DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report and the Accounts for the Second 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
		₹ Lakhs	*₹ Lakhs*
1	Income for the year	**4,100**	*0.00*
2	Less: Expenditure	**4119**	*141*
3	**Profit Before Depreciation & Tax (PBDT)**	**(19)**	*(141)*
4	Less: Depreciation and Amortisation	**0.00**	*0.00*
5	**Profit / (Loss) before tax (PBT)**	**(19)**	*(141)*
6	Less: Provision for tax	**2**	*0.00*
7	Prior Period Adjustment	**0.00**	*0.00*
8	**Profit / (Loss) after tax (PAT)**	**(21)**	*(141)*
9	Balance brought forward from previous year	**(141)**	*0.00*
10	**Balance carried to Balance Sheet**	**(162)**	*(141)*

II. PERFORMANCE OF THE COMPANY

L&T BPP Tollway Limited achieved Milestone-I as well as Milestone-II as scheduled in the Concession Agreement thus performance shall be considered excellent.

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 2012-13.

V. CAPITAL EXPENDITURE

As at March 31, 2013, the Gross Fixed Assets (Tangible and Intangible) stood at ₹ 112.81 lakhs and the Net Fixed Assets are ₹ 90.00 lakhs, the Capital Work In Progress and Pre-Operative Expenses stood at ₹ 70,706.99 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. K. Venkatesh, 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. K. Venkatesh
- Mr. T. S. Venkatesan
- Mr. Sharad Goel

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. K. Venkatesh
- Mr. T. S. Venkatesan
- Mr. Sharad Goel

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. K. Venkatesh
- Mr. T. S. Venkatesan
- Mr. Sharad Goel

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 2012-13.

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	**K. VENKATESH**	**T. S. VENKATESAN**
Date : April 25, 2013	*Director*	*Director*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T BPP TOLLWAY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **L&T BPP TOLLWAY LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 loss 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 said Order.
2. As required by Section 227(3) of the Act, we report that:
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c) the Balance Sheet, 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 subsection (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, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For SHARP&TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

L. VAIDYANATHAN
Partner
(Membership No:16368)

Place : Chennai
Date : April 26, 2013

ANNEXURE TO THE AUDITOR'S REPORT

With reference to the Annexure referred to in paragraph 1 of the auditor's report to the members of **L&T BPP 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.
(e) 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) 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, 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 explanation given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. 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.

For SHARP&TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

L. VAIDYANATHAN
Partner
(Membership No:16368)

Place : Chennai
Date : April 26, 2013

BALANCE SHEET AS AT MARCH 31, 2013

	Note No.	As at 31.03.2013 ₹	₹	As at 31.03.2012 ₹	₹
EQUITY AND LIABILITIES					
Shareholders' funds					
Share Capital	A	1,969,350,000		820,750,000	
Reserves & Surplus	B	(16,244,496)		(14,124,770)	
			1,953,105,504		806,625,230
Non-current liabilities					
Long-term borrowings	C		3,649,914,000		–
Current liabilities					
Other current liabilities	D	3,356,895,528		31,706,975	
Short-term provisions	E	3,236,241		573,993	
			3,360,131,769		32,280,968
TOTAL			8,963,151,273		838,906,198
ASSETS					
Non-current assets					
Fixed Assets					
Tangible Assets	F	9,000,111		6,026,279	
Capital work-in-progress	F	–		384,800	
Intangible Assets under Development	F(i)	7,070,698,504		103,984,904	
Long-term loans and advances	G	1,596,637,162		715,000,000	
			8,676,335,777		825,395,983
Current Assets					
Short-term loans and advances	H	84,278,947		11,738,433	
Cash and bank balances	I	202,536,549		1,771,782	
			286,815,496		13,510,215
			8,963,151,273		838,906,198
CONTINGENT LIABILITIES AND COMMITMENTS	M(3)				
OTHER NOTES FORMING PART OF ACCOUNTS	M				
SIGNIFICANT ACCOUNTING POLICIES	N				

Accompanying notes form an integral part of financial statements.

