DIRECTORS' REPORT

Your Directors have pleasure in presenting the Third Annual Report and the Audited Accounts of the Company for the year ended March 31, 2013.

FINANCIAL HIGHLIGHTS

The Profit and Loss Account of the Company has been drawn to comply with the provisions of Companies Act, 1956. The highlights of the financial results are as under:

Particulars	**Financial period ended March 31, 2013 (in ₹)**
Total Income	**1,60,31,522**
Total Expenditure	**28,79,171**
Profit / (Loss) before Tax	**1,31,52,351**
Provision for Tax	**2,88,824**
Net Profit / (Loss) after Tax	**1,28,63,527**
Balance carried to Balance Sheet	**1,28,63,527**

DIVIDEND

Your Directors have not recommended any dividend on equity shares for the year under review.

PERFORMANCE OF THE COMPANY

A. Declaration of Appointed Date for the Hyderabad Metro Rail Project

The Appointed Date for Hyderabad Metro Rail Project was declared on 05th July 2012. The Concession Period of 35 years, extendable by 25 years, shall commence from the declaration of Appointed Date.

B. Execution of Memorandum as per Section 10.3.1 of the Concession Agreement with Government of Andhra Pradesh.

The Government of Andhra Pradesh has handed over 244.46 Acres of Land out of total 269 Acres to your Company as required under the Concession Agreement.

Memorandum as required under Section 10.3.1 of the Concession Agreement was executed with the Government of Andhra Pradesh to record the handing over of aforesaid land for the Hyderabad Metro Rail Project.

C. Awards given for Major Contracts for the Hyderabad Metro Rail Project:

During the year your Company has awarded following Major Contracts for the Hyderabad Metro Rail Project;

S. No.	**PACKAGES**	**NAME OF THE CONTRACTORS**
1.	Viaduct, Stations, Depots, Track Works	L&T ECC
2.	Power Supply and SCADA System	L&T ECC
3.	Overhead Electric Traction System	L&T ECC
4.	Rolling stock	Hyundai Rotem, Korea
5.	Turnouts	Voestalpine VAE GMBH, Austria/L&T ECC
6.	Rails	Tata Steel (Corus), France/L&T ECC
7.	Signalling and Train Control	Thales
8.	Telecommunication	Thales
9.	Fasteners	Vossloh Fastening System, Germany/L&T ECC
10.	Automatic Fare Collection	Samsung Data Systems
11.	Lifts & Escalators	Otis Elevator Company
12.	O&M Operator	Keolis, France

D. Commencement of Second Pre Cast Yard at Balanagar.

The Government of Andhra Pradesh has allocated additional land to your Company at Balanagar on lease, to set up second precast yard for manufacture of pre-cast segments required to be erected on the piers for laying the tracks for the Metro Rail.

Your Company has commenced manufacturing of pre-cast segments at Balanagar precast yard.

E. Income and Expenditure from Operations.

The Directors wish to inform that your Company has recorded an Income of ₹ 1,58,85,841/- from interest on the fixed deposits and Dividend from mutual funds and the expenditure incurred during the year is ₹ 28,79,171/-.

Your Company is yet to commence its operations of Hyderabad Metro Rail Project.

SHARE CAPITAL

During the year under review, your Company has increased its subscribed and paid up capital from ₹ 4,36,99,96,060/- (Rupees Four Hundred Thirty Six Crores Ninety Nine Lakhs Ninety Six Thousand Sixty only) divided into 43,69,99,606 shares of ₹10/- each to ₹ 5,29,99,96,060/- (Rupees Five Hundred Twenty Nine Crores Ninety Nine Lakhs Ninety Six Thousand Sixty only) divided into 52,99,99,606 Equity Shares of ₹10/- each, by allotment of 9,30,000 shares of ₹10/- each to Larsen and Toubro Limited, 9,20,70,000 shares of ₹10/- each to L&T Infrastructure Development Projects Limited.

AUDIT COMMITTEE

Audit Committee of your Company has been constituted in terms of Section 292A of the Companies Act, 1956, which was headed by Mr. K Venkatesh together with other members Mrs. Sheela Bhide and Mr. Ajit Rangnekar.

During the financial year, the meeting of Members of the Audit Committee was held on 10th April 2012 and 07th November 2012.

SUBSIDIARY COMPANY

During the year under review, your Company doesn't have any subsidiary.

DEPOSITS

The Company has not accepted any deposits from the public.

DIRECTORS

During the year under review, Mrs. Sheela Bhide and Mr. Ajit Rangnekar, Directors, were liable to retire by rotation and had offered themselves for re-appointment. In the best interests of the Company, the Directors have recommended their re-appointment, for the approval of the Shareholders.

AUDITORS

M/s M.K Dandeker & Co, Chartered Accountants, the existing Statutory Auditors hold their office until the conclusion of the Annual General Meeting, and if re-appointed, have shown their willingness to accept and hold the office till the conclusion of next Annual General Meeting. M/s M.K Dandeker & Co have confirmed that their appointment will be within the limits as specified under Section 224(1B) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement it is hereby confirmed that:

(i) in the preparation of the annual accounts for the year ended March 31,2013, the applicable accounting standards have been followed;

(ii) the directors have selected such accounting policies and applied them consistently, and 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 of the Company for the said period;

(iii) the directors have taken proper and sufficient care 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) the directors have prepared the annual accounts for the financial year ended March 31, 2013 on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, there were no employees in your Company, exceeding the limits prescribed within the meaning of the above mentioned provision.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and Outgo are set out in Annexure I to the Directors Report.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued support and co-operation of the shareholders, banks, various regulatory and government authorities and for the valuable contributions made by the employees of the Company.

