

## DIRECTORS' REPORT

The Directors have pleasure in presenting their Report and Accounts for the year ended March 31, 2012.

### 1. FINANCIAL RESULTS

Sl. No.	Particulars	2011-12 Rs. in Lakh	2010-11 Rs. in Lakh
1	<b>Profit Before Depreciation &amp; Tax (PBDT)</b>	<b>897.24</b>	<b>1,883.03</b>
2	Depreciation	376.66	328.34
3	<b>Profit / (Loss) before tax (PBT)</b>	<b>520.59</b>	<b>1,554.69</b>
4	Provision for taxes	(142.39)	(22.94)
5	<b>Profit / (Loss) after tax (PAT)</b>	<b>662.98</b>	<b>1,577.63</b>
6	Balance brought forward from previous year	70,291.51	68,713.88
7	<b>Balance carried to Balance Sheet</b>	<b>70,954.49</b>	<b>70,291.51</b>

### 2. PERFORMANCE OF THE COMPANY

The Directors are happy to inform you that the Company has reported a total income of Rs.10343.43 lakh and post-tax profit of Rs. 662.98 lakh for the year. The Company has secured four large road projects during the year within an aggregate estimated project cost of Rs. 8,418 Crore. L&T Krishnagiri Wallajahpet Tollway Ltd. and L&T Rajkot-Vadinar Tollway Ltd. have commenced tolling during the year. In the month of April 2012, toll collection has commenced at L&T Halol Shamlaji Tollway Ltd. and at one Section of L&T Ahmedabad Maliya Tollway Ltd.

Dhamra Port has successfully commenced its commercial operation on May 8, 2011 and handled a total cargo of 5.06 MMT during the financial year under review. It is expected that there will be a considerable improvement in the capacity utilization of existing berths during the financial year 2012-13.

As a part of the restructuring exercise within L&T group, L&T Realty Ltd. had acquired the stake held by the Company in L&T Urban Infrastructure Ltd.

The Company has constantly looked at opportunities to bring down interest cost of its subsidiaries and has successfully re-financed two road projects at Gujarat during the year and also brought down the interest cost of several other road subsidiaries.

L&T Metro Rail (Hyderabad) Ltd. is now expected to commence construction during financial year 2012-13 since the legal / land issues have been substantially resolved.

As per the 12th Five year Plan, private sector is expected to participate in nearly USD 500bn worth of projects out of the one trillion dollars envisaged for Infrastructure sector. Your Company with its extensive track record of projects in road, port, metro, airport and water supply is well poised to take advantage of the opportunities in the coming years.

### 3. DIVIDEND

In view of the further funding requirements for some of the Projects of the Company, the Directors do not recommend any dividend for the year 2011-12.

### 4. CAPITAL EXPENDITURE

As at March 31, 2012, while the gross fixed assets of the Company stood at Rs.7,685.39 Lakh, the net fixed asset value at Rs.6,748.76 Lakh after charging a depreciation to the extent of Rs.936.64 Lakh. Additions to Fixed Assets during the year amounted to Rs.464.87 lakh.

### 5. DEPOSITS

The Company has not accepted any deposits from the public.

### 6. AUDITORS' REPORT

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

### 7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

#### A. Conservation of Energy

The operations of your Company are not energy intensive as Company is not engaged in manufacturing activity and your Company is not under the list of industries which should furnish information in form A (Rule 2).

#### B. Technology Absorption

No technology has been developed and / or imported by way of foreign collaboration.

#### C. Foreign Exchange Earnings and Outgo

During the year, the Company had the following transactions in foreign currency :

Expenditure in Foreign Currency

Professional Fees - Rs.53,77,163

Travel - Rs.45,50,288

Earnings in Foreign Currency - Nil

## L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED

### 8. SUBSIDIARIES

During the year, your Company was awarded two Road Projects by the National Highways Authority of India and the following Special Purpose Vehicles were incorporated to implement the Road Projects :

- a. L&T East West Tollway Limited – Four laning of the stretch from Amaravati to Jalgaon in the State of Maharashtra.
- b. L&T Great Eastern Tollway Limited – Four laning of the stretch from Jalgaon to Maharashtra/Gujarat Border in the State of Maharashtra  
During the year, the following Subsidiary Companies had made allotment of equity shares @ Rs. 10/- each on Preferential Allotment basis to the Company :

Name of the Company	No. of shares
L&T Metro Rail (Hyderabad) Limited	9,20,70,000
L&T Samakhiali Gandhidham Tollway Limited	8,04,90,000
L&T Deccan Tollways Limited	1,50,000
L&T BPP Tollways Limited	82,07,50,000
L&T Infrastructure Development Projects Lanka (Pvt) Ltd	96,99,287
L&T Ahmedabad-Maliya Tollway Limited	5,19,84,900
L&T Rajkot-Vadinar Tollway Limited	5,49,84,900

The statement pursuant to Section 212 of the Companies Act, 1956 containing details of Subsidiaries of the Company, forms part of the Annual Report.

### 9. 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.

Mr. K. Venkatesh was appointed as the Chief Executive and Managing Director of the Company at the Meeting held on 13.7.2011.

### 10. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
2. that the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts have been prepared on a going concern basis.
5. that proper systems are in place to ensure compliance of all laws applicable to the Company.

### 11. DIRECTORS

Mr. Y. M. Deosthalee and Mr. K. Venkatesh, Directors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

### 12. AUDIT COMMITTEE

The Audit Committee was re-constituted at the Meeting held on 12.5.2011. Currently, the Members of the Audit Committee are :

Mr. Sudhakar Rao - Chairman

Mr. Y. M. Deosthalee Member

Mr. R. Shankar Raman Member

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

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

The terms of reference of the Audit Committee includes the following matters :

1. Review of Financial Statements
2. Review of Compliance with Accounting Standards
3. Review of Internal Control Systems
4. Discussion with Internal and External Auditors on Financial Statements & Internal Controls.
5. Review of Company's financial and risk management policies and such other matters, which the Board may assign from time to time and for this purpose the Audit Committee shall have full access to information contained in the records of the Company and external professional advice, if necessary.

**13. 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 reappointment.

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, 1956.

**14. 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 roles and offices of Chairman and Chief Executive are separated. Mr.Y.M.Deosthalee is elected as the Chairman of the Board Meeting and Mr. K. Venkateshis appointed as the Chief Executive of the Company and also appointed as the Managing Director under the Companies Act, 1956.

**B) REMUNERATION OF DIRECTORS**

The Directors are not paid any remuneration except for Independent Directors who are paid sitting fees for attending the Board meetings.

**C) INDEPENDENT DIRECTORS**

Mr. Thomas Mathew T. and Mr. Sudhakar Rao are Independent Directors on the Board of the Company.

**D) NUMBER OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR**

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

**E) 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.

**F) STATUTORY AUDITORS**

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

**G) INTERNAL AUDITORS**

An In-House Internal Audit Department provides internal audit services to the Company.

**H) 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.

**I) 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.

**15. ACKNOWLEDGEMENTS**

The Directors acknowledge the invaluable support extended to the Company by the financial institutions, bankers, employees of the Company, staff and management of the parent Company.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 4, 2012

**Y. M. DEOSTHALEE**  
Director

**R. SHANKAR RAMAN**  
Director

## AUDITORS' REPORT

### TO THE MEMBERS OF L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED

We have audited the attached Balance Sheet of L&T Infrastructure Development Projects Limited, as at March 31, 2012 and the Statement of Profit and Loss and also 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 ('the Order') 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
  - e) on the basis of written representation received from the directors of the Company except from a director Mr. Sudhakar Rao as at March 31, 2012 and taken on record by the board of directors, we report that none of the remaining directors is disqualified as at March 31, 2012 from being appointed as a director in terms of clause (g) of sub Section (1) of Section 274 of the Companies Act, 1956. In case of Mr. Sudhakar Rao, we are unable to comment as to whether he is disqualified from being appointed as a director under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956 in the absence of written representation from the said director.

In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes accompanying the financial statements including the significant accounting policies given in note 1 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 case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- ii) in the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- iii) in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

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

Place : Mumbai  
Date : May 4, 2012

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to paragraph (1) of our report of even date)

With reference to the Annexure referred to in paragraph 1 of the report to the members of L&T Infrastructure Development Projects Limited on the accounts for the year ended March 31, 2012 we report that:

- (i) (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.
- (b) The management of the Company has physically verified its fixed assets during the year. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any of its fixed assets during the year and hence reporting on clause 4(i)(c) does not arise.
- (ii) The Company does not carry inventory in its books and hence reporting under clause 4(ii)(a), (b) and (c) of the Order does not arise.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, reporting under clause 4(iii)(b), (c) and (d) of the Order does not arise.

- (e) According to the information and explanation given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, reporting under clause 4(iii)(f) and (g) of the Order does not arise.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business for purchase of fixed assets and sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the aforesaid internal control systems.
- (v) In our opinion and according to the information and explanations given to us there are no transactions that need to be entered into a register in pursuance of Section 301 of Companies Act, 1956. Hence reporting on clause 4(v) of the Order does not arise.
- (vi) The Company has not accepted any deposit from the public under the provisions of Section 58A, Section 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under. Hence reporting on clause 4(vi) of the Order does not arise.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of accounts and records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act in respect of generation of electricity from wind power and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including provident fund, income-tax, service tax and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of the aforesaid statutory dues outstanding as at March 31, 2012 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, there are no statutory dues in respect of sales tax, excise duty, service tax, customs duty and income tax that have not been deposited on account of disputes.
- (x) The Company has no accumulated losses at the March 31, 2012 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanation given to us, the Company has not availed any loan from financial institution/bank or debenture holders and hence reporting on default in repayment of dues in respect of loan from financial institution/bank or debenture holders does not arise.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / society 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 shares, securities, debentures and other investments. However the surplus funds have been invested in mutual funds. Proper records have been maintained for the transactions and contracts for the investments 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 banks or financial institution. However the Company has given undertakings to lenders of subsidiary companies and jointly controlled entity. The terms and conditions of such undertakings are not prima facie prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to the parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debentures during the year. Hence, reporting on creation of securities/charge does not arise.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our audit of the books and records of the Company carried out in accordance with generally accepted auditing practices followed in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed by us or reported during the year, nor have we been informed of such cases by the management.

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

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

Place : Mumbai  
Date : May 4, 2012

**BALANCE SHEET AS AT MARCH 31, 2012**

	Note No.	As at 31.03.2012 Rupees	Rupees	As at 31.03.2011 Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	A	3,210,490,960		2,493,008,700	
Reserves and surplus	B	26,843,394,579		13,694,933,963	
			30,053,885,539		16,187,942,663
<b>Non-current liabilities</b>					
Deferred tax liabilities (Net)	S(2)	61,591,477		67,282,012	
Other long-term liabilities	C (I)	143,000,000		143,000,000	
Long-term provisions	C (II)	780,853		—	
			205,372,330		210,282,012
<b>Current liabilities</b>					
Short-term borrowings	D (I)	754,500,000		4,950,000,000	
Trade payables	D (II)	38,810,284		59,768,553	
Other current liabilities	D (III)	120,297,173		117,594,535	
Short-term provisions	D (IV)	20,656,367		3,613,254	
			934,263,824		5,130,976,342
<b>TOTAL</b>			<b>31,193,521,693</b>		<b>21,529,201,017</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets					
Tangible assets	E (I)	670,607,422		663,349,625	
Intangible assets	E (II)	4,268,168		4,287,663	
Capital-work-in-progress	E (III)	—		16,591,362	
Intangible asset under development		—		125,000	
Non-current investments	F	20,395,576,692		15,304,125,243	
Long-term loans and advances	G	5,146,200,786		2,684,923,234	
			26,216,653,068		18,673,402,127
<b>Current assets</b>					
Current investments	H (I)	134,705,040		72,875,000	
Trade receivables	H (II)	181,906,303		181,130,127	
Cash and bank balances	H (III)	1,734,076,098		519,445,364	
Short-term loans and advances	H (IV)	2,925,946,809		2,082,113,810	
Other current assets	H (V)	234,375		234,589	
			4,976,868,625		2,855,798,890
<b>TOTAL</b>			<b>31,193,521,693</b>		<b>21,529,201,017</b>
<b>COMMITMENTS (CAPITAL AND OTHERS)</b>					
<b>CONTINGENT LIABILITIES</b>					
<b>SIGNIFICANT ACCOUNTING POLICIES</b>					
	I				
	J				
	R				

The accompanying notes form an integral part of financial statements.