As per our report attached

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

L. VAIDYANATHAN
Partner
Membership No:16368

Place : Chennai
Date : April 26, 2013

For and on behalf of the Board

SUDHIR JAIN
Manager

K. VENKATESH
Director

T. S. VENKATESAN
Director

Place : Chennai
Date : April 25, 2013

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

	Note No.	2012-2013 ₹	*May 25, 2011 to March 31, 2012* ₹
Revenue			
Other income	**J**	**410,042,132**	–
		410,042,132	–
Expenses			
Utility Shifting Expenses			
Subcontract charges		**393,241,349**	–
Employee benefits & others	**K (i)**	**7,736,263**	–
Administration expenses	**K (ii)**	**8,494,149**	
Other expenses	**L**	**2,513,853**	*14,124,770*
		411,985,614	*14,124,770*
Profit / (loss) before tax		**(1,943,482)**	*(14,124,770)*
Tax expense:			
Current tax		**176,245**	–
Profit / (loss) after tax		**(2,119,726)**	*(14,124,770)*
Basic and Diluted earnings per share	**M(10)**	**(0.02)**	*(4.56)*
Nominal value per equity share		**10.00**	*10.00*
OTHER NOTES FORMING PART OF ACCOUNTS	**M**		
SIGNIFICANT ACCOUNTING POLICIES	**N**		

Accompanying notes form an integral part of financial statements.

As per our report attached

For and on behalf of the Board

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

L. VAIDYANATHAN
Partner
Membership No:16368

SUDHIR JAIN
Manager

K. VENKATESH
Director

T. S. VENKATESAN
Director

Place : Chennai
Date : April 26, 2013

Place : Chennai
Date : April 25, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

		2012-13	May 25, 2011 to March 31, 2012
		₹	₹
A.	**Profit / (Loss) before tax**	**(1,943,482)**	*(14,124,770)*
	Less : Profit on sale of current investments	**(312,744)**	
	Adjustments for:	**–**	–
	Operating profit before working capital changes	**(2,256,226)**	*(14,124,770)*
	Adjustments For :		
	(Increase) / Decrease in Short term Loans and Advances	**(72,540,514)**	*(11,738,433)*
	Increase / (Decrease) in Current liabilities and provisions	**3,327,674,557**	*32,280,968*
	Cash generated from operations	**3,252,877,817**	*6,417,765*
	Direct taxes paid (net of refund)	**–**	–
	Net cash(used in) / from operating activities	**3,252,877,817**	*6,417,765*
B.	**Cash flow from Investing activities**		
	Purchase of fixed assets	**(6,969,302,632)**	*(110,395,983)*
	Capital advances paid	**(1,192,500,000)**	*(715,000,000)*
	Purchase and sale of current investments	**312,744**	
	Capital advances adjusted	**310,862,838**	–
	Net cash (used in) / from investing activities	**(7,850,627,050)**	*(825,395,983)*
C.	**Cash flow from financing activities**		
	Proceeds from issue of equity share capital	**1,148,600,000**	*820,750,000*
	Proceeds from long term borrowings	**3,649,914,000**	
	Net cash (used in) / from financing activities	**4,798,514,000**	*820,750,000*
	Net (decrease)/ increase in cash and cash equivalents	**200,764,767**	*1,771,782*
	Cash and cash equivalents at beginning of the year	**1,771,782**	–
	Cash and cash equivalents at end of the year	**202,536,549**	*1,771,782*

Notes:

(1) Cash flow statement has been prepared under the Indirect method as set out in the Accounting standard 3; “Cash flow Statement” as per Companies (Accounting Standards) Rules, 2006.

(2) Cash and cash equivalents represent bank balances.

(3) Purchase of fixed asset includes movement in intangible assets under development and borrowing costs paid & capitalised during the year.