On behalf of the Board of Directors
For L&T Metro Rail (Hyderabad) Limited

Place : Hyderabad	**V. B. GADGIL**	**AJIT RANGNEKAR**
Date : May 4, 2013	*Chief Executive & Managing Director*	*Director*

ANNEXURE I TO DIRECTORS REPORT

INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF SECTION 217(1)(E) OF THE COMPANIES ACT,1956, READ WITH THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 REGARDING CONSERVATION OF ENERGYTECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

CONSERVATION OF ENERGY

The operations of Hyderabad Metro Rail Project are yet to commence. The operations of the Company are not energy-intensive. However energy conservation is a priority area for the Company. Better controls are planned to achieve reduction in energy consumption. Various steps are being taken for reduction of energy on a continuous basis

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

There was no Technology Absorption during the year.

FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the foreign exchange earnings of your Company were ₹ Nil and the foreign exchange outgo was ₹ 1,41,97,85,975/-.

AUDITORS' REPORT

TO THE MEMBERS OF L&T METRO RAIL (HYDERABAD) LIMITED.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **L&T METRO RAIL (HYDERABAD) LIMITED**, which comprise the Balance Sheet as at March 31, 2013, and the statement of Profit and Loss and Cash Flow Statement for the year 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 accounting standards referred to in sub Section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of 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 auditing 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 misstatements 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 said accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013,

b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and

c) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 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.

Further to our comments in the Annexure referred to above, we report that:

i. 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;

ii. 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;

iii. The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;

iv. In our opinion, the Balance Sheet and Statement of Profit and Loss dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

v. On the basis of written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For M. K. DANDEKER & CO.
(Firm regn. No. 000679S)

K. J. DANDEKER
Partner
Chartered Accountants
Membership No. 018533

Place : Hyderabad
Date : May 4, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our Report of even date)

With reference to the Annexure referred to in paragraph 1 of the report of the Auditors to the Members of L&T Metro Rail (Hyderabad) Limited on the accounts 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) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.

(c) The Company has not disposed of any of its fixed assets so as to affect the going concern status.

(ii) The Company is engaged in the business of infrastructure development and maintenance and hence the clauses 4(ii)(a), (b) & (c) of the Companies (Auditor's Report) Order 2003 relating to inventory are not applicable.

(iii) According to the information & explanation given to us, the Company has not granted or taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act,1956. Hence reporting under clause 4(iii)(b) to (g) of the Companies (Auditor's Report) Order,2003 does not arise.

(iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate 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 are no transactions that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under clause 4(v)(b) of the Companies (Auditor's Report) Order 2003 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. Hence Clause 4(vi) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

(vii) In our Opinion, the Company has an internal audit which is carried by an external firm of chartered accountants and the same is commensurate with the size of the Company and nature of its business.

(viii) The Company is maintaining the cost records as prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.

(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 generally regular in depositing undisputed statutory dues, Income tax, and other statutory dues during the year with the appropriate authorities. As at March 31, 2013, 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 no dues which have not been deposited on account of any dispute of income tax.

(x) The Company has been registered for a period less than five years and hence reporting under clause 4(x) of the Companies (Auditor's Report) Order, 2003 regarding accumulated losses and cash losses do not arise.

(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) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures. However, the surplus funds have been invested in mutual funds. Proper records have been maintained for the transactions and contracts for the investment in mutual funds and are updated on a timely basis. 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, term loans were applied for the purpose for which they were obtained by the Company.

(xvii) In our opinion and according to the information and explanation given to us, the Company has raised funds on short term basis and applied the same for the purpose for which it has obtained.

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

(xix) The Company has not issued debentures during the year. Accordingly, no security or charge needs 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 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 year, nor have we been informed of such case by management.

For M. K. DANDEKER & CO.
(Firm regn. No. 000679S)

K. J. DANDEKER
Partner
Chartered Accountants
Membership No. 018533

Place : Hyderabad
Date : May 4, 2013

BALANCE SHEET AS AT MARCH 31, 2013

	Note No.	As at 31.03.2013		*As at 31.3.2012*	
		₹	₹	*₹*	*₹*
EQUITY & LIABILITIES					
Shareholders' funds					
Share capital	A	529,99,96,060		*436,99,96,060*	
Reserves and surplus	B	26,34,854		*(1,02,28,673)*	
			530,26,30,914		*435,97,67,387*
Non- current liabilities					
Long term borrowings	C(I)		1236,67,00,000		*–*
Other long term liabilities	C(II)		89,90,688		*36,24,213*
Current liabilities					
Trade payables	D(I)	97,71,22,893		*7,49,19,548*	
Other current liabilities	D(II)	19,59,09,150		*5,53,61,310*	
Short term provisions	D(III)	1,21,58,387		*32,40,169*	
			118,51,90,430		*13,35,21,027*
TOTAL			1886,35,12,032		*449,69,12,627*
ASSETS:					
Non-Current Assets					
Fixed Assets					
Tangible assets	E(I)	6,14,14,542		*6,24,04,482*	
Intangible assets	E(I)	28,51,019		*38,45,234*	
Capital work in progress	E(II)	2,09,18,958		*–*	
Intangible assets under development	E(III)	1219,73,26,730		*258,19,86,106*	
			1228,25,11,249		*264,82,35,822*
Deferred tax assets	K(II)		63,91,960		*63,91,960*
Long term loans and advances	F		611,05,36,314		*170,51,44,986*
Cash and bank balances	G		2,15,28,714		
Current Assets					
Current Investments	H(I)	7,00,55,408		*–*	
Cash and bank balances	H(II)	28,48,25,027		*7,43,09,347*	
Short term loans and advances	H(III)	8,76,63,360		*6,28,30,512*	
			44,25,43,795		*13,71,39,859*
TOTAL			1886,35,12,032		*449,69,12,627*
Commitments	K(III)				
Other notes forming part of accounts	K				
Significant accounting policies	L				

The accompanying notes form an integral part of the Financial Statements.

