

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report and the Accounts for the first year ended March 31, 2011.

I. FINANCIAL RESULTS

The key financial parameters for the period ended March 31, 2011 are submitted below:

Sl. No	Particulars	2010-11 Rs. in Lakhs
	Sources of funds	
1.	Shareholders funds	8,054.00
2.	Unsecured Loans	1,500.00
3.	Deferred Credit	2,61,944.26
	TOTAL	2,71,498.26
	Application of Funds	
1.	Fixed Asset & Pre-operative Expenses	2,71,144.56
2.	Net Current Assets	(169.28)
3.	Profit & Loss Account	522.98
	TOTAL	2,71,498.26

II. PERFORMANCE OF THE COMPANY

L&T SGTPL is an NHAI project on BOT (Toll) basis, involving six laning of Samakhiali-Gandhidham Section of NH 8A from Km 306.00 to Km 362.16 (approx.. 56 km) in the state of Gujarat. The project has a concession period of 24 years including construction.

- As it is a 6-laning project of NHAI, tolling is done from the date of COD i.e 11th Sept'10.
- 75% of the traffic consists of MAV coming from Kandla port and Mundra Port, which is expected to growth at a healthy rate as the Port traffic increases.

III. APPROPRIATION

The Directors wish to inform that there were no appropriations to any kind of specific reserves of the Company during the year.

IV. DIVIDENDS

The Directors of your Company express their inability to consider any dividend to be paid to the Shareholders of the Company for the year 2010-11 in the light of the losses incurred during the current financial year under review.

V. CAPITAL EXPENDITURE

As at March 31, 2011, the Gross Fixed Assets (Tangible and Intangible) stood at Rs. 16,216.10 lakhs and the net fixed assets are Rs. 12,573.44 lakhs, the capital work in progress and pre-operative expenses stood at Rs. 258,571.12 lakhs.

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 that have taken place in the Company between the Date of the Balance Sheet and the Date of the Directors' Report.

IX. 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.

X. SUBSIDIARY COMPANIES

Your Company does not have any subsidiary company.

XI. 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, 2011 and of the profit/loss of the Company for the year ended on that date;
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;
5. That proper systems are in place to ensure compliance of all laws applicable to the Company.

XII. DIRECTORS

Mr. M.H. Desai who was appointed as an Additional Director of the Company with effect from 22.03.2010, has tendered his resignation from the designation of Director with effect from 07.04.2011.

Mr. T. S. Venkatesan, Mr. R. Chandrasekaran and Mr. T. V. Karthikeyan, First Directors of the Company, whose directorship comes to an end at this First Annual General Meeting, being eligible, offer themselves for re-appointment.

The Board of Directors as on 31.03.2011 is as follows:

- Mr. T. S. Venkatesan
- Mr. R. Chandrasekaran
- Mr. Karthikeyan T. V.
- Mr. M. H. Desai

XIII. 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 Company is not required to appoint a Manager as per the Companies Act, 1956 and the Project Manager of the Company is handling the day to day activities of the Project 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

None of the Directors is involved in the day to day affairs 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. However, the signing partners are rotated at regular frequency.

F) Internal Auditors

M/S Grant Thornton, Chartered Accountants is appointed as an Internal Auditor 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.

XIV. AUDIT COMMITTEE

The Company need not have an Audit Committee as the paid up capital of the Company is only Rs. 5 Lacs

XV. AUDITORS

The Auditors, M/s Sharp & Tannan, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting.

The Directors wish to inform that the Company has received a proposal to appoint M/s Gianender and Associates as Statutory Auditors of the Company in place of M/s Sharp & Tannan, Chartered Accountants for the Financial Year 2011-12.

Certificate from M/s Gianender and Associates, Chartered Accountants have 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.

XVI. 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**

Since the Company is in Infrastructure business, conservation of energy, research and development, technology absorption does not apply.

• **Technology Absorption**

There was no Technology Absorption during the year.

