	Staff Welfare Expenses	857,592	607,641	(457,070)	**1,008,163**
	Rent, Rates and Taxes	2,006,507	1,116,209	(1,185,588)	**1,937,128**
	Concession Fee	3	1	(1)	**3**
	Utilities Shifting Works Payments	442,729,247	73,923,816	(458,638,178)	**58,014,885**
	Utilities Shifting Works – reimbursed	(442,729,247)	(73,923,816)	458,638,178	**(58,014,885)**
	Travelling and Conveyance	7,581,752	5,120,515	(5,128,289)	**7,573,978**
	Communication Expenses	912,870	321,445	(486,094)	**748,221**
	Printing and Stationery	521,222	242,621	(298,574)	**465,269**
	Insurance	9,203,781	11,723,928	(7,004,936)	**13,922,773**
	Professional Fees	161,398,528	36,796,952	(83,387,649)	**114,807,831**
	Service & Agency Fees	7,592,800	10,522,860	(5,974,856)	**12,140,804**
	Repair and Maintenance–Others	1,749,983	917,448	(1,004,817)	**1,662,614**
	Electricity Expenses	337,998	244,460	(233,123)	**349,335**
	Depreciation	1,302,181	651,322	(1,039,425)	**914,078**
	Project Expenses	2,127,246	10,211,282	(5,495,108)	**6,843,420**
	Toll Operation expenses Capitalized	–	8,085,748	(8,085,748)	**–**
	Other expenses	3,536,945	910,640	(1,615,944)	**2,831,641**
	TOTAL	220,267,024	93,986,846	(132,830,180)	**181,423,690**
C.	**Borrowing cost**				**–**
	Interest On Term Loan	823,873,561	905,851,409	(581,959,723)	**1,147,765,247**
	Interest on Unsecured loans	5,658,336	154,208,521	–	**159,866,857**
	Bank & Finance charges	26,265,617	3,017,865	(13,004,031)	**16,279,451**
	Total	855,797,514	1,063,077,795	(594,963,755)	**1,323,911,554**
D.	**Income during investments**				
	Income on Investments	(6,944,693)	(1,526,560)	3,177,381	**(5,293,873)**
	TOTAL	(6,944,693)	(1,526,560)	3,177,381	**(5,293,873)**
GRAND TOTAL		10,368,126,003	4,909,953,590	(6,394,849,309)	**8,883,230,284**

	As at 31.03.2013	As at 31.03.2012
	₹	₹
NOTE E(IV) – LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
– Capital Advances		
– To ultimate holding Company	**42,247,723**	*280,573,561*
– To others	**27,342,529**	*205,659,520*
– Security deposits	**1,421,000**	*1,213,750*
TOTAL	**71,011,252**	*487,446,831*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2013 ₹	*As at 31.03.2012* ₹
NOTE F(I) – CASH AND BANK BALANCES		
Cash and Cash equivalents :		
Balances with banks		
– on Current account	**6,341,149**	*434,418*
– on Deposit account (maturity less than 3 months)	**85,800,000**	*23,612,662*
Cash on hand	**4,364,325**	–
Other bank balances	**–**	–
TOTAL	**96,505,474**	*24,047,080*
NOTE F(II) – SHORT TERM LOANS AND ADVANCES		
Unsecured, Considered good,		
Due from revenue authorities	**4,055,390**	*8,981,850*
Others		
– Advance tax (net of provision)	**685,065**	*1,266,137*
– Prepaid expenses	**269,964**	*1,692,517*
– Others	**127,239**	*77,371*
TOTAL	**5,137,658**	*12,017,875*

NOTE G – CONTINGENT LIABILITIES

Contingent liabilities as at March 31, 2013 is NIL *(Previous year – NIL).*

NOTE H – COMMITMENTS – {REFER NOTE O(4)}

Capital commitments (considered material) as at March 31, 2013 is ₹ 88,93,48,362 *(Previous year – ₹ 446,14,61,650)*