As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No. 003792S

**L. VAIDYANATHAN**

Partner

Membership No. 16368

**R. CHANDRASHEKARAN**

Secretary

**K. VENKATESH**

Chief Executive &  
Managing Director

**Y. M. DEOSTHALEE**

Director

Place : Mumbai

Date : May 4, 2012

Place : Mumbai

Date : May 4, 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012**

	Note No.	2011-12 Rupees	2010-11 Rupees
<b>REVENUE</b>			
Revenue from operations	K	958,092,256	285,876,368
Other income	L	76,250,990	299,575,896
<b>TOTAL REVENUE</b>		<b>1,034,343,246</b>	<b>585,452,264</b>
<b>EXPENSES</b>			
Operating expenses	M	296,591,933	84,451,501
Employee benefits expense	N	249,564,106	103,095,481
Finance costs	O	249,988,959	136,836,878
Depreciation and amortisation expense	P	37,665,986	32,834,640
Administration and other expenses	Q	148,473,782	72,765,244
<b>TOTAL EXPENSES</b>		<b>982,284,766</b>	<b>429,983,744</b>
<b>Profit before tax</b>		<b>52,058,480</b>	<b>155,468,520</b>
<b>Tax expense</b>			
Current tax		7,947,705	—
Less: Excess provision of earlier years		(16,496,366)	—
		(8,548,661)	—
Deferred tax	S(2)	(5,690,535)	(2,294,127)
		(14,239,196)	(2,294,127)
<b>Profit after tax for the year</b>		<b>66,297,676</b>	<b>157,762,647</b>
Earnings per equity share:	S(3)		
Basic and diluted		0.24	0.61
Face value per equity share		10.00	10.00
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	R		

The accompanying notes form an integral part of financial statements.

As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants  
Firm's Registration No. 003792S

**L. VAIDYANATHAN**

Partner  
Membership No.16368

**R. CHANDRASHEKARAN**

Secretary

**K. VENKATESH**  
Chief Executive &  
Managing Director

**Y. M. DEOSTHALEE**

Director

Place : Mumbai  
Date : May 4, 2012

Place : Mumbai  
Date : May 4, 2012



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

	2011-12 Rupees	2010-11 Rupees
<b>A. Cash flow from Operating Activities</b>		
Profit before taxes	52,058,480	155,468,520
Adjustments for :		
Depreciation and amortisation	37,665,986	32,834,640
Dividend income	(12,335,348)	(173,678,429)
Interest expense	249,988,959	136,836,878
Interest income	(28,189,547)	(125,880,844)
Preoperative expenses written off	18,356,821	-
(Profit)/loss on sale of fixed assets	(29,090)	-
(Profit)/loss on sale of current investments	(34,067,981)	153,528
Exchange (gain)/loss on investments	(1,209,024)	207,971
<b>Operating Profit before working capital changes</b>	<b>282,239,256</b>	<b>25,942,264</b>
Adjustments For :		
(Increase) / Decrease in trade receivables	(776,176)	(177,796,228)
(Increase) / Decrease in loans and advances	(62,202,542)	(285,229,689)
Increase / (Decrease) in liabilities and provisions	8,116,995	(279,877,938)
<b>Cash generated from/(used in) operations</b>	<b>227,377,533</b>	<b>(716,961,591)</b>
Direct taxes paid (net of refund)	(101,976,418)	(176,603,865)
<b>Net Cash generated from / (used in) Operating Activities (A)</b>	<b>125,401,115</b>	<b>(893,565,456)</b>
<b>B. Cash Flow from Investing activities :</b>		
Purchase of fixed assets	(46,544,764)	(15,788,499)
Sale proceeds from fixed assets	29,099	-
Investment in subsidiaries, associates and joint ventures	(5,841,451,449)	(7,462,033,605)
Long-term loans to subsidiaries and associates	(2,143,065,739)	(614,176,000)
Divestment of stake in subsidiaries and associates	750,000,000	-
Exchange gain/(loss) on investments	1,209,024	(207,971)
Purchase and sale of current investments (net)	(27,762,059)	388,339,215
Intercompany deposits repaid by subsidiary	1,000,000,000	-
Intercompany deposits placed with holding Company and subsidiaries	(1,950,500,110)	(1,000,000,000)
Advance towards equity commitment	-	(497,717,729)
Dividend received from associate	4,915,000	4,915,000
Dividend received from current investments	7,420,348	168,763,429
Interest received	28,189,547	125,880,844
<b>Net Cash generated from/ (used in) Investing Activities (B)</b>	<b>(8,217,561,094)</b>	<b>(8,902,025,316)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital including securities premium	13,799,645,200	181,229,287
Issue of Commercial Papers	700,370,027	-
Refund of advance against share capital	-	(365,000,000)
Intercompany deposits received from holding Company and subsidiaries	-	3,642,800,000
Intercompany deposits repaid to holding Company and subsidiaries	(4,950,000,000)	-
Interest paid	(243,148,358)	(136,836,878)
<b>Net Cash generated from/ (used in) Financing Activities (C)</b>	<b>9,306,866,869</b>	<b>3,322,192,409</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,214,706,890</b>	<b>(6,473,398,363)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>514,216,189</b>	<b>6,987,614,552</b>
<b>Cash and cash equivalents at end of the year</b>	<b>1,728,923,079</b>	<b>514,216,189</b>

**NOTES**

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- Purchase of fixed assets includes movement of capital work-in-progress during the year.
- Cash and cash equivalents represent bank balances and deposits with maturity less than 3 months.
- Previous year's figures have been regrouped/reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No. 003792S

**L. VAIDYANATHAN**

Partner

Membership No. 16368

**R. CHANDRASHEKARAN**

Secretary

**K. VENKATESH**Chief Executive &  
Managing Director**Y. M. DEOSTHALEE**

Director

Place : Mumbai

Date : May 4, 2012

Place : Mumbai

Date : May 4, 2012



**NOTES ACCOMPANYING FINANCIAL STATEMENTS****A SHARE CAPITAL****A (I) Authorised, issued, subscribed and paid-up:**

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Rupees	No. of Shares	Rupees
<b>Authorised:</b>				
Equity shares of Rs. 10 each	350,000,000	3,500,000,000	275,000,000	2,750,000,000
<b>Issued:</b>				
Equity shares of Rs. 10 each	321,049,096	3,210,490,960	249,300,870	2,493,008,700
<b>Subscribed and fully paid up:</b>				
Equity shares of Rs. 10 each	321,049,096	3,210,490,960	249,300,870	2,493,008,700

**A (II) Reconciliation of the shares outstanding at the beginning and at the end of the year:**

	2011-12		2010-11	
	No. of Shares	Rupees	No. of Shares	Rupees
<b>Equity shares of Rs. 10 each fully paid</b>				
At the beginning of the year	249,300,870	2,493,008,700	242,531,352	2,425,313,520
Partly paid shares fully paid during the year	–	–	6,769,518	67,695,180
Issued during the year as fully paid	71,748,226	717,482,260	–	–
Outstanding at the end of the year	321,049,096	3,210,490,960	249,300,870	2,493,008,700
<b>Equity shares of Rs. 10 each Rs. 1 paid up</b>				
At the beginning of the year	–	–	6,769,518	6,769,518
Partly paid shares fully paid during the year	–	–	(6,769,518)	(6,769,518)
Outstanding at the end of the year	–	–	–	–

**A (III) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company has not issued any securities with the right/option to convert the same into equity shares at a later date

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

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

**A (IV) Shares held by holding Company/ ultimate holding Company and/or their subsidiaries/associates:**

	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
Larsen & Toubro Limited, holdings Company (along with its nominees)				
Equity shares of Rs. 10 each fully paid up	312,859,096	97.45	243,450,870	97.65

**A (V) Details of shareholders holding more than 5% equity shares in the Company:**

Larsen & Toubro Limited (along with its nominees)				
Equity shares of Rs. 10 each fully paid up	312,859,096	97.45	243,450,870	97.65

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

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

**A (VII) Calls unpaid: NIL; Forfeited shares: NIL.**

	<b>As at 31.03.2012</b>		<b>As at 31.03.2011</b>	
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>B RESERVES AND SURPLUS</b>				
<b>Securities premium account</b>				
As per last Balance Sheet	<b>6,665,783,072</b>		<b>6,358,853,126</b>	
Additions during the year	<b>13,082,162,940</b>		<b>306,929,946</b>	
		<b>19,747,946,012</b>		<b>6,665,783,072</b>
<b>Surplus</b>				
As per last Balance Sheet	<b>7,029,150,891</b>		<b>6,871,388,244</b>	
Profit for the year	<b>66,297,676</b>		<b>157,762,647</b>	
		<b>7,095,448,567</b>		<b>7,029,150,891</b>
<b>TOTAL</b>		<b>26,843,394,579</b>		<b>13,694,933,963</b>
<b>C (I) OTHER LONG-TERM LIABILITIES</b>				
Advance received against sale of investments [refer note C(I)(i)]		<b>143,000,000</b>		<b>143,000,000</b>
<b>TOTAL</b>		<b>143,000,000</b>		<b>143,000,000</b>
<b>Note C(I)(i):</b>				
Advance received against sale of investments represents advance of Rs. 14,30,00,000 received from M/s. Sical Logistics Limited (SLL) against sale of 1,43,00,000 equity shares of Rs. 10/- each in M/s Sical Iron Ore Terminals Limited (SIOTL) at cost to SLL vide Agreement for Share Sale and Purchase dated December 17, 2008. The sale is subject to the condition that it can be completed only after three years from the date of commencement of commercial operation by SIOTL as per clause 18.2.2 (i) (d) of the License agreement dated September 23, 2006 between SIOTL and M/s Ennore Port Limited. As of March 31, 2012 SIOTL is yet to commence commercial operation.				
<b>(II) LONG-TERM PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Provision for interest rate guaranteed on trust-managed provident fund		<b>780,853</b>		–
<b>TOTAL</b>		<b>780,853</b>		–
<b>D (I) SHORT-TERM BORROWINGS</b>				
Unsecured:				
Inter corporate borrowings (repayable on demand)				
From related parties				
Holding Company	–		<b>2,400,000,000</b>	
Subsidiaries	–		<b>2,550,000,000</b>	
		–		<b>4,950,000,000</b>
Commercial papers [refer note D(I)(i)]				
Issued to related parties				
Subsidiaries		<b>754,500,000</b>		
<b>TOTAL</b>		<b>754,500,000</b>		<b>4,950,000,000</b>

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
<b>Note D(II)(i):</b>				
During the year, 1509 Commercial papers having face value of Rs. 5,00,000 each with a tenor of 364 days was issued at a discount of 7.75% p.a. The same is redeemable at par on February 12, 2013.				
<b>D (II) TRADE PAYABLES</b>				
Due to micro and small enterprises [refer note D(II)(i)]		–		–
Due to related parties				
Holding Company	14,802,410		19,023,844	
Fellow subsidiary	–		22,788,421	
		14,802,410		41,812,265
Due to others		24,007,874		17,956,288
<b>TOTAL</b>		<b>38,810,284</b>		<b>59,768,553</b>

**Note D(II)(i):**

There has been no transaction during the year with micro and small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence reporting details of principal and interest paid / outstanding does not arise.

<b>D (III) OTHER CURRENT LIABILITIES</b>				
Interest accrued but not due on borrowings		–		20,383,151
Due to related parties				
Holding Company	9,799,321		11,858,136	
Fellow subsidiaries	2,084,669		–	
		11,883,990		11,858,136
Advance received against sale of investments [refer note D(III)(i)]		67,875,000		67,875,000
Other payables				
Statutory liabilities [refer note D(III)(ii)]	12,378,570		13,665,772	
Others	28,159,613		3,812,476	
		40,538,183		17,478,248
<b>TOTAL</b>		<b>120,297,173</b>		<b>117,594,535</b>

**Note D(III)(i)**

Advance received against sale of investments represents advance received from M/s. JRE Tank Terminals Private Limited (JRETTPL) under an agreement dated 24th August 2007 towards sale of 6,78,7500 equity share of Rs.10/- each at cost in M/s. Ennore Tank Terminals Private Limited (ETTPL) to be transferred on completion of three calendar years from the date of commencement of commercial operation. The said project has commenced commercial operations on January 15, 2009. Accordingly, the above equity shares could be transferred on or after January 15, 2012. The Company has initiated the share transfer process and it is expected to be completed in 2012-13 once the approval of Ennore Port Limited is obtained by JRETTPL.

**Note D(III)(ii)**

Statutory liabilities include Rs. 13,28,456 towards contribution to trust managed provident fund for the month of March 2012.

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

	As at 31.03.2012		As at 31.03.2011
	Rupees	Rupees	Rupees
<b>D (IV) SHORT-TERM PROVISIONS</b>			
Provision for employee benefits			
Gratuity	4,322,749		1,372,267
Compensated absences	16,251,777		2,240,987
		20,574,526	3,613,254
Provision for wealth tax [refer note D(IV)(i)]		81,841	–
<b>TOTAL</b>		<b>20,656,367</b>	<b>3,613,254</b>

**Note D(IV)(i):**

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

**E FIXED ASSETS****E (I) Tangible Assets**

(Figures in Rs.)

