LARSEN & TOUBRO

It's all about Imagineering

64th Annual Report
2008-2009

Powering Growth

Mr. A. M. Naik, L&T's Chairman & Managing Director, receives the Padma Bhushan from the President of India, Mrs. Pratibha Patil, on March 31, 2009.

The Padma Bhushan

VISION

L&T shall be a professionally-managed
Indian multinational,
committed to total customer satisfaction
and enhancing shareholder value.

L&T-ites shall be an innovative,
entrepreneurial and empowered team
constantly creating value
and attaining global benchmarks.

L&T shall foster a culture of caring,
trust and continuous learning
while meeting expectations of
employees, stakeholders and society.

LARSEN & TOUBRO LIMITED

Leading a company that is helping to build the nation is a matter of pride in itself. To receive high national recognition for this service is indeed heartening. It will be my privilege to accept the Padma Bhushan on behalf of all the employees of the Company for whom the L&T story is always interwoven with the larger interests of India.

- - Mr A.M. Naik on receiving the Padma Bhushan

A. M. Naik
Chairman & Managing Director

Dear Shareholders,

The year gone by witnessed unprecedented global economic and business turbulence. While your Company has managed to maintain its growth trajectory during 2008-2009, the last six months have been a challenging period as decisions on awarding projects were repeatedly deferred on account of the economic slowdown and due to the code of conduct applicable to public sector bodies prior to the elections in May 2009. With a stable Government now in place and priority being accorded to infrastructure, it is expected that capital expenditure in this sector will increase and new business prospects will fructify in the later part of this year.

Performance Overview

Your Company has performed well despite the adverse scenario in 2008-2009. Order Inflows grew by 23% over 2007-2008, and in line with our efforts to diversify the geographical spread of our businesses, international orders constituted 15% of the total Order Inflows. The Middle East continues to be a focus area for us and we have enhanced our footprint in the GCC Region. The Order Book position stood at Rs. 70,300 crore at the end of 2008-2009, giving us some revenue visibility going forward. In the year under review, Net Sales touched Rs. 33,600 crore - which translates into a growth of 35% over 2007-2008. Margins remained relatively stable, and Profit after Tax (PAT) excluding exceptional items of expense and income grew by a healthy 29% year on year. Growth in PAT including exceptional items stood at 63%.

It gives me pleasure to mention that your Company has recommended a dividend of Rs. 10.50 per equity share of a face value of Rs. 2 per share for the year on the expanded share capital post-bonus issue of 1:1 during the year. The corresponding dividend during the previous fiscal, adjusted for Bonus issue in 2008-2009 for comparison purposes, stood at Rs. 8.50 per equity share.

Sustaining Profitable Growth:

Last year we had put in a slew of measures to accelerate growth in a profitable manner and we hope to return to this growth path in the near term future.

- **Organization Structure:**

  An internal reorganization has now been completed where complementary business units have been organized under vertically integrated businesses termed 'Operating Companies' (OCs). These OCs have their own internal Boards and embedded shared service functions such as HR, Resource Support and Finance & Accounts to enable self-sufficiency. The new structure opens up opportunities for leadership development, provides a platform for nurturing internal resources and is expected to provide focus to businesses within each OC. The structure aims to enhance shareholder value creation.

- **Talent Management:**

  The adverse economic conditions have worked to our advantage in enabling us to position L&T as a stable career destination. We have bolstered our talent recruitment drives to meet our growing business needs. Steps have been taken to meet the challenges of retention, skill upgradation, remuneration and the career aspirations of talent on our rolls. These include structured induction paths, capability building programs, differentiated reward systems, career progression plans and leadership development programs including succession planning. We are confident that the measures now being taken will enhance the effectiveness of our talent management initiatives.

- **Technology:**

  Technology continues to be the cornerstone of our business model, and your Company prides itself on being able to leverage technological offerings for profitable business growth. Alliances with international technology partners enable us to fill capability gaps and access expertise wherever we do not possess the requisite in-house resources, either on long-term or on project-specific basis. Examples of such tie-ups are our recent JV with EADS to exploit opportunities in Defense, and the MOUs with Westinghouse Electric Company (USA), Atomic Energy Commission Limited (Canada), Atomstroyexport (Russia) and GE Hitachi Nuclear Energy (USA) in the area of Nuclear Power.

