

## ***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
	<b>Sources of funds</b>	
1.	Shareholders funds	3,321.00
	<b>TOTAL</b>	<b>3,321.00</b>
	<b>Application of Funds</b>	
1.	Fixed Asset & Pre-operative Expenses	3,281.92
2.	Net Current Assets	(7.55)
3	Profit & Loss Account	46.63
	<b>TOTAL</b>	<b>3,321.00</b>

### **II. PERFORMANCE OF THE COMPANY**

L&T Devihalli-Hassan Tollway Limited is an SPV created to execute the NHAI project of 4-laning of 77 km stretch between Devihalli & Hassan in Karnataka on NH-48 on BOT (Toll) basis. The project has a concession period of 30 years. The stretch connects the two important cities of the South – Bangalore & Mangalore. The scope of the project is inclusive of 18 km of by-passes, 21 minor bridges, 2 Toll Plazas & culverts. Truck lay-byes and Bus shelters will also form part of the scope for the benefit of commuters. The stretch will also contain two state-of-the-art Toll Plazas, which will start tolling after completion of the construction activity.

- The construction activity has been started on February 17, 2011 by BSCPL who is main EPC contractor for the project.
- The construction is expected to be completed well before the deadline of June 2013.

### **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. 8.38 lakhs and the net fixed assets are 6.74 lakhs, the capital work in progress and pre-operative expenses stood at Rs. 3275.18 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. T. S. Venkatesan, Mr. R. Chandrasekaran and Mr. A. Soundararajan, 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. A. Soundararajan

## 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

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

The Corporate Audit Services department of Larsen & Toubro 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 Company need not have an Audit Committee as the paid up capital of the Company is only Rs. 211 Lakhs.

**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 and are recommended for re-appointment.

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.

**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**

There were no earnings or outgo in terms of Foreign Exchange during the year 2010-2011.

**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 DEVIHALLI HASSAN TOLLWAY LIMITED**

Place : Chennai  
Date : April 26, 2011

**T. S. VENKATESAN**  
Director

**R. CHANDRASEKARAN**  
Director

**R.THAMIZHVANAN A.C.S, A.C.A**  
Company Secretary in practice  
COP No. 3721

S-7, Krishna Arcade, II Floor  
No.10, Rajabathar Street  
T.Nagar, Chennai-17  
Phone: 044-28153115  
Mobile: 98411 83025

## **COMPLIANCE CERTIFICATE**

AUTHORISED CAPITAL: Rs 90,00,00,000

PAIDUP CAPITAL: Rs 2,11,00,000

REGISTRATION NO: 18-75491

To,  
The Members  
**L&T DEVIHALLI HASSAN TOLLWAY LIMITED**  
(PREVIOUSLY - L&T DEVIHALLI HASSAN TOLLWAY PRIVATE LIMITED)  
P.O.BOX.979, MOUNT POONAMALLEE ROAD,  
MANAPAKKAM  
CHENNAI-600089

I have examined the registers, records, books and papers of **L&T DEVIHALLI HASSAN TOLLWAY LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the Company has kept and maintained registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. the Company has duly filed forms and returns with the Registrar of Companies in addition to filing of incorporation papers.
3. the Company is a Public limited company with effect from 03.01.2011. The Company is subsidiary of L&T Infrastructure Development Projects Limited.
4. the Board of Directors duly met 5 times on 30.04.2010, 14.06.2010, 19.08.2010, 22.11.2010 and 11.02.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. the Company was not required to close its Register of Members during the year as no Annual General Meeting was held during the year.
6. the Company was not required to hold Annual general meeting for the year as the company is incorporated only during the financial year under review.
7. two extra ordinary general meetings were held during the year on 30.04.2010 and 03.01.2011 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. the Company did not attract the provisions of Sec. 295 of the Companies Act, 1956 relating to loan to directors etc.
9. the management has confirmed that the Company does not attract with the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. the Company was not required to make entries in the register maintained under section 301 of the Act.
11. As explained to us, there were no instances falling within the purview of sec 314 of the Act, the Company has not obtained approvals from the Board of Directors, members or Central Government.
12. the Company did not issue duplicate share certificates during the financial year.
13. the Company has:
  - i. duly despatched Certificate of Shares on allotment / transfer and there were no transmission of shares.
  - ii. not required to deposit any amount in a separate Bank Account as no dividend was declared during the year.
  - iii. not required to post dividend warrant as no dividend was declared during the year.
  - iv. not required to comply with the requirements of Section 217 of the Act as no Annual General Meeting was held during the year.
14. the Board of Directors of the Company is duly constituted. The appointment of director was duly made and there were no appointment of additional directors, alternate directors and directors to fill casual vacancies during the year.
15. the Company has appointed Manager viz. Mr. P. Ravindranath for three years with effect from 22.11.2010 and has complied with the provisions of Section 269 of the Act.
16. the Company has not appointed any sole-selling agents during the financial year.
17. the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act except approval of registrar for change of name of the Company consequent upon conversion into Public company, which has been duly obtained vide letter dated February 24, 2011.
18. the directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

