

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and Accounts for the year ended March 31, 2011.

I. FINANCIAL RESULTS

Sl. No.	Particulars	2010-11 Rs. Lakhs	2009-10 Rs. Lakhs
1	Income for the year	8.65	1,011.50
2	Less: Expenditure	(20.89)	(168.07)
3	Profit Before Depreciation & Tax (PBDT)	(12.24)	843.43
4	Less: Depreciation	–	(458.51)
5	Profit / (Loss) before tax (PBT)	(12.24)	384.92
6	Less: Provision for tax	–	(65.72)
7	Profit / (Loss) after tax (PAT)	(12.24)	319.20
8	Balance brought forward from previous year	1,410.05	1,090.85
9	Profit available for appropriation	1,397.81	1,410.05
10	Balance carried to Balance Sheet	1,397.81	1,410.05

II. APPROPRIATIONS

There were no appropriations made during the year 2010-11.

III. DIVIDEND

Your Directors prefer to retain the profit available for the purposes of appropriation for future operational requirements and hence no dividend is recommended for the year 2010-11.

IV. CAPITAL EXPENDITURE

During the year, your Company has added fixed assets amounting to Rs. Nil thereby the Gross fixed assets of the Company stood at Rs. Nil and the net fixed assets stood at Rs. Nil after charging off depreciation to an extent of Rs. Nil as on March 31, 2011.

V. AUDITORS' REPORT

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

VI. DEPOSITS

The Company has not accepted any deposits from the public.

VII. MATERIAL CHANGES, IF ANY BETWEEN DATE OF THE BALANCE SHEET AND DATE OF THE DIRECTORS' REPORT

There are no material changes to be reported between date of the Balance Sheet and date of the Directors' Report

VIII. 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**

As the Company is engaged in developing, operating and maintaining a bypass road the provisions relating to conservation of energy does not apply.

- Technology Absorption**

There was no Technology absorption during the year 2010-11.

- Foreign exchange earnings and outgo**

There was no usage or earning of any foreign currency in the course of transactions during the year 2010-11.

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 has purchased 2,80,00,000 equity shares of M/s. Narmada Infrastructure Construction Enterprise Limited from M/s. L&T Infrastructure Development Projects Limited at a consideration of Rs. 28 Crores.

By virtue of this investment, your Company is holding 59% of the equity shareholding in M/s. Narmada Infrastructure Construction Enterprise Limited.

The accounts of the Subsidiary Company for the year ended March 31, 2011 are being attached as part of the Annual Report along with the Statement as required under Section 212 of the Companies Act, 1956.

XI. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. 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 of the Company for the year ended on that date;
- iii. 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;
- iv. That the annual accounts have been prepared on a going concern basis.

XII. DIRECTORS

Mr. Karthikeyan T. V., Director who retires by rotation at this Annual General Meeting, being eligible, offers himself for re-appointment.

Mr. R. Chandrasekaran, Director who retires by rotation at this Annual General Meeting, being eligible, offer himself for re-appointment.

The Directors as on 31.03.2011 are as follows:

- a) Mr. B. Ramakrishnan
- b) Mr. T. S. Sundaresan
- c) Mr. Karthikeyan T. V.
- d) Mr. R. Chandrasekaran

XIII. AUDIT COMMITTEE

The Audit Committee consists of three non-executive and independent directors. The present members of the Committee are:

1. Mr. B. Ramakrishnan
2. Mr. Karthikeyan T. V.
3. Mr. R. Chandrasekaran

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

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

XIV. REMUNERATION COMMITTEE

The Remuneration Committee consists of three non-executive and independent directors. The present members of the Committee are:

1. Mr. B. Ramakrishnan
2. Mr. Karthikeyan T. V.
3. Mr. R. Chandrasekaran

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

XV. AUDITORS

The Auditors, M/s Sharp & Tannan, Chartered Accountants, being 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 has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act.

XVI. 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 are involved in the day to day affairs of the Company.

Number of Companies in which an Individual may become a Director

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

D) Responsibilities of the Board

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

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

E) Statutory Auditors

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

F) Internal Auditors

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.

XVII. ACKNOWLEDGEMENTS

The Directors acknowledge the invaluable support extended to the Company by the Financial Institutions, Bankers, employees of the Company and management staff of the parent Company.

