DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report and the Accounts for the Third year ended March 31, 2013.

I. FINANCIAL RESULTS

The key financial parameters for the period ended March 31, 2013 are submitted below:

Sl. No	Particulars	2012-13	*2011-12*
		₹ Lacs	*₹ Lacs*
1	Income for the year	**234.51**	*1.36*
2	Less: Expenditure	**2.28**	*2.37*
3	**Profit Before Depreciation & Tax (PBDT)**	**232.23**	*(1.01)*
4	Less: Depreciation	**0.00**	*0.00*
5	**Profit / (Loss) before tax (PBT)**	**232.23**	*(1.01)*
6	Less: Provision for tax	**76.09**	*0.33*
7	**Profit / (Loss) after tax (PAT)**	**156.14**	*(1.34)*
8	Balance brought forward from previous year	**(47.97)**	*(46.63)*
9	**Balance carried to Balance Sheet**	**108.17**	*(47.97)*

II. PERFORMANCE OF THE COMPANY

The Company achieved its third Milestone being completion of 70% of the Total Project cost on December 22, 2012.

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.

V. CAPITAL EXPENDITURE

As at March 31, 2013, the Gross Fixed Assets stood at ₹43.27 lakhs and the net fixed assets are ₹ 33.10 lakhs and the Intangible assets under Development stood at ₹ 36,192.89 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, 2013 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; and
5. That proper systems are in place to ensure compliance of all laws applicable to the Company.

XII. DIRECTORS

Mr. J. Subramanian and Mr. Manoj Dave were appointed as Additional Director of the Company w.e.f. 7th June, 2012 and been regularized at the following Annual General Meeting held on 3rd August, 2012.

Mr. R. Chandrasekaran and Mr. A. Soundararajan resigned from the Board w.e.f. 26th June, 2012.

Mr. Karthikeyan T. V. was appointed as an Additional Director at the Board Meeting held on 8th August , 2012 and hold office upto the date of the ensuing Annual General Meeting. Resolutions proposing their appointment will be placed before the shareholders for their approval.

Mr. T. S. Venkatesan resigned from the Board w.e.f. 26th September, 2012.

Mr. J. Subramanian, Director of the Company retires at the forthcoming Annual General Meeting and offers himself for re-appointment.

The Board of Directors as on 31.03.2013 is as follows:

- Mr. Karthikeyan T. V.
- Mr. J. Subramanian
- Mr. Manoj Dave

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 Manager of the Company, as per the Companies Act 1956, handles the responsibilities envisaged for a Chief Executive and the occupant of the position is not a Board Member and attends the Board Meetings only as invitee. In this manner the separation of offices of Chairman & Manager is ensured as per the requirement of guidelines.

B) REMUNERATION OF DIRECTORS

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

C) INDEPENDENT DIRECTORS

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

Number of Companies in which an Individual may become a Director

The Company has 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.

F) INTERNAL AUDITORS

The Corporate Audit Services department of L&T Infrastructure Development Projects Limited provides internal audit services to the Company.

G) INTERNAL CONTROL

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

H) SECRETARIAL AUDIT

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

XIV. AUDIT COMMITTEE

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

- Mr. Karthikeyan T. V.
- Mr. J. Subramanian
- Mr. Manoj Dave

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

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

XV. REMUNERATION COMMITTEE

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

- Mr. Karthikeyan T. V.
- Mr. J. Subramanian
- Mr. Manoj Dave

XVI. 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 and are recommended for reappointment.

Certificate from Auditors 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.

XVII. 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

There were no earnings or outgo in terms of Foreign Exchange during the year 2012- 2013.

XVIII. MAINTENANCE OF COST RECORDS COMPLIANCE REPORT

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

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

XIX. ACKNOWLEDGEMENTS:

The Directors acknowledge the 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

Place : Chennai	**KARTHIKEYAN T. V.**	**J. SUBRAMANIAN**
Date : April 25, 2013	*Director*	*Director*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T DEVIHALLI HASSAN TOLLWAY LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **L&T DEVIHALLI HASSAN TOLLWAY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, 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 the 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 the 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 audit 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 profit for the year ended on that date; and

c) in the 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"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the 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, 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 dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;and
   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, we report that none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 003792S
by the hand of

L. VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 26, 2013

ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of the Independent Auditor's Report to the members of **L&T DEVIHALLI HASSAN TOLLWAY LIMITED** on the financial statements for the year ended March 31, 2013, we report that:

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

(b) Fixed assets have been physically verified by the management during the period and no material discrepancies were noticed on such verification.

(c) The Company has not disposed off any of its fixed assets during the period and hence does not affect the going concern.