As per our report attached

For SHARP & TANNAN
Chartered Accountants
(Firm’s Registration No. 003792S)

For and on behalf of the Board

L. VAIDYANATHAN
Partner
Membership No:16368

SUDHIR JAIN
Manager

K. VENKATESH
Director

T. S. VENKATESAN
Director

Place : Chennai
Date : April 26, 2013

Place : Chennai
Date : April 25, 2013

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31,2013

	Particulars	As at March 31, 2013 No. of Shares	₹	*As at March 31, 2012 No. of Shares*	*₹*
A	**SHARE CAPITAL**				
	Authorised				
	Equity Shares of ₹ 10/- each	**250,000,000**	**2,500,000,000**	*250,000,000*	*2,500,000,000*
	Issued, Subscribed and Paid up				
	Equity Shares of ₹ 10/- each fully paid up	**196,935,000**	**1,969,350,000**	*82,075,000*	*820,750,000*
i	**Reconciliation of the Shares outstanding at the beginning and at the end of the year:**				
	Equity Shares:				
	At the beginning of the year	**82,075,000**	**820,750,000**	–	–
	Issued during the year as fully paid up	**114,860,000**	**1,148,600,000**	*82,075,000*	*820,750,000*
	Outstanding at the end of the year	**196,935,000**	**1,969,350,000**	*82,075,000*	*820,750,000*

ii Terms / Rights/ Restrictions 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 for one vote per share.

The Company declares and pays dividends in Indian rupees. During the year ended March 31, 2013, no dividend is declared/ proposed by Board of Directors.

The Company has not issued any securities 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 of dividend declared by the Company except for proportionate dividend on shares alloted during the year and no restrictions are attached to any specific shareholders.

	Particulars	Relationship	As at March 31, 2013 No. of Shares	₹	*As at March 31, 2012 No. of Shares*	*₹*
iii	**Shares held by Holding / Ultimate holding Company and/or their subsidiaries/associates:**					
	Equity shares of ₹10 each fully paid up (including shares held along with its nominees)					
	L&T Infrastructure Development Projects Limited	Holding Company	**196,935,000**	**1,969,350,000**	*82,075,000*	*820,750,000*

	Particulars	Relationship	As at March 31, 2013 No. of Shares	%	*As at March 31, 2012 No. of Shares*	*%*
iv	**Details of Shareholders holding more than 5% shares:**					
	Equity shares of ₹10 each fully paid up (including shares held along with its nominees)					
	L&T Infrastructure Development Projects Limited	Holding Company	**196,935,000**	**100.00%**	*82,075,000*	*100.00%*

	Particulars	As at March 31, 2013 ₹	*As at March 31, 2012 ₹*
B	**RESERVES AND SURPLUS**		
	Surplus in the Statement of Profit and Loss		
	Balance as per the last financial statement	**(14,124,770)**	–
	Add: Surplus / (deficit) for the year	**(2,119,726)**	*(14,124,770)*
	TOTAL	**(16,244,496)**	*(14,124,770)*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

	Particulars	As at March 31, 2013 ₹	*As at March 31, 2012* ₹
C	**LONG TERM BORROWINGS**		
	Secured loans from Banks		
	Term loans	**3,649,914,000**	–
		3,649,914,000	**–**

The Company had entered in to a common loan agreement dated 11th November 2011 with the Lenders with Punjab National Bank being the Lead Bank.

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

Particulars	Details
1. Interest rate	i) 11.25% + applicable spread
2. Repayment terms	i) 138 monthly installments ranging from ₹ 92,70,000 to ₹ 39,39,75,000 ii) Repayment starts from June 2015 and last repayment date is Nov 2026.
3. Security	The term loans sanctioned to the Company, are secured by a first charge on all the tangible movable assets, including project book debts, operating cash flows, receivables, movable plant and machinery both present and future including borrowers escrow account, all sub-escrow account and authorised investments; intangible assets of the Company including but not limited to Goodwill, rights, undertakings and the uncalled capital; assignment by way of security in all right, title and interest on the project documents, government approvals, guarantees, insurance contracts but excluding project assets as specified in Concession Agreement.

		As at March 31, 2013 ₹	*As at March 31, 2012* ₹
D	**OTHER CURRENT LIABLITIES**		
	Due to Micro and Small enterprises (refer note below)	**–**	–
	Due to Ultimate Holding Company	**–**	
	Construction cost	**2,360,733,115**	
	Others	**242,007**	
	Statutory liabilities	**69,368,377**	*15,020,167*
	Liability for expenses	**926,552,029**	*16,686,808*
	TOTAL	**3,356,895,528**	*31,706,975*

Note: There has been no transactions during the year 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/payable does not arise.