For and on behalf of the Board

Place : Chennai
Date : April 25, 2011

T. S. SUNDARESAN
Director

T. V. KARTHIKEYAN
Director

AUDITORS' REPORT

TO THE MEMBERS OF L&T WESTERN INDIA TOLLBRIDGE LIMITED

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

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

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

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

SHARP & TANNAN
Chartered Accountants
ICAI Registration No. 003792S

Place : Chennai
Date : April 25, 2011

V. R. LALITHA
Partner
Membership No. 18284

ANNEXURE TO THE AUDITORS REPORT

With reference to the Annexure referred to in paragraph 1 of the report of the Auditor's to the Members of L&T Western India Tollbridge Limited on the accounts for the year ended March 31, 2011, we report that:

- (i) The Company does not have any fixed asset during the year and hence reporting under this clause does not arise.
- (ii) The Company is engaged in the business of infrastructure development and its maintenance and the clause relating to inventory are not applicable.
- (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 Act. Accordingly, paragraph 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 are adequate internal control procedures commensurate

L&T WESTERN INDIA TOLLBRIDGE LIMITED

with the size of the Company and nature of its business, for the 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 internal control system.

- (v) In our opinion, and according to the information and explanations given to us, there is no transaction that needs to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under clause 4(v)(b) does not arise.
- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) Maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing undisputed statutory dues including Income tax and other statutory dues during the year with the appropriate authorities. As at March 31, 2011, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are disputed statutory liabilities in respect of income tax and cess.

Name of the Statute	Name of the disputed dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Dispute regarding Depreciation	4,612,613	2001-02	Commissioner (Appeals)
	Dispute regarding Depreciation	41,782,030	2002-03	Commissioner (Appeals)

- (x) The Company has no accumulated losses at the end of the financial year and has incurred cash loss in the financial year but not in the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any banks or financial institutions.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- (xiv) In our opinion and 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 of the transactions and contracts and timely entries have been made therein. The investments have been held by the Company in its own name
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the Company had not availed any term loan during the year.
- (xvii) The Company has not raised funds on short term basis during the year.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued debentures during the year. Accordingly, no securities need to be created
- (xx) The Company has not raised any money by public issue during the year
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by management.

SHARP & TANNAN

Chartered Accountants
ICAI Registration No. 003792S

V. R. LALITHA

Partner
Membership No. 18284

Place : Chennai
Date : April 25, 2011

BALANCE SHEET AS AT MARCH 31, 2011

	<u>Schedule</u>	<u>As at 31.03.2011</u> <u>Rupees</u>	<u>Rupees</u>	<u>As at 31.03.2010</u> <u>Rupees</u>	<u>Rupees</u>
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	139,500,070		<i>139,500,070</i>	
Reserve & Surplus	B	150,706,328		<i>151,930,036</i>	
			290,206,398		<i>291,430,106</i>
TOTAL			290,206,398		<i>291,430,106</i>
APPLICATION OF FUNDS					
Investments	C		280,000,000		<i>280,000,000</i>
Current Assets, Loan and Advances	D				
Cash and bank balances		11,261,570		<i>12,686,061</i>	
Loans and advances		118,198		<i>6,501,202</i>	
		11,379,768		<i>19,187,263</i>	
Less: Current Liabilities and Provisions	E				
Liabilities		1,173,370		<i>1,215,436</i>	
Provisions		–		<i>6,541,721</i>	
		1,173,370		<i>7,757,157</i>	
Net Current Assets			10,206,398		<i>11,430,106</i>
TOTAL			290,206,398		<i>291,430,106</i>
SIGNIFICANT ACCOUNTING POLICIES	J				
NOTES FORMING PART OF ACCOUNTS	K				

The schedules referred to above and the notes attached 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)
By the hand of