## L&T DEVIHALLI HASSAN TOLLWAY LIMITED

19. the Company has issued 20,00,000 equity shares of Rs. 10 each on 22.11.2010 and 1,00,000 equity shares of Rs. 10 each shares on 11.02.2011 in addition to the shares subscribed by subscribers to Memorandum.
20. the Company has not bought back any shares during the financial year .
21. the Company do not have any preference shares and hence the question of redemption does not apply.
22. during the year, there was no need for the Company to keep in abeyance rights to dividend, rights share or Bonus shares as the Company has not issued any shares and not declared any dividend during the financial year.
23. the Company has not invited / accepted any deposits including unsecured loans falling within the purview of Section 58A during the financial year.
24. the amount, if any, borrowed by the Company from directors, members, public, financial Institutions, Banks and others wherever applicable during the financial year are within the Borrowing limits of the Company specified under Section 293(1)(d) of the Act. Further there are no borrowings during the year.
25. the Company has not made any loans and investments or advances or given guarantees or provided securities to other bodies corporate within the meaning of Section 372A of the Act and consequently no entries have been made in the register kept for the purpose.
26. the Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny .
27. the Company has duly altered the provisions of the memorandum with respect to the main objects of the Company during the year under scrutiny .
28. the Company has altered the provisions of the memorandum with respect to name of the Company for conversion into public during the year under scrutiny and complied with the requirements under the Act.
29. the Company has duly altered the provisions of the memorandum with respect to share capital of the company from Rs. 5 Crores to Rs. 90 Cores.
30. the Company has altered its articles of association for conversion of private limited company to public limited Company during the year and has complied with the requirements under the Act.
31. there was no prosecution initiated against or show cause notices received by the Company during the financial year for offences under the Act.
32. the Company has not received any money as security from its employees during the year under certification .
33. the Section 418 of the Act regarding '*Deposit of contributions to Provident Fund with prescribed authorities*' is not applicable as the Company has not constituted its own Fund.

Place : Chennai

Date : 26.04.2011

**R. THAMIZHVANAN**  
(COMPANY SECRETARY)  
COP NO. 3721

### ANNEXURE A:

Registers as maintained by the Company

1. Register of Members u/s. 150
2. Register of Directors, Managing Director u/s. 303.
3. Register of Director's Share Holding u/s. 307.
4. Minutes of Board & General Meeting u/s. 193.
5. Books of Accounts u/s. 209.
6. Register of Particular of Contracts in which director are interested u/s. 301.
7. Register of Share Transfer.
8. Register of documents sealed.
9. Register of Charges.

### ANNEXURE B:

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on March 31, 2011.

For the period (01.04.2010 to 31.03.2011)

**With REGISTRAR OF COMPANIES**

<b>Form</b>	<b>Section</b>	<b>Description</b>	<b>Date of filing</b>	<b>Whether with in prescribed time</b>
Form 32	303(2)	Appointment of Mr. P. Ravindranath as manager on 22.11.2010.	21.01.2011	No.with add.fees
Form 23	192	Increase of authorized capital from Rs. 5 Crores to Rs. 90 Crores on 30.04.2010, Amendment o MOA, Borrowing in excess of paid up capital and reserves, Mortgage / Change in favour of the Lenders and Alteration in object clause.	27.05.2010	Yes
Form 5	95	Increase of authorized capital from Rs. 5 Crores to Rs. 90 Crores on 30.04.2010	29.05.2010	Yes
Form 2	75(1)	Allotment of 20,00,000 equity shares of Rs. 10 each on 22.11.2010	23.12.2010	No. with add.fees
Form 23	192	Change in name of the Company viz. deletion of the word 'Private' vide Special resolution dated 03.01.2011 and for amendment of clauses of MOA and AOA, and for appointing Manager .	20.01.2011	Yes
Form 62	44	Filing of Statement in Lieu of Prospectus	31.01.2011	Yes
Form 2	75(1)	Allotment of 1,00,000 equity shares of Rs. 10 each on 11.02.2011.	02.03.2011	Yes
Form 25C	269	Special Resolution for Appointment of Manager of Mr. P. Ravindranath on 22.11.2010.	07.02.2011	Yes