(ii) The Company does not carry any inventory in its books and hence, reporting under clauses 4(ii)(a), (b) and (c) of the Order does not arise.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence reporting under clauses 4(iii)(b), (c) and (d) of the Order does not arise.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, reporting under clauses 4(iii)(f) and (g) of the Order does not arise.

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

(v) (a) In our opinion, and according to the information and explanations given to us, there are no contracts/ arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence reporting under clause 4(v) of the Order does not arise.

(vi) The Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. Hence reporting under clause 4(vi) of the Order does not arise.

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

(viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed 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. The contents of these accounts and records have not been examined by us.

(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 is generally regular in depositing undisputed statutory dues including Income-tax, Provident fund and other statutory dues during the period with appropriate authorities. According to the information and explanation given to us, there were no undisputed amount payable on account of Income tax, Provident Fund and any other statutory dues as at March 31, 2013, for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no statutory liabilities in respect of sales tax, excise duty, service tax, customs duty and income tax which have not been deposited on account of a dispute.

(x) The Company has been registered for a period less than five years and hence reporting on losses under clause 4(x) of the Order does not arise.

(xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures 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) In our opinion, the Company is not a chit fund/ nidhi/ mutual benefit fund/society and hence reporting on clause 4(xiii) of the Order does not arise.

(xiv) According to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures or other investments. However, the Company has invested surplus funds in mutualfunds. According to the information and explanations given to us, proper records have been maintained showing the particulars of the transactions and contracts and timely entries have been made therein. The said investments in mutual funds have been held by the Company in its own name.

(xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose for which they were obtained.

(xvii) According to the information and explanations given to us, the Company has not raised funds on short term basis during the period. Accordingly, reporting on their application under clause 4(xvii) of the Order does not arise.

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

(xix) The Company has not issued debentures during the period. Hence reporting under clause 4(xix) of the Order does not arise.

(xx) The Company has not raised any money by way of public issue during the period. Hence reporting on their end use under clause 4(xx) of the Order does not arise.

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

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 003792S
by the hand of

L. VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 26, 2013

BALANCE SHEET AS AT MARCH 31, 2013

	Note	As at 31.03.2013 ₹	₹	As at 31.03.2012 ₹	₹
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	A	900,000,000		900,000,000	
Reserves and surplus	B	1,618,440,789		678,921,456	
			2,518,440,789		1,578,921,456
Non-current liabilities					
Long-term borrowings	C(I)	1,998,544,772		850,000,000	
Long-term provisions	C(II)	718,371		211,569	
			1,999,263,143		850,211,569
Current liabilities					
Other current liabilities	D(I)	15,767,302		22,550,630	
Short-term provisions	D(II)	902,520		–	
			16,669,822		22,550,630
TOTAL			4,534,373,754		2,451,683,655
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	E(I)	3,309,608		1,634,213	
Intangible assets under development	E(II)	3,619,288,953		1,392,286,957	
			3,622,598,561		1,393,921,170
Long-term loans and advances	E(III)		40,978,673		368,854,009
Current assets					
Current investments	F(I)	100,000,000		–	
Cash and cash equivalents	F(II)	201,021,721		2,177,913	
Short-term loans and advances	F(III)	569,774,799		686,730,563	
			870,796,520		688,908,476
TOTAL			4,534,373,754		2,451,683,655
CONTINGENT LIABILITIES AND COMMITMENTS	G				
OTHER NOTES FORMING PART OF ACCOUNTS	J				
SIGNIFICANT ACCOUNTING POLICIES	K				

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)

L. VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 26, 2013

For and on behalf of the Board

P. RAVINDRANATH *Manager*

KARTHIKEYAN T. V. *Director*

J. SUBRAMANIAN *Director*

Place : Chennai
Date : April 25, 2013

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

	Note	2012-13 ₹	*2011-12* ₹
REVENUE			
Other income	**H**	**23,451,482**	*136,261*
TOTAL REVENUE		**23,451,482**	*136,261*
EXPENSES			
Administrative and other expenses	**I**	**228,441**	*236,979*
TOTAL EXPENSES		**228,441**	*236,979*
Profit/(loss) before tax		**23,223,041**	*(100,718)*
Tax Expense:			
Current tax	**J(9)**	**7,608,833**	*33,768*
Deferred tax		**–**	*–*
Profit/(loss) after tax for the year		**15,614,208**	*(134,486)*
Earnings per equity share (Basic and diluted)	**J(8)**	**0.17**	*–*
Face value per equity share		**10.00**	*10.00*
OTHER NOTES FORMING PART OF ACCOUNTS	**J**		
SIGNIFICANT ACCOUNTING POLICIES	**K**		

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)

L. VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 26, 2013

For and on behalf of the Board

P. RAVINDRANATH *Manager*

KARTHIKEYAN T. V. *Director*

J. SUBRAMANIAN *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 activites**		
	Profit/(loss) before tax and extraordinary items	**23,223,041**	*(100,718)*
	Adjustments for :		
	Dividend income from mutual funds	**–**	*(26,980)*
	Interest income	**(202,192)**	–
	(Profit)/loss on sale of investments (net)	**(23,213,815)**	*(109,281)*
	(Profit)/loss on sale of fixed assets	**–**	*35,475*
	Operating profit/(loss) before working capital changes	**(192,966)**	*(201,504)*
	Adjustments for :		
	(Increase)/decrease in loans and advances	**(3,661,611)**	*(2,870,277)*
	Increase/(decrease) in other current liabilities and provisions	**(6,179,241)**	*21,321,876*
	Cash generated from operations	**(10,033,818)**	*18,250,095*
	Direct taxes paid (net of refund)	**(7,265,762)**	*(410,004)*
	Net Cash(used in)/generated from operating activities	**(17,299,580)**	*17,840,091*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(1,901,741,844)**	*(1,434,836,635)*
	Purchase of investments	**(1,705,502,349)**	*(141,400,000)*
	Sale of current investments	**1,630,139,137**	*142,180,266*
	Interest received	**203,672**	*164*
	Net cash (used in)/generated from investing activities	**(1,976,901,384)**	*(1,434,056,205)*
C	**Cash flow from financing activities**		
	NHAI Grant received	**1,044,500,000**	–
	Proceeds from fresh issue of capital	**–**	*567,900,000*
	Proceeds from long term borrowings	**1,148,544,772**	*850,000,000*
	Net cash (used in)/generated from financing activities	**2,193,044,772**	*1,417,900,000*
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**198,843,808**	*1,683,886*
	Cash and Cash equivalents as at the beginning of the year	**2,177,913**	*494,027*
	Cash and Cash equivalents as at the end of the year	**201,021,721**	*2,177,913*

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 the Companies (Accounting Standards) Rules 2006.
2. Refer Note F(II) to the Balance Sheet for components of cash and cash equivalents. Investment in mutual funds of ₹ 10,00,00,000 as at March 31, 2013 *(previous year : ₹ Nil)* being not free from more than insignificant risk of change in value are not included as part of cash and cash equivalents.
3. Previous year figures are regrouped/reclassified wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)

L. VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 26, 2013

For and on behalf of the Board

P. RAVINDRANATH *Manager* — **KARTHIKEYAN T. V.** *Director* — **J. SUBRAMANIAN** *Director*

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*	₹
Authorised:				
Equity shares of ₹ 10 each	**90,000,000**	**900,000,000**	*90,000,000*	*900,000,000*
Issued, subscribed and fully paid up:				
Equity shares of ₹ 10 each	**90,000,000**	**900,000,000**	*90,000,000*	*900,000,000*

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

	2012-13		*2011-12*	
	No of Shares	₹	*No of Shares*	₹
Issued, subscribed and fully paid up equity shares at the beginning of the year	**90,000,000**	**900,000,000**	*2,110,000*	*21,100,000*
Add: Shares issued during the year	–	–	*87,890,000*	*878,900,000*
Issued, subscribed and fully paid up equity shares at the end of the year	**90,000,000**	**900,000,000**	*90,000,000*	*900,000,000*

A(III) Terms / Rights attached to equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the Company and no restrictions are attached to any specific shareholder.

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

	Relationship	**As at 31.03.2013**	*As at 31.03.2012*
		₹	₹
L&T Infrastructure Development Projects Limited (including nominee holding)	**Holding Company**	**899,999,000**	*899,999,000*
Larsen & Toubro Limited	**Ultimate Holding Company**	**1,000**	*1,000*
		900,000,000	*900,000,000*

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

Name of the shareholders	**As at March 31, 2013**		*As at March 31, 2012*	
	No. of shares	**%**	*No. of shares*	%
L&T Infrastructure Development Projects Limited (including nominee holding)	**89,999,900**	**99.9999**	*89,999,900*	*99.9999*

A(VI) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL.

A(VII) Calls unpaid - NIL; Forfeited shares - NIL.