- **IT in Business:**

  Your Company believes in investing in IT as a business enabler. IT outlay over the years have been directed towards a balanced mix of hygiene spends and payoff spends that enable our businesses to run efficiently and also build cutting edge IT solutions. IT activities in the Company are effectively governed within a structured framework with focus on IT–business alignment, value delivery, risk management, service & support and total cost of ownership.

- **Capacity Expansion:**

  Your Company has taken proactive steps in setting up manufacturing capacities ahead of demand triggers. A new modular fabrication facility in Oman is fully functional, enabling us to bid for significantly large hydrocarbon projects in the international arena. A heavy engineering workshop adjoining this facility that will augment our global manufacturing capabilities is due to become operational later this year. Plans to manufacture super-critical power plant equipment in collaboration with Mitsubishi Heavy Industries, Japan are well on track, and these plants would come on stream at Hazira in Gujarat, beginning with commissioning of the boiler manufacturing unit this year. Manufacturing capacity in MV switchgear has been augmented in Ahmednagar, Maharashtra and is expected to drive growth impetus in our Electrical and Automation OC. Our heavy engineering workshop in Talegaon in Maharashtra has become operational and will enhance our manufacturing capabilities for the defence sector. We have commenced setting up of a shipyard at Kattupalli near Ennore in South India which will enable us to manufacture defense ships and later undertake repairs of commercial ships. We also plan to set up a heavy forge shop that will cater to nuclear and process plants forgings, an area where we were hitherto dependent on international vendors.

Outlook:

While no country is insulated from the impact of the global meltdown, India's economy provides relatively greater stability. The business environment however, continues to be challenging and we foresee a return to robust growth conditions after economic recovery takes root.

Your Company has planted seeds of growth in sectors likely to receive focused attention. These include:

- Hydrocarbon business – both in the upstream oil and gas exploration / extraction and in midstream refineries. Increased capacity in the Middle East is likely to yield some growth in this sector in years to come.
- Availability of gas from the KG Basin along with high gas allocation to the fertilizer sector affords opportunities in naphtha-to-gas feedstock conversion prospects and brownfield expansion plans of fertilizer companies.
- Road projects have started receiving focused Government attention and are likely to witness increased awards on BOT basis. This is an area where we can leverage past record, scale, design strength and execution capability as and when tenders are floated as a first step towards final award of these projects.
- We intend to leverage our strong track record in the area of evacuation, storage, treatment and transmission of bulk water to exploit emerging opportunities in states that are water-deficit.
- Increased demand for power as a pre-requisite for economic development offers good potential for us in future. Our power equipment manufacturing venture is an integral part of our efforts to grow this business in years to come and we have started receiving large orders in this space.
- In the recent past, your Company has received orders of a diverse nature in the railway business, which include contracts from the Indian Railways for setting up facilities for manufacture of rolling stock, railway sidings for private sector players, electrification of rail corridors, intra-city metro and monorails. Coupled with significant spending likely to take place on Dedicated Freight Corridors for the Railways, this sector is perceived by us to hold good growth potential in years to come.
- Nuclear Power Generation, which is slated to grow by an order of magnitude over the next decade and more, can spell major growth opportunities for us in the long term.
- Defense Sector, when privatized, will offer large business potential and this is an area where your Company is well positioned.

Before I conclude, I would like to thank all L&T-ites for the support and continued commitment which is helping us to navigate through these difficult times. I would also like to express my gratitude to my colleagues, our customers, business associates, shareholders and members of the Board for their valuable assistance. We will continue to work for enhancement of stakeholder value, and remain committed to justifying the faith and trust you have reposed in us.

With best wishes,

A. M. Naik

Chairman & Managing Director

Mumbai, May 28, 2009

Contents

L&T's Corporate Office in Mumbai

64th ANNUAL GENERAL MEETING
AT BIRLA MATUSHRI SABHAGAR
19, MARINE LINES, MUMBAI 400 020
ON FRIDAY, AUGUST 28, 2009
AT 3.00 P.M.