**WITH OTHER AUTHORITIES****NIL**

## AUDITORS' REPORT

### TO THE MEMBERS OF L&T DEVIHALLI HASSAN TOLLWAY LIMITED

We have audited the attached Balance Sheet of L&T Devihalli Hassan Tollway Limited as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the period April 27, 2010 to March 31, 2011 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; and
  - (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 is 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.

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 forming part of accounts 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:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- (ii) in the case of the Profit and Loss Account, of the loss for the period April 27, 2010 to March 31, 2011; and
- (iii) in case of the Cash Flow Statement, of the cash flows for the period April 27, 2010 to March 31, 2011.

**SHARP & TANNAN**  
Chartered Accountants  
(ICAI Registration No. 003792S)  
by the hand of

**L. VAIDYANATHAN**  
Partner  
Membership No. 16368

Place : Chennai  
Date : April 26, 2011

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## ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of our report to the members of L&T Devihalli Hassan Tollway Limited on the accounts for the period April 27, 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 period all its fixed assets 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 reporting on going concern assumption does not arise.
- (ii) the Company is engaged in the business of construction, operation and maintenance of infrastructure facility and does not carry inventory in its books. Hence reporting on clauses 4(ii)(a), (b) and (c) of the Order does not arise.

- (iii) the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(a) to (g) of the Order are not applicable.
- (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 the purchase of fixed assets. This being the first period of accounts, reporting on continuing failure to correct major weaknesses in internal control system does not arise.
- (v) in our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under this clause does not arise .
- (vi) the Company has not accepted any deposits from the public under the provisions of Sections 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and rules framed thereunder. Accordingly reporting on compliance with relevant provisions of Companies Act, 1956 and directives issued by Reserve Bank of India does not arise.
- (vii) the Company is in the process of implementing an internal audit system.
- (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 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 at 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 and on the basis of our examination of the books of account, in our opinion, there are no statutory dues which has not been deposited on account of any dispute.
- (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) the Company has not drawn funds from the loans availed from banks and hence reporting on default in repayment of dues during the period does not arise.
- (xii) according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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 a 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 for 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 explanation given to us, and on the basis of our examination of the books of account of the Company, term loans availed from banks have not been drawn as at the end of the period and hence reporting on the purposes for which they were obtained does not arise.
- (xvii) according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds were raised on short term basis.
- (xviii) the Company has not made preferential allotment of shares during the period to the 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. 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 the records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by management.

**SHARP & TANNAN**  
Chartered Accountants  
(ICAI Registration No. 003792S)  
by the hand of

**L. VAIDYANATHAN**  
Partner  
Membership No. 16368

Place : Chennai  
Date : April 26, 2011



**BALANCE SHEET AS AT MARCH 31, 2011**

	Schedules	As at 31.03.2011 Rupees	Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	A	21,100,000	
Advance against share capital		311,000,000	
			332,100,000
<b>TOTAL</b>			332,100,000
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>	B		
Tangible assets			
Gross block		838,135	
Less: Depreciation		163,936	
Net block		674,199	
Intangible assets			
Capital work-in-progress		262,448,980	
Pre-operative expenses (pending allocation to fixed assets)	C	65,069,558	
			328,192,737
<b>Investments</b>	D		-
<b>Current assets, loans and advances</b>	E		
Cash and bank balances		494,027	
Loans and advances		190,750	
		684,777	
<b>Less: Current liabilities and provisions</b>	F		
Current liabilities		1,368,048	
Provisions		72,274	
		1,440,322	
<b>Net Current Assets</b>			(755,545)
<b>Profit and Loss account</b>			4,662,808
<b>TOTAL</b>			332,100,000
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	1		
<b>NOTES FORMING PART OF ACCOUNTS</b>	2		