E	**SHORT TERM PROVISIONS**		
	Provisions for Employee Benefits		
	For Gratuity	**950,876**	*181,231*
	For Compensated absences	**1,839,151**	*392,762*
	Provision for current tax	**446,214**	
	TOTAL	**3,236,241**	*573,993*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

F FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	As at April 1, 2012	Deletions	Additions	**As at March 31, 2013**	Up to March 31, 2012	For the year	**As at March 31, 2013**	**As at March 31, 2013**	As at March 31, 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets									
Computers	958,844	–	1,192,948	**2,151,792**	121,066	518,239	**639,305**	**1,512,487**	837,778
Furnitures and Fixtures	3,881,886	–	690,525	**4,572,411**	269,704	663,508	**933,212**	**3,639,199**	3,612,182
Office equipments	1,653,379	–	2,903,911	**4,557,290**	77,060	631,805	**708,865**	**3,848,425**	1,576,319
Total	**6,494,109**	**–**	**4,787,384**	**11,281,493**	**467,830**	**1,813,552**	**2,281,382**	**9,000,111**	
Previous period	*–*		*6,494,109*	*6,494,109*	*–*	*467,830*	*467,830*		*6,026,279*
Capital Work In-Progress	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**384,800**

	As at April 1, 2012	Additions 2012-13	**As at March 31, 2013**
	₹	₹	₹
F (i) INTANGIBLE ASSET UNDER DEVELOPMENT			
Construction Cost (A)	–	6,524,004,259	**6,524,004,259**
Pre-operative Expenses pending allocation:			
Salaries	*10,410,158*	26,003,190	**36,413,348**
Contribution to & provision for:			
Provident fund	*537,870*	1,322,058	**1,859,928**
Compensated absences	*392,762*	1,192,472	**1,585,234**
Gratuity	*181,231*	615,716	**796,947**
Staff welfare expenses	*219,441*	1,811,615	**2,031,056**
Rent	*1,167,204*	4,961,618	**6,128,822**
Legal and professional Fees	*20,770,048*	87,635,021	**108,405,069**
Insurance	*131,246*	8,146,284	**8,277,530**
Repairs & maintenance	*2,435,031*	7,971,206	**10,406,237**
Car hire charges	*3,488,280*	12,373,311	**15,861,591**
Travelling and Conveyance	*1,134,401*	1,048,317	**2,182,718**
Electricity charges	*62,778*	711,364	**774,142**
Postage & communication	*9,178*	41,825	**51,003**
Printing & Stationary	*273,121*	508,294	**781,415**
Bank charges	*2,478,559*	14,459,949	**16,938,508**
Land Acquisition Expenses	*7,192,108*	1,208,674	**8,400,782**
Miscellaneous expenses	*1,934,263*	6,624,339	**8,558,602**
Depreciation	*467,830*	1,813,552	**2,281,382**
Finance cost (Refer note (a) below)	*50,699,395*	264,260,536	**314,959,931**
SUB TOTAL (B)	*103,984,904*	442,709,341	**546,694,245**
GRAND TOTAL (A + B)	*103,984,904*	6,966,713,600	**7,070,698,504**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

	As at April 1, 2012 ₹	Additions 2012-13 ₹	As at March 31, 2013 ₹
Note (a)			
Finance cost			
Upfront fees	*50,699,395*	4,365,186	**55,064,581**
Term loan Interest	–	238,258,336	**238,258,336**
Discounting charges	–	22,240,732	**22,240,732**
	50,699,395	264,864,254	**315,563,649**
Less: Income from temporary investments out of specific borrowings			
Profit on sale of current investments	–	800,169	**800,169**
Interest Income from Banks	–	73,519	**73,519**
Less: Current tax thereon	–	269,970	**269,970**
	–	603,718	**603,718**
TOTAL	*50,699,395*	264,260,536	**314,959,931**