	GROSS				DEPRECIATION				NET CARRYING VALUE	
PARTICULARS	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Up to 31.03.2011	For the year	Deductions	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Land</b>										
Freehold	10,995,000	–	–	10,995,000	–	–	–	–	10,995,000	10,995,000
Leasehold [refer note E(I)(i)]	152,550,000	–	–	152,550,000	4,365,907	1,540,909	–	5,906,816	146,643,184	148,184,093
<b>Buildings</b>										
Owned [refer note E(I)(ii)]	1,329,550	–	–	1,329,550	148,082	21,672	–	169,754	1,159,796	1,181,468
Leased out	–	20,760,064	–	20,760,064	–	225,593	–	225,593	20,534,471	–
<b>Computers</b>										
Owned	12,197,293	10,901,382	625,640	22,473,035	4,912,043	3,978,094	625,631	8,264,506	14,208,529	7,285,250
<b>Office Equipments</b>										
Owned	4,591,284	150,218	–	4,741,502	1,392,664	1,728,810	–	3,121,474	1,620,028	3,198,620
<b>Plant &amp; Equipment</b>										
Owned	511,623,216	1,030,000	–	512,653,216	27,366,753	24,849,127	–	52,215,880	460,437,336	484,256,463
<b>Electrical Installations</b>										
Owned	1,638,571	–	–	1,638,571	1,144,659	55,897	–	1,200,556	438,015	493,912
<b>Vehicles</b>										
Owned	2,779,983	9,867,449	–	12,647,432	73,827	1,389,569	–	1,463,396	11,184,036	2,706,156
<b>Furniture &amp; Fixture</b>										
Owned	16,839,272	91,504	–	16,930,776	11,790,609	1,753,140	–	13,543,749	3,387,027	5,048,663
<b>TOTAL</b>	<b>714,544,169</b>	<b>42,800,617</b>	<b>625,640</b>	<b>756,719,146</b>	<b>51,194,544</b>	<b>35,542,811</b>	<b>625,631</b>	<b>86,111,724</b>	<b>670,607,422</b>	
<i>Previous year</i>	<i>700,727,809</i>	<i>13,816,360</i>	<i>–</i>	<i>714,544,169</i>	<i>19,309,080</i>	<i>31,885,464</i>	<i>–</i>	<i>51,194,544</i>		<i>663,349,625</i>

**E (II) Intangible Assets**

(Figures in Rs.)

	GROSS				DEPRECIATION				NET CARRYING VALUE	
PARTICULARS	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Up to 31.03.2011	For the year	Deductions	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
Specialised Software	8,133,864	3,686,280	–	11,820,144	3,846,201	3,705,775	–	7,551,976	4,268,168	4,287,663
<b>TOTAL</b>	<b>8,133,864</b>	<b>3,686,280</b>	<b>–</b>	<b>11,820,144</b>	<b>3,846,201</b>	<b>3,705,775</b>	<b>–</b>	<b>7,551,976</b>	<b>4,268,168</b>	
<i>Previous year</i>	<i>6,813,289</i>	<i>1,320,575</i>	<i>–</i>	<i>8,133,864</i>	<i>1,321,329</i>	<i>2,524,872</i>	<i>–</i>	<i>3,846,201</i>		<i>4,287,663</i>

**Notes:**

**E(I)(i)** Lease hold land represents 50.85 acres at Nagpur taken on ninety nine years lease with effect from June 01, 2008 as per the agreement dated June 20, 2008 with Maharashtra Airport Development Company Ltd for development of information technology infrastructure facilities.

**E(I)(ii)** Cost of owned building represents ownership of an accommodation by holding 5 shares of Rs. 50/- each in a co-operative society.

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)****E (III) CAPITAL-WORK-IN-PROGRESS****Pre-operative expenses pending allocation**

[refer note E(III)(i)]

Particulars	As at 01.04.2011	Additions during the year	Written off during the year	As at 31.03.2012
	Rupees	Rupees	Rupees	Rupees
Design Fees	3,000,000	–	3,000,000	–
Survey expenses	458,050	–	458,050	–
Salaries & wages	1,106,047	–	1,106,047	–
Contribution to Provident Fund	33,780	–	33,780	–
Cost of service	2,491,626	–	2,491,626	–
Welfare expenses	107,214	230	107,444	–
Rent	881,666	–	881,666	–
Professional fees	1,476,282	–	1,476,282	–
Communication expenses	188,889	583	189,472	–
Travelling & conveyance	1,404,319	50,990	1,455,309	–
Depreciation and amortisation	4,492,926	1,582,600	6,075,526	–
Miscellaneous expenses	950,563	131,056	1,081,619	–
<b>TOTAL</b>	<b>16,591,362</b>	<b>1,765,459</b>	<b>18,356,821</b>	<b>–</b>

**Note E(III)(i):**

The Company has been given approval vide gazette notification no.F2/31/2005 – EPZ dated 29th December 2008 by the Ministry of Commerce & Industry, for setting up the Special Economic Zone for developing information technology infrastructure facilities at Nagpur. During the year the Company has reviewed the progress of the project and the original development plan is being revised in view of the changed market scenario. Accordingly, pre-operative expenses amounting to Rs. 1,83,56,821 has been written off to the Statement of profit and loss.

**F NON-CURRENT INVESTMENTS**

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
<b>Trade investments</b>				
<b>(valued at cost unless stated otherwise)</b>				
Investments in unquoted equity instruments of				
Subsidiaries	16,309,565,472		11,822,815,643	
Joint ventures	3,239,999,600		3,239,999,600	
Associates	703,001,620		98,300,000	
Other companies	143,010,000		143,010,000	
		<b>20,395,576,692</b>		<b>15,304,125,243</b>
<b>TOTAL</b>		<b>20,395,576,692</b>		<b>15,304,125,243</b>
Aggregate amount of unquoted investments		<b>20,395,576,692</b>		<b>15,304,125,243</b>

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)****F (I) DETAILS OF NON CURRENT INVESTMENTS**

	Particulars	Face value Rs. per share	Number of shares				As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
			As at 01.04.2011	Purchased / subscribed during the year	Sold during the year	As at 31.03.2012		
	<b>Trade investments:</b>							
	<b>Unquoted equity instruments:</b>							
<b>(i)</b>	<b>Investment in subsidiaries:</b>							
	Fully paid equity shares :							
	L&T Transportation Infrastructure Limited	10	30,536,000	–	–	30,536,000	531,366,014	531,366,014
	L&T Interstate Road Corridor Limited	10	57,160,000	–	–	57,160,000	571,600,000	571,600,000
	L&T Krishnagiri Thopur Toll Road Limited	10	78,750,000	–	–	78,750,000	787,500,000	787,500,000
	L&T Panipat Elevated Corridor Limited	10	84,300,000	–	–	84,300,000	843,000,000	843,000,000
	L&T Vadodara Bharuch Tollway Limited	10	43,500,000	–	–	43,500,000	435,000,000	435,000,000
	L&T Western Andhra Tollways Limited	10	56,500,000	–	–	56,500,000	565,000,000	565,000,000
	L&T Infrastructure Development Projects Lanka (Private) Limited	10*	136,341,275	9,699,287	–	146,040,562	625,305,373	581,434,944
	International Seaports (India) Private Limited	10	2,500,560	–	–	2,500,560	45	45
	L&T Devihalli Hassan Tollways Limited	10	2,109,900	87,890,000	–	89,999,900	899,999,000	21,099,000
	L&T Krishnagiri Walajahpet Tollways Limited	10	89,997,400	–	–	89,997,400	899,974,000	899,974,000
	L&T Metro Rail (Hyderabad) Limited	10	340,559,600	92,070,000	–	432,629,600	4,326,296,000	3,405,596,000
	L&T Ahmedabad Maliya Tollway Limited	10	97,015,000	51,984,900	–	148,999,900	1,489,999,000	970,150,000
	L&T Halol Shamlaji Tollway Limited	10	130,499,900	–	–	130,499,900	1,304,999,000	1,304,999,000
	L&T Transco Private Limited	10	10,000	–	–	10,000	100,000	100,000
	L&T Port Kachchigarh Limited	10	3,500,000	660,000	–	4,160,000	41,600,000	35,000,000
	Narmada Infrastructure Construction Enterprise Limited	10	6,701,500	–	–	6,701,500	120,996,640	120,996,640
	L&T Urban Infrastructure Limited	10	75,000,000	–	75,000,000	–	–	750,000,000
	L&T Samakhali Gandhidham Tollway Limited	10	–	80,508,133	–	80,508,133	805,081,330	–
	L&T Rajkot Vadinar Tollway Limited	10	–	109,999,900	–	109,999,900	1,099,999,000	–
	L&T BPP Tollway Limited	10	–	82,075,000	–	82,075,000	820,750,000	–
	L&T Deccan Tollways Limited	10	–	150,000	–	150,000	1,500,000	–
	L&T Western India Tollbridge Limited	10	–	13,950,007	–	13,950,007	139,500,070	–
	<b>TOTAL</b>						16,309,565,472	11,822,815,643
<b>(ii)</b>	<b>Investment in joint ventures:</b>							
	Fully paid equity shares :							
	The Dhamra Port Company Limited	10	323,999,960	–	–	323,999,960	3,239,999,600	3,239,999,600
	<b>TOTAL</b>						3,239,999,600	3,239,999,600
<b>(iii)</b>	<b>Investment in associates:</b>							
	Fully paid equity shares :							
	International Seaports Haldia (Private) Limited	10	9,830,000	–	–	9,830,000	98,300,000	98,300,000
	PNG Tollway Limited	10	–	60,470,162	–	60,470,162	604,701,620	–
	<b>TOTAL</b>						703,001,620	98,300,000

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

	Particulars	Face value Rs. per share	Number of shares				As at 31.03.2012 (Rs.)	As at 31.03.2011 (Rs.)
			As at 01.04.2011	Purchased / subscribed during the year	Sold during the year	As at 31.03.2012		
(iv)	<b>Investment in other companies:</b>							
	Fully paid equity shares :							
	Second Vivekananda Bridge Tollway Company Private Limited	10	1,000	–	–	1,000	10,000	10,000
	SICAL Iron Ore Terminals Limited [refer note C(I)(i)]	10	14,300,000	–	–	14,300,000	143,000,000	143,000,000
	<b>TOTAL</b>						143,010,000	143,010,000
	<b>Total Non Current Investments</b>						20,395,576,692	15,304,125,243

\* Srilankan Rupees

**Note F(i):**

The Company had pledged its investment in the equity shares of the following companies, to the lenders of term loan of the respective companies

Sl. No	Name of the Company	As at 31.03.2012		As at 31.03.2011	
		Rs.	Rs.	Rs.	Rs.
(a)	<b>Subsidiary</b>				
1.	L&T Panipat Elevated Corridor Limited	429,929,970		429,929,970	
2.	L&T Krishnagiri Thopur Toll Road Limited	401,624,970		401,624,970	
3.	L&T Western Andhra Tollway Limited	288,149,970		288,149,970	
4.	L&T Vadodara Bharuch Tollway Limited	221,849,960		221,849,960	
5.	L&T Interstate Road Corridor Limited	275,997,510		275,997,510	
6.	L&T Krishnagiri Walahjapet Tollway Limited	458,986,710		–	
7.	L&T Metro Rail (Hyderabad) Limited	1,736,853,960		–	
8.	L&T Samakhiali Gandhidham Tollway Limited	122,400,000		–	
			3,935,793,050		1,617,552,380
(b)	Jointly Controlled Entity				
	The Dhamra Port Company Limited		1,652,400,000		1,652,400,000
(c)	Others				
	Second Vivekananda Bridge Tollway Company Private Limited		10,000		10,000
	<b>TOTAL</b>		5,588,203,050		3,269,962,380

**Note F(ii):**

Disclosures pursuant to Accounting Standard (AS 13) "Accounting for Investments"

The Company has given, inter alia, the following undertakings in respect of its investments:

- Jointly with Larsen & Toubro Limited (holding Company), to the term lenders of L&T Transportation Infrastructure Limited (LTTIL) not to reduce their joint shareholding in LTTIL below 51% until the financial assistance received from the term lenders is repaid in full by LTTIL.
- Jointly with Tata Steel Limited to the term lenders of The Dhamra Port Company Limited (DPCL) not to reduce the joint shareholding in DPCL below 26% during the concession period.