As per our report attached

For and on behalf of the Board

For M. K. DANDEKER & CO.
Chartered Accountants
Firm registration number : 000679S
By the hand of

K. J. DANDEKER
Partner
Membership No : 018533

ASHISH MALHOTRA
Company Secretary

V. B. GADGIL
Chief Executive & Managing Director

AJIT RANGNEKAR
Director

Place : Hyderabad
Date : May 4, 2013

Place : Hyderabad
Date : May 4, 2013

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

	Note No	2012-13 ₹	2012-13 ₹	*2011-12* ₹	*2011-12* ₹
REVENUE					
Revenue from operations			**–**		*–*
Other Income	**I**		**1,60,31,522**		*46,15,641*
Total Revenue			**1,60,31,522**		*46,15,641*
EXPENSES					
Other expenses	**J**		**28,79,171**		*6,54,463*
Total Expenses			**28,79,171**		*6,54,463*
Profit/(Loss) before tax			**1,31,52,351**		*39,61,178*
Tax expenses					
Current tax		**2,88,824**		*1,75,095*	
Deferred tax		**–**		*–*	
			2,88,824		*1,75,095*
Profit after tax carried to Balance Sheet			**1,28,63,527**		*37,86,083*
Earnings per equity share:	**K(IV)**				
(a) Basic			**0.03**		*0.01*
(b) Diluted			**0.03**		*0.01*
(c) Face value			**10.00**		*10.00*
Other notes forming part of accounts	**K**				
Significant accounting policies	**L**				

The accompanying notes form an integral part of the Financial Statements.
As per our report attached

For and on behalf of the Board

For M. K. DANDEKER & CO.
Chartered Accountants
Firm registration number : 000679S
By the hand of

K. J. DANDEKER
Partner
Membership No : 018533

ASHISH MALHOTRA
Company Secretary

V. B. GADGIL
Chief Executive & Managing Director

AJIT RANGNEKAR
Director

Place : Hyderabad
Date : May 4, 2013

Place : Hyderabad
Date : May 4, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

		2012-13 ₹	2011-12 ₹
A	**Cash flow from operating activities (A)**	**–**	–
B	**Cash flow from investing activities**		
i)	**Net Profit before taxes from non operating activities**	**1,31,52,351**	*39,61,178*
	Adjustments for non operating items:		
	Loss on sale of fixed Assets	**39,000**	–
	Short term capital Gain- Mutual Funds	**(56,070)**	–
	Dividend on mutual fund received	**(1,50,71,966)**	*(40,48,992)*
	Interest received	**(7,57,805)**	*(5,56,169)*
ii)	**Net profit from non operating activities**	**(26,94,490)**	*(6,43,983)*
	Adjustments for :		
	(Increase) / Decrease in short term loans and advances	**(2,47,92,617)**	*(6,26,83,852)*
	Increase/ (Decrease) in short term provisions	**89,23,510**	*35,64,726*
	Increase/ (Decrease) in other current liabilities	**104,27,51,185**	*(5,89,567)*
	(Increase) / Decrease in long term loans and advances	**(440,53,91,328)**	*131,33,53,500*
	Increase/ (Decrease) in other long term liabilities	**53,66,475**	*36,24,213*
iii)	**Cash generated from/(used in) non operating activities**	**(337,58,37,265)**	*125,66,25,037*
	Direct taxes refund/ (paid)	**(3,34,347)**	*(2,54,260)*
iv)	**Net cash generated from /(used in) non operating activities**	**(337,61,71,612)**	*125,63,70,777*
	Purchase of fixed assets	**(963,43,50,426)**	*(221,84,51,292)*
	Sale of Fixed Assets	**36,000**	–
	Investments	**(7,00,55,408)**	–
	Short term capital Gain- Mutual Funds	**56,070**	–
	Dividend on mutual fund received	**1,50,71,966**	*40,48,992*
	Interest received	**7,57,805**	*5,56,169*
	Cash generated from / (used in) investing activities	**(1306,46,55,606)**	*(95,74,75,354)*
	Extraordinary items	**–**	–
	Net cash generated from / (used in) investing activities (B)	**(1306,46,55,606)**	*(95,74,75,354)*
C	**Cash flow from financing activities**		
	Equity share capital issued	**93,00,00,000**	*93,00,00,010*
	Term Loan	**1236,67,00,000**	–
	Short Term Borrowings	**–**	–
	Net cash generated from /(used in) financing activities (C)	**1329,67,00,000**	*93,00,00,010*
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**23,20,44,394**	*(2,74,75,344)*
	Cash and cash equivalents as at the beginning	**7,43,09,347**	*10,17,84,691*
	Cash and cash equivalents as at the end	**30,63,53,741**	*7,43,09,347*

Notes:
1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in Companies (Accounting Standards) Rules ,2006
2. Purchase of fixed assets includes movement of intangible assets under development and capital work in progress.
3. Cash and cash equivalents represent cash and bank balances .
4. Previous year's figures have been regrouped/reclassified wherever applicable

As per our report attached

For and on behalf of the Board

For M. K. DANDEKER & CO.
Chartered Accountants
Firm registration number : 000679S
By the hand of

K. J. DANDEKER
Partner
Membership No : 018533

ASHISH MALHOTRA
Company Secretary

V. B. GADGIL
Chief Executive & Managing Director

AJIT RANGNEKAR
Director

Place : Hyderabad
Date : May 4, 2013

Place : Hyderabad
Date : May 4, 2013

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2013		*As at 31.03.2012*	
	₹	₹	*₹*	*₹*
NOTE - A				
SHARE CAPITAL				
A(I) Share capital authorised, issued, subscribed and paid up:				
Authorised shares				
2,439,000,000 *(March 31, 2012: 2,439,000,000)* equity shares of ₹ 10 each		**2439,00,00,000**		*2439,00,00,000*
Issued, subscribed and fully paid-up shares				
52,99,99,606 *(March 31, 2012: 43,69,99,606)* equity shares of ₹ 10 each		**529,99,96,060**		*436,99,96,060*
TOTAL		**529,99,96,060**		*436,99,96,060*