LARSEN & TOUBRO
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Company Information

Board of Directors

A. M. Naik	*Chairman & Managing Director*
J. P. Nayak	*Whole-time Director & President (Machinery & Industrial Products)*
Y. M. Deosthalee	*Whole-time Director & Chief Financial Officer*
K. Venkataramanan	*Whole-time Director & President (Engineering & Construction Projects)*
R. N. Mukhija	*Whole-time Director & President (Electricals & Electronics)*
K. V. Rangaswami	*Whole-time Director & President (Construction)*
V. K. Magapu	*Whole-time Director & Senior Executive Vice President (IT & Technology Services)*
M. V. Kotwal	*Whole-time Director & Senior Executive Vice President (Heavy Engineering)*
S. Rajgopal	*Non-Executive Director*
S. N. Talwar	*Non-Executive Director*
M. M. Chitale	*Non-Executive Director*
Thomas Mathew T.	*Nominee - LIC*
N. Mohan Raj	*Nominee - LIC*
Subodh Bhargava	*Non-Executive Director*
Bhagyam Ramani (Mrs)	*Nominee - GIC*
A. K. Jain	*Nominee - SUUTI*
J. S. Bindra	*Non-Executive Director*

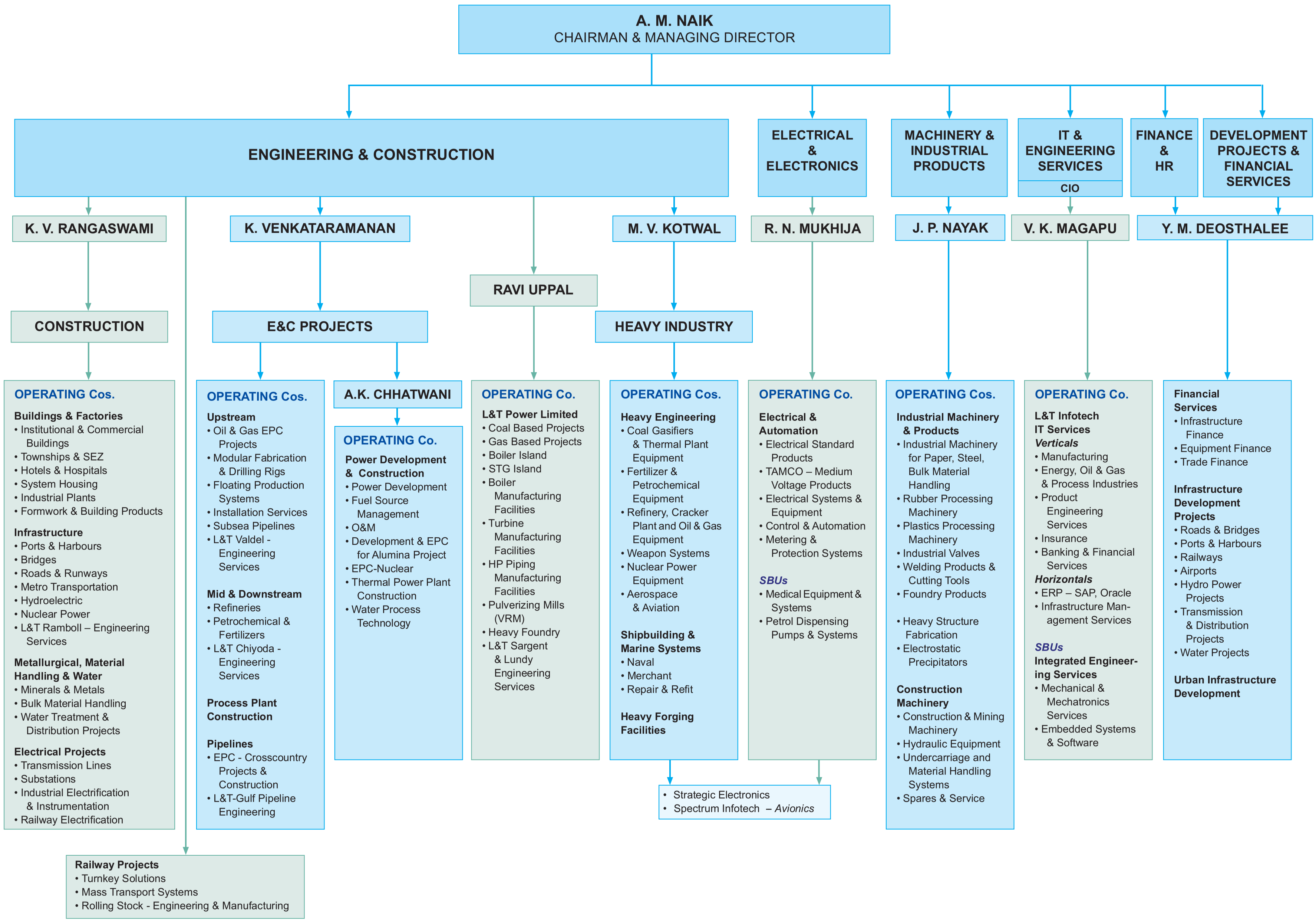
Company Secretary
N. Hariharan

Registered Office
L&T House, Ballard Estate, Mumbai - 400 001

Auditors
M/s. Sharp & Tannan

Solicitors
M/s Manilal Kher Ambalal & Co.

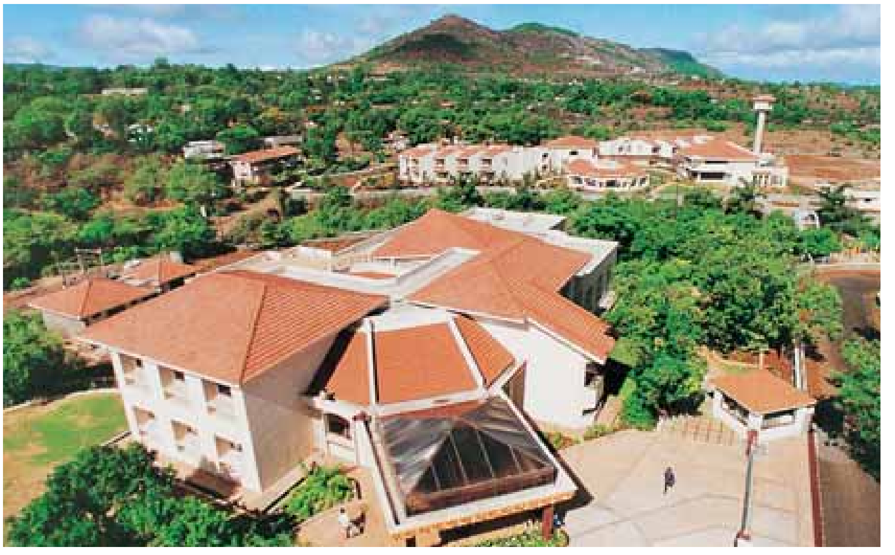
Registrar & Share Transfer Agents
Sharepro Services (India) Private Limited



INTERNATIONAL BUSINESS: L&T is consolidating its presence in the Middle East, Africa and South East Asia by ramping up capabilities in EPC, Construction and Manufacturing.

Leadership Team