V. R. LALITHA
Partner
Membership No. 18284

V. RAVI CHANDRAN
Secretary

T. S. SUNDARESAN
Director

T. V. KARTHIKEYAN
Director

Place : Chennai
Date : April 25, 2011

Place : Chennai
Date : April 25, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedule	2010-2011	2009-2010
		Rupees	Rupees
		Rupees	Rupees
INCOME			
Fee Collection from users of facility		–	73,131,925
Other Income	F	865,166	28,018,520
TOTAL		865,166	101,150,445
EXPENDITURE			
Operating expenses	G	538,878	13,320,135
Administration and other expenses	H	1,549,469	3,350,606
Interest expenses	I	527	137,078
Depreciation & amortisation		–	45,850,592
TOTAL		2,088,874	62,658,411
Profit / (Loss) before taxes		(1,223,708)	38,492,034
Provision for taxes			
Current Tax		–	6,541,721
Income Tax (Previous Year)		–	28,510
Fringe Benefit Tax (Previous Year)		–	1,340
		–	6,571,571
Profit / (Loss) after Tax		(1,223,708)	31,920,463
Add: Balance brought forward from previous year		141,005,036	109,084,573
Balance carried to Balance Sheet		139,781,328	141,005,036
Earnings per share			
Basic and Diluted		(0.09)	2.29
Face value per share		10.00	10.00
SIGNIFICANT ACCOUNTING POLICIES	J		
NOTES FORMING PART OF ACCOUNTS	K		

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

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants

(ICAI registration No. 003792S)

By the hand of

V. R. LALITHA

Partner

Membership No. 18284

V. RAVI CHANDRAN

Secretary

T. S. SUNDARESAN

Director

T. V. KARTHIKEYAN

Director

Place : Chennai

Date : April 25, 2011

Place : Chennai

Date : April 25, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-2011 Rupees	2009-2010 Rupees
A. Cash Flow from operating activities		
Net Profit / (Loss) before tax & extraordinary items	(1,223,708)	38,492,034
Adjustments for :		
Depreciation	–	45,850,592
Interest paid	527	137,078
Interest received	(450,282)	(26,214,946)
(Profit) / Loss on sale of investments (net)	(414,865)	(1,215,215)
Operating Profit before Working Capital changes	(2,088,328)	57,049,543
Adjustments for :		
(Increase) / Decrease in Loans and Advances	6,383,003	4,038,718
Increase / (Decrease) in trade payables	(6,583,787)	(5,611,298)
Cash generated from operations	(2,289,111)	55,476,964
Direct taxes paid (net of refund)	–	(6,492,474)
Net Cash from operating activities	(2,289,111)	48,984,490
B. Cash Flow from Investing activities		
Loans & Advances to fellow subsidiaries (net)	–	193,400,000
Purchase of investments	(22,286,281)	(637,302,324)
Sale of investments	22,701,146	358,517,538
Interest received	450,282	26,214,946
Net Cash (used in) / from investing activities	865,147	(59,169,840)
C. Cash Flow from Financing Activities		
Interest Paid	(527)	(137,078)
Net cash (used in) / from financing activities	(527)	(137,078)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(1,424,491)	(10,322,429)
Cash and Cash equivalents as at the beginning	12,686,061	23,008,490
Cash and Cash equivalents as at the end	11,261,570	12,686,061

Notes:

- Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3, "Cash Flow Statement" as specified by the Company (Accounting Standard) Rules, 2006.
- Cash and cash equivalents represent cash and bank balances.
- Previous year's figures have been regrouped / reclassified wherever applicable.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

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

V. R. LALITHA
Partner
Membership No. 18284

V. RAVI CHANDRAN
Secretary

T. S. SUNDARESAN
Director

T. V. KARTHIKEYAN
Director

Place : Chennai
Date : April 25, 2011

Place : Chennai
Date : April 25, 2011

SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31.03.2011	As at 31.03.2010
	Rupees	Rupees
SCHEDULE - A		
SHARE CAPITAL		
Authorised:		
21,00,00,000 Equity shares of Rs. 10 each	210,000,000	<i>210,000,000</i>
<i>(Previous year 21,00,00,000 Equity shares of Rs. 10 each)</i>		
Issued, Subscribed:		
1,39,50,070 Equity shares of Rs. 10 each fully paid up	139,500,070	<i>139,500,070</i>
<i>(100% of the Shares are held by Larsen & Toubro Limited and its nominees).</i>		
<i>(Previous year 1,39,50,070 Equity shares of Rs. 10 each)</i>		
TOTAL	139,500,070	<i>139,500,070</i>
SCHEDULE - B		
RESERVES & SURPLUS		
Capital Redemption Reserve	10,500,000	<i>10,500,000</i>
General Reserve	425,000	<i>425,000</i>
Profit and Loss Account	139,781,328	<i>141,005,036</i>
TOTAL	150,706,328	<i>151,930,036</i>
SCHEDULE - C		
INVESTMENTS		
Long Term Investments		
Fully Paid equity Shares of subsidiary Company	280,000,000	<i>280,000,000</i>
Current Investments	—	<i>—</i>
TOTAL	280,000,000	<i>280,000,000</i>
Notes :		
Particulars of Investments		
Long Term Investments (At Cost)		
Subsidiary Companies - Unquoted		
Fully paid equity shares		
Narmada Infrastructure Construction Enterprise Limited		
2,80,00,000 equity shares of Rs. 10 each	280,000,000	<i>280,000,000</i>
Details of Investment purchased and sold during the year	Face Value Rs.	Nos.
	Per unit	Cost (Rs.)
Religare Ultra Short Term Fund - Regular Growth	10	905,487
Religare Ultra Short Term Fund - Regular Growth	1000	8,204
TOTAL	913,691	22,286,281

SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

	As at 31.03.2011		As at 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - D				
CURRENT ASSETS, LOANS AND ADVANCES				
Cash and bank balances				
Cash on hand	–		–	
Balances with scheduled banks				
On current account	1,204,007		7,990,341	
On deposit accounts [including interest Rs. 57,563; (Previous year Rs. 7,12,684)]	10,057,563		4,695,720	
		11,261,570		12,686,061
Loans & Advances				
Unsecured, considered good				
Advance recoverable in cash or in kind or value to be received	118,198		6,501,202	
		118,198		6,501,202
TOTAL		11,379,768		19,187,263
SCHEDULE - E				
CURRENT LIABILITIES AND PROVISIONS				
Liabilities				
Sundry Creditors				
Due to:				
Micro and small Industries	–		–	
Other than Micro and small Industries	1,173,370		1,215,436	
		1,173,370		1,215,436
Provisions for				
Current-tax		–		6,541,721
TOTAL		1,173,370		7,757,157

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	2010-2011		2009-2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - F				
OTHER INCOME				
Interest Income from				
Interest on Fixed Deposit [tax deducted at source: Rs. 39,693; (previous year: Rs. 35,588)]	450,282		355,876	
Interest on Inter Corporate Deposit from fellow subsidiaries [tax deducted at source: Rs. Nil; (previous year Rs. 42,87,892)]	–		25,859,070	
		450,282		26,214,946
Profit on sale of current investments (net)		414,865		1,215,215
Miscellaneous income		19		588,359
TOTAL		865,166		28,018,520

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT (Contd.)

	2010-2011		2009-2010	
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
SCHEDULE - G				
OPERATING EXPENSES				
Toll Management Fees		-		3,380,732
Security Services		-		1,808,327
Salaries, wages & bonus		-		1,081,641
Contribution to and provision for				
Provident fund	-		47,622	
Gratuity	-		52,044	
Leave encashment	-		39,200	
		-		138,866
Staff welfare expenses		-		88,580
Insurance		-		952,905
Repairs & maintenance				
Building	538,878		4,392,107	
Plant & Machinery	-		374,605	
Others	-		533,897	
		538,878		5,300,609
Power & electricity charges		-		568,475
TOTAL		538,878		13,320,135
SCHEDULE - H				
ADMINISTRATION AND OTHER EXPENSES				
Rent, Rates & taxes		25,000		67,673
Professional fees		1,255,819		1,809,813
Printing & stationery		2,348		122,888
Postage & Communication		-		96,450
Travelling & conveyance		50,795		812,193
Miscellaneous expenses		215,507		441,589
TOTAL		1,549,469		3,350,606
SCHEDULE - I				
INTEREST EXPENSES				
Interest - others		527		137,078
TOTAL		527		137,078

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE - J

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

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

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

2. Revenue

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

3. Employee Benefits

As per Accounting Standard 15- Employee Benefits (Revised) issued by Companies (Accounting Standards) Rules, 2006, the provisions for / contributions to retirement benefit schemes are made as follows:

- i) Provident fund on actual liability basis.
- ii) Provision for Leave Encashment and Gratuity are made as per Actuarial Valuation.

4. Fixed Assets

Fixed assets are recorded at cost. The carrying amounts are reviewed at each Balance Sheet date to assess whether they are recorded in excess of their recoverable amount.

Where carrying values exceed this recoverable amount assets are written down to their recoverable amount.

5. Depreciation

Depreciation on the assets has been provided on straight-line basis at the rates specified in the Schedule XIV of the Companies Act, 1956. Assets constructed on land not owned by the Company and acquired / installed thereon are depreciated over the period of the rights given under the concession agreement dated March 1, 1999 with the Ministry of Surface Transport, Government of India and Public Works Department, Government of Gujarat.