	2012-13 ₹	₹	*2011-12* ₹	₹
NOTE I – REVENUE FROM OPERATIONS				
Toll Revenue				
Income from Toll Fee Collections	**189,451,363**		–	
Less: NHAI share	**(11,963,162)**		–	
		177,488,201		–
TOTAL		**177,488,201**		–
NOTE J – OTHER INCOME				
Net gain/(loss) on sale of current investments		**5,132,522**		
Other non–operating income				–
– Miscellaneous receipts		**28,237**		
TOTAL		**5,160,759**		–

NOTES FORMING PART OF ACCOUNTS (Contd.)

	2012-13		2011-12	
	₹	₹	₹	₹
NOTE K – OPERATING AND MAINTENANCE				
Toll management fees		2,058,497		–
Security services		5,442,966		–
Insurance		66,432		–
Repair and Maintenance				
–Toll roads & bridges	20,760,020		–	
–Building	225,247		–	
–Plant & machinery	50,172		–	
–Vehicle	1,868,313		–	
– Major maintenance	30,800,000		–	
–Others	435,106		–	
		54,138,858		–
Power and fuel		5,342,310		–
TOTAL		67,049,063		–
NOTE L – EMPLOYEE BENEFITS AND EXPENSES				
Salaries, wages & bonus		4,075,811		–
Contribution to and provision for				
– Provident and other funds	159,558		–	
– Gratuity	484,255		–	
		643,813		–
Staff Welfare Expenses		567,484		–
TOTAL		5,287,108		–
NOTE M – ADMINISTRATIVE AND OTHER EXPENSES				
Rates & Taxes	9,600			–
Payment to auditor (including service tax)				
– As Auditor	322,473		–	
– for Taxation	–		–	
– for Other services	–		–	
		322,473		–
Professional fees		907,141		–
Printing and Stationery		325,952		–
Postage & Telegram		8,469		–
Travelling and Conveyance		2,326,089		–
Bank Charges		35,193		–
Loss on sale of asset		16,029		–
Other expenses		278,951		–
TOTAL		4,229,897		–
NOTE N – FINANCE COST				
Interest on :				
Term loans from banks		284,236,196		–
Other loans		5,805,871		–
TOTAL		290,042,067		–

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE O – OTHER NOTES FORMING PART OF ACCOUNTS

O(1) – Corporate information

PNG Tollway Limited is a Special Purpose Vehicle (SPV) incorporated on 16th February 2009 for the purpose of conversion of two lane to six lane of NH3 from KM 380.00 to KM 440.00, Pimpalgaon–Nasik–Gonde Section in Nasik District of Maharashtra State, under Design, Build, Finance, Operate and Transfer (DBFOT) basis vide Concession Agreement dated 8th July 2009 jointly signed with National Highways Authority of India. The concession period is 20 years which includes construction period 30 Months and the concession period ends on the year 2029. During the year the partial commercial operation was achieved from 1st October 2012 and the remaining construction is under progress.

O(2) – Disclosures pursuant to AS 15 (Revised) – 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 Statement of Profit and Loss.

Particulars		**2012–13**	*2011–12*
		₹	₹
1.	Gratuity	**446,371**	*347,171*
A.	Results of Actuarial Valuation		
	1. Valuation as on	**March 31, 2013**	*March 31, 2012*
	2. Retirement Age	**58**	*58*
	3. No of Employees	**28**	*14*
	4. Present Value of Benefit Obligations	**484,255**	*236,774*
B.	Principal rules to compute Benefit Obligations		
	1. Salary reckoned for calculating benefit obligations	**As per rule of the Company**	*As per rule of the Company*
	2. Vesting Period	**5 years of Gratuity**	*5 years of Gratuity*
	3. Benefit formula for Gratuity for all exits except death	B1 X Completed year of Service X 15/26 subject to benefit having vested	
	4. Benefit formula for Gratuity on death	Same as B3 but no vesting condition	

The amounts recognised in Balance Sheet are as follows:

Particulars		**2012-13 (₹)**	*2011-12 (₹)*
A)	Present value of defined benefit obligation	**721,029**	*236,774*
	– Wholly funded	**–**	–
	– Wholly unfunded	**721,029**	*236,774*
	Less : Fair value of plan assets		–
	Amount to be recognised as liability or (asset)	**721,029**	*236,774*
B)	Amounts reflected in the Balance Sheet		
	Liabilities	**721,029**	*236,774*
	Assets	**–**	–

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

1	Current service cost	**43,773**	*124,040*
2	Interest on Defined benefit obligation	**20,126**	*9,759*
3	Expected return on plan assets	**–**	–
4	Actuarial losses/(gains)	**420,356**	*(19,017)*
5	Past service cost	**–**	–
6	Effect of Curtailment or settlement	**–**	–
7	Actuarial gain/(loss) not recognised in books	**–**	–
8	Adjustment for earlier years	**–**	–
9	Translation adjustments	**–**	–
10	Amount capitalised out of the above	**–**	–
Total (1 to 10)		**484,255**	*114,782*
I Amount included in “employee benefit expenses”		**–**	–
II Amount included as part of “finance costs”		**–**	–
Total (I + II)		**–**	–
Actual return on plan assets		**–**	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

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

Particulars	2012-13 (₹)	2011-12 (₹)
Opening balance of the present value of defined benefit obligation	236,774	121,992
Add: Current service cost	43,773	124,040
Add: Interest cost	20,126	9,759
Add: Contribution by plan participants		
i) Employer	–	–
ii) Employee	–	–
Add/(less): Actuarial losses/(gains)	420,356	(19,017)
Less: Benefits paid	–	–
Add: Past service cost	–	–
Add: Business combinations/acquisition	–	–
Closing balance of the present value of defined benefit obligation	721,029	236,774
Current liability	22,369	–
Non–current liability	698,660	236,774

2. Compensated Absenses

A.	Summary of Staff			
	1.	No of Employees	28	14
	2.	Projected actuarial value of benefit obligation in Rupees	703,971	431,724
B.	Principle rule to compute benefit Obligations			
	1.	Salary reckoned for calculating Benefit obligations	As per rule of the Company	As per rule of the Company
	2.	Benefit formula for all exits.	B1 X Leave Balance / 30	
	3.	Summary of Actuarial Assumptions		
A.	Mean Financial Assumptions			
	1.	Discount Rate per unit per annum	8.50%	8.50%
	2.	Salary escalation rate per unit per annum	6.00%	6.00%
	3.	Expected rate of return on Plan Assets per unit per annum	N.A.	N.A.
B.	Mean Demographic Assumptions			
	1.	Mortality Rate	LIC 94 – 96 Rates	LIC 94 – 96 Rates
	2.	Withdrawal / Attrition Rate	5% for all age	5% for all age
	3.	Disability / Ill health retirement	No Explicit Assumption	No Explicit Assumption
Closing balance of the present value of defined benefit obligation			703,971	431,724
Current liability			118,876	–
Non–current liability			585,095	431,724

Contribution to the Provident Fund is made to Regional Provident Fund office

O(3) – Disclosures pursuant to AS 17 – “Segment Reporting”

The Company is engaged in the single business segment of operation of BOT projects (Toll road). Further the Company is carrying on its business in the state of Maharastra, in one geographical segment only.

NOTES FORMING PART OF ACCOUNTS (Contd.)