(Front row - from left to right) ; Mr. Y. M. Deosthalee, Mr. A. M. Naik and Mr. J. P Nayak
(Rear - from left to right) : Mr. K. Venkataramanan, Mr. K. V. Rangaswami, Mr. M. V. Kotwal, Mr. R. N. Mukhija and Mr. V. K. Magapu



People

The driving force

L&T is its people. They have shaped its destiny, expanded its horizons, and proved to be the one vital differential that distinguishes L&T from the rest.

Talent Acquisition

People are a precious asset – and also a scarce one. At L&T, we successfully tackle the twin challenges of talent acquisition and attrition. Stringent recruitment processes and procedures ensure that only the finest talent is selected. L&T's academia-industry interface also helps in projecting the L&T brand in campuses. Post-recruitment, a number of phased initiatives ensure that the employee aligns his or her personal goals with the Company's objectives.

Talent retention

Employee retention is woven into the company's strategy for success. The transformation of an employee into someone special – an L&T-ite – is a process that cannot be calibrated but, like the change of seasons, happens inevitably. Corporate initiatives that act as catalysts in the process of change include induction programmes, mentoring and a buddy scheme. Skill-enhancement is also continuous. It is facilitated through training modules, an e-learning portal, leadership development strategies and soft-skills amplification programmes. Technology is changing the face and pace of the workplace, and L&T ensures that its people stay in step – and in tune – with the times.