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

As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants

(ICAI Registration No. 003792S)

**L. VAIDYANATHAN**

Partner

Membership No. 16368

Place : Chennai

Date : April 26, 2011

**P. RAVINDRANATH**

Manager

Place : Chennai

Date : April 26, 2011

**T. S. VENKATESAN**

Director

**R. CHANDRASEKARAN**

Director

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 27, 2010 TO MARCH 31, 2011**

		For the period 27.04.2010 to 31.03.2011
	<u>Schedule</u>	<u>Rupees</u>
<b>INCOME</b>		
Other income	<b>G</b>	<b>79,326</b>
		<b>79,326</b>
<b>EXPENDITURE</b>		
Administration expenses	<b>H</b>	<b>4,378,139</b>
Preliminary expenses written off		<b>363,995</b>
		<b>4,742,134</b>
<b>Profit / (loss) before and after tax</b>		<b>(4,662,808)</b>
<b>Balance carried to Balance Sheet</b>		<b>(4,662,808)</b>
<b>Earnings Per Share (Basic &amp; Diluted) (Note 13 - Schedule 2)</b>		<b>(5.92)</b>
Face value per equity share		<b>10.00</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	<b>1</b>	
<b>NOTES FORMING PART OF ACCOUNTS</b>	<b>2</b>	

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants  
(ICAI Registration No. 003792S)

**L. VAIDYANATHAN**

Partner  
Membership No. 16368

**P. RAVINDRANATH**

Manager

**T. S. VENKATESAN**

Director

**R. CHANDRASEKARAN**

Director

Place : Chennai

Date : April 26, 2011

Place : Chennai

Date : April 26, 2011

**CASH FLOW STATEMENT FOR THE PERIOD APRIL 27, 2010 TO MARCH 31, 2011**

	For the period 27.04.2010 to 31.03.2011 Rupees
<b>A Cash flow from operating activities</b>	
Net profit / (loss) before tax	(4,662,808)
<b>Adjustment for</b>	
Dividend received from current investments	(79,326)
<b>Operating profit / (loss) before working capital changes</b>	(4,742,134)
<b>Adjustments for</b>	
(Increase) / decrease in loans and advances	(190,750)
Increase / (decrease) in current liabilities and provisions	1,440,322
<b>Net cash from / (used in) operating activities (A)</b>	(3,492,562)
<b>B Cash flow from investing activities</b>	
Purchase of fixed assets (including pre-operative expenses)	(328,192,737)
Dividend received from current investments	79,326
<b>Net cash (used in) / from investing activities (B)</b>	(328,113,411)
<b>C Cash flow from financing activities</b>	
Proceeds from fresh issue of share capital including advance against share capital	332,100,000
<b>Net cash (used in) / from financing activities (C)</b>	332,100,000\
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C) and Cash and Cash equivalents at the end of the period</b>	494,027

**Notes:**

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

As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants

(ICAI Registration No. 003792S)

**L. VAIDYANATHAN**

Partner

Membership No. 16368

Place : Chennai

Date : April 26, 2011

**P. RAVINDRANATH**

Manager

Place : Chennai

Date : April 26, 2011

**T. S. VENKATESAN**

Director

**R. CHANDRASEKARAN**

Director

**SCHEDULES FORMING PART OF BALANCE SHEET**

	As at 31.03.2011 Rupees	Rupees
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
9,00,00,000 Equity shares of Rs. 10 each		<b>900,000,000</b>
<b>Issued Subscribed &amp; Paid-up</b>		
21,10,000 equity shares of Rs. 10 each fully paid up (Of the above, 100 equity shares of Rs. 10 each are held by M/s. Larsen & Toubro Limited, the ultimate holding company and 21,09,900 equity shares of Rs. 10 each are held by M/s. L&T Infrastructure Development Projects Limited, the holding company and its nominees.)		<b>21,100,000</b>
<b>TOTAL</b>		<b>21,100,000</b>