NOTES FORMING PART OF ACCOUNTS

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
NOTE B				
Reserves and surplus				
Capital reserve (Refer Note B(a) below)				
As per the last Balance Sheet	**683,718,750**		–	
Additions during the year	**923,905,125**		*683,718,750*	
		1,607,623,875		*683,718,750*
Surplus/(Deficit) in the Statement of Profit and loss				
As per the last Balance Sheet	**(4,797,294)**		*(4,662,808)*	
Add: Profit/(loss) for the year	**15,614,208**		*(134,486)*	
		10,816,914		*(4,797,294)*
TOTAL		**1,618,440,789**		*678,921,456*

Note B(a)

The Company has been awarded Concession by National Highways Authority of India (NHAI) for four-laning of Devihalli section from KM 110.00 to KM 189.50 of NH-48 vide a Concession Agreement dated June 17, 2010. The Company is eligible for cash support in the form of outright grant of ₹ 180,18,00,000 and shall be disbursed by NHAI as equity support towards the project. The said equity support will become due and payable to the Company after it has expended the equity and shall be disbursed proportionately along with the term loans thereafter remaining to be disbursed by the senior lenders under financing agreements. As of March 31, 2013, the Company has expended full equity and has drawn ₹1,99,85,44,772 from senior lenders under the financing agreements. Accordingly, the Company is eligible for ₹ 1,60,76,23,875 grant from NHAI as equity support, which the Company has applied for and accrued the same. Out of this, the Company has received ₹ 1,04,45,00,000 and the balance of ₹ 56,31,23,875 receivable is grouped under short term loans and advances.

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
NOTE C(I)				
Long term borrowings				
Secured term loans from banks (Refer note C(I)(a))				
Punjab National Bank		**1,106,270,752**		*470,500,000*
Union Bank of India		**892,274,020**		*379,500,000*
TOTAL		**1,998,544,772**		*850,000,000*

Note C(I)(a) : Details of term loans

Particulars	**Rate of Interest**	**Terms of repayment**
	2012-13	
Rupee term loans from banks	10.25% p.a. (fixed) till Commercial Operations date	Repayable in 48 unequal quarterly instalments commencing from September 30, 2014.

C(I)(b) : Nature of Security

i) Secured by first charge by way of hypothecation on all movable/immovable assets of the Company, both present and future, excluding Project assets as defined in the Concession Agreement.

ii) First charge on Project book debts, operating cash flows, receivables, commissions, insurance proceeds, revenues of whatsoever nature and wherever arising, present and future.

iii) Assignment of all the rights, title, interest, benefits, claims and demands, whatsoever of the Company.

iv) Escrow account to the extent of waterfall of priorities of payment as permitted to the lenders under Escrow Agreement.

v) Debt Service Coverage Ratio Support Amount.

vi) First charge of all the Company's rights, interests related to the proposed project under the letter of credit (if any), guarantee or performance bond provided by any party.

NOTES FORMING PART OF ACCOUNTS

	As at March 31, 2013		*As at March 31, 2012*	
	₹	₹	₹	₹
NOTE C(II)				
Long term provisions				
Provisions for Employee benefits:				
Gratuity		**299,874**		*83,167*
Compensated absences		**418,497**		*128,402*
TOTAL		**718,371**		*211,569*
NOTE D(I)				
Other current liabilities				
Due to:				
Micro and small enterprises (Refer note D(I)(a))		**–**		-
Related parties:				
Ultimate Holding Company		**462,242**		*15,032,655*
Interest accrued but not due on borrowings		**1,753,991**		*743,965*
Interest accrued and due on borrowings		**–**		*4,292*
Statutory liabilities		**1,082,723**		-
Other payable		**12,468,346**		*6,769,718*
TOTAL		**15,767,302**		*22,550,630*

Note D(I)(a):

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

NOTE D(II)				
Short term provisions				
Provisions for :				
Employee benefits				
Gratuity	**3,040**		–	
Compensated absences	**94,245**		–	
		97,285		–
Current tax (net of advance tax paid ₹ 72,65,762)		**805,235**		–
TOTAL		**902,520**		–

NOTE E(I) - Tangible assets

(Amount in ₹)

Particulars	COST				DEPRECIATION				BOOK VALUE	
	As at April 1, 2012	Additions	Deductions	**As at March 31, 2013**	*Up to March 31, 2012*	For the year	Deductions	**Up to March 31, 2013**	**As at March 31, 2013**	*As at March 31, 2012*
Owned										
Furniture and fixtures	*872,401*	11,600	–	**884,001**	*267,687*	70,660	–	**338,347**	**545,654**	*604,714*
Vehicles	–	1,225,533	–	**1,225,533**	–	14,590	–	**14,590**	**1,210,943**	–
Office equipments	*546,193*	97,836	–	**644,029**	*115,558*	136,377	–	**251,935**	**392,094**	*430,635*
Computers	*765,601*	807,916	–	**1,573,517**	*166,737*	245,863	–	**412,600**	**1,160,917**	*598,864*
Total	***2,184,195***	**2,142,885**	–	**4,327,080**	***549,982***	**467,490**	–	**1,017,472**	**3,309,608**	
Previous year	*838,135*	*1,397,060*	*51,000*	***2,184,195***	*163,936*	*401,571*	*15,525*	***549,982***	–	*1,634,213*

Note E(I)(a):

The Company has reviewed the useful life of fixed assets during the year and has revised the useful life of Desktop Computers. Consequently, depreciation for the year and Pre-operative expenses pending allocation are higher by ₹ 21,125.