**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

- (c) To the term lenders of the following companies, not to reduce its shareholding below 26% till final settlement to the term lenders.
- L&T Panipat Elevated Corridor Limited  
L&T Krishnagiri Thopur Toll Road Limited  
L&T Western Andhra Tollway Limited  
L&T Interstate Road Corridor Limited
- (d) To the term lenders of L&T Vadodara Bharuch Tollway Limited not to reduce its shareholding below 51% upto a period of 3 years after Commercial Operation Date (COD) and below 26% till final settlement to the term lenders.
- (e) Jointly with Larsen & Toubro Limited (holding Company) to the term lenders of L&T Metro Rail (Hyderabad) Limited (LTMRHL) to pledge 51% of the paid-up and voting equity share capital of LTMRHL.
- (f) Jointly with Larsen & Toubro Limited (holding Company), to the term lenders of L&T Krishnagiri Walajahpet Tollway Limited (LTKWTL) not to reduce their joint shareholding in LTKWTL below 51% until the financial assistance received from the term lenders is repaid in full by LTKWTL.
- (g) Jointly with Larsen & Toubro Limited (holding Company) and L&T Transco Private Limited (subsidiary Company), to the term lenders of L&T Samakhiali Gandhidham Tollway Limited (LTSGTL) not to reduce their joint shareholding in LTSGTL below 51% until the financial assistance received from the term lenders is repaid in full by LTSGTL.
- (h) To the term lenders of the following companies, not to divest control without the prior approval of the lenders and Gujarat State Road Development Corporation Limited.
- L&T Rajkot Vadinar Tollway Limited  
L&T Ahmedabad Maliya Tollway Limited  
L&T Halol Shamlaji Tollway Limited
- (i) To the term lenders of L&T Devihalli Hassan Tollway Limited (LTDHTL) not to reduce the shareholding in LTDHTL below 51% until the financial assistance received from the term lenders is repaid in full by LTDHTL.

**Note F(iii):**

The Company is of the view that there is no diminution of other than temporary nature in the value of its long term investments as of March 31, 2012, based on

- a. estimated future cash flows of the investee project companies and
- b. definitive agreements for sale that have already been entered into for certain of its investments,

**G LONG TERM LOANS AND ADVANCES**

	<b>As at 31.03.2012</b>		<b>As at 31.03.2011</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Capital advances		<b>21,792,997</b>	–
Loans and advances to related parties			
Holding Company:			
Advance paid for purchase of investments		–	8,395,829
Subsidiary companies:			
Unsecured loans [refer note G(i)]	<b>4,254,978,000</b>		2,354,176,000
Advance towards equity commitment	–		322,351,405
Advance paid for purchase of investments	<b>627,166,050</b>		–
		<b>4,882,144,050</b>	2,676,527,405
Associate Company:			
Unsecured loans (including interest accrued thereon) [refer note G(ii)]		<b>242,263,739</b>	–
<b>TOTAL</b>		<b>5,146,200,786</b>	2,684,923,234

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)****Note G(i):** Unsecured loans to subsidiary companies represents

(a) Subordinated debt of Rs. 174,00,00,000 (*previous year Rs. 174,00,00,000*) to its subsidiary, L&T Vadodara Bharuch Tollway Limited (L&T VBTL) pursuant to the loan agreement dated December 13, 2006, with the term lenders to the project. The repayment/redemption of this debt will be made only after secured obligations are discharged by L&T VBTL to its lenders. Interest not exceeding 9 % p.a is recoverable from the subsidiary on this subordinated debt after expiry of twelve months from the Commercial Operation Date (COD) of the project, provided the subsidiary is able to maintain Senior Debt Service Coverage Ratio (SDSCR) of 1.22. The project achieved COD on June 3, 2009, however L&T VBTL is yet to achieve the stipulated SDSCR as at March 31, 2012 and hence no interest has been accrued in this regard.

(b) Interest-free, Mezzanine debt of Rs. 35,65,25,000 (*previous year Rs. 35,65,25,000*) given to its subsidiary, L&T Krishnagiri Walajahpet Tollway Limited. The repayment of this debt will be made only after secured obligations are discharged by the subsidiary to its lenders as per clause 2 of Schedule 2 of the Common Loan Agreement dated November 03, 2010.

(c) Interest-free Mezzanine debt of Rs. 102,76,51,000 (*previous year Rs. 25,76,51,000*) given to its subsidiary, L&T Halol - Shamlaji Tollway Limited. The repayment of this debt will be made only after secured obligations are discharged by the subsidiary to its lenders, as per Part B of Schedule III of the Common Loan Agreement dated August 28, 2009.

(d) Interest-free Mezzanine debt of Rs. 50,41,51,000 (*previous year Rs. Nil*) given to its subsidiary, L&T Ahmedabad - Maliya Tollway Limited. The repayment of this debt will be made only after secured obligations are discharged by the subsidiary to its lenders, as per Schedule IX of the Common Loan Agreement dated October 09, 2009.

(e) Interest-free Mezzanine debt of Rs. 62,66,51,000 (*previous year Rs. Nil*) given to its subsidiary, L&T Rajkot - Vadinar Tollway Limited. The repayment of this debt will be made only after secured obligations are discharged by the subsidiary to its lenders, as per Part B of Schedule III of the Common Loan Agreement dated August 23, 2009.

**Note G(ii):**

Unsecured loans to Associate Company represents mezzanine debt of Rs. 24,00,00,000 (*previous year Rs. Nil*) given to its associate, PNG Tollway Limited. The repayment of this debt will be made only after secured obligations are discharged by the associate to its lenders, as per Part B of Schedule III of the Common Loan Agreement dated August 23, 2009. Interest of Rs. 22,63,739 at 12.30 % p.a. has been accrued and is payable after approval of lenders.

	<b>As at 31.03.2012</b>		<b>As at 31.03.2011</b>	
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>H (I) CURRENT INVESTMENTS</b>				
Investment in unquoted equity instruments				
Ennore Tank Terminals Private Limited	<b>67,875,000</b>		67,875,000	
[refer note D(III)(i)]				
(67,87,500 equity shares of Rs. 10 each)				
(PY: 67,87,500 equity shares of Rs. 10 each)				
Investment in unquoted Bonds				
6.25% REC Ltd NCRT Bonds - Series VIII	<b>5,000,000</b>		5,000,000	
(500 units of Rs. 10,000 each)				
(PY: 500 units of Rs. 10,000 each)				
Investment in quoted money market mutual funds	<b>61,830,040</b>		—	
		<b>134,705,040</b>		72,875,000
<b>TOTAL</b>		<b>134,705,040</b>		72,875,000
Aggregate amount of quoted investments		<b>61,830,040</b>		—
Market value of quoted investments		<b>62,452,961</b>		—
Aggregate amount of unquoted investments		<b>72,875,000</b>		72,875,000
<b>H (II) TRADE RECEIVABLES</b>				
Unsecured considered good				
Outstanding for a period of more than six months	<b>60,254,233</b>		—	
Other trade receivables	<b>121,652,070</b>		181,130,127	
		<b>181,906,303</b>		181,130,127
<b>TOTAL</b>		<b>181,906,303</b>		181,130,127

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
<b>H (III) CASH AND BANK BALANCES</b>				
Cash and cash equivalents				
Balance with banks on current accounts	53,619,630		39,495,081	
Bank deposits with maturity less than three months (including interest accrued thereon)	1,675,303,449		474,721,108	
		1,728,923,079		514,216,189
Other bank balances				
Bank deposits with maturity more than three months but less than twelve months (including interest accrued thereon)		5,153,019		5,229,175
<b>TOTAL</b>		<b>1,734,076,098</b>		<b>519,445,364</b>
<b>H (IV) SHORT-TERM LOANS AND ADVANCES</b>				
Unsecured, considered good				
Loans and advances to related parties				
Holding Company				
Inter-corporate deposits (including interest accrued thereon)		1,785,500,110		–
Subsidiary companies:				
Inter-corporate deposits	165,000,000		1,000,000,000	
Loans [refer note H(IV)(i)]	467,300,000		676,870,000	
Other advances	189,500,336		191,018,729	
		821,800,336		1,867,888,729
Fellow subsidiary companies:				
Other advances		4,812		11,218,938
Other short term loans and advances				
Advance tax and TDS receivable (net of provisions)	206,006,355		104,103,172	
Unamortised discount on Commercial paper [refer note D(i)]	47,289,372		–	
Security deposits	7,107,501		4,772,421	
Other advances	58,238,323		94,130,550	
		318,641,551		203,006,143
<b>TOTAL</b>		<b>2,925,946,809</b>		<b>2,082,113,810</b>

**Note H(IV)(i):** Unsecured loans includes interest free short-term funding provided to the following subsidiaries

Name of the Subsidiary	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
L&T Panipat Elevated Corridor Limited	418,800,000	357,100,000
L&T Rajkot Vadinar Tollway Limited	48,500,000	–
L&T Urban Infrastructure Limited	–	319,770,000
<b>TOTAL</b>	<b>467,300,000</b>	<b>676,870,000</b>

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
<b>H (V) OTHER CURRENT ASSETS</b>				
Interest accrued on current investment		234,375		234,589
<b>TOTAL</b>		<b>234,375</b>		<b>234,589</b>
<b>I COMMITMENTS:</b>				
(i) Estimated amount of committed funding by way of equity / loans to subsidiary and associate companies Rs. 41,41,05,53,090 (previous year Rs. 3388,79,77,000)				
(ii) Estimated amount of contracts remaining to be executed on capital account Rs. 23,29,536 (previous year Rs. Nil)				
(iii) The Company has given undertakings to the term lenders of the following subsidiaries to meet the cost overrun to the extent of 5% of the project cost				
(a) L&T Krishnagiri Thopur Toll Road Limited				
(b) L&T Western Andhra Tollway Limited				
(c) L&T Rajkot Vadinar Tollway Limited				
(d) L&T Ahmedabad Maliya Tollway Limited				
(e) L&T Devihalli Hassan Tollway Limited				
(f) L&T BPP Tollway Limited				
(f) L&T Halol Shamlaji Tollway Limited				
(iv) The Company has given an undertaking jointly with Larsen & Toubro Limited (holding Company) to the term lenders of L&T Metro Rail (Hyderabad) Limited (LTMRHL) to meet the cost overrun to the extent of 5% of the project cost.				
(v) The Company has given an undertaking jointly with Larsen & Toubro Limited (holding Company) to the term lenders of L&T Krishnagiri Walajahpet Tollway Limited (LTKWTL) to meet the cost overrun to the extent of 5% of the project cost.				
(vi) The Company has given an undertaking jointly with Larsen & Toubro Limited (holding Company) and L&T Transco Private Limited (subsidiary Company), to the term lenders of L&T Samakhiali Gandhidham Tollway Limited to meet the cost overrun to the extent of 5% of the project cost.				
(vii) The Company has given, inter alia, the following commitments in respect of its investments:				
(a) Jointly with Larsen & Toubro Limited (holding Company), to the term lenders of L&T Transportation Infrastructure Limited (LTTIL) to jointly meet the shortfall in the working capital requirements of LTTIL until the financial assistance received from the term lenders is repaid in full by LTTIL.				
(b) To the term lenders of L&T Vadodara Bharuch Tollway Limited (LTVBTL) to provide financial support to LTVBTL to meet shortfall, if any, in meeting the debt repayment after receipt of Termination payment from NHAI, in the event of a termination of the Concession Agreement pursuant to occurrence of the Concessionaire Event of Default or any Force Majeure Event as stated in the said Concession Agreement.				
(c) Jointly with Larsen & Toubro Limited (holding Company) to the term lenders of L&T Metro Rail (Hyderabad) Limited (LTMRHL):				
(I) balance of the Sponsors' Contribution towards Project Equity Capital (except Government of Andhra Pradesh Grant), maintaining the stipulated Debt to Equity Ratio from time to time.				
(II) to provide funds to LTMRHL in case the Government of Andhra Pradesh Grant is not received in time.				
(III) to meet the shortfall if any, in maintaining the Debt Service Coverage Reserve at 1.0 time to the maximum extent of Rs. 503 crores as envisaged under the base case financial model.				
(d) To the term lenders of L&T Rajkot Vadinar Tollway Limited to meet the shortfall in maintaining the Debt Service Coverage Reserve at 1.2 times from the project completion date till March 31, 2015, to the maximum extent of Rs. 25 crores.				
(e) To the term lenders of L&T Ahmedabad Maliya Tollway Limited for meeting the shortfall (if any) subject to a maximum of Rs. 30 crores, in maintaining the Debt Service Coverage Reserve at 1.2 times till three years from the date of Commercial Operations Date (COD).				
(f) To the term lenders of L&T Devihalli Hassan Tollway Limited to provide one time sponsor contribution of Rs. 10 crores in the form of lien marked fixed deposit for a period of 7 years from the date of COD.				
(g) To the term lenders of L&T BPP Tollway Limited to meet shortfall as provided in the base case revenue projections for the first two years post COD.				