Succession planning plays an important part in ensuring that change does not disrupt continuity. Our leadership development programmes help to mould the leaders of tomorrow.

Employee welfare initiatives provide the back-up support essential to job performance. These include health care, child education, spouse engagement, etc.

As L&T marches forward into the future, its people will continue to be its driving force.

L&T is widely regarded as a crucible of engineering talent in India. Trainiing programmes and a unique environment ensure a transformation from 'employee' to L&T-ite. Picture (top) shows the serene ambience of L&T's Management Development Centre at Lonavla, near Mumbai.

Stringent recruitment processes
Academia-industry interface
Continuous skill enhancement
Succession planning
FAIR - Framework for linking Appraisals with Incentives & Reward

Technology Thrust

Design gives shape to dreams

A small step in a design engineer's mind... a giant leap in the application of technology.

The L&T Knowledge City at Vadodara crystalizes the importance that the Company attaches to knowledge-intensive businesses. This complex will deepen and widen L&T's capabilities in an array of high-tech domains.

Enhancing Capabilities

L&T has advanced design engineering capabilities for project and product design. Facilities at Mumbai, Chennai, Bangalore, Faridabad, Vadodara, Sharjah and Oman are backed by laboratories for R&D, technology assimilation and absorption, and design analysis.

Joint venture companies provide engineering services for different sectors: L&T-Valdel Engineering Limited for upstream hydrocarbon, L&T-Chiyoda Limited for mid- and downstream hydrocarbon, L&T-Rambøll Consulting Engineering Limited for transportation infrastructure and L&T-Sargent & Lundy Limited for power.

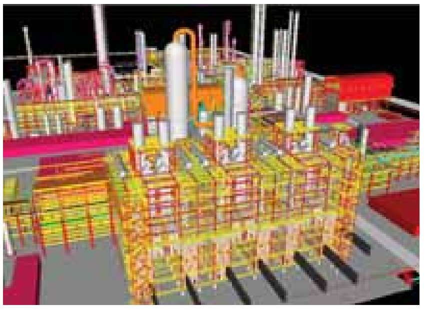
A Rich Harvest

In the sphere of Heavy Engineering, L&T has designed equipment that has set world records in terms of complexity and technological sophistication. In the field of electrical and electronics products and systems, L&T's in-house R&D and design efforts have won significant recognition. The electrical and electronic business has a large number of patents to its credit. Its offerings include a large number of new products – a measure of the vibrance of its R&D.

In the construction, mining and earthmoving sectors, L&T collaborates with global majors like Komatsu and Case NH to bring to Indian industry the benefits of contemporary technology.

Designing the Future

Technology is the key to the future. As the company stretches outwards and upwards to expand and grow, design and engineering will give it the impetus to soar.



Top: L&T Knowledge City at Vadodara.

Above: 3-D model of a cracking furnace.

Front-end Engineering & Design
Engineering Centres
Intensive R&D laboratories
Joint ventures for several sectors
409 patent applications for switchgear filed from 2003-09

International Operations

The world is an integrated economy.

Close to a fifth of L&T's sales turnover comes from sales outside India. While remaining committed to building the nation, L&T is simultaneously enlarging its global footprint – for sound business reasons. A wide international customer base enables de-risking of operations. Further, international exposure enables L&T to benchmark its operations against global standards.

Multi-faceted presence

There are many dimensions to L&T's global presence. Collaborations with international majors enable us to introduce to Indian industry the benefits of the world's latest technologies.

Global sourcing enables us to give our clients the global advantage – the benefit of world-class quality at competitive prices and to stringent delivery schedules.

Project and product exports have helped expand our global footprint, earning foreign exchange for the country while building both the Indian and the L&T brand abroad.

A mark in world markets

Post the acquisition of Tamco, the manufacturing footprint of L&T covers new geographies. L&T now has manufacturing facilities in Dubai, Saudi Arabia, Oman, Malaysia, China, Indonesia and Australia.

L&T's project and product exports cover over 30 countries. These include countries traditionally considered engineering nerve-centers – the U.S., U.K., Canada, France and China.