NOTES FORMING PART OF ACCOUNTS

	As at March 31, 2012 ₹	For the year ₹	**As at March 31, 2013** ₹
NOTE E(II) - Intangible assets under development			
Toll collection rights			
a) Construction cost	*1,275,971,560*	2,039,533,175	**3,315,504,735**
b) Other direct costs	*71,359,708*	41,303,113	**112,662,821**
TOTAL (A)	*1,347,331,268*	2,080,836,288	**3,428,167,556**
c) Pre-operative expenses pending allocation			
Salaries and wages	*7,383,246*	7,418,984	**14,802,230**
Contribution to and provisions for :			
Provident fund (Refer note J(4)(a))	*398,985*	341,479	**740,464**
Gratuity (Refer note J(4)(b))	*83,167*	219,747	**302,914**
Leave encashment (Refer note J(4)(b))	*128,402*	384,340	**512,742**
Staff welfare expenses	*254,798*	699,190	**953,988**
Power and fuel	*61,652*	105,591	**167,243**
Rent (Refer note J(7))	*416,154*	650,206	**1,066,360**
Rates and taxes	*5,125*	-	**5,125**
Travelling and conveyance	*3,528,042*	3,444,961	**6,973,003**
Communication expenses	*248,714*	223,769	**472,483**
Printing and stationery	*310,090*	310,428	**620,518**
Insurance	*1,956,160*	890,654	**2,846,814**
Professional fees	*13,492,981*	9,185,907	**22,678,888**
Bank charges	*1,163,755*	19,334	**1,183,089**
Repairs and maintenance	*633,287*	1,026,976	**1,660,263**
Miscellaneous expenses	*739,292*	304,063	**1,043,355**
Depreciation	*565,507*	467,490	**1,032,997**
Finance costs (Refer note E(II)(a) below)	*13,586,332*	120,472,589	**134,058,921**
TOTAL (B)	*44,955,689*	146,165,708	**191,121,397**
GRAND TOTAL (A + B)	*1,392,286,957*	2,227,001,996	**3,619,288,953**
Note E(II)(a):	*13,586,332*	120,472,589	**134,058,921**
Finance costs:			
Upfront fees	*9,882,880*	–	**9,882,880**
Interest on term loans	*4,347,621*	121,434,878	**125,782,499**
SUB TOTAL (I)	*14,230,501*	121,434,878	**135,665,379**
Less : Income from temporary investments out of specific borrowings			
Gain on sale of current investments	*644,005*	1,422,973	**2,066,978**
Interest income from bank deposits	*164*	1,480	**1,644**
Less : Current tax thereon	–	462,164	**462,164**
SUB TOTAL (II)	*644,169*	962,289	**1,606,458**
TOTAL (I) - (II)	*13,586,332*	120,472,589	**134,058,921**

NOTES FORMING PART OF ACCOUNTS

	As at March 31, 2013		*As at March 31, 2012*	
	₹	₹	₹	₹
NOTE E(III)				
Long term loans and advances				
Capital advances (unsecured, considered good)				
Ultimate holding Company		**28,438,378**		*368,428,559*
Others		**12,092,345**		-
Security deposits		**447,950**		*425,450*
TOTAL		**40,978,673**		*368,854,009*
NOTE F(I)				
Current investments				
Investment in mutual funds - Quoted		**100,000,000**		–
L&T Ultra Short Term Fund (52,75,653 units of face value ₹ 10 each)				
Book value - ₹ 10,00,00,000				
Market value - ₹ 10,03,16,012				
TOTAL		**100,000,000**		–
NOTE F(II)				
Cash and cash equivalents				
Balances with banks:				
in current accounts	**1,339,913**		*671,697*	
in deposit accounts with maturity less than three months (including interest accrued thereon)	**199,681,808**		*1,500,164*	
		201,021,721		*2,171,861*
Cash on hand		**–**		*6,052*
TOTAL		**201,021,721**		*2,177,913*
NOTE F(III)				
Short term loans and advances				
Unsecured, considered good				
Grant receivable from NHAI		**563,123,875**		*683,718,750*
Prepaid expenses		**613,276**		*544,448*
Utility shifting charges recoverable		**3,053,420**		*1,161,650*
Income tax receivable of previous year (net of provision)		**376,236**		*376,236*
Works contract tax receivable		**2,442,736**		*929,479*
Advances recoverable in cash or kind		**165,256**		–
TOTAL		**569,774,799**		*686,730,563*

NOTE G

Contingent liabilities and Commitments

Contingent liabilities as at March 31, 2013 ₹ Nil *(previous year: ₹ Nil).*

Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 1,03,54,25,767, *(previous year: ₹ 3,08,24,91,877)*.