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

- (vi) The Company has given an undertaking to provide financial and other necessary support to the following subsidiary companies,

<b>Name of the Subsidiary</b>	<b>Extent of support (Rs.)</b>
L&T Port Kachchigarh Limited	<b>2,500,000</b>
L&T Transco Private Limited	<b>10,000,000</b>
International Seaports India (Private) Limited	<b>20,000,000</b>

**J CONTINGENT LIABILITIES:**

- (i) Contingent liability in respect of guarantees issued on behalf of subsidiaries Rs. 133,82,69,025 (previous year: Rs. 140,22,00,000)
- (ii) The Company is contingently liable to the extent of its investments pledged for loans taken by:

Subsidiaries (Rs.)	<b>3,935,793,050</b>
Joint Ventures (Rs.)	<b>1,652,400,000</b>
Other Companies (Rs.)	<b>10,000</b>

**K REVENUE FROM OPERATIONS:**

	<b>2011-12</b>		<b>2010-11</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Project facilitation and advisory service fees		<b>784,119,809</b>	212,455,471
Income from wind power generation		<b>60,933,784</b>	61,491,322
Other operating revenues			
Facility management services	<b>9,554,192</b>		11,929,575
Business support services	<b>103,484,471</b>		—
		<b>113,038,663</b>	11,929,575
<b>TOTAL</b>		<b>958,092,256</b>	285,876,368

**L OTHER INCOME:**

Interest income:			
From holding Company			
On inter corporate deposits	<b>6,111,233</b>		3,287,671
From subsidiary			
On inter corporate deposits	<b>959,110</b>		679,672
From fellow subsidiary			
On inter corporate deposits	<b>8,073,973</b>		16,986,301
From associate			
On unsecured mezzanine debt	<b>2,515,266</b>		
From bank deposits	<b>8,509,797</b>		104,625,831
Others	<b>2,020,168</b>		301,369
		<b>28,189,547</b>	125,880,844
Dividend income on			
Long-term investments	<b>4,915,000</b>		4,915,000
Current investments	<b>7,420,348</b>		168,763,429
		<b>12,335,348</b>	173,678,429
Exchange gain (net)		<b>1,209,024</b>	—
Profit on sale of current investments		<b>34,067,981</b>	—
Miscellaneous income		<b>449,090</b>	16,623
<b>TOTAL</b>		<b>76,250,990</b>	299,575,896

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

	2011-12		2010-11	
	Rupees	Rupees	Rupees	Rupees
<b>M OPERATING EXPENSES:</b>				
Professional and consultancy charges	264,528,811		73,668,123	
Tender document expenses	20,728,174		4,482,503	
Repairs and maintenance to machinery	4,303,735		–	
Insurance	7,031,213		6,300,875	
		296,591,933		84,451,501
<b>TOTAL</b>		296,591,933		84,451,501
<b>N EMPLOYEE BENEFIT EXPENSE:</b>				
Salaries and wages		178,432,798		42,052,468
Cost of services		30,942,533		50,161,236
Contribution to and provision for:				
Provident fund	8,420,658		2,610,874	
Gratuity	6,606,134		1,646,966	
Compensated absences (refer note N(i) below)	14,927,791		1,283,111	
Superannuation	103,101		–	
		30,057,684		5,540,951
Staff welfare expenses		10,131,091		5,340,826
<b>TOTAL</b>		249,564,106		103,095,481
<b>Note N(i):</b>				
Provision for the year for compensated absences includes provision made on actuarial basis for the past services of employees transferred from the holding Company				
<b>O FINANCE COST</b>				
Interest expenses	243,148,358		136,836,878	
Amortised discount on Commercial paper	6,840,601		–	
		249,988,959		136,836,878
<b>TOTAL</b>		249,988,959		136,836,878
<b>P DEPRECIATION AND AMORTISATION EXPENSE</b>				
Depreciation on tangible assets	35,542,811		31,885,464	
Amortisation of intangible assets	3,705,775		2,524,872	
Less: Transferred to Pre-operative expenses	(1,582,600)		(1,575,696)	
		37,665,986		32,834,640
<b>TOTAL</b>		37,665,986		32,834,640

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

	2011-12		2010-11	
	Rupees	Rupees	Rupees	Rupees
<b>Q ADMINISTRATION AND OTHER EXPENSES:</b>				
Other professional charges		19,353,213		14,396,269
Insurance		3,542,825		535,599
Rent [refer note Q(i)]		18,205,228		14,522,000
Rates & taxes		706,649		1,012,764
Repairs & maintenance				
Buildings	19,769		9,683	
Others	13,452,401		2,792,477	
		13,472,170		2,802,160
Establishment expenses		8,569,313		5,321,470
Printing & stationery		1,497,786		1,094,494
Power & electricity charges		1,479,390		1,005,422
Communication & postage		5,172,745		3,228,862
Bank and bank guarantee charges		5,607,685		646,895
Travelling & conveyance		40,775,658		18,961,643
Exchange loss (net)		–		207,971
Loss on sale of current investments (net)		–		153,528
Preoperative expenses written off		18,356,821		–
Miscellaneous expenses [refer Note Q(ii)]		11,734,299		8,876,167
<b>TOTAL</b>		<b>148,473,782</b>		<b>72,765,244</b>

**Note Q(i):**

The Company has taken residential premises and office premises under cancellable operating leases. These lease agreements are normally renewed on expiry. Lease rental expenses in respect of operating leases is Rs. 1,82,05,228 (*previous year Rs. 1,45,22,000*)

**Note Q(ii):**

Miscellaneous expenses include Auditors remuneration (excluding service tax)

	2011-12	2010-11
	Rupees	Rupees
Audit fees	425,000	425,000
Taxation matters	75,000	75,000
Company law matters	40,750	17,500
Other services	313,800	431,250
Reimbursement of expenses	–	69,608
<b>TOTAL</b>	<b>854,550</b>	<b>1,018,358</b>



## NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

### R SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP"), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. However, certain claims, which are not ascertainable / acknowledged 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 year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

#### 2. Revenue Recognition:

- (i) Project facilitation and advisory fees are accounted using proportionate completion method based on the agreement / arrangement with customers.
- (ii) Revenue from windmill operations is recognized based on contractual agreements with the holding Company and the state electricity board.
- (iii) Other operating revenues are accounted on time proportion basis based on the agreement / arrangement with customers
- (iv) Dividend income is accounted when the right to receive the same is established.
- (v) Interest income is accrued at applicable interest rate on time proportion basis.
- (vi) Other items of income are accounted for as and when the right to receive arises.

#### 3. Employee Benefits

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

##### (i) Short Term Employee Benefits:

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

##### (ii) Post Employment Benefits:

###### (a) Defined Contribution Plans:

The Company's superannuation scheme and State Governed Provident Fund linked with Employee Pension Scheme are Defined Contribution Plans. The contribution paid/ payable under the scheme is recognized during the period in which the employee renders the related service.

###### (b) Defined benefit plans:

The employees gratuity fund schemes and provident fund scheme managed by the trust of the holding Company are the Company's defined benefit plans. The present value of the obligation under such Defined Benefit Plans is determined based on actuarial valuation using Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Statement of profit and loss.

##### (iii) Long Term Employee Benefits:

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

#### 4. Fixed Assets

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

Pre-operative expenses on projects are capitalized upon commencement of commercial operation.

#### 5. Depreciation

Depreciation on assets have been provided on straight-line basis at the rates specified in the schedule XIV of the Companies Act, 1956. Depreciation on additions/ deductions is calculated pro-rata from/ to the month of additions/ deductions.

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

The following asset categories are depreciated at higher rates in line with their estimated useful life.

Category of Asset	Depreciation Rate (% p.a)
(i) Computers	
Desktops and servers	16.67
Laptops	25.00
(ii) Furniture and Fixtures	10.00
(iii) Motor cars	14.28
(iv) Office Equipments	25.00

Leasehold land is amortized over the primary period of the lease on straight line basis from the month in which the addition is made.

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

**6. Intangible Assets and Amortisation**

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

Specialized software is amortized over a period of three years on straight line basis from the month in which the addition is made.

Administrative and other general overhead expenses that are directly attributable to acquisition of intangible assets are allocated and capitalized as part of cost of the Intangible assets.

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

**7. Investments**

Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is of other than temporary in nature.

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

**8. Impairment**

As at each Balance Sheet date, the carrying amount of asset 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

**9. Foreign Currency Transactions**

- (i) The reporting currency of the Company is the Indian Rupee.
- (ii) 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 on the date of the transaction.
- (iii) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognized as income or expense in the period in which they arise.

**10. Cash and cash equivalents:**

Cash comprises cash on hand and demand deposits with banks.

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

**11. Taxes on income**

Tax on income for the current year 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 the expected outcome of assessments / appeals.

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

## NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head “capital gains” are recognized 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 realized.

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

### 12. Accounting for Interests in Joint Ventures

Interests in Joint Ventures are accounted as follows:

Incorporated Jointly Controlled Entities:

- (a) Income on investments in incorporated Jointly Controlled Entities is recognized when the right to receive the same is established.
- (b) Investments in such Joint Ventures are carried at cost after providing for any diminution in value other than temporary in nature.

### 13. Segment accounting

Segment accounting policies are in line with the accounting policies of the Company. In addition the following specific accounting policies have been followed for segment reporting.

- (a) Segment revenue includes sales directly identifiable with/allocable to the segment.
- (b) Expenses that are directly identifiable with/allocable to the segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under “unallocable corporate expenditure”.
- (c) Income which relate to the Company as a whole and not allocable to segments is included in “unallocable corporate income”.
- (d) Segments assets and liabilities include those directly identifiable with respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

### 14. Leases

- (a) Assets acquired on leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to Statement of profit & loss on accrual basis.
- (b) Assets leased out under operating leases are capitalized. Rental income is recognized over the lease term.

### 15. 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 when no reliable estimate is possible and
- (c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are neither recognized, nor disclosed.

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

**S(1)** The Company is engaged in the business of generation of wind power. Accordingly, information as applicable to wind power operations is given below.

Annual capacity and generation of wind power	Unit of measurement	2011-12	2010-11
Installed capacity	MW	8.7	8.7
Production (A)	KWH	17,231,050	1,92,03,229
Power consumed for starting WTG from grid (B)	KWH	1,048,360	109,510
Wheeling charges and banking charges as per wheeling agreement with TNEB (C)	KWH	1,627,610	954,686
Invoicing on L&T (D)	KWH	10,608,035	—
Invoicing on TNEB (A-B-C-D)	KWH	3,947,045	18,139,033

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

The Company has five wind turbine generators (WTG) in Tamil Nadu with an aggregate capacity of 8.7MW. The Company had entered into a Power supply agreement dated March 18, 2010 with Larsen & Toubro Limited (L&T), the holding company, under which the Company will sell the power generated to L&T at its establishments located in Tamil Nadu and registered with Tamil Nadu Electricity Board (TNEB), as a captive consumer and shall invoice L&T at rates agreed in the said agreement for the units consumed at the end of each month. The unutilised units were banked and invoiced to TNEB at agreed rate at the end of the year as envisaged in the Wheeling agreement with TNEB.

**S (2) DEFERRED TAX:**

Major components of deferred tax liabilities and deferred tax assets:

Particulars	As at 31.03.2012	As at 31.03.2011
	Rs.	Rs.
<b>Deferred tax liabilities</b>		
Difference between carrying amounts of fixed assets in the books and WDV for income tax purposes.	68,520,230	6,84,54,332
<b>Total deferred tax liabilities</b>	68,520,230	6,84,54,332
<b>Less: Deferred tax assets</b>		
Leave encashment	5,272,889	7,27,088
Gratuity	1,402,516	4,45,232
Provident Fund	253,348	–
<b>Total deferred tax assets</b>	6,928,753	11,72,320
<b>Net deferred tax liability / (asset)</b>	61,591,477	6,72,82,012
<b>Net incremental provision for deferred tax liability / (asset)</b>	(5,690,535)	

**S (3) Basic and Diluted Earnings per Share ('EPS') computed in accordance with Accounting Standard (AS) 20 'Earnings per Share':**

Particulars		2011-12	2010-11
<b>Basic and diluted</b>			
Profit after tax as per Accounts (Rs.)	A	66,297,676	157,762,647
Weighted average number of shares (WANES)	B	271,167,889	260,754,089
<b>Basic and diluted EPS (Rs.)</b>	A/B	0.24	0.61

WANES for the year 2010-11 is adjusted for the rights issue of equity shares during the current year.