		As at March 31, 2013 ₹	As at March 31, 2012 ₹
G	**LONG-TERM LOANS AND ADVANCES**		
	Capital advances		
	Unsecured, Considered good		
	To Ultimate Holding Company	**1,596,637,162**	*715,000,000*
	TOTAL	**1,596,637,162**	*715,000,000*
H	**SHORT TERM LOANS AND ADVANCES**		
	Unsecured, Considered good		
	Ultimate holding Company	**–**	*2,658,054*
	Deposits	**519,800**	*452,200*
	Retention Money	**24,582,134**	–
	Advances to Sub-contractors	**40,114,563**	–
	Utility shifting recoverable	**5,536,339**	–
	Prepaid expenses	**204,104**	*8,628,179*
	TDS receivable	**1,030,938**	–
	TDS Work contract tax receivable	**12,291,069**	–
	TOTAL	**84,278,947**	*11,738,433*
I	**CASH AND BANK BALANCES**		
	Balances with banks		
	on Current accounts	**6,969,713**	*1,771,782*
	on Bank deposits with maturity of less than 3 months (including interest accrued thereon)	**195,566,836**	–
	TOTAL	**202,536,549**	*1,771,782*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

		2012-13 ₹	*May 25, 2011 to March 31, 2012* ₹
J	**OTHER INCOME**		
	Utility shifting income	**409,729,388**	–
	Profit on sale of current investments	**312,744**	–
	TOTAL	**410,042,132**	–
K(i)	**EMPLOYEE BENEFIT EXPENSES**		
	Salaries	**6,500,797**	–
	Contribution to & provision for:	**–**	–
	Provident fund	**330,515**	–
	Compensated absences	**298,118**	–
	Gratuity	**153,929**	–
	Staff welfare expenses	**452,904**	–
	TOTAL	**7,736,263**	–
K(ii)	**ADMINISTRATION EXPENSES**		
	Rent	**515,939**	–
	Professional Fees	**5,880,718**	–
	Car hire charges	**1,740,785**	–
	Travelling and Conveyance	**137,115**	–
	Postage & communication	**6,274**	–
	Printing & Stationary	**89,699**	–
	Miscellaneous expenses	**123,619**	–
	TOTAL	**8,494,149**	–
L	**OTHER EXPENSES**		
	Rates & taxes	**4,509**	*12,257,500*
	Preliminary expenses written off	**–**	*359,020*
	Auditors remuneration [refer note (i) below]	**201,412**	*124,218*
	Business Promotion Expenses	**1,840,038**	*639,107*
	Corporate social responsibility expenses	**467,894**	*744,925*
	TOTAL	**2,513,853**	*14,124,770*
(i)	**Details of Auditor's Remuneration**		
	Audit fees	**112,360**	*112,360*
	Company law matters	**17,422**	*11,858*
	Other services	**71,630**	–
	TOTAL	**201,412**	*124,218*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

M. OTHER NOTES FORMING PART OF ACCOUNTS

1. Corporate information

The Company has been awarded to augment the existing road from KM 000.00 to KM 244.120 (approximately 244.120 km) on the Beawar - Pali - Pindwara section of National Highway No.14 in the State of Rajasthan by four-Laning on Design, Build, Finance, Operate and Transfer (DBFOT) basis, the project under concession agreement dated June 22, 2011 with the National Highways Authority of India (NHAI)

The concession agreement is for a period of 23 years from the appointed date as stated in clause 3.1.1 of Article-3 of the concession agreement i.e., December 19, 2011. At the end of the concession period, the entire facility has to be transferred to NHAI, free and clear of all encumbrances, vide Article 38.1.1 of the concession agreement.

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

2. Taxes:

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

3. Contingent liabilities and commitments:

a. Contingent liabilities as at March 31, 2013 is ₹ Nil *(Previous period ₹ Nil)*

b. Commitments :

i. Estimated amount of contracts remaining to be executed on capital account is ₹ 12,457,296,906 as at March 31, 2013.

ii. The project has been awarded vide Concession Agreement dated June 22, 2011 by NHAI, to the Company for a concession period of twenty three years (including construction period of 3 years). In terms of clause 26.2.1 of the Concession Agreement, the Company is required to pay an estimated additional concession fee of ₹ 87,575,533,321 upon commencement of commercial operations over the residual concession period.