	As at 31.03.2013		*As at 31.03.2012*	
	No	₹	*No*	*₹*
A(II) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period				
Issued, subscribed and fully paid up equity shares outstanding at beginning of the year	**43,69,99,606**	**436,99,96,060**	*34,39,99,605*	*343,99,96,050*
Shares issued during the year	**9,30,00,000**	**93,00,00,000**	*9,30,00,001*	*93,00,00,010*
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**52,99,99,606**	**529,99,96,060**	*43,69,99,606*	*436,99,96,060*

A(III) TERMS/RIGHTS ATTACHED TO EQUITY SHARES

The Company has allotted one non-transferable equity share (the Golden Share) to the Government of Andhra Pradesh (Government) having a par value of ₹ 10 in pursuance of the Shareholders Agreement entered into with the Government and others. In terms of the said agreement, the Government shall be entitled to appoint a nominee director on the board of directors of the Company and so long as the Government holds the Golden Share, an affirmative vote of the Government or the director appointed by the government shall be required for passing of, by the general meeting of the Company or the meeting of board of directors thereof, as the case may be, any resolution on all the reserved matters as specified in the said agreement.

	As at 31.03.2013		*As at 31.03.2012*	
	₹	₹	*₹*	*₹*
A(IV) Shares held by holding/ultimate holding Company and/or their subsidiaries/associates				
L&T Infrastructure Development Projects Limited, the holding Company				
52,46,99,600 *(March 31, 2012: 43,26,29,600)* equity shares of ₹10 each fully paid up		**524,69,96,000**		*432,62,96,000*
Larsen & Toubro Limited, the ultimate holding Company				
53,00,000 *(March 31, 2012: 43,70,000)* equity shares of ₹10 each fully paid up		**5,30,00,000**		*4,37,00,000*

	As at 31.03.2013		*As at 31.03.2012*	
	No.	**% of holding**	*No.*	*% of holding*
A(V) Details of shareholders holding more than 5% shares in the Company				
Equity share of ₹10 each fully paid				
L&T Infrastructure Development Projects Limited, the holding Company	**52,46,99,600**	**99%**	*43,26,29,600*	*99%*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE - B		
RESERVES AND SURPLUS		
Surplus/(deficit) in the Statement of Profit and Loss		
As per last Balance sheet	**(1,02,28,673)**	*(1,40,14,756)*
Profit/(Loss) for the year	**1,28,63,527**	*37,86,083*
Net surplus/ (deficit) in the Statement of Profit and Loss	**26,34,854**	*(1,02,28,673)*
NOTE - C (I)		
LONG TERM BORROWINGS		
Secured		
Term Loans from Banks including letter of credit availed as sub limit (Note no C(I)(i))	**1236,67,00,000**	–
TOTAL	**1236,67,00,000**	–

NOTE C(I)(I)

Particulars	Details
Interest Rate	Interest rate @ 225 basis points above the base rate of State Bank of India (floating)
Repayment	Repayable in 36 quarterly unequal instalments beginning from September 30, 2018 and ending on June 30,2027.
Security	
a)	Mortgage of non-agricultural land bearing plot no. 19 forming part of land in survey nos. 332A+334A+338A, mouje zaap, sudhagad taluka, Dist. Raigad, Maharashtra.
b)	Charge on all tangible movable assets (present and future), including all movable plant, machinery, spares, tools, fittings etc. as specified in Schedule II to Indenture of Mortgage, excluding project assets specified in concession agreement.
c)	Charge on rights, interest under/in respect of project documents, approvals, insurance contracts and escrow accounts to the extent permitted to the lenders under escrow agreement together with permitted investments etc. and
d)	Charge on right, interest etc. to/in respect of receivables, letter of credit, guarantee, performance bond, other amounts owing to/received by the Company, all intangible assets of the Company viz goodwill, trademark etc.

	As at 31.03.2013 ₹	As at 31.03.2012 ₹
NOTE - C(II)		
OTHER LONG TERM LIABILITIES		
Deposits for car scheme	**56,90,688**	*36,24,213*
Security Deposit	**33,00,000**	–
TOTAL	**89,90,688**	*36,24,213*
NOTE - D(I)		
TRADE PAYABLES		
Due to related parties	**10,41,43,486**	*1,65,04,452*
Micro and small enterprises	**–**	–
Others	**87,29,79,408**	*5,84,15,096*
TOTAL	**97,71,22,893**	*7,49,19,548*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2013	As at 31.03.2012
	₹	₹
NOTE - D(II)		
OTHER CURRENT LIABILITIES		
Interest accrued but not due	**3,73,34,328**	–
Other payables	**15,85,74,822**	*5,53,61,310*
TOTAL	**19,59,09,150**	*5,53,61,310*
NOTE - D(III)		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Gratuity	**38,87,847**	*16,85,750*
Compensated absences	**82,70,540**	*15,49,127*
	1,21,58,387	*32,34,877*
Other Provisions		
Current taxes (net of advance tax)	**–**	*5,292*
TOTAL	**1,21,58,387**	*32,40,169*

NOTE E(I)