**S(4) Disclosure pertaining to AS-15(revised) on Employee benefits:**

a) The amounts recognised in Balance Sheet are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Rs.	Rs.	Rs.	Rs.
A) Present value of defined benefit obligation				
– Wholly funded	16,163,005	2,736,908	35,981,851	–
– Wholly unfunded	–	–	780,853	–
	16,163,005	2,736,908	36,762,704	–
Less : Fair value of plan assets	11,840,256	1,364,641	34,653,395	–
Amount to be recognised as liability or (asset)	4,322,749	1,372,267	2,109,309	–
B) Amounts reflected in the Balance Sheet				
Liabilities	4,322,749	1,372,267	2,109,309	–
Assets	–	–	–	–
	4,322,749	1,372,267	2,109,309	–

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

b) The amounts recognised in the Statement of Profit and loss are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Rs.	Rs.	Rs.	Rs.
1 Current service cost	2,387,839	288,842	5,772,671	—
2 Interest on Defined benefit obligation	218,952	76,358	3,074,924	—
3 Expected return on plan assets	(477,137)	(108,084)	(3,074,924)	—
4 Actuarial losses/(gains)	10,815,210	1,417,229	(562,364)	—
5 Past service cost	—	—	—	—
6 Actuarial gain/(loss) not recognised in books	—	—	1,343,217	—
7 Adjustment for earlier years	(6,338,730)	—	—	—
<b>Total (1 to 6)</b>	<b>6,606,134</b>	<b>1,674,345</b>	<b>6,553,524</b>	<b>—</b>
I Amount included in “employee benefit expenses”	6,606,134	1,674,345	6,553,524	—
II Amount included as part of “finance costs”	—	—	—	—
<b>Total (I + II)</b>	<b>6,606,134</b>	<b>1,674,345</b>	<b>6,553,524</b>	<b>—</b>
Actual return on plan assets	481,233	108,084	4,173,737	—

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

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Rs.	Rs.	Rs.	Rs.
Opening balance of the present value of defined benefit obligation	2,736,908	954,479	16,137,273	—
Add: Current service cost	2,387,839	288,842	5,772,671	—
Add: Interest cost	218,952	76,358	3,074,924	—
Add: Contribution by plan participants	—	—	—	—
i) Employer	—	—	9,790,792	—
ii) Employee	—	—	—	—
Add/(less): Actuarial losses/(gains)	10,819,306	1,417,229	780,853	—
Less: Benefits paid	—	—	(226,866)	—
Add: Past service cost	—	—	—	—
Closing balance of the present value of defined benefit obligation	16,163,005	2,736,908	35,329,647	—

d) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Rs.	Rs.	Rs.	Rs.
Opening balance of fair value of plan assets	1,364,641	1,156,598	15,786,771	—
Add: Expected return on plan assets	477,137	108,084	3,074,924	—
Add/(less): Actuarial losses/(gains)	4,096	—	1,343,217	—
Add: Contribution by employer	9,994,382	99,959	5,498,334	—
Add: Contribution by plan participants	—	—	9,177,015	—
Less: Benefits paid	—	—	(226,866)	—
Closing balance of fair value of plan assets	11,840,256	1,364,641	34,653,395	—

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

- e) The major components of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Rs.	Rs.	Rs.	Rs.
Government of India securities	–	–	24%	–
State government securities	–	–	12%	–
Special deposit schemes	–	–	17%	–
Public sector unit bonds	–	–	40%	–
Corporate bonds	–	–	7%	–
Insurer managed funds	100%	100%	–	–
	100%	100%	100%	–

- f) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at 31.03.2012	As at 31.03.2011
1 Discount rate:		
a) Gratuity plan	8.50%	8.00%
b) Trust managed provident fund plan	8.50%	–
2 Expected return on plan assets:		
a) Gratuity plan	7.50%	7.50%
b) Trust managed provident fund plan	7.90%	–
3 Salary growth rate	6.00%	6.00%
4 Attrition rate	5.00%	5.00%

- g) During the year, the company has got approval from State Governed Provident Fund Authority to join with Holding company's PF trust. Hence comparatives for the previous year have not been provided.

- h) Provision for compensated absences is made on actuarial basis as summarized below

Sl. No	Particulars	Year ended 31.03.2012	Year ended 31.03.2011
<b>A</b>	Summary of employee data		
	No of employees	179	96
	Notional benefit obligations on current salary in rupees	5,631,010	30,32,111
	Projected actuarial value of benefit obligation in rupees	16,251,777	22,40,987
<b>B</b>	Principle rules to compute benefit obligations		
	Salary reckoned for calculating benefit obligations	Basic pay	Basic pay
	Benefit formula for all exits	B1x Leave Balance / 30	B1x Leave Balance / 30
<b>C</b>	Mean financial assumptions		
	Discount rate per unit per annum	8.50%	8.00%
	Salary escalation rate per unit per annum	6.00%	6.00%
<b>D</b>	Mean demographic assumptions		
	Mortality	LIC 94-96 rates	LIC 94-96 rates
	Withdrawal	10%	5% for all age
	Disability	No explicit assumption	No explicit assumption

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

**S (5)** During the year, the Company has filed an application with the Reserve Bank of India for grant of Certificate of Registration as a Systemically Important Core Investment Company (CIC-ND-SI) in terms of Notification No.DNBS (PD) 219/CGM (VS)-2011 dated January 05, 2011. The application is under process.

**S (6) SEGMENTAL REPORTING**

Information about business segments - Under the primary segment there are two reportable segments namely, infrastructure development and wind power

Particulars	Infrastructure development		Wind power		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	903,282,496	229,300,046	60,933,784	61,491,322	964,216,280	290,791,368
<b>Segment result</b>	<b>362,336,576</b>	<b>43,253,852</b>	<b>31,547,899</b>	<b>35,896,904</b>	<b>393,884,475</b>	<b>79,150,756</b>
Unallocable corporate income					41,937,419	168,780,052
<b>Operating profit</b>					<b>435,821,894</b>	<b>247,930,808</b>
Unallocable expenses					(148,473,782)	(72,765,244)
Unallocable depreciation					(13,490,220)	(8,741,010)
Interest income					28,189,547	125,880,844
Interest expense					(249,988,959)	(136,836,878)
<b>Profit before tax</b>					<b>52,058,480</b>	<b>155,468,520</b>
Provision for current tax					8,548,661	–
Provision for deferred tax					5,690,535	2,294,127
<b>Profit after tax</b>					<b>66,297,676</b>	<b>157,762,647</b>
<b>Other Information</b>						
Segment assets	21,582,245,906	16,128,812,144	549,862,795	547,154,892	22,132,108,701	16,675,967,036
Un allocable assets					9,061,412,992	4,853,233,981
<b>Total Assets</b>					<b>31,193,521,693</b>	<b>21,529,201,017</b>
Segment liabilities	271,122,504	269,756,807	–	4,500,000	271,122,504	274,256,807
Un allocable liabilities					868,513,650	5,067,001,547
<b>Total Liabilities</b>					<b>1,139,636,154</b>	<b>5,341,258,354</b>
Depreciation included in Segment expense					24,175,766	24,093,630

The Company caters mainly to domestic market and hence there are no reportable secondary/geographical segments.

**S (7) EXPENDITURE IN FOREIGN CURRENCY**

Particulars	2011-12	2010-11
	Rs.	Rs.
Professional fees	5,377,163	196,928
Travelling Expenses	4,550,288	1,225,945

**S (8)** Earnings in Foreign Currency - Nil (previous year Rs. Nil)



**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)****S (9) DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS**

(i) List of related parties:

Holding Company	Larsen & Toubro Limited
Subsidiary companies	<ol style="list-style-type: none"> <li>1. L&amp;T Transportation Infrastructure Limited</li> <li>2. L&amp;T Krishnagiri Thopur Toll Road Limited</li> <li>3. L&amp;T Vadodara Bharuch Tollway Limited</li> <li>4. L&amp;T Western Andhra Tollways Limited</li> <li>5. L&amp;T Interstate Road Corridor Limited</li> <li>6. L&amp;T Panipat Elevated Corridor Limited</li> <li>7. Narmada Infrastructure Construction Enterprise Limited \$</li> <li>8. L&amp;T Ahmedabad Maliya Tollway Limited</li> <li>9. L&amp;T Halol Shamlaji Tollway Limited</li> <li>10. L&amp;T Rajkot Vadinar Tollway Limited @</li> <li>11. L&amp;T Chennai Tada Tollway Limited</li> <li>12. L&amp;T Samakhiali Gandhidham Tollway Limited</li> <li>13. L&amp;T Krishnagiri Walahjapet Tollway Limited</li> <li>14. L&amp;T Devihalli Hassan Tollway Limited</li> <li>15. L&amp;T BPP Tollway Limited</li> <li>16. L&amp;T Deccan Tollways Limited</li> <li>17. L&amp;T Western India Tollbridge Limited \$</li> <li>18. L&amp;T Metro Rail (Hyderabad) Limited</li> <li>19. L&amp;T Transco Private Limited</li> <li>20. L&amp;T Port Kachchigarh Limited</li> <li>21. International Seaports India Private Limited</li> <li>22. L&amp;T Infrastructure Development Projects Lanka (Private) Limited</li> <li>23. Sutrapada SEZ Developers Limited *</li> <li>24. Sutrapada Shipyard Limited *</li> </ol>
Incorporated jointly controlled entity	The Dhamra Port Company Limited
Associates	International Seaports Haldia (Private) Limited
Fellow Subsidiaries	<ol style="list-style-type: none"> <li>1. L&amp;T Urban Infrastructure Limited #</li> <li>2. L&amp;T Infocity Limited #</li> <li>3. CSJ Infrastructure Private Limited #</li> <li>4. L&amp;T Vision Ventures Limited #</li> <li>5. L&amp;T Bangalore Airport Hotel Limited #</li> <li>6. L&amp;T Tech Park Limited #</li> <li>7. L&amp;T South City Projects Limited #</li> <li>8. L&amp;T Siruseri Property Developers Limited #</li> <li>9. L&amp;T Arun Excello Commercial Projects Private Limited #</li> <li>10. L&amp;T Arun Excello IT SEZ Private Limited #</li> <li>11. Hyderabad International Trade Expositions Limited #</li> <li>12. L&amp;T Hitech City Limited #</li> <li>13. L&amp;T Infrastructure Finance Company Limited</li> <li>14. L&amp;T Uttaranchal Hydropower Limited</li> <li>15. Larsen &amp; Toubro Infotech Limited</li> <li>16. PNG Tollway Limited</li> <li>17. L&amp;T Shipbuilding Limited</li> <li>18. Chennai Vision Developers Private Limited</li> <li>19. L&amp;T Realty Limited</li> <li>20. L&amp;T Power Development Limited</li> <li>21. L&amp;T Seawoods Private Limited</li> </ol>

# Subsidiary became fellow subsidiary w.e.f October 10, 2011

\* The companies were liquidated w.e.f October 14, 2011

@ Fellow subsidiary became subsidiary w.e.f December 20, 2011

\$ Fellow subsidiary became subsidiary w.e.f March 29, 2012

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

(ii) Details of transactions with related parties:

Name/Relationship/Nature of transaction	2011-12	2010-11
	Rs.	Rs.
<b>i. Holding Company</b>		
<b>Larsen &amp; Toubro Limited</b>		
\$ Sales Income	52,094,747	—
\$ Service Income (incl. service tax)	499,482,520	—
\$ ICD (Intercompany deposit) placed	1,780,000,000	2,000,000,000
\$ ICD received	—	2,400,000,000
\$ Interest paid	132,887,671	12,624,658
\$ Interest received	6,111,233	3,287,671
\$ Rent Paid (incl. service tax)	5,211,675	3,995,618
\$ Availment of services (incl. service tax)	34,057,354	52,678,270
\$ Reimbursement of Expenses from	52,425,577	34,390,962
\$ Reimbursement of Expenses to	23,810,726	15,777,589
\$ Purchase of Assets	2,119,342	—
\$ Purchase of Investments	689,650,070	1,282,900,000
\$ Advance paid	116,101,127	49,294,547
<b>ii. Subsidiaries</b>		
<b>L&amp;T Transportation Infrastructure Limited</b>		
\$ ICD received	—	1,500,000,000
\$ Cost of Service to	—	1,467,347
\$ Interest paid	89,979,454	112,368,946
\$ Service Income (incl. service tax)	7,738,118	2,354,846
\$ Reimbursement of expenses from	750	2,484
\$ Reimbursement of expenses to	38,712	1,802,236
\$ Advance paid	106,306	10,701,482
<b>L&amp;T BPP Tollways Limited</b>		
\$ Service Income (incl. service tax)	9,087,134	—
\$ Reimbursement of expenses to	704,675	—
\$ Advance paid	420,530	—
\$ Subscription to Equity shares (including application money)	820,749,970	—
<b>L&amp;T Western India Tollbridge Limited</b>		
\$ Reimbursement of expenses to	—	24,619
\$ Advance paid	10,000	105,734
<b>L&amp;T Rajkot Vadinar Tollway Limited</b>		
\$ Subscription to Equity shares (including application money)	549,849,000	—
\$ Service Income (incl. service tax)	122,583,580	3,545,602