O(4) – Commitments

i. Estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2013

Particulars	As at 31.03.2013 (₹)	As at 31.03.2012 (₹)
EPC – Larsen & toubro Limited	**672,477,253**	*2,805,735,617*
EPC – Ashoka Buildcon Limited	**273,425,308**	*2,056,595,227*
Others contractors	**13,036,053**	*85,363,887*
Total	**958,938,614**	*4,947,694,731*
Less: Unadjusted mobilization Advance	**69,590,252**	*486,233,081*
Net Amount	**889,348,362**	*4,461,461,650*

ii. Other commitments (considered material) NIL. *(Previous year – NIL)*

O(5) – Disclosures pursuant to AS 18 – "Related Party Disclosures "

A. Related party where control exists and status of transactions entered during the year

Name of the related party	Relationship	Transaction entered during the year (Yes / No)
Larsen & Toubro Limited	Ultimate Holding Company	Yes
L&T Infrastructure Development Projects Limited	Fellow subsidiary	Yes
L&T Transco Private Limited	Fellow subsidiary	Yes
Ashoka Buildcon Limited	JV partner	Yes

B. List of Related Parties with whom transaction entered during the year

Ultimate Holding Company	Larsen and Toubro Limited
Fellow Subsidiaries	L&T Transco Private Limited
	L&T Infrastructure Development Projects Limited
	L&T Chennai-Tada Tollway Ltd.
	L&T Vadodra Bharuch Tollway Limited
	L&T Krishnagiri Thopur Tollroad Limited
	L&T Krishnagiri Walajahpet Tollway Limited
	L&T Panipat Elevated Corridor Limited
JV partner	Ashoka Buildcon Limited

C. Transactions with related parties during the year

Amount in ₹

Name of the Related Parties	Year Ended	Receipt of Services	Provision of Services	Amount owed by Related party	Amount owed to Related party
		₹	₹	₹	₹
i. Holding and Ultimate Holding Company					
Larsen & Toubro Limted					
Equity Capital	**March 31, 2013**	**–**			
	March 31, 2012	*439,660,000*			
Mezzanine debt	**March 31, 2013**	**309,660,000**			**439,660,000**
	March 31, 2012	*130,000,000*			*130,000,000*
Interest on mezzanine debt	**March 31, 2013**	**37,070,675**			**37,070,675**
	March 31, 2012	*1,222,842*			
Recovery of Mobilization	**March 31, 2013**	**238,325,838**		**42,247,723**	
	March 31, 2012	*373,007,583*		*280,573,561*	
EPC Bills Payments	**March 31, 2013**	**2,133,258,366**			
	March 31, 2012	*3,730,075,827*			
Reimbursement of Expenses	**March 31, 2013**	**2,818,374**			**1,193,763**
	March 31, 2012	*1,915,223*			

NOTES FORMING PART OF ACCOUNTS (Contd.)