NOTES FORMING PART OF ACCOUNTS

	2012-2013 ₹	*2011-2012 ₹*
NOTE H		
Other income		
Interest income on bank deposits	**202,192**	*–*
Dividend income mutual funds	**–**	*26,980*
Gain on sale of current investments	**23,213,815**	*109,281*
Others	**35,475**	*–*
TOTAL	**23,451,482**	*136,261*
NOTE I		
Administrative and other expenses		
Rates and taxes	**19,772**	*53,020*
Loss on sale of fixed asset	**–**	*35,475*
Professional fees (Refer note I(a) below)	**208,669**	*148,484*
TOTAL	**228,441**	*236,979*

Note I(a):

Professional fees includes Auditors' remuneration (incl. service tax) as follows:

		2012-2013 ₹	*2011-2012 ₹*
a)	As auditor	**112,360**	*112,360*
b)	For Company law matters	**19,638**	6,342
c)	For Other services	**48,581**	29,782
		180,579	148,484

NOTE J - Other notes forming part of accounts

J(1) Corporate Information

L&T Devihalli Hassan Tollway Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the four laning of Devihalli-Hassan section from KM 110 to KM 189.50 of NH-48 including a new two lane with paved shoulder bypass for Channarayapatna town and widening of existing Hassan bypass to two lane with paved shoulder on Design, Build, Finance, Operate and Transfer (DBFOT) basis in the State of Karnataka under National Highways Development Programme (NHDP) Phase III A under the Concession Agreement dated 17th June 2010. The Concession period including the construction period commencing from 27th April 2010 is 30 years.

J(2) The Statement of Profit and Loss has been drawn to comply with the provisions of the Companies Act, 1956. However the Company has not commenced commercial operations.

J(3) The Company has not earned any income/incurred any expenditure in foreign currency during the year. *(previous year: ₹ Nil).*

J(4) Disclosure pursuant to Accounting Standard (AS) 15 (revised) on Employee benefits:

(a) Defined contribution plan

An amount of ₹ 3,41,479 *(previous year :₹ 3,00,383)* , being the contribution to provident fund is recognised as employee benefit expense and included under Pre-operative expenses (Note no. E(II)) to the Balance Sheet.

(b) Defined benefit plan

(i) The amounts recognised in Balance Sheet are as follows:

Particulars		Gratuity plan		Compensated absences	
		As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
		₹	₹	₹	₹
A)	Present value of defined benefit obligation				
	Wholly funded	**–**	*–*	**–**	*–*
	Wholly unfunded	**302,914**	*83,167*	**512,742**	*128,402*
		302,914	*83,167*	**512,742**	*128,402*

NOTES FORMING PART OF ACCOUNTS

Particulars		Gratuity plan		Compensated absences	
		As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
		₹	₹	₹	₹
	Amount to be recognised as liability or (asset)	**302,914**	*83,167*	**512,742**	*128,402*
B)	Amounts reflected in the Balance Sheet				
	Liabilities	**302,914**	*83,167*	**512,742**	*128,402*
Net Liability / (asset)		**302,914**	*83,167*	**512,742**	*128,402*

(ii) The amounts recognised in the Statement of Profit and loss (included under Pre-operative expenses) are as follows:

Particulars		Gratuity plan		Compensated absences	
		As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
		₹	₹	₹	₹
1	Current service cost	**38,460**	*64,641*	**114,533**	*29,274*
2	Interest on Defined benefit obligation	**7,069**	*1,736*	**10,914**	*4,046*
3	Actuarial losses/(gains)	**174,218**	*(4,905)*	**258,893**	*44,502*
4	Past service cost	**–**	*–*	**–**	*–*
Total (1 to 4)		**219,747**	*61,472*	**384,340**	*77,822*
I	Amount included in “employee benefit expenses”	**219,747**	*61,472*	**384,340**	*77,822*
II	Amount included as part of “finance costs”	**–**	*–*	**–**	*–*
Total (I + II)		**219,747**	*61,472*	**384,340**	*77,822*
Actual return on plan assets		**–**	*–*	**–**	*–*

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

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2013	*As at March 31, 2012*	**As at March 31, 2013**	*As at March 31, 2012*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**83,167**	*21,695*	**128,402**	*50,580*
Add: Current service cost	**38,460**	*64,641*	**114,533**	*29,274*
Add: Interest cost	**7,069**	*1,736*	**10,914**	*4,046*
Add/(less): Actuarial losses/(gains)	**174,218**	*(4,905)*	**258,893**	*44,502*
Less: Benefits paid	**–**	*–*	**–**	*–*
Add: Past service cost	**–**	*–*	**–**	*–*
Closing balance of the present value of defined benefit obligation	**302,914**	*83,167*	**512,742**	*128,402*
Current liability	**3,040**	*–*	**94,245**	*–*
Non current liability	**299,874**	*83,167*	**418,497**	*128,402*