4. Related party disclosures

A. List of Related Parties with whom control exists / transactions have taken place during the year

(a) Holding companies:

a. L&T Infrastructure Development Projects Limited (Holding Company)

b. Larsen & Toubro Limited (Ultimate Holding Company)

B. List of related parties with whom transactions have taken place during the current year /previous period.

(a) Fellow subsidiaries:

a. L&T Transco Private Limited

b. L&T Halol-Shamlaji Tollway Limited

c. L&T Infrastructure Finance Company Limited

d. L&T Vadodara Baruch Tollway Limited

e. L&T Panipat Elevated Corridor Limited

f. L&T Rajkot-Vadinar Tollway Limited

g. L&T Ahmedabad-Maliya Tollway Limited

C. Transactions with and amount due to/due from Related Parties

Name of the party and Nature of transaction	**2012-13**	**As at 31.03.2013**		*2011-12*	*As at 31.03.2012*	
		Due to	**Due from**		*Due to*	*Due from*
L&T Infrastructure Development Projects Limited						
•Share Capital	**1,148,600,000**	**–**	**–**	*820,750,000*	–	–
•Facility management services	**5,351,518**	**–**	**–**	*1,125,205*	–	–
• Business support services expenses	**12,642,378**	**–**	**–**	*8,803,360*	–	–
• Reimbursement of expenses received	**451,288**	**–**	**–**	–	–	–
Larsen & Toubro Limited						
• Mobilisation advance paid	**1,192,500,000**	**–**	**15,966,37,162**	*715,000,000*	–	*715,000,000*
• Construction cost	**6,522,336,037**	**2,360,733,115**	**–**	–	–	–
• Reimbursement of expenses received	**6,753,235**	**–**	**–**	*2,658,054*	–	*2,658,054*
• Reimbursement of expenses paid	**3,447,159**	**242,007**	**–**	–	–	–

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Name of the party and Nature of transaction	2012-13	As at 31.03.2013		2011-12	As at 31.03.2012	
		Due to	Due from		Due to	Due from
•Payroll processing fee	202,248	–	–	92,778	–	–
L&T Halol-Shamlaji Tollway Limited						
•Purchase of Fixed Asset	321,649	–	–	–	–	–
• Advance received and repaid	242,324	–	–	334,854	–	–
•Reimbursement of expenses paid	5,000	–	–	–	–	–
L&T Transco Private Limited						
• Reimbursement of expenses paid	-	–	–	133,683	–	–
L&T Infrastructure Finance Company Limited						
•Advisory fee expenses	-	–	–	1,103,000	1,103,000	–
L&T Vadodara Baruch Tollway Limited						
• Reimbursement of expenses received	19,000	–	–	–	–	–
L&T Panipat Elevated Corridor Limited						
• Reimbursement of expenses paid	15,043	–	–	–	–	–
L&T Rajkot-Vadinar Tollway Limited						
• Purchase of Fixed Asset	198,366	-	–	–	–	–
L&T Ahmedabad-Maliya Tollway Limited						
• Reimbursement of expenses paid	1,397	–	–	–	–	–

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

5. Disclosure pertaining to AS-15(revised) on Employee benefits:

		Gratuity plan	
		As at March 31, 2013 ₹	*As at March 31, 2012* ₹
a)	**The amounts recognized in Balance Sheet are as follows:**		
A)	Present value of defined benefit obligation		
	Wholly funded	–	–
	Wholly unfunded	950,876	181,231
	Amount to be recognized as liability or (asset)	950,876	181,231
B)	Amounts reflected in the Balance Sheet		
	Liabilities	950,876	181,231
	Net Liability / (asset)	950,876	181,231
b)	**The amounts recognized in the Intangible Assets under development / Statement of Profit and Loss are as follows:**		
1	Current service cost	436,290	151,882
2	Interest on Defined benefit obligation	15,405	–
3	Actuarial losses/(gains)	49,026	–
4	Past service cost	268,924	29,349
	Total (1 to 4)	769,645	181,231
i	Amount included in “employee benefit expenses”	769,645	181,231
	Total (i)	769,645	181,231
	Actual return on plan assets	–	–