Name of the Related Parties	Year Ended	Receipt of Services	Provision of Services	Amount owed by Related party	Amount owed to Related party
		₹	₹	₹	₹
ii. Fellow Subsidiaries :					
L&T Transco Private Limited					
Equity Capital	**March 31, 2013**				**20,697,838**
	March 31, 2012	*20,697,838*			*20,697,838*
L&T Infrastructure Development Projects Limited					
Equity Capital	**March 31, 2013**				**60,470,162**
	March 31, 2012	*60,470,162*			*60,470,162*
Mezzanine debt	**March 31, 2013**	**230,880,000**			**470,880,000**
	March 31, 2012	*240,000,000*			*240,000,000*
Unsecured loans	**March 31, 2013**	**100,800,000**			**100,800,000**
	March 31, 2012	*–*			
Interest on loan	**March 31, 2013**	**73,254,806**			**75,512,359**
	March 31, 2012	*2,257,553*			*2,257,553*
O&M and other expenses	**March 31, 2013**	**11,550,130**	**–**	**–**	**463,850**
	March 31, 2012	*81,522,685*	*–*	*–*	*–*
Reimbursement of Expenses to	**March 31, 2013**	**4,593,166**	**–**	**–**	**–**
	March 31, 2012	*409,585*	*–*	*–*	*–*
Reimbursement of Expenses from	**March 31, 2013**	**55,253**	**–**	**–**	**–**
	March 31, 2012	*34,001*	*–*	*–*	*–*
L&T Chennai-Tada Tollway Limited	**March 31, 2013**	**2,211,350**	**–**	**–**	**–**
– Reimbursement of expenses	*March 31, 2012*	*50,120*	*–*	*–*	*–*
L&T Vadodra Bharuch Tollway Limited	**March 31, 2013**	**100,297**	**–**	**–**	**–**
– Reimbursement of expenses	*March 31, 2012*	*6,509*	*–*	*–*	*–*
L&T Krishnagiri Thopur Tollroad Limited	**March 31, 2013**	**56,346**	**–**	**–**	**–**
– Reimbursement of expenses	*March 31, 2012*	*–*	*–*	*–*	*–*
L&T Krishnagiri Walajahpet Tollway Limited	**March 31, 2013**	**22,911**	**–**	**–**	**–**
– Reimbursement of expenses	*March 31, 2012*	*–*	*–*	*–*	*–*
L&T Panipat Elevated Corridor Limited	**March 31, 2013**	**75,909**	**–**	**–**	**–**
– Reimbursement of expenses	*March 31, 2012*	*–*	*–*	*–*	*–*
iii. JV partner :					
Ashoka Buildcon Limited					
Equity Capital	**March 31, 2013**	**–**			
	March 31, 2012	*439,660,000*			
Mezzanine debt	**March 31, 2013**	**126,050,000**			**256,050,000**
	March 31, 2012	*130,000,000*			
Unsecured Loans	**March 31, 2013**	**54,600,000**			**54,600,000**
	March 31, 2012	*–*			
Interest on loan	**March 31, 2013**	**35,654,802**			**37,266,909**
	March 31, 2012	*1,612,107*			
Mobilization Advance Recovery	**March 31, 2013**	**178,316,991**		**27,342,529**	
	March 31, 2012	*248,026,063*		*205,659,520*	
EPC Bills Payments	**March 31, 2013**	**1,783,169,119**			**151,553,486**
	March 31, 2012	*2,480,260,611*			
Additional Works	**March 31, 2013**	**113,927,024**			
	March 31, 2012	*32,806,156*			
Utility Bills Payments	**March 31, 2013**	**73,923,816**			
	March 31, 2012	*90,992,674*			

NOTES FORMING PART OF ACCOUNTS (Contd.)

D. The List Guarantees given by M/s. Ashoka Buildcon Limited and by M/s. Larsen & Toubro Limited

Nature of Guarantee	Amount ₹	Period From	Period up to
A. Gurantees given by M/s. Ashoka Buildcon Limited			
Performance Bank Guarantee	145,135,000	4th Jan 2010	5th May 2013
Performance Bank Guarantee	145,135,000	4th Jan 2010	4th July 2013
Corporate Guarantee	290,270,000	4th Jan 2010	4th July 2013
Performance Corporate Guarantee	290,270,000	4th Jan 2010	4th July 2013
B G against Mobilization advance	23,441,000	5th Jan 2010	5th May 2013
B. Gurantees given by M/s. Larsen & toubro Limited			
Performance Corporate Guarantee	413,242,600	4th Jan 2010	4th July 2013
BG against Performance Security	206,622,800	4th Jan 2010	4th July 2013
Performance Corporate Guarantee	413,542,600	4th Jan 2010	4th July 2013

O(6) – Disclosures pursuant to AS 20 – "Earnings per share"

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

Particulars	2012-13	*2011-12*
Basic / Diluted		
Profit / (loss) after tax (₹)	**(375,834,334)**	*(485,943)*
Weighted Average number of shares (Nos.)	**169,100,000**	*169,100,000*
Basic / Diluted EPS (₹)	**–2.22**	*0.00*
Face value per equity share (₹)	**10**	*10*

O(7) – Disclosures pursuant to AS 22 – Accounting for Taxes on Income

The Company does not have taxable income and hence provision for current tax has not been made. The Company is eligible for deduction under Section 80(IA) of The Income Tax Act 1961 and the tax holiday period for the Company's project falls within the concession period of the Company as defined in Section 80(IA). Since deferred tax on timing differences between accounting income and taxable income that arise during the year is reversing during such tax holiday period , no deferred tax asset/liability arises and accordingly no provision is made in the accounts.