With a long-term perspective of the global arena, L&T is slated to make further inroads into the international marketplace.

A methanol plant in Saudi Arabia – one of several plants set up by L&T on an EPC basis in the Middle East and South East Asia.

Manufacturing footprint in 8 countries
Global network
World-class quality
International partnerships
Global sourcing

Corporate Social Responsibilities

Today's choices can lighten tomorrow's compulsions

L&T was one of the first engineering and construction companies in India to publish its Report on Corporate Sustainability. The Company and its people are committed to living and doing business in a manner that will ensure sustained well-being for all.

A Key to the Future

L&T has set up Construction Skills Training Institutes (CSTIs) at Ahmedabad, Bangalore, Chennai, Delhi and Panvel to turn dropouts into contributing members of their families and of society at large. The CSTIs ensure a steady supply of skilled labour to the construction industry, helping it sustain its momentum. In addition, the Larsen & Toubro Public Charitable Trust conducts skill training at Mumbai, Lonavala, Aurangabad, Latur and Kharel.

Health

Around its factories and offices countrywide, the company has initiated welfare activities in the areas of health, education and environment conservation, with local partners. L&T's HIV/AIDS-prevention initiatives include awareness camps targeted at high-risk groups, voluntary testing and counseling. Health camps in rural areas bring the benefits of modern diagnostic and curative tools to the rural poor.

Education

L&T has adopted several municipal schools in the vicinity of its works, and enriches the learning experience in many ways. L&T's own employees dedicate part of their spare time and talent to augmenting the learning process.

Environment

L&T has taken significant initiatives to reduce the consumption of energy and use 'greener ' forms of energy at its factories. Anti-pollution measures help minimise the impact of industrial processes on the environment.

CSR programmes cover primary and municipal schools around L&T's campuses. In addition, L&T-eers (employee volunteers), in their own time, teach underprivileged children. The wives of L&T-ites undertake a broad spectrum of social work under the aegis of numerous Ladies Clubs.

Training Institutes
Health Centres
School adoption
Energy optimisation
Anti-pollution measures