• **Foreign Exchange Earnings and Outgo**

During the year the Company has incurred foreign currency expenditure as detailed below:-

Description	For the period 05.02.2010 to 31.03.2011 Rs. in Lakhs
Progress payments for Tolling equipments	15.96

XVII. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

L&T SAMAKHIALI GANDHIDHAM TOLLWAY PRIVATE LIMITED

Place : Chennai
Date : April 25, 2011

T. S. VENKATESAN
Director

R. CHANDRASEKARAN
Director

AUDITORS' REPORT

TO THE MEMBERS OF L&T SAMAKHIALI GANDHIDHAM TOLLWAY PRIVATE LIMITED

We have audited the attached Balance Sheet of M/s L&T Samakhiali Gandhidham Tollway Private Limited as at March 31, 2011, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) in our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the Directors of the Company as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and

In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in Schedule 1 and notes appearing thereon in Schedule 2, 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:

1. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011.
2. in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
3. in case of the Cash Flow Statement, of the cash flows for the period ended on that date.

SHARP & TANNAN
Chartered Accountants
(Registration No. 003792S)

L . VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 25, 2011

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of the report of the Auditor's to the Members of L&T Samakhiali Gandhidham Tollway Private Limited on the accounts for the period February 5, 2010 to March 31, 2011, we report that:

- (i)
 - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed of any of its fixed assets so as to affect the going concern status.
- (ii) The Company is engaged in the business of infrastructure development and its maintenance and hence the clauses 4(ii)(a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 relating to inventory are not applicable.

L&T SAMAKHIALI GANDHIDHAM TOLLWAY PVT. LTD.

- (iii) (a) According to the information and the explanations given to us, the Company has not granted or taken any loans, secured or unsecured to or from Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence reporting under Clause 4(iii)(b), (c) and (d) of the Order are not applicable.
- (b) According to the information and the explanations given to us, the Company has not taken loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the companies Act 1956. Accordingly, paragraphs 4(iii)(f) and (g) of the Order are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of fixed assets and rendering of services. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion, and according to the information and explanations given to us, there is no transaction that needs to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under clause 4(v)(b) does not arise.
- (vi) The Company has not accepted deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956. Hence clause 4(vi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (vii) In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) Maintenance of cost records under Section 209(1)(d) of the companies Act, 1956 has not been prescribed for the nature of business carried on by the Company and hence commenting on this clause of the Order does not arise.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Income tax and other statutory dues as applicable to it with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Income tax and other statutory dues outstanding as March 31, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed statutory liabilities in respect of income tax, service tax and cess.
- (x) The Company is in existence for a period of less than five years and hence reporting on the accumulated loss and cash loss under clause 4(x) of the Companies (Auditor's Report) Order, 2003 does not arise.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not issued any debentures or taken any loan from financial institutions during the period.
- (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) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- (xiv) According to the information and explanations given to us, the Company is not dealer or trader in securities. The Company has invested surplus fund in Mutual funds. According to the information and explanation given to us proper records have been maintained of the transactions and contracts and timely entries have been made therein. 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, the term loans have been applied for the purposes for which they were obtained.
- (xvii) The Company has not raised funds on short term basis during the period.
- (xviii) The Company has not made any preferential allotment of shares during the period.
- (xix) The Company has not issued debentures during the period. Accordingly no securities need to be created.
- (xx) The Company has not raised any money by public issue during the period.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by management.

SHARP & TANNAN
Chartered Accountants
(Registration No. 003792S)

L . VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 25, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	Schedules	As at 31.03.2011 Rupees	Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	A	500,000	
Advance against share capital		804,900,000	
			805,400,000
Loan funds			
Unsecured loans	B		150,000,000
Deferred Credit (Note 9 - Schedule 2)			26,194,426,265
TOTAL			27,149,826,265
APPLICATION OF FUNDS			
Fixed Assets	C		
Tangible Assets			
Gross Block		23,568,367	
Less: Depreciation		3,785,937	
Net Block			19,782,430
Intangible Assets			
Gross Block		1,598,042,203	
Less: Amortisation		360,480,266	
Net Block		1,237,561,937	
Capital work-in-progress		25,813,151,013	
Pre-operative expenses (pending allocation to fixed assets)	D	43,961,268	
			27,094,674,218
Investments	E		-
Current assets, loans and advances	F		
Current assets			
Cash and bank balances		83,520,841	
Loans and advances		5,835,491	
		89,356,332	
Less: Current liabilities and provisions	G		
Current liabilities		106,056,414	
Provisions		228,461	
		106,284,875	
Net Current Assets			(16,928,543)
Profit and Loss Account			52,298,160
TOTAL			27,149,826,265
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