(iv) Principal actuarial assumptions as at the Balance Sheet date:

Particulars		**As at March 31, 2013**	*As at March 31, 2012*
1	Discount rate	**8.50%**	*8.50%*
2	Salary growth rate	**6.00%**	*6.00%*
3	Attrition rate	**5.00%**	*5.00%*

NOTES FORMING PART OF ACCOUNTS

J(5) Segment Information

The Company is engaged in the business of construction, operation and maintenance of Toll road project on Design Build Finance Operate and Transfer basis in a single business segment. Hence reporting on primary segment does not arise. The Company does not have operations outside India. Hence, disclosure of secondary / geographical segment information does not arise.

J(6) Disclosure of related parties / related party transactions pursuant to Accounting Standard (AS)18 "Related Party Disclosures"

a) List of related parties

Holding Company	L&T Infrastructure Development Projects Limited
Ultimate holding Company	Larsen & Toubro Limited
Fellow subsidiaries	L&T Chennai Tada Tollway Limited
	L&T Krishnagiri Walajahpet Tollway Limited
	L&T Transportation Infrastructure Limited
	L&T Vadodara Bharuch Tollway Limited
	PNG Tollway Limited
	L&T Halol-Shamlaji Tollway Limited
	L&T East-West Tollway Limited

b) Disclosure of related party transactions (incl. service tax wherever applicable)

	Particulars	**2012-13**	*2011-12*
		₹	₹
1	**Holding Company**		
	L&T Infrastructure Development Projects Limited		
	Equity Subscription including advance	**–**	*567,900,000*
	Receipt and repayment of loan	**5,000,000**	–
	Purchase of goods and services	**8,489,732**	*1,810,948*
	Advance received and repaid	**23,000,000**	–
	Interest paid on loan	**13,185**	–
	Reimbursement of expenses from	**252,212**	–
	Reimbursement of expenses to	**–**	*876,800*
2	**Ultimate Holding Company**		
	Larsen & Toubro Limited		
	Mobilisation advance paid/(adjusted)	**(339,990,181)**	*105,979,579*
	Purchase of goods and services	**2,039,735,423**	*1,276,170,100*
	Reimbursement of expenses from	**594,002**	–
	Reimbursement of expenses to	**1,137,616**	*853,965*
3	**Fellow Subsidiaries**		
	L&T Chennai - Tada Tollway Limited		
	Reimbursement of expenses from	**–**	*8,798*
	L&T Transportation Infrastructure Limited		
	Reimbursement of expenses to	**–**	*750*
	L&T Vadodara Bharuch Tollway Limited		
	Reimbursement of expenses to	**–**	*6,509*
	PNG Tollway Limited		
	Reimbursement of expenses from	**–**	*14,452*
	L&T Krishnagiri Walajahpet Tollway Limited		
	Reimbursement of expenses from	**–**	*20,214*
	L&T East-West Tollway Limited		
	Reimbursement of expenses from	**9,000**	–
	L&T Halol-Shamlaji Tollway Limited		
	Purchase of assets	**2,605,205**	–
	Reimbursement of expenses to	**262,339**	

NOTES FORMING PART OF ACCOUNTS

c) Amount due to and due from related parties(net):

(Amount in ₹)

Particulars	As at March 31, 2013	*As at March 31, 2012*
	Due (to)/from	*Due (to)/from*
Larsen and Toubro Limited	**27,976,136**	*353,395,904*
L&T Infrastructure Development Projects Limited	**–**	*–*

d) No amounts pertaining to related parties have been written off or written back during the year. *(previous year: ₹ Nil)*

J(7) Disclosure pursuant to Accounting Standard (AS) 19 "Leases"

The Company has taken office premises and residential premises under cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses for the year ₹ 6,50,206 has been included in Pre-operative expenses *(previous year: ₹ 3,62,154)*.

J(8) Disclosure pursuant to Accounting Standard (AS) 20 "Earnings per share"

Particulars		2012-13	*2011-12*
		₹	*₹*
Basic and diluted			
Profit/(loss) after tax as per accounts	A	**15,614,208**	*(134,486)*
Weighted average number of equity shares outstanding	B	**90,000,000**	*38,613,644*
Earnings per share (₹)	A/B	**0.17**	*–*
Face value per share (₹)		**10.00**	*10.00*

J(9) Disclosure pursuant to Accounting Standard (AS) 22 "Accounting for Taxes on Income"

Provision for current tax has been made as per the provisions of Income Tax Act, 1961. Deferred tax asset on timing difference between accounting income and taxable income is not recognised in books as there is no reasonable certainty that the Company would have sufficient future taxable income to realise the deferred tax asset.