**SCHEDULE - B**

FIXED ASSETS	GROSS BLOCK		DEPRECIATION		NET BLOCK
	Additions during the period	As at 31.03.2011	For the period	As at 31.03.2011	As at 31.03.2011
<b>Tangible Assets</b>					
Computers	471,021	<b>471,021</b>	36,660	<b>36,660</b>	<b>434,361</b>
Office Equipments	65,153	<b>65,153</b>	9,011	<b>9,011</b>	<b>56,142</b>
Furniture and Fixtures	301,961	<b>301,961</b>	118,265	<b>118,265</b>	<b>183,696</b>
<b>Total - Tangible assets</b>	<b>838,135</b>	<b>838,135</b>	<b>163,936</b>	<b>163,936</b>	<b>674,199</b>
<b>Intangible Assets</b>					
Capital Work-in-Progress					<b>262,448,980</b>

**Note:** Capital Work-in-Progress represents mobilisation advance paid to ultimate holding company.

	As at 31.03.2011 Rupees	Rupees
<b>SCHEDULE - C</b>		
<b>PRE-OPERATIVE EXPENSES (pending allocation to fixed assets)</b>		
Salaries and wages		<b>1,818,239</b>
Contribution to		
Provident fund	<b>98,602</b>	
Gratuity	<b>21,695</b>	
Leave encashment	<b>50,579</b>	
		<b>170,876</b>
Staff welfare expenses		<b>74,238</b>
Power and fuel		<b>5,324</b>
Rent, rates and taxes		<b>59,125</b>
Travelling and conveyance		<b>786,166</b>
Communication expenses		<b>25,890</b>
Printing and stationery		<b>83,882</b>
Insurance		<b>1,633,973</b>
Professional fees		<b>49,866,746</b>

**SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)**

	As at 31.03.2011	
	Rupees	Rupees
Finance charges		9,882,880
Bank charges		278,437
Repair and maintenance		102,947
Depreciation		163,936
Miscellaneous expenses		116,899
<b>TOTAL</b>		<b>65,069,558</b>

**SCHEDULE - D****INVESTMENTS**

Current Investments - Mutual Funds	-
<b>TOTAL</b>	<b>-</b>

Details of Investments purchased and sold during the period

Mutual Funds	Face Value Rs. per unit	Nos.	Cost Rs.
IDFC Money Manager Fund - Daily Dividend	10.0699	10,72,503	10,800,000

	As at 31.03.2011	
	Rupees	Rupees
<b>SCHEDULE - E</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Cash and Bank Balances</b>		
Cash on hand	-	
Balances with scheduled banks		
on current accounts	494,027	
		494,027
<b>Loans and Advances</b>		
Unsecured considered good		
Advances recoverable in cash or in kind or for value to be received	190,750	
		190,750
<b>TOTAL</b>		<b>684,777</b>

**SCHEDULE - F****CURRENT LIABILITIES AND PROVISIONS****Current Liabilities**

Sundry Creditors		
Due to micro and small enterprises	-	
Due to other than micro and small enterprises	984,704	
Due to ultimate holding company	383,344	
		1,368,048

**SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)**

	As at 31.03.2011	
	Rupees	Rupees
<b>Provisions for</b>		
Gratuity	21,695	
Compensated absences	50,579	
		72,274
<b>TOTAL</b>		1,440,322

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

	For the period 27.04.2010 to 31.03.2011	
	Rupees	Rupees
<b>SCHEDULE - G</b>		
<b>OTHER INCOME</b>		
Dividend Income from current investments		79,326
<b>TOTAL</b>		79,326

<b>SCHEDULE - H</b>		
<b>ADMINISTRATION EXPENSES</b>		
Rates and taxes		4,253,500
Auditors' remuneration		
Audit fees		110,300
Certification fees		14,339
<b>TOTAL</b>		4,378,139

**SCHEDULES FORMING PART OF THE 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.

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

Dividend income is recognized as and when the right to receive dividend is established.

**3. Fixed Assets**

Fixed assets are stated at original cost less accumulated depreciation.

## SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)

### 4. Depreciation

The Company provides for depreciation of fixed assets under straight-line method based on the estimated useful life of the assets at the rates specified below:

Category of asset	Estimated useful life in Years	Rate of depreciation (% p.a.)
Computers	6	16.67
Laptops	4	25.00
Office Equipment	4	25.00
Furniture & Fixtures	10	10.00

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

Individual assets whose original cost is less than Rs. 5,000 are fully depreciated in the period of purchase.