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

As per our report of even date attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants
(Registration No. 003792S)
By the hand of

L. VAIDYANATHAN

Partner
Membership No. 16368

T. S. VENKATESAN
Director

R. CHANDRASEKARAN
Director

Place : Chennai
Date : April 25, 2011

Place : Chennai
Date : April 25, 2011

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FEBRUARY 5, 2010 TO MARCH 31, 2011

	Schedule	For the period 05.02.2010 to 31.03.2011 Rupees
INCOME		
Fee collection from users of facility		352,598,734
Other income	H	8,450,098
		<u>361,048,832</u>
EXPENDITURE		
Operating expenses	I	35,262,540
Administration and other expenses	J	13,459,749
Preliminary expenses		358,500
Depreciation and amortisation		364,266,203
		<u>413,346,992</u>
Profit / (Loss) before and after taxes		<u>(52,298,160)</u>
Balance carried to Balance Sheet		<u>(52,298,160)</u>
Earnings per share (Basic & diluted) (Note 19 - Schedule 2)		<u>(3,502.42)</u>
Face value per share		10.00
SIGNIFICANT ACCOUNTING POLICIES	1	
NOTES FORMING PART OF ACCOUNTS	2	

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

As per our report of even date attached

For and on behalf of the Board

SHARP & TANNAN

*Chartered Accountants
(Registration No. 003792S)
By the hand of*

L. VAIDYANATHAN

*Partner
Membership No. 16368*

T. S. VENKATESAN
Director

R. CHANDRASEKARAN
Director

*Place : Chennai
Date : April 25, 2011*

*Place : Chennai
Date : April 25, 2011*

CASH FLOW STATEMENT FOR THE PERIOD FEBRUARY 5, 2010 TO MARCH 31, 2011

	For the period 05.02.2010 to 31.03.2011 Rupees
A. Cash Flow from operating activities	
Net Profit / (Loss) before tax	(52,298,160)
Adjustment for :	
Dividend Received	(394,005)
Depreciation and amortisation	364,266,203
(Profit) / Loss on sale of investments (net)	(7,332,333)
Interest (received) / paid	(723,760)
Operating profit before working capital changes	303,517,945
Adjustments for:	
(Increase) / decrease in loans and advances	(5,835,491)
Increase / (decrease) in trade payables	106,284,875
Net Cash from / (used in) operating activities (A)	403,967,329
B. Cash Flow from Investing activities	
Purchase of fixed assets (including Preoperative Expenses) & deferred credit	(1,284,296,586)
Purchase of investments	(830,548,978)
Sale of Investments	837,881,311
Dividend received	394,005
Interest received	723,760
Net cash / (used in) from investing activities (B)	(1,275,846,488)
C. Cash flow from Financing activities	
Issue of Equity shares	500,000
Advance against share capital	804,900,000
Proceeds from other borrowings	150,000,000
Net cash / (used in) from financing activities (C)	955,400,000
Net increase in cash and cash equivalents (A+B+C) and Cash and Cash equivalents as at the end	83,520,841

Notes:

- Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3, "Cash Flow Statement" as specified by the Company (Accounting Standard) Rules, 2006.
- Cash and cash equivalents represent cash and bank balances.