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

Name/Relationship/Nature of transaction	2011-12	2010-11
	Rs.	Rs.
§ Advance paid	48,500,000	–
§ Reimbursement of expense to	1,010,257	1,385,148
§ Reimbursement of expense from	263,546	399,753
§ Cost of Service to	–	1,682,262
§ Unsecured loan to	626,651,000	–
<b>Narmada Infrastructure Construction Enterprise Limited</b>		
§ Service Income (incl. service tax)	9,670,379	4,824,027
§ Interest paid	2,106,575	–
§ Interest received	959,110	–
§ ICD received	282,500,000	–
§ ICD placed	215,000,000	–
§ Cost of Services to	–	44,968
§ Advance paid	3,040,455	–
§ Reimbursement of expenses to	–	416,482
<b>L&amp;T Panipat Elevated Corridor Limited</b>		
§ Cost of services to	–	51,566
§ Cost of services from	604,601	223,949
§ Service Income (incl. service tax)	6,464,843	–
§ Reimbursement of expenses from	153,650	4,075,976
§ Reimbursement of expenses to	2,030,361	–
§ Advance paid	281,759,431	327,400,000
§ Advance received	220,077,065	–
<b>L&amp;T Krishnagiri Thopur Toll Road Limited</b>		
§ Service Income (incl. service tax)	12,609,342	8,840,473
§ Reimbursement of expenses from	12,034	221,621
§ Advance paid	19,991	–
<b>L&amp;T Vadodara Bharuch Tollway Limited</b>		
§ Service Income (incl. service tax)	27,318,490	20,918,818
§ Subscription of Commercial Papers by	393,000,000	–
§ Cost of service to	–	555,332
§ Reimbursement of expenses from	98,327	2,771,914
§ Reimbursement of expenses to	–	5,950
§ Advance paid	105,222	–
<b>L&amp;T Western Andhra Tollways Limited</b>		
§ Service Income (incl. service tax)	8,129,426	4,141,263
§ Subscription of Commercial Papers by	58,500,000	–

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

Name/Relationship/Nature of transaction	2011-12	2010-11
	Rs.	Rs.
\$ Cost of service to	–	70,646
\$ Reimbursement of expenses to	–	469,606
\$ Advance paid	7,522,783	–
<b>L&amp;T Interstate Road Corridor Limited</b>		
\$ Service Income (incl. service tax)	17,374,145	9,532,128
\$ Subscription of Commercial Papers by	199,500,000	–
\$ Reimbursement of expenses to	–	2,790,828
<b>L&amp;T Infrastructure Development Projects Lanka (Private) Limited</b>		
\$ Subscription to Equity shares (including application money)	37,910,000	31,721,305
\$ Reimbursement of expenses to	–	182,167
\$ Cost of services to	–	3,621,895
<b>International Seaports (India) Private Limited</b>		
\$ Reimbursement of expenses to	75,706	61,011
\$ Advance paid	7,563	–
<b>L&amp;T Transco Private Limited</b>		
\$ Reimbursement of expense from	82,218	68,545
\$ Cost of Services from	–	1,511,658
\$ Advance Paid	1,000,000	–
\$ Purchase of Investments	199,042,910	35,000,000
\$ Subscription to Equity shares (including application money)	–	176,720,000
\$ Advance paid for purchase of shares	826,209,000	–
<b>L&amp;T Chennai Tada Tollway Limited</b>		
\$ Reimbursement of expense from	–	435,817
\$ Service Income (incl. service tax)	11,060,657	3,588,740
\$ Cost of Services from	–	23,028
\$ Cost of Services to	–	929,815
\$ Advance paid	1,221,420	–
<b>L&amp;T Samakhiali Gandhidham Tollway Limited</b>		
\$ Reimbursement of expense to	–	7,423,995
\$ Service Income (incl. service tax)	5,422,960	287,387
\$ Cost of services to	–	455,741
\$ Subscription to Equity shares (including application money)	804,900,000	–

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

Name/Relationship/Nature of transaction	2011-12	2010-11
	Rs.	Rs.
<b>L&amp;T Port Kachchigarh Limited</b>		
§ Reimbursement of expense to	1,739,778	65,488
§ Subscription to Equity shares (including application money)	6,600,000	6,600,000
§ Advance paid	286,191	–
<b>L&amp;T Ahmedabad Maliya Tollway Limited</b>		
§ Reimbursement of expense from	–	1,094,989
§ Reimbursement of expense to	–	58,216
§ Cost of Service to	–	1,790,368
§ Service Income (incl. service tax)	12,595,829	4,950,102
§ Subscription to Equity shares (including application money)	519,849,000	340,000,000
§ Advance paid	151,589	–
§ Unsecured loan to	504,151,000	–
<b>L&amp;T Halol Shamlaji Tollway Limited</b>		
§ Reimbursement of expense to	1,054,590	1,380,843
§ Reimbursement of expense from	–	49,141
§ Cost of Services to	–	1,700,191
§ Service Income (incl. service tax)	12,457,666	4,662,628
§ Unsecured loan to	770,000,000	257,651,000
§ Subscription to Equity shares (including application money)	–	652,349,000
§ Advance paid	2,029,637	–
<b>Sutrapada SEZ Developers Limited</b>		
§ Reimbursement of expenses to	–	600
§ Advance paid	9,535	–
<b>L&amp;T Metro Rail (Hyderabad) Limited</b>		
§ Subscription to Equity shares (including application money)	920,700,000	3,405,501,050
§ Service Income (incl. service tax)	104,103,464	126,602,340
§ Reimbursement of expenses to	3,600,981	4,972
§ Reimbursement of expenses from	239,221	31,453,658
§ Cost of Services to	–	641,305
§ ICD placed	–	76,000,000
§ Interest received	–	679,672
§ Rent deposit received	180,000	–
§ Rent received	420,000	–
§ Advance paid	12,857	–

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

Name/Relationship/Nature of transaction	2011-12	2010-11
	Rs.	Rs.
<b>L&amp;T Devihalli Hassan Tollway Limited</b>		
§ Subscription to Equity shares (including application money)	567,900,000	332,099,000
§ Service Income (incl. service tax)	1,810,949	49,000,000
§ Reimbursement of expenses to	876,800	14,953,152
§ Cost of Services to	–	136,243
§ Advance paid	213,816	–
<b>L&amp;T Deccan Tollways Limited</b>		
§ Subscription to Equity shares (including application money)	1,499,940	–
§ Reimbursement of expenses to	4,706	–
§ Advance paid	358,520	–
<b>L&amp;T Krishnagiri Walajahpet Tollway Limited</b>		
§ Reimbursement of expenses to	1,856,989	5,318,502
§ Subscription of Commercial Papers by	103,500,000	–
§ Advance paid	271,054	–
§ Cost of Services to	–	136,243
§ ICD received	–	1,050,000,000
§ Unsecured loan to	–	356,525,000
§ Interest paid	18,152,055	11,478,081
§ Service Income (incl. service tax)	12,997,439	–
<b>iii. Fellow Subsidiaries</b>		
<b>L&amp;T Siruseri Property Developers Limited</b>		
§ Reimbursement of expenses to	–	600
<b>Hyderabad International Trade Expositions Limited</b>		
§ Reimbursement of expenses to	–	54,042
§ Service Income (incl. service tax)	205,702	–
§ Advance paid	152,175	–
<b>L&amp;T Vision Ventures Ltd</b>		
§ Reimbursement of expenses from	–	15,316
<b>CSJ Infrastructure Private Limited</b>		
§ Reimbursement of expenses to	–	678,145
§ Cost of Services to	–	513,029
§ Service Income (incl. service tax)	906,476	–
§ Advance paid	47,459	–

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

Name/Relationship/Nature of transaction	2011-12	2010-11
	Rs.	Rs.
<b>PNG Tollway Limited</b>		
§ Subscription to Equity shares (including application money)	405,840,000	—
§ Service Income (incl. service tax)	81,522,685	—
§ Reimbursement of expenses from	—	3,953,405
§ Advance paid	34,001	10,800,000
§ Unsecured loan to	240,000,000	—
§ Interest received on	2,515,266	—
<b>Chennai Vision Developers Private Ltd</b>		
§ Reimbursement of expenses to	—	400
<b>L&amp;T Realty Private Limited</b>		
§ Reimbursement of expense to	—	2,377,211
§ Sale of investments in L&T Urban Infrastructure Limited	750,000,000	—
§ Service Income (incl. service tax)	61,954	—
<b>L&amp;T Power Development Ltd</b>		
§ Reimbursement of expenses from	—	59,087
<b>L&amp;T Seawoods Private Ltd</b>		
§ Reimbursement of expenses from	11,240	36,946
§ Reimbursement of expenses to	—	809,521
§ Advance paid	6,159	—
<b>L&amp;T Shipbuilding Ltd</b>		
§ Reimbursement of expenses to	—	283,135
§ Cost of Services to	—	135,803
§ Service Income (incl. service tax)	12,963,084	—
<b>L&amp;T South City Projects Limited</b>		
§ Reimbursement of expenses to	—	42,393
§ Service Income (incl. service tax)	742,141	—
§ Advance paid	153,733	—
<b>L&amp;T Bangalore Airport Hotels Limited</b>		
§ Reimbursement of expenses from	30,635	156,263
§ Reimbursement of expenses to	19,355	101,900
§ Cost of services to	—	320,898
§ Service Income (incl. service tax)	93,983	—
§ Advance paid	97,598	—



**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

Name/Relationship/Nature of transaction	2011-12	2010-11
	Rs.	Rs.
<b>L&amp;T Arun Excello IT SEZ Private Limited</b>		
§ Reimbursement of expenses to	–	3,500
§ Service Income (incl. service tax)	149,075	–
<b>L&amp;T Arun Excello Commercial Projects Private Ltd</b>		
§ Reimbursement of expenses to	–	4,000
§ Reimbursement of expenses from	–	8,000
§ Advance received	1,000	–
<b>L&amp;T Urban Infrastructure Limited</b>		
§ ICD placed	–	1,000,000,000
§ Interest received	8,073,973	16,986,301
§ Service Income (incl. service tax)	11,613,781	–
§ Availment of services (incl. service tax)	1,294,147	–
§ Cost of services to	–	3,691,330
§ Cost of service from	623,124	–
§ Reimbursement of expenses from	414,244	298,178
§ Reimbursement of expenses to	–	2,335,433
§ Advance paid	2,792,645	–
<b>L&amp;T Infocity Limited</b>		
§ Purchase of assets	20,760,064	–
§ Cost of Services from	90,475	–
§ Cost of Services to	–	265,371
§ Service Income (incl. service tax)	335,172	–
§ Reimbursement of expenses from	137,069	508,267
§ Reimbursement of expenses to	–	206,014
§ Advance paid	141,275	–
§ Interest paid	2,877	–
§ ICD received	17,500,000	–
<b>L&amp;T Tech Park Limited</b>		
§ Reimbursement of expenses to	–	7,378
§ Reimbursement of expenses from	–	23,769
§ Service Income (incl. service tax)	58,441	–
§ Advance paid	41,440	–
<b>Cyber Park Development and Construction Ltd</b>		
§ Reimbursement of expenses to	–	11,195

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

Name/Relationship/Nature of transaction	2011-12	2010-11
	Rs.	Rs.
<b>L&amp;T Uttaranchal Hydropower Limited</b>		
§ Reimbursement of expenses from	–	11,240
§ Cost of Services to	–	–
<b>L&amp;T Infrastructure Finance Limited</b>		
§ Availment of services (incl. service tax)	101,281,872	25,320,468
§ Cost of Services from	440,077	5,841,602
§ Reimbursement of expense to	40,000	62,000
<b>Larsen &amp;Toubro Infotech Limited</b>		
§ Availment of services (incl. service tax)	675,035	–
§ Cost of Services from	–	2,588,418
§ Purchase of Assets	2,000,290	–
<b>iv. Jointly Controlled Entity</b>		
<b>The Dhamra Port Company Limited</b>		
§ Subscription to Equity shares (including application money)	–	775,000,000
<b>v. Associates</b>		
<b>International Seaports Haldia (Private) Limited</b>		
§ Dividend received	4,915,000	4,915,000

(iii) Amount due to and due from related parties (Net) :