Depreciation on impaired assets is provided by adjusting the depreciation charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

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

6. Investments

Long-term investments are carried at cost after providing for any diminution in value, if such diminution is of permanent nature. Current Investments are carried at cost or market value, whichever is lower.

7. 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.

8. Foreign Currency Transactions

- i) Foreign currency assets and liabilities are converted at contracted / year-end rates as applicable.
- ii) All other foreign currency transactions are accounted for at the rates prevailing on the dates of the transactions.
- iii) The exchange differences on settlement / conversion are charged to Profit & Loss Account in respect of all transactions including foreign currency liability related to fixed assets. Wherever forward contracts are entered into, the exchange differences are dealt with in the Profit & Loss Account over the period of the contracts.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

9. Taxes on Income

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

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

10. Provisions, Contingent Liabilities and Contingent Assets:

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

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

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

- i) a present obligation arising from a past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- ii) a present obligation when no reliable estimate is possible, and
- iii) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are neither recognized, nor disclosed.

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

SCHEDULE - K

NOTES FORMING PART OF ACCOUNTS

1. The Company has been awarded on Build Operate and Transfer (BOT) basis, the construction of the second two-lane bridge at Kheda across the River Watrak on National Highway 8, in the State of Gujarat under a Concession Agreement dated March 1, 1999 with Ministry of Surface Transport, Government of India and Roads and Buildings Department, Government of Gujarat. The construction was completed in February 2001 and the concession was valid till December 31, 2009. The said project was handed over on closing hours of December 31, 2009 to Government of Gujarat / Government of India as per the terms and conditions of Concession Agreement and the defect liability period obligation was completed on December 31, 2010.
2. The Company has gone into arbitration process pertaining to their outstanding claims of Rs. 48.72 Crores with GOG / GOI. The same has not been considered in the books of accounts as on date.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. NIL (*previous year Rs. NIL*).
4. There are 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 does not arise.
5. The Company is a service company and accordingly information required under paragraph 4C of Part II of Schedule VI to the Companies Act, 1956 has not been furnished.
6. Manager's salary and perquisites on deputation charged to accounts is Rs. NIL. (*Previous year Is Rs. NIL*).
7. Auditor's remuneration (excluding service tax)

Particulars	2010-2011 Rupees	2009-2010 Rupees
Audit Fees	1,25,000	1,25,000
Tax Audit Fees	25,000	25,000
Certification Fee	5,500	—
TOTAL	1,55,500	1,50,000

8. (i) The Company is governed by the provisions of Sec 115JB of the Income Tax Act 1961. Accordingly provision for Income tax amounting to Rs. NIL (*Previous year Rs. 65,41,721*): has been made under Minimum Alternate Tax under the said Act.
- (ii) No provision for wealth tax has been made for the current year as there is no taxable wealth under the provisions of the Wealth Tax Act, 1957.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

9. Borrowing cost capitalized during the year is Rs. NIL (*Previous Year Rs. NIL*).
10. Segment Reporting – The Company, being a Special Purpose Vehicle, has not carried out any operation during the year except for incurring maintenance expenditure as per agreement with the Government of Gujarat and hence furnishing segment information under Accounting Standard 17 does not arise.

11. Disclosure of Related Parties/ related party transactions

A. List of related parties

Holding company :	Larsen & Toubro Limited
Subsidiary company :	Narmada Infrastructure Construction Enterprise Limited
Fellow subsidiaries :	L&T Infrastructure Development Projects Limited
	L&T Urban Infrastructure Limited
	L&T Vadodara Bharuch Tollway Limited
	L&T Krishnagiri-Thopur Tollway Limited
	L&T Arun Excellito IT SEZ Pvt. Limited