As per our report of even date attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants
(Registration No. 003792S)
By the hand of

L. VAIDYANATHAN

Partner
Membership No. 16368

T. S. VENKATESAN

Director

R. CHANDRASEKARAN

Director

Place : Chennai
Date : April 25, 2011

Place : Chennai
Date : April 25, 2011

SCHEDULES FORMING PART OF BALANCE SHEET

As at 31.03.2011

Rupees

SCHEDULE A**SHARE CAPITAL****Authorised**

120,000,000 Equity Shares of Rs. 10 each

1,200,000,000

Issued, subscribed and paid-up

50,000 Equity Shares of Rs. 10 each fully paid up

500,000

(Of the above, 10,000 equity shares of Rs. 10 each are held by M/s. Larsen & Toubro Limited, ultimate holding Company and 40,000 equity shares of Rs. 10 each are held by M/s. L&T Transco Private Limited, the holding Company and its nominees)

TOTAL

500,000

SCHEDULE B**UNSECURED LOANS**

Term loan from banks - other than short term

State Bank of India

79,800,000

Bank of Baroda

39,000,000

Punjab National Bank

31,200,000

(Security creation for the above loans is pending as per the loan agreement dated 3rd July 2010. Upon creation of charge all the above term loans will be secured by *pari passu* first charge on all the immovable assets and movable assets including but not limited to all current / non current assets, both present and future of the Company, mortgage of tangible immovable properties, charge on book debt, cash & bank balance, stock in trade, toll collection rights, etc., except project assets as defined in the concession agreement.)

Amount repayable within one year is Nil

TOTAL

150,000,000

SCHEDULE C

Fixed Assets	GROSS BLOCK		DEPRECIATION / AMORTISATION		NET BLOCK
	Additions	As at 31.03.2011	For the period	Up to 31.03.2011	As at 31.03.2011
	Rupees	Rupees	Rupees	Rupees	Rupees
TANGIBLE ASSETS					
Land	1,354,000	1,354,000	–	–	1,354,000
Office Equipments	2,052,461	2,052,461	161,085	161,085	1,891,376
Furniture & Fittings	22,600	22,600	557	557	22,043
Computers	1,331,060	1,331,060	137,036	137,036	1,194,024
Plant & Machinery	13,666,339	13,666,339	3,167,142	3,167,142	10,499,197
Motor Vehicles	5,183,857	5,183,857	320,117	320,117	4,863,740
SUB TOTAL (A)	23,610,317	23,610,317	3,785,937	3,785,937	19,824,380
INTANGIBLE ASSETS					
Toll Collection Rights	1,598,000,253	1,598,000,253	360,480,266	360,480,266	1,237,519,987
SUB TOTAL (B)	1,598,000,253	1,598,000,253	360,480,266	360,480,266	1,237,519,987
Capital Work in Progress ^	25,813,151,013	25,813,151,013	–	–	25,813,151,013
Sub Total (C)	25,813,151,013	25,813,151,013	–	–	25,813,151,013
Grand Total (A+B+C)	27,434,761,583	27,434,761,583	364,266,203	364,266,203	27,070,495,380

^ Capital Work in progress includes Rs. 87,60,00,000 mobilisation advance paid to M/s. Larsen and Toubro Limited (Ultimate Holding Company) and Rs. 24,93,71,51,013 representing concession fee payable to National Highways Authority of India towards Toll collection rights after completion of construction.

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

As at 31.03.2011
Rupees

SCHEDULE D**PRE-OPERATIVE EXPENSES (pending allocation to fixed assets)**

Salaries and wages	4,934,101
Contribution to and provision for	
Provident fund	229,055
Gratuity	45,041
Leave encashment	69,190
Staff welfare expenses	139,529
Rent, Rates & Taxes	855,478
Professional Fees	5,140,962
Repairs and Maintenance	226,062
Travelling and Conveyance	2,940,485
Printing and Stationery	139,117
Electricity charges	107,202
Postage and Communication	33,551
Interest on term loans	706,636
Finance charges	25,055,294
Bank Charges	1,515,650
Miscellaneous Expenses	1,823,917
TOTAL	43,961,268

SCHEDULE E**INVESTMENTS**

Current Investments	
Mutual Funds	—
TOTAL	—

Notes :