### 5. Intangible assets and amortization

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. Intangible assets are amortised as follows:

Toll collection rights obtained in consideration for rendering development and construction services represents the right to collect toll revenue during the concession period in respect of design, build, finance, operate and transfer (DBFOT) project undertaken by the Company. Toll collection rights are capitalized as intangible asset upon completion of the project at the cumulative construction cost. Till the completion of the project the same is recognised as capital work in progress. Toll collection rights are amortized over the period of the rights given under the concession agreement on straight line basis.

Pre-operative expenses including administrative and other general overhead expenses, incurred up to the date of commencement of commercial operations and which are specifically attributable to construction of the carriageway are capitalized as a part of the cost of the intangible asset.

### 6. Investments

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

### 7. 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

- 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.
- 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.

### 8. Borrowing Cost

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

### 9. Leases

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.

## **SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

### **10. Taxes**

- (i) 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.
- (ii) 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 that have been enacted or substantively enacted as on the Balance Sheet date.
- (iii) 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.

### **11. Provisions and Contingent Liabilities and Contingent Assets**

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

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

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

Contingent Liability is disclosed in the case of:

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- b. a present obligation arising from past events, when no reliable estimate is possible;
- c. 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 has been awarded the four laning of Devihalli-Hassan section (from KM 110.000 to KM 189.500) of the NH 48 including a new 2-lane with paved shoulder bypass for Channarayana Patna town and widening of existing Hassan bypass to 2-lane with paved shoulder in the state of Karnataka under National Highway Development Program (NHDP) phase III A by National Highways Authority of India on design, build, finance, operate and transfer (DBFOT) basis. The concession period is 30 years including the construction period.
2. The Company was incorporated on April 27, 2010 and accordingly the accounts are drawn for the period from April 27, 2010 to March 31, 2011. The Profit and Loss Account has been drawn to comply with the provisions of the Companies Act, 1956. However, the Company has not commenced commercial operation.
3. During the period, the Company has entered into a loan agreement dated April 30, 2010 with M/s. L&T Infrastructure Finance Company Limited and M/s. L&T Finance Limited amounting to Rs. 224 crores. The loans were taken over by M/s. Punjab National Bank and M/s. Union Bank of India as per a novation deed dated March 24, 2011. The Company is in the process of creation of charge for the loans. However, no amount has been drawn as at March 31, 2011.
4. 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.
5. 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.
6. The estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2011 amounts to Rs. 409.68 crores
7. Managerial remuneration for the period charged to the accounts is given below

<b>Particulars</b>	<b>Amount in Rupees</b>
Salary	<b>811,734</b>
Contribution to provident fund	<b>44,964</b>
<b>TOTAL</b>	<b>856,698</b>

**Note:** The above figures do not include contribution to gratuity fund and provision for compensated absences, since the same is provided on an actuarial basis for the company as a whole.



**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

## 8. Taxes

- The Company does not have taxable income for the period under the provisions of Income Tax Act, 1961 and hence no provision has been made for current 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.
- The Company does not have taxable wealth under the provisions of the Wealth Tax Act, 1957 and hence no provision for wealth-tax has been made for the period.

## 9. Employee Benefits:

- Provision for gratuity for Rs. 21,695 has been made as per the actuarial valuation and its assumptions are summarized below:

	Valuation as on	Unit of Measurement	31/03/2011
<b>A</b>	<b>Results of Actuarial Valuation</b>		
1	Retirement age	Yrs	58
2	No of employees	No	5
3	Total monthly eligible salary in Rs.	Rs	141,050
4	Average age in years	Yrs	37.60
5	Expected decrement related future service in years	Yrs	15.50
6	Notional Accrued Service Benefit Obligations on current salary in Rs.	Rs	27,923
7	Benefits paid in Rs.	Rs	NA
8	Contributions to the fund in Rs.	Rs	NA
9	Present value of Projected Benefit Obligations	Rs	21,695
<b>B</b>	<b>Principle rules to compute Benefit Obligations</b>		
1	Salary reckoned for calculating Benefit Obligations		As per rules
2	Vesting period		As per act
3	Benefit formula for gratuity for all exits except death		As per act
4	Benefit formula for gratuity on death		As per rules
5	Ceiling on gratuity		As per rules of the Company
<b>C</b>	<b>Mean Financial Assumptions</b>		
1	Interest Rate for discount per unit per annum		8.00%
2	Salary escalation rate per unit per annum		6.00%
3	Expected rate of return on Plan Assets per unit per annum		
<b>D</b>	<b>Mean Demographic Assumptions</b>		
1	Mortality Rate		LIC 94-96 Rates
2	Attrition rate	%	5.00%
3	Disability / ill health retirement		No explicit assumption