TANGIBLE & INTANGIBLE ASSETS

CLASS OF ASSETS	COST/ VALUATION				DEPRECIATION				BOOK VALUE	
	As at 01.04.2012	Additions	Deductions	**As at 31.03.2013**	Upto 31.03.2012	For the period	Deductions	**Upto 31.03.2013**	**As at 31.03.2013**	*As at 31.03.2012*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets-Owned										
Freehold land	15,57,000	–	–	**15,57,000**	–	–		–	**15,57,000**	*15,57,000*
Computers	74,55,713	25,33,067	1,20,000	**98,68,780**	16,67,392	20,75,405	45,000	**36,97,797**	**61,70,983**	*57,88,321*
Furniture & Fixtures	2,63,37,903	14,27,535	–	**2,77,65,438**	71,89,729	73,44,468		**1,45,34,197**	**1,32,31,241**	*1,91,48,174*
Office Equipment	4,03,86,427	1,48,07,699	–	**5,51,94,126**	79,07,180	99,07,972		**1,78,15,152**	**3,73,78,975**	*3,24,79,247*
Vehicles	37,41,027	–	–	**37,41,027**	3,09,287	3,55,397		**6,64,684**	**30,76,343**	*34,31,740*
TOTAL	**7,94,78,070**	**1,87,68,302**	**1,20,000**	**9,81,26,372**	**1,70,73,588**	**1,96,83,242**	**45,000**	**3,67,11,830**	**6,14,14,542**	**6,24,04,482**
Previous Year	*4,30,38,429*	*3,65,35,150*	*95,509*	*7,94,78,070*	*14,29,756*	*1,56,44,940*	*1,108*	*1,70,73,588*	*6,24,04,482*	
Intangible Assets-Owned										
Specialised Software	50,44,234	9,82,866	–	**60,27,100**	11,99,000	19,77,081		**31,76,081**	**28,51,019**	*38,45,234*
TOTAL	**50,44,234**	**9,82,866**	–	**60,27,100**	**11,99,000**	**19,77,081**	–	**31,76,081**	**28,51,019**	**38,45,234**
Previous Year	*20,25,088*	*30,19,146*	–	*50,44,234*	*65,972*	*11,33,028*	–	*11,99,000*	*38,45,234*	

	As at 31.3.2012	April - March 2013	As at 31-03-2013
	₹	₹	₹
NOTE - E(II)			
CAPITAL WORK IN PROGRESS			
Salaries and wages(Note no K(VI))	–	1,04,67,791	**1,04,67,791**
Clearance and approval fees	–	61,67,135	**61,67,135**
Consultancy fees	–	31,87,579	**31,87,579**
Other expenses	–	10,96,452	**10,96,452**
TOTAL	–	2,09,18,958	**2,09,18,958**

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.3.2012	**April - March 2013**	**As at 31-03-2013**
	₹	₹	₹
NOTE - E (III)			
INTANGIBLE ASSETS UNDER DEVELOPMENT			
Salaries and wages(Note no K(VI))	*11,78,31,392*	19,92,26,868	**31,70,58,260**
Compensation for employee stock option plan (ESOP) (Note K(VII))	*9,60,139*	15,02,518	**24,62,657**
Staff welfare and other expenses	*88,66,425*	1,60,69,194	**2,49,35,619**
Lease rent	*5,74,07,296*	7,70,82,043	**13,44,89,339**
Concession fees	*0*	1	**1**
Construction work in progress	*135,93,44,290*	823,15,41,824	**959,08,86,114**
Travelling & conveyance	*2,10,88,849*	1,80,83,374	**3,91,72,223**
Repair & maintenance	*4,28,24,948*	6,17,11,804	**10,45,36,752**
Project insurance	*4,99,50,254*	8,40,46,020	**13,39,96,274**
Professional & consultancy	*48,13,10,778*	42,48,03,696	**90,61,14,474**
Bank & finance charges			
Interest expenses	*6,79,672*	39,85,51,708	**39,92,31,380**
Other borrowing costs	*40,66,68,728*	4,29,29,293	**44,95,98,021**
Communication expenses	*30,87,496*	42,54,646	**73,42,142**
Conferences & meetings	*6,91,278*	98,63,162	**1,05,54,440**
Depreciation/ amortization	*1,82,72,588*	2,16,60,323	**3,99,32,911**
Recruitment & training	*43,95,159*	26,39,474	**70,34,633**
Other expenses	*86,06,814*	2,13,74,677	**2,99,81,491**
TOTAL	*258,19,86,106*	961,53,40,624	**1219,73,26,730**

	As at 31.03.2013		*As at 31.03.2012*	
	₹	₹	₹	₹
NOTE - F				
LONG TERM LOANS AND ADVANCES				
Unsecured, considered good				
Capital advances				
– Related parties	**445,69,93,129**		*168,16,44,426*	
– Others	**162,18,15,205**		*67,27,200*	
TOTAL		**607,88,08,334**		*168,83,71,626*
Other Loans and Advances				
Security Deposits				
– Related parties	**94,64,316**		*94,64,316*	
– Others	**2,22,63,664**		*73,09,044*	
		3,17,27,980		*1,67,73,360*
TOTAL		**611,05,36,314**		*170,51,44,986*
NOTE - G				
CASH AND BANK BALANCES				
Fixed deposits with Banks with maturity more than 12 months (including interest accrued thereon)-Not available for immediate use being securities offered for guarantees issued by banks		**2,15,28,714**		–
TOTAL		**2,15,28,714**		–

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Face value per unit ₹	No. of units As at 31.03.2013	**As at 31.03.2013** ₹	*As at 31.03.2012* ₹
NOTE - H(I)				
CURRENT INVESTMENTS				
Mutual Funds (Quoted)				
L&T Liquid Fund-Daily Dividend	1011.6349	69249.695	**7,00,55,408**	–
			7,00,55,408	–

	As at 31.03.2013 ₹	₹	*As at 31.03.2012* ₹	₹
NOTE - H(II)				
CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with Banks :				
On current accounts		**96,41,847**		*37,59,908*
Fixed deposits with banks with less than 3 months maturity (including interest accrued thereon)		**27,51,83,180**		*7,05,49,439*
TOTAL		**28,48,25,027**		*7,43,09,347*
NOTE - H(III)				
SHORT TERM LOANS AND ADVANCES (Unsecured, considered good)				
Loans and advances to related parties	**129,366**		*173,523*	*173,523*
		129,366		*173,523*
Other loans and advances				
Prepaid expenses	**85,281,534**		*61,767,961*	
Advance tax (Net of current taxes)	**40,231**		–	
Advances recoverable in cash or in kind	**2,212,229**		*889,028*	
		87,533,994		*62,656,989*
TOTAL		**87,663,360**		*62,830,512*