Details of Investment Purchased and sold during the period	Face Value Rs. Per unit	No. of Units	Cost (Rupees)
Current Investments - Mutual Funds			
LIC Income Plus Fund Growth Plan	10	7,181,271	90,000,000
TATA Floater Fund-Growth	10	9,694,750	138,000,000
TATA Floater Fund- Daily Dividend Reinvestment	10	524,815	5,266,836
TATA Liquid High Investment Fund- DDR	1000	4,729	5,269,462
Canara Robeco Treasury Advantage Fund - Institutional Plan Growth Option	10	2,893,802	46,000,000
Canara Robeco Treasury Advantage Fund - Retail Plan Growth Option	10	63,260	1,000,000
Canara Robeco Treasury Advantage Fund - Institutional Daily Dividend Fund	10	69,405	1,076,242
Canara Robeco Liquid Fund - Institutional DDR	10	2,894,634	2,902,165
IDFC Money Manager Fund - Treasury Plan A -Growth	10	714,610	11,000,000

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

Details of Investment Purchased and sold during the period	Face Value Rs. Per unit	No. of Units	Cost (Rupees)
IDFC Money Manager Fund - Treasury Plan B -Growth	10	1,693,011	26,006,356
IDFC Money Manager Fund - Treasury Plan C -Growth	10	8,613,608	98,645,672
IDFC Money Manager Fund - Treasury Plan C -Growth - Daily Dividend Reinvestment	10	998,057	9,900,000
IDFC Cash Fund - Inst Plan B -DDR	10	26,048,898	2,460,275
HDFC cash Management Fund Treasury Advantage - Retail Plan Growth Option	10	95,822	2,000,000
HDFC cash Management Fund Treasury Advantage - Wholesale Plan Growth Option	10	1,064,548	22,500,000
Birla Sun Life Saving Fund Instl. Growth	10	11,092,557	197,621,970
Birla Sunlife Cash Plus Instl Premium Growth	10	9,552,283	142,500,000
Birla Sunlife Saving Fund - Retail - Daily Dividend Reinvestment	10	1,004,454	9,900,000
Birla Sunlife Cash Plus - Instl. - Daily Dividend Reinvestment	10	1,716,340	18,500,000
TOTAL		85,920,853	830,548,978

	As at 31.03.2011	
	Rupees	Rupees
SCHEDULE F		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Cash and bank balances		
Cash on hand	5,005,954	
Balances with scheduled banks		
on fixed deposits (including interest accrued thereon Rs. 723,760)	59,651,384	
on current accounts	18,863,502	
		83,520,840
Loans and Advances		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received.	5,835,491	
		5,835,491
TOTAL		89,356,331

SCHEDULE G		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
Due to Micro and Small Enterprises	—	
Due to Other than Micro and Small Enterprises	11,655,716	
Due to Larsen & Toubro Limited (ultimate holding company)	94,400,698	
		106,056,414
Provisions		
Compensated absences	138,379	
Gratuity	90,082	
		228,461
TOTAL		106,056,414

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

		For the period 05.02.2010 to 31.03.2011	
		Rupees	Rupees
SCHEDULE H			
OTHER INCOME			
Interest income from fixed deposits (Tax deducted at source Rs. 72,376)			723,760
Dividend income from current investments			394,005
Profit on sale of current investments (net)			7,332,333
TOTAL			8,450,098
SCHEDULE I			
OPERATING EXPENSES			
Salaries, wages and bonus			10,611,201
Contribution to and provision for			
Provident fund	114,524		
Gratuity	45,041		
Leave encashment	69,189		
			228,754
Staff welfare expenses			735,713
Cost of services			990,372
Consultancy charges			2,604,642
Insurance			8,574
Repairs & maintenance			
Toll Roads and bridges	16,930,453		
Plant & Machinery	369,090		
Others	2,107,332		
			19,406,875
Electricity charges			676,409
TOTAL			35,262,540
SCHEDULE J			
ADMINISTRATION AND OTHER EXPENSES			
Rent, Rates and taxes			6,224,500
Professional fees			670,618
Printing and stationery			514,168
Bank charges			6,849
Postage & Communication			103,218
Travelling & conveyance			3,909,717
Miscellaneous expenses			2,030,679
TOTAL			13,459,749

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE 1

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP"), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. However, certain escalation and other claims, which are not ascertainable, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible 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 period in which the results are known.