- Provision for Leave Salary encashment Rs. 50, 579 has been made as per the actuarial valuation and its assumptions are summarized below:

	Valuation as on	Unit of Measurement	31/03/2011
<b>A</b>	<b>Summary of Staff data</b>		
1	Normal Retirement Age	Yrs	58
2	No of employees	No	5

**SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

	Valuation as on	Unit of Measurement	31/03/2011
3	Eligible salary per month in Rs	Rs	141,050
4	Notional Benefit Obligations on current salary	Rs	65,429
5	Average Age	Yrs	37.60
6	Expected decrement related future service in yrs	Yrs	15.50
7	Total Earned Leave Balance in days	Days	62
8	Total eligible sick leave days	Days	NA
9	Projected actuarial value of Benefit Obligations	Rs	50,579
10	Benefits paid	Rs	Nil
<b>B</b>	<b>Principle rules to compute Benefit Obligations</b>		
1	Salary reckoned for calculating Benefit Obligations		As per rules of the company
2	Benefits payable		As per rules of the company
<b>C</b>	<b>Mean Financial Assumptions</b>		
1	Discount Rate per unit per annum		8.00%
2	Salary escalation rate per unit per annum		6.00%
<b>D</b>	<b>Mean Demographic assumptions</b>		
1	Mortality		LIC 94-96 Rates
2	Withdrawal	%	5.00%
3	Disability		No explicit assumption

10. The Company is engaged in the sole business of construction, operation and maintenance of infrastructure facility in India. Accordingly, furnishing primary business segments and secondary segments as required in Accounting Standard 17 "Segment Reporting" does not arise.

11. Disclosure of related parties / related party transactions:

**A. List of related parties**

Holding company: L&T Infrastructure Development Projects Limited  
(Holding Company)  
Larsen & Toubro Limited (Ultimate holding company)

Fellow Subsidiaries: L&T Urban Infrastructure Limited  
L&T Infrastructure Finance Company Limited

**B. Transactions with related parties and amounts due to / due from related parties:**

Amount in Rs.

Nature of the related party	Subscription of equity / Advance against share capital	Services received	Mobilization advance paid	Reimbursement of expenses (to) / from	Balance Due to / (from)
Larsen & Toubro Limited	1,000	99,270	262,448,980	(1,486,736)	(262,065,636)
L&T Infrastructure Development Projects Limited	332,099,000	49,000,000		(15,089,395)	Nil
L&T Urban Infrastructure Limited				(1,500)	Nil
L&T Infrastructure Finance Company Limited				(39,578)	Nil

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

**12. Operating Lease**

The Company has taken office and guest house buildings on cancellable operating lease. Lease rentals paid during the period amounting to Rs. 54,000 has been included in pre-operative expenses.

## **SCHEDULES FORMING PART OF THE ACCOUNTS (Contd.)**

13. Basic and Diluted Earnings per Share (EPS) computed in accordance with Accounting standard 20 "Earnings per Share" is as under:

Particulars	April 27, 2010 to March 31, 2011
<b>Basic and Diluted EPS</b>	
Profit / (loss) after Tax (Rs.)	<b>(4,662,808)</b>
Weighted average number of equity shares	<b>787,515</b>
Basic and diluted EPS (Rs.)	<b>(5.92)</b>

14. Preliminary expenses are written off in the period of the incorporation of the Company.

15. Contingent liabilities as at March 31, 2011 is Nil.

16. Borrowing cost represents upfront and syndication fees of Rs. 98,82,880 and is included in pre-operative expenses as Finance Charges.

17. This being the first period of accounts, giving comparative figures of previous period does not arise.

As per our report attached

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

**L. VAIDYANATHAN**  
Partner  
Membership No. 16368

Place : Chennai  
Date : April 26, 2011

For and on behalf of the Board

**P. RAVINDRANATH**  
Manager

Place : Chennai  
Date : April 26, 2011

**T. S. VENKATESAN**  
Director

**R. CHANDRASEKARAN**  
Director