	2012-13 ₹	*2011-12* ₹
NOTE - I		
OTHER INCOME		
Interest on short term deposits (TDS ₹ 76,279)	**757,805**	*556,169*
Dividend on current investments	**15,071,966**	*4,048,992*
Short term capital gain- mutual Funds	**56,070**	–
Other non-operating income	**145,681**	*10,480*
TOTAL	**16,031,522**	*4,615,641*
NOTE - J		
OTHER EXPENSES		
Audit fees	**224,720**	*335,020*
Brand promotion	**2,396,848**	–
Filing fees	**44,982**	*13,500*
Miscellaneous expenses	**212,621**	*305,943*
TOTAL	**2,879,171**	*654,463*

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE - K(I) : CORPORATE INFORMATION

L&T Metro Rail (Hyderabad) Limited was incorporated on 24th August 2010 as a Special Purpose Vehicle to undertake the business to construct, operate and maintain the Metro Rail System (including Transit Oriental Development) in Hyderabad under Public Private Partnership model.

The Company signed Concession Agreement with the Government of Andhra Pradesh on 04.09.2010 which granted the exclusive right, licence and authority to the Company to construct, operate and maintain the Metro Rail System (The 'Concession') on three elevated corridors from Miyapur to L.B.Nagar, Jubilee Bus Station to Falaknuma and from Nagole to Shilparamam in Hyderabad, covering a total distance of 71.16 Kms in accordance with the provisions of the Concession Agreement on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

In terms of Clause 3.1.1 and Schedule G of the Concession Agreement, the concession period of the project is for 35 years commencing from the Appointed Date including the construction period, which is extendable for a further period of 25 years subject to fulfilment of certain conditions by the Company.

The Company achieved financial closure on 1st March 2011 and satisfied all conditions precedent laid down in the concession agreement. The project cost shall be funded by promoters' share capital, viability gap grant and term loans from a consortium of banks with State Bank of India, as lead bank. The Company commenced debt drawal during the year and the construction of the project is in progress.

NOTE - K(II)

MAJOR COMPONENTS OF DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Particulars	**FY 2012-13**		*FY 2011-12*	
	Deferred tax assets	**Deferred tax liability**	*Deferred tax assets*	*Deferred tax liability*
Tax effect on Account of :				
Preliminary and other expenses deductible u/s 35D.	**63,91,960**	**–**	*63,91,960*	*–*
Total	**63,91,960**	**–**	*63,91,960*	*–*
Net Deferred tax asset	**63,91,960**		*63,91,960*	
Net Deferred tax asset credited to Profit & Loss Account	**–**		*–*	

NOTE - K(III) : COMMITMENTS:

Estimated amount of contracts remaining to be executed on capital account (net of advances): ₹ 81,86,43,59,526 *(Previous year ₹ 1,23,43,28,58,284)*

NOTE - K(IV)

DETAILS OF EARNING PER SHARE

	FY 2012-13 ₹	*FY 2011-12* ₹
Profit after Tax (₹)	**1,28,63,527**	*37,86,083*
Weighted average no. of Equity Shares (No.)	**45,10,13,305**	*34,42,53,703*
Earnings per share - Basic (₹)	**0.03**	*0.01*
Earnings per share - Diluted (₹)	**0.03**	*0.01*
Face Value Per Equity Share(₹)	**10**	*10*

NOTE - K(V)

EXPENDITURE IN FOREIGN CURRENCY

	FY 2012-13 ₹	*FY 2011-12* ₹
On overseas contracts	**141,56,88,095**	*–*
Professional/Consultancy Fees	**30,80,890**	*4,35,237*
Travelling expenses	**8,76,146**	*11,85,291*
Others	**1,40,844**	*–*
TOTAL	**141,97,85,975**	*16,20,528*

NOTES FORMING PART OF ACCOUNTS (Contd.)

PARTICULARS	*As at 31.03.12*	Apr-Mar 2013	As at 31.03.13
	₹	₹	₹
NOTE - K(VI)			
SALARIES AND WAGES INCLUDE			
Contribution to and provision for			
– Provident fund	*38,48,430*	59,17,563	**97,65,993**
– Gratuity	*30,51,127*	50,64,811	**81,15,938**
– Leave encashment	*15,49,127*	72,30,595	**87,79,722**
TOTAL	*84,48,684*	1,82,12,969	**2,66,61,653**

NOTE - K(VII)

Pursuant to the Employees Stock Options Scheme established by the holding Company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding Company, in respect of the same is ₹. 37,57,140. The same is being recovered from the Company over the period of vesting by the holding Company. Accordingly, cost of ₹ 24,62,657 (P.Y. ₹ 9,60,139) has been recovered by the holding Company upto current year, out of which, ₹15,02,518 (P.Y. ₹ 9,60,139) was recovered during the year. Balance of ₹ 12,94,483 will be recovered in future periods.

NOTE - K(VIII)

There have 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 does not arise.

NOTE - K(IX)

DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 (REVISED)

Defined Contribution Plans:

Amount of ₹ 59,17,563 *(previous year: ₹ 34,11,770)* towards Provident Fund contribution has been recognized in “Intangible assets under development [Note K(VI)]

Defined Benefit Plans:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The fund is managed by LIC.