2. Revenue Recognition

- i) Fee collections from users of facilities are accounted for as and when the amount is due and recovery is certain.
- ii) Dividend income is recognized when the right to receive is established.
- iii) Interest income is recognized at applicable rates on accrual basis.

3. Fixed Assets

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

4. Depreciation

Tangible Assets are depreciated on straight-line basis at the rates specified in Schedule XIV to the Companies Act 1956. Depreciation on additions / deductions is calculated pro rata from / to the month of additions / deductions.

With effect from 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	Estimated Useful life (in years)	Depreciation rate (% per annum)
Office Equipment	4	25.00%
Computers – Laptop	4	25.00%
Furniture and Fixtures	10	10.00%
Motor Cars	7	14.29%
Air conditioners	12	8.33 %

Toll equipments including computers and printers used in toll collection are depreciated on straight line basis over the construction period.

5. Intangible Assets and amortisation

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably and are amortized as follows:

- a. Concession fees payable to National Highways Authority of India (NHAI) during the construction period are capitalized as toll collection rights on the commercial operation date and are amortized over the scheduled period of construction.
- b. Concession fees payable to NHAI after the completion of six laning project on design, built, finance, operate and transfer (DBFOT) basis undertaken by the Company are capitalised as toll collection rights together with the construction cost of the project and are amortized on straight line basis over the balance period of the concession given under the concession agreement.
- c. Till the completion the six laning project, the same if accounted as capital work in progress.
- d. Pre-operative expenses including administrative and other general overhead expenses which are specifically attributable to construction of the six laning project, incurred up to the date of completion of construction are capitalized as a part of the cost of the intangible asset.

6. Impairment of Assets

- (a) The carrying amount of fixed assets is reviewed at each Balance Sheet date, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated.
- (b) An impairment loss is recognised, whenever the carrying amount of assets or its cash generating units exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow generated from the continuing use of an asset and from its disposal at the end of its useful life, discounted to its present value.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

- (c) An impairment loss is reversed, if there has been a change in the estimates made to determine and recognise the recoverable amount in the earlier period.

7. 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 period 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 realized.

8. Borrowing Costs

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

In compliance with AS-16 "Borrowing Costs", income earned on temporary investments, out of funds borrowed, which is inextricably linked with the project, is deducted from the related borrowing cost incurred.

9. 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.

10. Investments

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

11. Lease

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged off to Profit and loss account on accrual basis. Lease rentals specifically attributable to the project are accounted under pre-operative expenses pending allocation to fixed assets.

12. Foreign Currency Transactions

Foreign Currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction.

13. Provisions, Contingent Liabilities and Contingent Assets

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

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

SCHEDULES FORMING PART OF ACCOUNTS

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

Contingent Liability is disclosed in the case of

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

Contingent Assets are neither recognized, nor disclosed.