O(8) – Impairment of assets

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

O(9) Expenditure in foreign currency

Nature of Expenses	₹	₹
	2012 – 13	*2011 – 12*
Import of Toll Equipment	**17,901,418**	*9,143,488*

O(10) Earnings in Foreign Currency

The Company does not have any earnings in the foreign currency during the current year. *(Previous year – NIL)*

O(11) Capitalisation of Intangible asset under development

During the year , the Company achieved partial Commercial Operation Date on 1st October 2012 and about 45.45 kms of the total 60 kms was put into to opertaion and accordingly capitalised.

O(12) The Wealth Tax Act, 1957

The Company does not have taxable wealth under the provisions of the Wealth Tax Act, 1957.

O(13) – Change in accounting estimates

The Company has reviewed the useful life of certain categories of fixed assets during the year. Consequently, depreciation rates have been revised resulting in additional depreciation charge of ₹ 1,10,806/– . As a result the loss before tax is higher by ₹ 1,10,806/–

O(14) – In the opinion of the Board, assets other than fixed assets and non current investments have a value in the ordinary course of business atleast equal to the amount at which they are stated.

O(15) – Change in presentation

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

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE O - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 Standard) 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.

2. Revenue recognisation:

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.

3. 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 Statement of Profit and Loss.

(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.

4. Fixed Assets

Tangible

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

Intangible Assets

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 ""Intangible Assets"" as specified in the Companies (Accounting Standards) Rule, 2006 and are amortized as follows:

Carriageway representing toll collection rights are obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer basis. The cost of such carriageway comprises of construction cost, and other preoperative costs incurred during the construction phase.

Pre-operative expenses including administrative and other general overhead expenses, incurred up to the date of commencement of commercial operations and which are specifically attributable to construction of the carriageway are capitalized as a part of the cost of the asset. Other expenses have been written off in the year of incurrence of such expenditure."

5. 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

NOTES FORMING PART OF ACCOUNTS (Contd.)

in respect of the following categories of fixed asset categories the Depreciation is provided at higher rates in line with their revised estimated useful life,

Category of Asset	Depreciation Rate (% per annum)
Building – Residential	2.00%
Office Equipment	25.00%
Electrical Installations	11.11%
Plant and Machinery	11.11%
Computers – Desktop	25.00%
Computers – Laptop	25.00%
Furniture and Fixtures	10.00%
Motor Cars	14.29%
Motor Bike	9.50%
Air conditioners	8.33%
Toll Equipments	14.29%

Individual assets whose value is below ₹ 5,000 are fully depreciated at 100%.

Depreciation on additions/deductions is calculated pro-rata from/to the month of additions/deductions except for those whose value is less than ₹ 5,000

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.

6. Investments

Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is of other than temporary in nature. Current Investments are stated at lower of cost and market value.

7. Leases

a) Assets acquired under leases where the Company has substantially classified all the risks and rewards of ownership 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.

8. 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. Any income earned on temproary investment of those borrowings, is deducted from the borrowing cost incurred.

9. Taxes on Income

Tax on income for the current period 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 expected outcome of assessments / appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

10. 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.

NOTES FORMING PART OF ACCOUNTS (Contd.)

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.

(iv) Contingent Assets are neither recognized, nor disclosed.

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

11. Commitments

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

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

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

12. Operating cycle for current and non-current classification

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

13. 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 of attached

For GIANENDER & ASSOCIATES
Chartered Accountants
Firm Registration No: 04661N

G. K. AGRAWAL
Partner
Membership No.081603

Place : Chennai
Date : April 25, 2013

For and on behalf of the Board

SANJAY P. INGLE *Manager*

T. S. VENKATESAN *Director*

KARTHIKEYAN T. V. *Director*

Place : Chennai
Date : April 25, 2013