Amount recognised in the financial statements in respect of gratuity is as below:

a. The amounts recognised in the Balance Sheet on account of Gratuity Fund are as follows

Particulars	As at 31.03.2013 ₹	*As at 31.03.2012* *₹*
Present value of defined benefit obligation		
– Wholly Funded	**82,26,708**	*30,51,127*
Less: Fair value of plan assets	**(43,38,861)**	*(13,65,377)*
Amount to be recognised as liability or (asset)	**38,87,847**	*16,85,750*
Unrecognized Past Service Cost	**–**	
Net Asset/Liability recognized in Balance Sheet	**38,87,847**	*16,85,750*

b. The amount recognised in the Intangible assets under development [Note E(III)] is as follows:

Particulars	As at 31.03.2013 ₹	*As at 31.03.2012* *₹*
Current service cost	**8,09,771**	*4,76,987*
Interest Cost on Benefit Obligation	**2,44,090**	*71,870*
Expected Return On Plan Assets	**(1,80,047)**	*–*
Net Actuarial Gain /Loss Recognized	**41,75,997**	*16,03,891*
Past Service Cost	**–**	*–*
Total expense recognized in Intangible under development	**50,49,811**	*21,52,748*
Actual Return on Plan Assets	**(1,80,047)**	*–*

NOTES FORMING PART OF ACCOUNTS (Contd.)

c. Change in the present value of the defined benefit obligation is as follows:

Particulars	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Opening Defined Benefit Obligation	**30,51,127**	*8,98,379*
Interest Cost	**2,44,090**	*71,870*
Current Service Cost	**8,09,771**	*4,76,987*
Benefits Paid	**(54,277)**	–
Actuarial(gains)losses on obligation	**41,75,997**	*16,03,891*
Closing Defined Benefit obligation	**82,26,708**	*30,51,127*

d. Changes in the plan assets representing reconciliation of the opening and closing balances are as follows:

Particulars	As at 31.03.2013 ₹	As at 31.03.2012 ₹
Opening Fair Value of Plan Assets	**13,65,377**	–
Expected Return	**1,80,047**	–
Contributions	**28,47,714**	*13,65,377*
Benefits Paid	**(54,277)**	–
Actuarial Gain/loss	**–**	–
Closing Fair value of Plan Assets	**43,38,861**	*13,65,377*

e. The actuarial assumptions under which the provision for gratuity made are as under:

A	**Membership Data**		
	1 Number of Members	102	
	2 Retirement Age	58 years	
B	**Valuation Method**	Projected Unit Credit Method	
C	**Actuarial Assumptions**	**As at 31.03.2013**	*As at 31.03.2012*
	1 Salary Escalation	**10%**	*10%*
	2 Discount Rate	**8%**	*8%*
	3 Attrition Rate	**5%**	*5%*
	4 Mortality Table	**LIC(1994-96)**	*LIC(1994-96)*

The funds are managed by Life Insurance Corporation of India. Hence broad categories of plan assets as a percentage of total plan assets are not furnished.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTE - K(X)

The Company is yet to commence its commercial operations. Hence reporting of primary business segments and secondary segments as required in Accounting Standard 17 “Segment Reporting” does not arise.

NOTE - K(XI)

DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS:

(i) List of related parties

A. List of related parties

Holding Companies	Larsen & Toubro Limited (Ultimate holding Company)
	L&T Infrastructure Development Projects Limited (Holding Company)
Fellow Subsidiary Companies	L&T Infocity Limited
	L&T Urban Infrastructure Limited
	L&T-GULF Private Limited
	Hyderabad International Trade Expositions Limited
	Narmada Infrastructure Construction Enterprise Limited
Associate Company	L&T-Ramboll Consulting Engineers Limited

NOTES FORMING PART OF ACCOUNTS (Contd.)

(ii) Transactions with related parties.

Particulars	**FY 2012-13** ₹	*FY 2011-12* ₹
HOLDING COMPANIES		
L&T Infrastructure Development Projects Limited		
Reimbursement of expenses	**–**	*33,38,736*
Cost of Services	**57,44,625**	*28,21,592*
Equity Share capital money received	**92,07,00,000**	*92,07,00,000*
Fee paid for Advisory and debt arranging services	**2,57,93,362**	*10,12,81,872*
Inter Corporate Deposit received	**16,00,00,000**	–
Interest paid	**54,36,712**	–
Deposit paid	**–**	*1,80,000*
Rent Payment	**7,41,000**	*4,20,000*
Purchase of fixed Assets	**1,08,538**	–
Larsen & Toubro Limited		
Pay roll Processing fees	**2,02,248**	*1,98,540*
Cost of Services	**4,41,66,972**	*2,37,89,628*
Equity Share capital received	**93,00,000**	*93,00,000*
Mobilisation advance paid	**145,69,93,128**	–
Construction work in progress	**696,41,69,119**	*135,93,44,290*
Overheads recovered by	**2,28,13,480**	*5,60,82,456*
Overheads charged to	**64,36,549**	–
FELLOW SUBSIDIARIES		
L&T Infocity Limited		
Lease Rentals paid	**2,22,73,593**	*2,00,18,330*
Facility management expenses	**2,01,00,097**	*1,92,01,127*
Reimbursement of expenses	**1,58,62,922**	*75,92,915*
Cost of Services paid	**84,137**	*1,19,103*
Purchase of Assets	**–**	*10,41,757*
L&T Urban Infrastructure Limited		
Reimbursement of expenses	**–**	*5,95,887*
Cost of services paid	**2,19,102**	–
L&T-Gulf Private Limited		
Cost of services paid	**5,34,819**	–
Hyderabad International Trade Expositions Limited		
Cost of services paid	**3,18,342**	–
Reimbursement of expenses	**13,685**	–
Narmada Infrastructure Construction Enterprise Limited		
ICD received	**10,00,00,000**	–
Interest on ICD paid	**11,15,068**	–
ASSOCIATES		
L&T-Ramboll Consulting Engineers Limited		
Consultancy Services	**16,85,400**	*3,14,355*

NOTES FORMING PART OF ACCOUNTS (Contd.)