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

SCHEDULE 2

NOTES FORMING PART OF ACCOUNTS

1. The Company was incorporated on February 5, 2010 and accordingly the accounts are drawn for the period from February 5, 2010 to March 31, 2011.
2. The Company has been awarded on Design, Build, Finance, Operate and Transfer (DBFOT) basis, the Strengthening of existing 4 lane road from KM 306.00 to KM 362.16 (approximately 56.16 km) on Samakhiali to Gandhidham Section on National Highway No.8A in the State of Gujarat and widening thereof to six lanes under concession agreement dated March 7, 2010 with the National Highways Authority of India (NHAI).
3. The concession agreement is for a period of 24 years from the appointed date has stated in clause 15.1 of Chapter-II of the said agreement i.e. September 11, 2010. At the end of the concession period, the entire facility has to be transferred to NHAI free and clear of all encumbrances, vide Article 38.1.1 to the concession agreement.
4. The Company does not have any taxable income under the provisions of the Income Tax Act, 1961 and hence no provision for income tax has been made.
5. The Company does not have any taxable wealth under the provisions of the Wealth Tax Act, 1957 and hence no provision for wealth tax has been made.
6. There have been no transactions during the period 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.
7. The Company is a service Company and accordingly disclosure of quantitative information required under paragraph 4C of Part II of Schedule VI to the Companies Act, 1956 does not arise.
8. Toll collection rights during construction period represent construction fees amounting to Rs. 1,598,000,253 payable to NHAI. The same is amortised equally on straight line basis over the period of construction.
9. Toll collection rights after completion of construction represent concession fees amounting to Rs. 24,937,151,013 payable to NHAI alongwith the cost of construction of six laning project is amortized on straight line basis over the balance period of concession after completion of the construction. Till the completion of construction, the same is included under capital work-in-progress.
10. Deferred Credit represents total concession fees of Rs. 26,53,51,51,266 payable to NHAI as per clause 26.2 of the concession agreement. Out of above, Rs. 34,07,25,001 has been paid during period.
11. Estimated amount of contracts remaining to be executed on capital account (net of advances) is Rs. 7,884,000,000 as at March 31, 2011.
12. Auditor's Remuneration: (excluding service tax)

Particulars	For the period 05.02.2010 to 31.03.2011 Rupees
Audit Fees	125,000
Certification fees	15,750

13. Disclosure of Related Parties / Related Party Transactions.

A. List of Related Parties

(a) Holding companies:

- a. L&T Transco Private Limited. (Holding Company)
- b. Larsen & Toubro Limited (Ultimate holding Company)

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

(b) Fellow subsidiaries:

- a. L&T Infrastructure Development Projects Limited
- b. L&T Rajkot-Vadinar Tollway Limited
- c. L&T Ahmedabad-Maliya Tollway Limited
- d. L&T Vadodara Bharuch Tollway Limited
- e. Narmada Infrastructure Construction Enterprise Limited.
- f. L&T Krishnagiri Thopur Tollway Limited.
- g. L&T Krishnagiri Walajahpet Tollway Limited.
- h. L&T Western Andhra Tollway Limited.
- i. L&T Panipat Elevated Corridor Limited.

B. Transactions with Related Parties

Name / Relationship/ Nature of transaction	2010-11 Rupees
Holding company L&T Transco Private Limited	
• Advance against Share capital	595,622,000
• Share Capital	370,000
Ultimate Holding company Larsen & Toubro Limited	
• Advance against Share capital	209,274,000
• Share capital	130,000
• Reimbursement of expenses to	4,374,354
• Reimbursement of expenses from	4,270,057
• Mobilisation Advance	876,000,000
• Services received	148,905
Fellow subsidiaries L&T Infrastructure Development Project Limited	
• Reimbursement of expenses to	8,403,478
• Charges for deputation of employees	159,578
• Services received	13,063,442
L&T Ahmedabad-Maliya Tollway Limited	
• Reimbursement of expenses to	2,663,041
• Purchase of fixed assets	438,125
L&T Krishnagiri Thopur Tollway Limited	
• Reimbursement of expenses to	68,691
L&T Krishnagiri Walajahpet Tollway Limited	
• Reimbursement of expenses to	361,616
L&T Western Andhra Tollway Limited	
• Reimbursement of expenses to	53,874
Narmada Infrastructure Construction Enterprise Limited	
• Reimbursement of expenses to	32,000
L&T Panipat Elevated Corridor Limited	
• Reimbursement of expenses to	212,431
• Charges for deputation of employees	440,707

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Name / Relationship/ Nature of transaction	2010-11 Rupees
L&T Rajkot-Vadinar Tollway Limited	
• Purchase of fixed assets	100,000
• Reimbursement of expenses to	2,200
L&T Vadodara Bharuch Tollway Limited	
• Reimbursement of expenses to	246,356
• Change Money	8,520,000