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

Name / Relationship / Nature of Transaction	2010-2011			2009-2010		
	Amount of Transaction Rupees	Due to Rupees	Due From Rupees	Amount of Transaction Rupees	Due to Rupees	Due From Rupees
Larsen & Toubro Limited - Holding Company						
• Cost of Service	1,43,252	–	–	1,06,875	–	–
• Reimbursement of Expenses by	–	–	–	13,366	–	–
L&T Infrastructure Development Projects Limited - Fellow subsidiary						
• ICD placed	–	–	–	69,300,000	–	–
• ICD refunded	–	–	–	23,27,00,000	–	–
• Interest received	–	–	–	21,122,700	–	–
• Purchase of Goods & Services (Incl. of S.T)	–	–	–	8,09,772	–	–
• Reimbursement of Expenses to	1,30,353	–	–	31,101	–	–
• Reimbursement of Expenses by	–	–	–	6,482	–	–
L&T Narmada Infrastructure Enterprise Limited - Subsidiary						
• Scrapped Assets Sold	–	–	–	7,022	–	–
• Retirement Benefit Transfer	–	–	–	52,626	–	–
L&T Urban Infrastructure Limited - Fellow Subsidiary						
• ICD placed / refunded	–	–	–	30,000,000	–	–
• Interest received	–	–	–	1,146,164	–	–
• Reimbursement of Expenses to	13,451	–	–	–	–	–
L&T Vadodara Bharuch Tollway Limited - Fellow Subsidiary						
• Scrapped Assets sold	–	–	250,025	–	–	–
• Retirement Benefit Transfer	–	–	134,688	–	–	–
• Reimbursement of Expenses	35,670	–	–	–	–	–

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Name / Relationship / Nature of Transaction	2010-2011			2009-2010		
	Amount of Transaction Rupees	Due to Rupees	Due From Rupees	Amount of Transaction Rupees	Due to Rupees	Due From Rupees
L&T Krishnagiri Thopur Tollway Limited - Fellow Subsidiary						
• Retirement benefit transfer	–	–	–	45,888	–	–
L&T Arun Excello IT SEZ Pvt. Ltd. - Fellow Subsidiary						
• ICD placed / refunded	–	–	–	230,000,000	–	–
• Interest on ICD	–	–	–	3,590,205	–	–

C) Amounts written off / written back : Nil

12. The Company has taken residential premises under cancelable Operating Lease. These lease agreements are normally renewable on expiry.

13. Foreign Exchange Transactions:

- Value of Imports (on CIF) basis : NIL (*previous year : NIL*)
- Expenditure in Foreign Currency : NIL (*previous year : NIL*)
- Earnings in Foreign Exchange : NIL (*previous year : NIL*)

14. Basic and Diluted Earnings Per Share (EPS) computed in accordance with Accounting Standards (AS 20) "Earning per Share"

Particulars	2010-2011 Rupees	2009-2010 Rupees
Basic / Diluted		
Profit after Tax as per Accounts (Rs.)	(12,23,708)	31,920,462
PAT available to equity shareholder's (Rs.)	(12,23,708)	31,920,462
Weighted average number of share	13,950,007	13,950,007
Basic / Diluted EPS (Rs.)	(0.09)	2.29

15. There is no deferred tax Asset / liability to be reckoned as at the date of the Balance Sheet.

16. Figures for the previous year have been regrouped / reclassified whenever necessary.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN

Chartered Accountants

(ICAI registration No. 003792S)

By the hand of

V. R. LALITHA

Partner

Membership No. 18284

V. RAVI CHANDRAN

Secretary

T. S. SUNDARESAN

Director

T. V. KARTHIKEYAN

Director

Place : Chennai

Date : April 25, 2011

Place : Chennai

Date : April 25, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

Name of the subsidiary	Narmada Infrastructure Construction Enterprise Limited
Financial year of the subsidiary ended on	March 31, 2011
Number of shares in the subsidiary company held by L&T Western India Tollbridge Limited at the above date	
Equity shares	28,000,000
Preference shares	–
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of L&T Western India Tollbridge Limited	
	(Rupees in Thousands)
(i) Dealt with in the accounts of L&T Western India Tollbridge Limited amounted to	
(a) for the subsidiary's financial year ended March 31, 2011	–
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Western India Tollbridge Limited	–
(ii) Not Dealt with in the accounts of L&T Western India Tollbridge Limited amounted to	–
(a) for the subsidiary's financial year ended March 31, 2009	–
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Western India Tollbridge Limited	–
Changes in the interest of L&T Western India Tollbridge Limited between the end of the subsidiary's financial year and March 31, 2011	
Number of shares acquired	
(i) Fixed Assets (net additions)	N.A.
(ii) Investments (Fixed Deposit with Scheduled bank)	N.A.
(iii) Moneys lent by the subsidiary	N.A.
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	N.A.

For and on behalf of the Board

Place : Chennai
Date : April 25, 2011

T. S. SUNDARESAN
Director

T. V. KARTHIKEYAN
Director