Out of ₹ 7,69,645, ₹ 6,15,716 *(Previous year ₹ 1,81,231)* has been taken to Intangible Assets under development and balance ₹ 1,53,929 *(Previous year ₹ Nil)* has been taken to Statement of Profit and Loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

	Particulars	Gratuity plan	
		As at March 31, 2013	*As at March 31, 2012*
		₹	₹
c)	**The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:**		
	Opening balance of the present value of defined benefit obligation	**181,231**	*151,882*
	Add: Current service cost	**436,290**	–
	Add: Interest cost	**15,405**	–
	Add/(less): Actuarial losses/(gains)	**49,026**	–
	Less: Benefits paid	**–**	–
	Add: Past service cost	**268,924**	*29,349*
	Closing balance of the present value of defined benefit obligation	**950,876**	*181,231*

	Particulars	As at March 31, 2013	*As at March 31, 2012*
d)	**Principal actuarial assumptions at the Balance Sheet date:**		
	1 Discount rate:		
	a) Gratuity plan	**8.10%**	*8.50%*
	2 Salary growth rate	**6.00%**	*6.00%*
	3 Attrition rate	**5% at younger ages reducing to 1% at older ages**	*5.00%*

	Particulars	As at March 31, 2013	*As at March 31, 2012*
e)	**Compensated Absences**		
	Summary of employee data		
	No of Employees	**37**	*23*
	National benefit obligations on current salary in ₹	**2,349,573**	*523,486*
	Projected actuarial value of benefit obligation in ₹	**1,839,151**	*392,762*
	Principle rule to compute benefit Obligations		
	Salary reckoned for calculating Benefit obligations	**Basic pay**	*Basic pay*
	Benefit formula for all exits.	**B1 X Leave Balance / 30**	*B1 X Leave Balance / 30*
	Mean Financial Assumptions		
	Discount Rate per unit per annum	**8.10%**	*8.50%*
	Salary escalation rate per unit per annum	**6.00%**	*6.00%*
	Mean Demographic Assumptions		
	Mortality Rate	**LIC 94 - 96 Rates**	*LIC 94 - 96 Rates*
	Withdrawal / Attrition Rate	**5% at younger ages reducing to 1% at older ages**	*5% at all age*
	Disability / Ill health retirement	**No Explicit Assumption**	
	Contribution to the Provident Fund is made to Regional Provident Fund Commissioner		

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

6. Earnings in foreign currency during the year is ₹ Nil *(Previous period ₹ Nil)*
Expenditure in foreign currency during the year is ₹ Nil. *(Previous period ₹ Nil)*

7. The Company has reviewed the useful life of its fixed assets, and has re-estimated the useful life of Desktop-Computers from 6 years to 4 years. Accordingly, depreciation and pre-operative expenses pending allocation during the year are higher by ₹ 13,561.

8. The Company is engaged in the 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

9. The Company has taken office & guest house premises on cancellable operating lease. Lease rentals of ₹. 5,477,757 paid during the year *(Previous period ₹ 1,167,204)* has been included in pre-operative expenses / recognised in Statement of Profit and loss. Contingent rent recognised during the year ₹ Nil *(Previous period ₹ Nil)*

10. Basic and Diluted earnings per share (EPS) computed in accordance with Accounting Standards (AS) 20 "Earnings per Share" is as follows:

		2012-13	*May 25, 2011 to March 31, 2012*
Basic and Diluted			
Profit / (Loss) after tax as per Accounts (₹.)	**A**	**(2,119,726)**	*(14,124,770)*
Weighted average number of shares outstanding	**B**	**92,667,493**	*3,094,551*
Basic and Diluted EPS (₹.)	**A/B**	**(0.02)**	*(4.56)*
Nominal value per equity share		**10.00**	*10.00*

11. The Company is eligible for deduction under Section 80IA of the Income Tax Act 1956 and the concession period of the Company's project falls within the tax holiday period as defined in the Section 80IA.