Particulars	2011-12		2010-11	
	Due to	Due from	Due to	Due from
	Rupees	Rupees	Rupees	Rupees
<b>i. Holding Company</b>				
Larsen & Toubro Limited		1,767,487,581	2,422,486,151	–
<b>ii. Subsidiaries</b>				
Narmada Infrastructure Construction Enterprise Limited	–	165,389,688	–	–
L&T Transportation Infrastructure Limited	–	205,893	1,513,315,069	–
L&T Panipat Elevated Corridor Limited	–	419,168,880	–	357,432,299
L&T Vadodara Bharuch Tollway Limited	–	1,348,789,550	–	1,741,679,515
L&T Urban Infrastructure Limited	–	–	–	1,319,770,000
L&T Infrastructure Development Projects Lanka (Private) Limited	–	9,544,599	–	14,296,004
L&T Ahmedabad – Maliya Tollway Limited	–	504,151,000	–	1,840,639
L&T Halol – Shamlaji Tollway Limited	–	1,027,651,000	–	260,209,404
L&T Metro Rail (Hyderabad) Limited	180,000	–	–	113,942,106
L&T Western Andhra Tollways Limited	58,097,525	–	–	–

**NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)**

Particulars	2011-12		2010-11	
	Due to	Due from	Due to	Due from
	Rupees	Rupees	Rupees	Rupees
L&T Interstate Road Corridor Limited	199,500,000	–	–	1,809,095
L&T Port Kachchigarh Limited	–	2,091,457	–	6,665,488
L&T Samakhiali Gandhidham Tollway Limited	–	206,391	–	–
International Seaports (India) Private Limited	–	144,280	–	61,011
L&T Krishnagiri – Walajahpet Tollway Limited	–	357,105,335	700,543,082	–
L&T Krishnagiri Thopur Toll Road Limited	102,656,732	–	–	–
L&T Transco Private Limited	–	804,886,050	–	176,720,000
L&T Devihalli Hassan Tollway Limited	–	–	–	311,000,000
L&T Rajkot – Vadinar Tollway Limited	–	774,813,699	–	2,155,013
L&T Chennai Tada Tollway Limited	–	372,759	–	–
<b>iii. Fellow subsidiaries</b>				
L&T Arun Excello IT/SEZ Private Limited	–	134,167	–	–
PNG Tollway Limited	–	242,263,739	–	10,800,000
L&T Bangalore Airport Hotels Limited	–	24,481	–	–
L&T Shipbuilding Limited	–	–	–	418,938
Larsen & Toubro Infotech Limited	2,084,669	–	–	–
L&T Infrastructure Finance Company Limited	–	–	22,788,421	–
L&T Realty Limited	–	61,503	–	–

(iv) No amount due to or due from related parties has been written back or written off during the year (Previous year : Nil)

**S (10)** The Company has reviewed the estimated value-in-use of assets and being higher than the carrying amount of the assets, no adjustment for impairment is required.

**S (11)** Disclosure in respect of Joint Ventures:

(i) Details of Joint Ventures (based on audited financial statements of the joint venture):

Name of the Joint Venture	Description of Interest	Proportion of Ownership interest	Country of	
			Incorporation	Residence
The Dhamra Port Company Limited (DPCL)	Incorporated Jointly Controlled Entity. (Develop the existing minor port at Dhamra into a modern, deep-water, all weather port).	50%	India	India

(ii) Financial Interest in Jointly Controlled Entity (based on audited accounts)

Name of the Joint Venture	Company's share of				
	As at 31.03.2012		2011-12		
	Assets	Liabilities	Income	Expenses	Tax
	Rs.	Rs.	Rs.	Rs.	Rs.
DPCL	17,928,500,000 (17,611,554,751)	16,994,900,000 (14,387,495,414)	989,000,000 (131,683)	3,279,450,000 (5,182,733)	Nil (Nil)
Share of Net Assets	933,600,000 (3,224,059,337)				
Profit/Loss (-) after tax			(-) 2,290,450,000 ((-) 5,051,051)		

## NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Note: Figures in italics and brackets relate to previous year.

(iii) Share in Contingent Liabilities of the said Joint Venture for which the Company is contingently liable as at March 31, 2012: Rs. Nil (*previous year: Rs. 9,23,25,000*);

(iv) Capital commitments incurred in relation to interest in Joint Ventures as at March 31, 2012 Rs. 24,17,50,000 (*Previous year Rs. 76,17,34,000*).

**S (12)** Hitherto the Company was using the old Schedule VI to the Companies Act, 1956, for the preparation and presentation of its financials statements till the year ended March 31, 2011. From the current year ended 31 March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified/regrouped the previous year figures to confirm to current year's classification.

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As per our report attached

For and on behalf of the Board

**SHARP & TANNAN**  
Chartered Accountants  
Firm's Registration No. 003792S

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

Place : Mumbai  
Date : May 4, 2012

**R. CHANDRASHEKARAN**  
Secretary

**K. VENKATESH**  
Chief Executive &  
Managing Director

**Y. M. DEOSTHALEE**  
Director

Place : Mumbai  
Date : May 4, 2012

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

Name of the subsidiary	L&T Transportation Infrastructure Limited	L&T Interstate Road Corridor Limited	L&T Krishnagiri Thopur Toll Road Limited	L&T Panipat Elevated Corridor Limited	L&T Vadodara Bharuch Tollway Limited	L&T Western Andhra Tollways Limited
Financial year of the subsidiary company ended on	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012
Number of Shares in the subsidiary company held by L&T Infrastructure Development Projects Limited at the above date						
- Equity shares	30,536,000	57,160,000	78,750,000	84,300,000	43,500,000	56,500,000
- Preference shares	—	—	—	—	—	—
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of L&T Infrastructure Development Projects Limited						
<b>(Rupees in thousands)</b>						
(i) Dealt with in the accounts of L&T Infrastructure Development Projects Limited amounted to						
(a) for the subsidiary's financial year ended March 31, 2012	—	—	—	—	—	—
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Infrastructure Development Projects Limited	36,642	—	—	—	—	—
(ii) Not dealt with in the accounts of L&T Infrastructure Development Projects Limited amounted to:						
(a) for the subsidiary's financial year ended March 31, 2012	67,981	95,699	(181,142)	(424,834)	(598,597)	(137,340)
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Infrastructure Development Projects Limited	270,355	128,752	(600,803)	(1,219,169)	(1,513,597)	(427,955)
Changes in the interest of L&T Infrastructure Development Projects Limited between						
the end of the subsidiary's financial year and March 31, 2012						
Number of shares acquired	NA	NA	NA	NA	NA	NA
Material changes between the end of the subsidiary's financial year and March 31, 2012						
(i) Fixed assets (net additions)	NA	NA	NA	NA	NA	NA
(ii) Investments (Fixed deposit with scheduled bank)	NA	NA	NA	NA	NA	NA
(iii) Moneys lent by the subsidiary	NA	NA	NA	NA	NA	NA
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NA	NA	NA	NA	NA	NA

Note : \*\* Subsidiaries which are yet to commence commercial operations.

**STATEMENT PURSUANT TO SECTION 212 (Contd.)**

Name of the subsidiary	L&T Krishnagiri Walajahpet Tollway Limited**	L&T Devihalli Hassan Tollway Limited**	L&T Ahmedabad- Maliya Tollway Limited**	L&T Halol -Shamlaji Tollway Limited**	L&T Transco Private Limited	L&T Chennai -Tada Tollway Limited**
Financial year of the subsidiary company ended on	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012
Number of Shares in the subsidiary company held by L&T Infrastructure Development Projects Limited at the above date						
- Equity shares	89,997,400	89,999,900	148,999,900	130,499,900	10,000	—
- Preference shares	—	—	—	—	—	—
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of L&T Infrastructure Development Projects Limited						
<b>(Rupees in thousands)</b>						
(i) Dealt with in the accounts of L&T Infrastructure Development Projects Limited amounted to						
(a) for the subsidiary's financial year ended March 31, 2012	—	—	—	—	—	—
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Infrastructure Development Projects Limited	—	—	—	—	—	—
(ii) Not dealt with in the accounts of L&T Infrastructure Development Projects Limited amounted to:						
(a) for the subsidiary's financial year ended March 31, 2012	19,117	(134)	(287)	(2,337)	(10,341)	—
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Infrastructure Development Projects Limited	2,550	(4,663)	(7,655)	(4,324)	(165,048)	(1,864)
Changes in the interest of L&T Infrastructure Development Projects Limited between						
the end of the subsidiary's financial year and March 31, 2012						
Number of shares acquired	NA	NA	NA	NA	NA	NA
Material changes between the end of the subsidiary's financial year and March 31, 2012						
(i) Fixed assets (net additions)	NA	NA	NA	NA	NA	NA
(ii) Investments (Fixed deposit with scheduled bank)	NA	NA	NA	NA	NA	NA
(iii) Moneys lent by the subsidiary	NA	NA	NA	NA	NA	NA
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NA	NA	NA	NA	NA	NA

Note : \*\* Subsidiaries which are yet to commence commercial operations.

**STATEMENT PURSUANT TO SECTION 212 (Contd.)**

Name of the subsidiary	L&T Samakhiali Gandhidham Tollway Private Limited	L&T Port Kachchigarh Limited**	L&T Metro Rail (Hyderabad) Limited**	L&T Infrastructure Development Projects (Lanka) Private Limited**	International Seaports (India) Private Limited**	L&T BPP Tollway Limited **
Financial year of the subsidiary company ended on	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012	31-03-2012
Number of Shares in the subsidiary company held by L&T Infrastructure Development Projects Limited at the above date						
- Equity shares	80,508,133	4,160,000	432,629,600	146,040,562	2,500,560	75,000,000
- Preference shares	—	—	—	—	—	—
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of L&T Infrastructure Development Projects Limited						
<b>(Rupees in thousands)</b>						
(i) Dealt with in the accounts of L&T Infrastructure Development Projects Limited amounted to						
(a) for the subsidiary's financial year ended March 31, 2012	—	—	—	—	—	—
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Infrastructure Development Projects Limited	—	—	—	—	—	—
(ii) Not dealt with in the accounts of L&T Infrastructure Development Projects Limited amounted to:						
(a) for the subsidiary's financial year ended March 31, 2012	(51,929)	(101)	3,748	—	(61)	(14,125)
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Infrastructure Development Projects Limited	51,571	(41,810)	(13,875)	33,776	(39,214)	—
Changes in the interest of L&T Infrastructure Development Projects Limited between						
the end of the subsidiary's financial year and March 31, 2012						
Number of shares acquired	NA	NA	NA	NA	NA	NA
Material changes between the end of the subsidiary's financial year and March 31, 2012						
(i) Fixed assets (net additions)	NA	NA	NA	NA	NA	NA
(ii) Investments (Fixed deposit with scheduled bank)	NA	NA	NA	NA	NA	NA
(iii) Moneys lent by the subsidiary	NA	NA	NA	NA	NA	NA
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NA	NA	NA	NA	NA	NA

Note : \*\* Subsidiaries which are yet to commence commercial operations.

**STATEMENT PURSUANT TO SECTION 212 (Contd.)**

Name of the subsidiary	L&T Deccan Tollways Limited**	L&T Rajkot Vadinar Limited	L&T Western India Tollbridge Limited	Narmada Infrastructure Construction Enterprise Limited
Financial year of the subsidiary company ended on	31-03-2012	31-03-2012	31-03-2012	31-03-2012
Number of Shares in the subsidiary company held by L&T Infrastructure Development Projects Limited at the above date				
- Equity shares	150,000	109,999,900	–	6,701,500
- Preference shares	–	–	–	–
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of L&T Infrastructure Development Projects Limited				
<b>(Rupees in thousands)</b>				
(i) Dealt with in the accounts of L&T Infrastructure Development Projects Limited amounted to				
(a) for the subsidiary's financial year ended March 31, 2012	–	–	–	–
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Infrastructure Development Projects Limited	–	–	–	–
(ii) Not dealt with in the accounts of L&T Infrastructure Development Projects Limited amounted to:				
(a) for the subsidiary's financial year ended March 31, 2012	401	(2,959)	(1,379)	221,375
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Infrastructure Development Projects Limited	–	(156,639)	150,706	(604,072)
Changes in the interest of L&T Infrastructure Development Projects Limited between				
the end of the subsidiary's financial year and March 31, 2012				
Number of shares acquired	NA	NA	NA	NA
Material changes between the end of the subsidiary's financial year and March 31, 2012				
(i) Fixed assets (net additions)	NA	NA	NA	NA
(ii) Investments (Fixed deposit with scheduled bank)	NA	NA	NA	NA
(iii) Moneys lent by the subsidiary	NA	NA	NA	NA
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NA	NA	NA	NA

Note : \*\* Subsidiaries which are yet to commence commercial operations.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : May 4, 2012

**Y. M. DEOSTHALEE**  
Director

**R. SHANKAR RAMAN**  
Director