C. Amounts due to / due from related parties

Particulars	Due to As at 31.03.2011 Rupees
Larsen & Toubro Ltd (ultimate holding company)	94,400,698

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

14. Employee Benefits:

(1) Provisions for gratuity and leave encashment is made on actuarial basis as summarized below:

Gratuity Valuation	
1. Valuation as on	March 31, 2011
2. Retirement Age	As per rule of the Company
3. No of Employees	20
4. Notional Benefit Obligations (Accrued benefits) on Current Salary in Rupees	115,558
5. Present Value of Benefit Obligations in Rupees	90,082
B Principle Rules to Compute Benefit Obligations	
1. Salary reckoned for calculating Benefit Obligations	As per rule of the Company
2. Vesting Period	5 Years for Gratuity
3. Benefit formula for Gratuity for all exits except death	B1 X Completed year of service X 15/26 subject to benefit having vested
4. Benefit formula for Gratuity on death	Same as B3 but no vesting condition
Leave Salary Valuation	
A Summary of Staff date	
1. No of Employees	20
2. Notional benefit obligations on current salary in rupees	177,648
3. Projected actuarial value of benefit obligation in rupees	138,379
B Principle rules to compute benefit obligations	
1. Salary reckoned for calculating Benefit Obligations	As per rule of the Company
2. Benefit formula for all exits	B1 x Leave Balance / 30
Summary of Actuarial Assumptions	
A Mean Financial Assumptions	
1. Discount Rate per unit per annum	8.25%
2. Salary escalation rate per unit per annum	6.00%
3. Expected rate of return on Plan Assets per unit per annum	N.A
B Mean Demographic assumptions	
1. Mortality	LIC 94-96 Rates
2. Withdrawal	5% for all age
3. Disability	No Explicit Assumption

(2) Contribution to provident fund is made on actual liability basis.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

15. Expenditure in foreign currency:

Particulars	For the period 05.02.2010 to 31.03.2011 Rupees
Progress payments for Tolling equipments	1,596,025

16. Borrowing cost capitalised (included in pre-operative expenses) during the period is Rs. 25,761,930 (including loan processing and upfront fees of Rs. 25,055,294).
17. Segment Reporting – The Company is engaged in the sole business of construction, operation and maintenance of infrastructure facility in India. Accordingly, furnishing primary business segment and secondary segments as required in Accounting Standards (AS) 17 "Segment Reporting" does not arise.
- a toll road in India and the operating income represents toll collections. Hence, operations are under single business and geographical segment.
18. The Company has taken an office premises on cancellable operating lease. Rs. 1,318,032 has been paid as lease rent during the period of which Rs. 472,000 is charged to the Profit and Loss Account and balance Rs. 846,032 included in pre-operative expenses pending allocation to fixed assets.
19. Basic and Diluted Earnings per share (EPS) Computed in accordance with Accounting Standards (AS) 20 "Earnings per Share"

Particulars	For the period 05.02.2010 to 31.03.2011
Profit after tax per Accounts (Rs.)	(52,656,660)
PAT available to equity shareholders (Rs.)	(52,656,660)
Weighted average number of share	14,932
Basic / Diluted EPS (Rupees)	(3526.43)

20. Deferred tax - There are no timing difference between accounting income and taxable income during the period. Accordingly no deferred tax asset / deferred tax liability has been recognized in these accounts.
21. Based on a review of the future discounted cash flows, the recoverable amount of the project facility is more than its carrying amount. Accordingly, no provision for impairment has been made in these accounts.
22. Contingent liabilities as at March 31, 2011 is Nil.
23. This being the first period of accounts of the Company, giving comparative figures of previous period does not arise.

As per our report of even date attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants
(Registration No. 003792S)
By the hand of

L. VAIDYANATHAN

Partner
Membership No. 16368

T. S. VENKATESAN
Director

R. CHANDRASEKARAN
Director

Place : Chennai
Date : April 25, 2011

Place : Chennai
Date : April 25, 2011