Since deferred tax on timing difference between Accounting Income and Taxable Income that arise during the year is reversing during such Tax Holiday Period, no deferred tax assets/ liability arises and accordingly no provision is made in the accounts.

12. Previous period figures are regrouped or reclassified wherever necessary.

N. Significant Accounting Policies

1. Basis of preparation

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP"), 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, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets and intangible assets, provision for doubtful advances, future obligations in respect of retirement benefit plans etc. Actual results could differ from these estimates and would be recognized in the period in which the results are known.

2. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI to the Companies Act, 1956 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule VI to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees rounded off to the nearest Rupee. Per share data are presented in Indian Rupees to two decimals places.

3. Revenue recognition

Other income is accounted for as and when the right to receive arises.

4. Tangible fixed Assets

Fixed Assets are stated at original cost less accumulated depreciation.

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

5. Depreciation

Tangible assets are depreciated on straight-line basis at the rates specified in Schedule XIV to The Companies Act, 1956. In respect of the following categories of fixed assets, depreciation is provided at higher rates in line with their estimated useful life.

Category of Asset	**Depreciation rate (% per annum)**
Office Equipment	25.00%
Computers - Laptop	25.00%
Furniture and Fixtures	10.00%
Air conditioners	8.33 %
Printers	25.00%
Computers - Desktop	25.00%

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

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

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

Assets costing less than ₹.5,000 have been charged off to Preoperative expenses in the year of purchase.

6. Intangible assets and amortisation

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

Pre-operative expenses including administrative and other general overhead expenses which are specifically attributable to the construction of project, incurred up to the date of completion of construction are capitalized net of interest income, capital gain, dividend income and other incidental income earned ,and amortised when the Company is entitled to commence commercial operations.

7. 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 investment. All other investments are classified as long term investment.

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

8. Impairment of Assets

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; and

b. The reversal of impairment loss recognised in previous period, if any,

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

Recoverable amount is determined:

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

b. in case of cash generating unit (a group of assets that generate identified, independent cash flows), at the higher of the cash generating unit's net selling price and the net value in use.

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

9. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income accounted in financial statements 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 asset relating to unabsorbed depreciation/business losses and 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 asset can be realised.

Other deferred tax asset are recognised 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 asset can be realised.

10. Borrowing Costs

Borrowing costs include interest, commitment charges, amortization of ancillary costs, amortization of discount/premiums 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 asset, net of income from temporary investments out of specific borrowings, are capitalized as part of the cost of such asset, till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

11. 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(ii) Post Employment Benefits

a) Defined Contribution Plans: The Company's obligation to employee's provident fund is a defined contribution plan. The contribution paid/payable is recognized in the period in which the employee renders the related service.

b) Defined Benefit Plans: The Company's obligation towards gratuity is a defined benefit plan.

The present value of the obligation under such Defined Benefit Plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the Statement of profit and loss.

c) 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.

12. 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 Statement of profit and loss on accrual basis. Lease rentals specifically attributable to the project are accounted under pre-operative expenses pending allocation to fixed assets

13. Provisions, Contingent Liabilities and Contingent Assets

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

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 possible obligation arising from a past event 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.

14. Deferred Payment Liability

The obligation towards additional concession fee payable to the National Highway Authority of India (Authority) vide Concession Agreement dated June 22, 2011, will be recognized as deferred payment liability when the Company, in its capacity of Concessionaire, becomes entitled to commence commercial operations and exercise the right & collect toll and the Authority has fulfilled its obligations in accordance with the terms of the concession agreement.

15. 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 indirect method, the net profit is adjusted for the effects of:

i) Transactions of 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 date of Balance Sheet are also included under this category with a specific disclosure.

16. Cash and bank balances

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

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

17. 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

18. Operating cycle for current/non-current classification

Operating cycle for the business activities of the Company is taken as twelve months for classification of its assets and liabilities into current/ non-current.

As per our report attached

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

L. VAIDYANATHAN
Partner
Membership No:16368

Place : Chennai
Date : April 26, 2013

For and on behalf of the Board

SUDHIR JAIN — *Manager*

K. VENKATESH — *Director*

T. S. VENKATESAN — *Director*

Place : Chennai
Date : April 25, 2013