J(10) Disclosure pursuant to Accounting Standard (AS) 28 "Impairment of Assets"

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

J(11) Disclosure pursuant to Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets"

No provisions were recognised during the year. Disclosure in respect of Contingent liabilities has been given under Note G to the Balance Sheet.

NOTE K - 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 claims, which are not ascertainable/ acknowledged 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 year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowance for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

2 Revenue recognition

(i) Dividend income is accounted when the right to receive the same is established.

(ii) Interest income is accrued at applicable interest rate on time proportionate basis.

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

3 Tangible fixed assets

Fixed Assets are stated at original cost less accumulated depreciation and cumulative impairment.

Administrative and other general overhead expenses that are specifically attributable to the construction or acquisition of fixed assets or bringing the fixed assets to its working condition are allocated and capitalised as a part of cost of fixed assets.

NOTES FORMING PART OF ACCOUNTS

4 Depreciation

Depreciation on assets has been provided on straight-line basis at the rates specified in the Schedule XIV of the Companies Act, 1956. In respect of the following asset categories depreciation is provided at rates in line with their estimated useful lives.

Category of Asset	Depreciation Rate (p.a)
Furniture and fixtures	10.00%
Vehicles (Motor cars)	14.29%
Office equipments	25.00%
Computers - Desktops, laptops, printers	25.00%

Depreciation on additions / deductions is calculated pro-rata from / to the month of additions / deductions.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Improvements to leasehold premises are amortized on a straight line basis over the primary lease period.

5 Intangible assets and amortisation

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

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 pre-operative costs incurred during the construction phase. Such carriageway on completion are capitalised as Intangible asset and are amortised over the period of rights given under the concession agreement, on a straight line basis as they represent right to collect Toll revenue during the concession period.

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

6 Government Grants

Where the government grant is in the nature of promoter’s contribution, i.e., they are given by way of contribution towards its capital outlay and no repayment is ordinarily expected in respect thereof, the grant is treated as a capital reserve.

7 Impairment of assets

The carrying amounts of fixed assets are reviewed at each Balance Sheet date to ascertain whether they are recorded in excess of their recoverable amount. Where carrying values exceed this recoverable amount, assets are written down to their recoverable amount.

At each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine

a) the provision for impairment loss, if any, required; or

b) “the reversal, if any, required of impairment loss recognized in previous periods.

Impairment loss, if any is recognized when the carrying amount of an asset or group of assets, as the case may be, exceeds the recoverable amount.

Recoverable amount is determined:

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

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

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

8 Employee benefits

The following are the accounting policies of the Company with regard to Employee benefits:

(i) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences etc. and the expected cost of bonus, exgratia are recognized in the period in which the employee renders the related service.

NOTES FORMING PART OF ACCOUNTS

(ii) Post employment benefits:

(a) Defined contribution plans:

State Governed Provident Fund linked with Employee Pension Scheme is Defined Contribution Plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees gratuity fund scheme is a defined benefit plan. The present value of the obligation under such Defined Benefit Plan is determined based on actuarial valuation using Projected Unit Credit Method, which recognises 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 rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and loss/included in Pre-operative expenses.

(iii) Other 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.

9 Investments

Investments, which are readily realisable and are intended to be held for not more than one year from the date of acquisition are classified as current investments. All other investments are classified as long term investments

Current investments are carried at lower of cost and market value. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

10 Borrowing costs

“Borrowing costs include interest, commitment charges, amortization of ancillary costs, amortization of discounts/premium related to borrowings, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets, net of income from temporary investments out of specific borrowings, 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.

11 Taxes on income

Taxes on income for the current year are determined on the basis of taxable income and tax credits computed in accordance of 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 relating to unabsorbed depreciation/business losses/losses under the head “capital gains” are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other 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.

12 Leases

Assets acquired on leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis. Lease rentals specifically attributable to the project are accounted under Pre-operative expenses.

13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

14 Provisions, contingent liabilities and contingent assets

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

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

b) a probable outflow of resources is expected to settle the obligation and

c) the amount of the obligation can be reliably estimated.

NOTES 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 present obligation when no reliable estimate is possible and

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

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

15 Commitments

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

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

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

16 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

i) transactions of a non-cash nature

ii) any deferrals or accruals of past or future operating cash receipts or payments and

iii) items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)

L. VAIDYANATHAN
Partner
Membership No. 16368

Place : Chennai
Date : April 26, 2013

For and on behalf of the Board

P. RAVINDRANATH
Manager

KARTHIKEYAN T. V.
Director

J. SUBRAMANIAN
Director

Place : Chennai
Date : April 25, 2013