(iii) Due to / from related parties

Name/Relationship	**FY 2012-13** ₹		*FY 2011-12* ₹	
	Due to	**Due from**	*Due to*	*Due from*
Larsen and Toubro Limited (Ultimate holding Company)	**9,71,12,607**	**–**	*1,58,02,136*	*––*
L&T Infrastructure Development Projects Limited (Holding Company)	**13,77,137**	**–**	*––*	*––*
Fellow Subsidiary				
L&T Infocity Limited	**53,25,607**	**–**	*5,28,793*	*––*
L&T-Gulf Private Limited	**1,98,768**	**–**	*–*	*–*

Note: No amount pertaining to the related parties have been written off / written back during the year.

NOTE - K(XII)

The Company has not entered into any finance lease. The Company has taken premises and vehicles under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no exceptional/restrictive covenants in the lease agreements. The lease expenses in respect of these operating leases have been recognized as an expense (Current Year: ₹ 7,70,82,043 *(Previous Year ₹ 4,27,39,103)* and included in Intangible assets under development.

NOTE - K(XIII)

Auditors' remuneration (excluding service tax) and expenses charged to the accounts:

Particulars	**FY 2012-13** ₹	*FY 2011-12* ₹
Audit fees	**2,00,000**	*2,00,000*
Other services	**1,00,000**	*–*
Reimbursement of expenses	**45,885**	*–*
Total	**3,45,885**	*2,00,000*

NOTE - K(XIV)

Provision for wealth tax has been made as per the provisions for Wealth Tax Act, 1957.

NOTE - K(XV)

The corresponding previous year's figures have been regrouped wherever necessary to confirm to the presentation of the current year's accounts.

NOTE - K(XVI)

Figures have been rounded off to the nearest rupee.

NOTE - L

SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP") in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable, except to the extent where compliance with other statutory promulgations viz. SEBI guidelines override the same requiring a different treatment.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowance for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

(ii) 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.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(iii) Revenue recognition

a. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

b. Other items of income are accounted as and when the right to receive arises.

(iv) Employee benefits

(a) Short Term Employee Benefits:

All employee benefits falling due wholly within twelve months of rendering the services 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 recognised in the period in which the employee renders the related service.

(b) Post-employment benefits

Defined Contribution Plans:

The State Governed Provident Fund scheme, employee Pension Scheme and employee state insurance scheme are defined Contribution Plan. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

Defined Benefit Plans:

Employees' Gratuity fund scheme managed by the trust is the defined benefit plan. The present value of the obligation under defined benefit plan is determined based on actuarial valuation using Projected Unit Credit Method which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

(c) Long term employee Benefits

The obligation for long term employee benefits such as long term compensated absences/leave encashment 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. Actuarial gains and losses are recognized immediately in the Profit & Loss Account or capitalised as the case may be.

(v) Tangible fixed assets

Tangible fixed Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation.

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

Tangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

(vi) Leases

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are accounted under intangible assets under development on accrual basis.

(vii) Depreciation

Depreciation on assets is provided on straight line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on additions/deductions is calculated pro-rata from/to the month of additions/deductions. However, in respect of the following asset categories, depreciation is provided at higher rates in line with their estimated useful life.

Category of Asset	**Rate of Depreciation (% p.a.)**
Furniture and Fixtures:	
– Retrofits	33.33
– Others	10
Computers	25
Office equipment	20

(viii) Intangible fixed assets and Amortization

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

NOTES FORMING PART OF ACCOUNTS (Contd.)

Fare collection rights obtained in consideration for rendering development and construction services represents the rights to collect fare revenue during the concession period in respect of design, build, finance, operate and transfer (DBFOT) project undertaken by the Company. Fare collection rights are capitalized as intangible asset upon completion of the project at the cumulative construction cost. Till the completion of the project the same is recognised as Intangible assets under development.

Pre-operative expenses including administrative and other general overhead expenses that are specifically attributable to the acquisition of intangible assets are allocated and capitalized as a part of the cost of the Intangible assets.

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization.

Specialised Softwares are amortized on a straight line basis over a period of three years.

(ix) Impairment of assets

As 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 periods, if any,

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

Recoverable amount is determined:

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

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

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

(x) Investments

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

(i) Investments are recorded at actual cost including costs incidental to acquisition.

(ii) Investments are classified as long term or current at the time of making of such investments.

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

(xi) Borrowing Costs

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

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets 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.

(xii) Foreign currency transactions, forward contracts and derivatives

a. The reporting currency of the Company is the Indian Rupee.

b. Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

c. Any resultant gain/loss is accounted under intangible assets under development.

(xiii) Taxes on Income

a. Taxes 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.

b. Deferred tax is recognized on timing differences between the 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.

c. Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

NOTES FORMING PART OF ACCOUNTS (Contd.)

(xiv) 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 present obligation arising from past events, when no reliable estimate is possible.

c. a possible obligation arising from past events, unless the probability of outflow ofresources is remote.

Contingent Assets are neither recognized, nor disclosed.

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

(xv) Commitments

Commitments are future liabilities for contractual expenditure. Commitments 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 management.

c. Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details

(xvi) Cash Flow Statement

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

a. transactions of a non-cash nature

b. any deferrals or accruals of past or future operating cash receipts or payments and

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

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

(xvii) Operating cycle for current and non-current classification.

An asset shall be classified as current when it satisfies any of the following criteria:

a. it is expected to be realized within twelve months after the reporting date; or

b. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current.

A liability shall be classified as current when it satisfies any of the following criteria:

a. it is due to be settled within twelve months after the reporting date; or

b. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities shall be classified as non-current."

As per our report attached

For and on behalf of the Board

For M. K. DANDEKER & CO.
Chartered Accountants
Firm registration number : 000679S
By the hand of

K. J. DANDEKER
Partner
Membership No : 018533

ASHISH MALHOTRA
Company Secretary

V. B. GADGIL
Chief Executive &
Managing Director

AJIT RANGNEKAR
Director

Place : Hyderabad
Date : May 4, 2013

Place : Hyderabad
Date : May 4, 2013