Accelerating Development

Commercial & Residental Complexes

Roads & Bridges

Ports & Harbours

Airports

Oil & Gas Projects

Refineries

Powering Growth

Power Projects

Missile & Weapon System

Process Plant Equipment

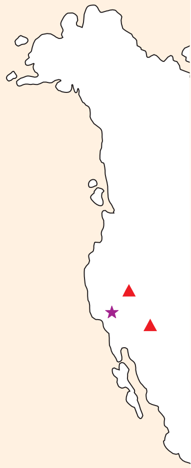
Steel Plants

Switchgear

Construction & Mining Equipment

A Nationwide Network

The pictorial representation does not purport to be the political map of India



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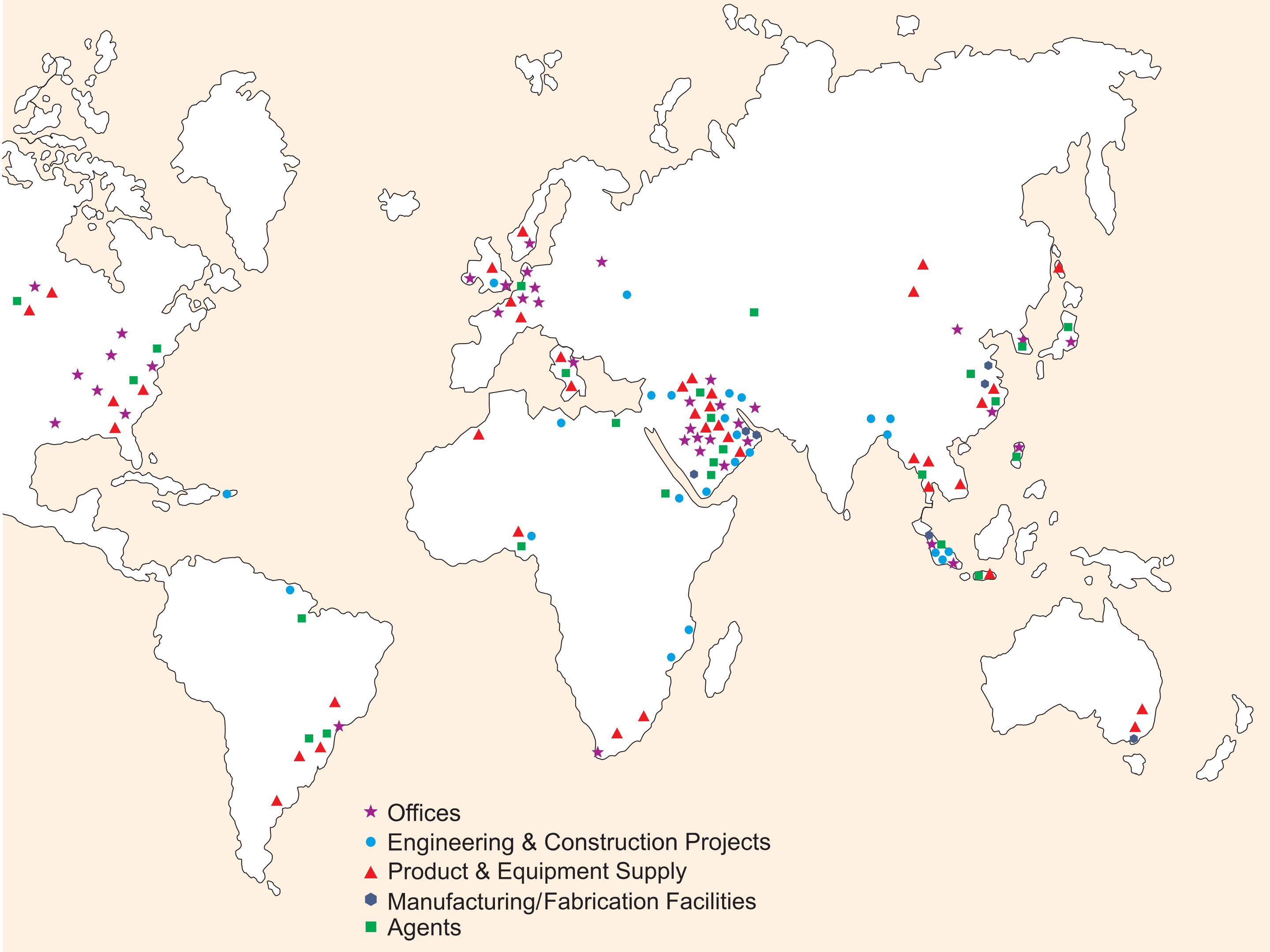
A Global Presence



Note: Map is broadly representative of L&T's global presence.

STANDALONE FINANCIALS - 10 YEAR HIGHLIGHTS

Rs. crore

Description	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Profit and Loss Account										
Gross sales & service	34045	25187	17901	14966	13255	9807	9870	8167	7825	7424
Other income	1020	676	522	519	732	461	302	277	310	242
Gross revenues	35065	25863	18423	15485	13987	10268	10172	8444	8135	7666
Net sales & service	33647	24855	17567	14735	13050	9561	9360	7726	7390	6956
Profit before depreciation, interest and tax [PBDIT] (excluding extraordinary/exceptional items)	4425	3318	2186	1424	1081	890	999	1042	1013	995
Profit before tax (excluding extraordinary/exceptional items)	3940	3068	1982	1235	933	769	510	401	339	369
Profit after tax (excluding extraordinary/exceptional items)	2709	2099	1385	863	631	533	433	347	315	329
Extraordinary items (net of tax)	773	-	-	70	-	-	-	-	-	13
Exceptional items (net of tax)	-	74	18	79	353	-	-	-	-	-
Profit after tax (PAT)	3482	2173	1403	1012	984	533	433	347	315	342
Dividend including dividend distribution tax	720^	572	428	349	407	225	211	174	178	180
Balance Sheet										
Share capital	117	58	57	27	26	25	249	249	249	248
Reserves	12343	9497	5711	4613	3343	2750	3314	3095	3751	3616
Net worth	12460	9555	5768	4640	3369	2775	3563	3344	4000	3864
Deferred tax liability (net)	48	61	40	77	95	114	841	853	-	-
Loan funds	6556	3584	2078	1454	1859	1324	3176	3463	4263	3974
Capital employed	19064	13200	7886	6171	5323	4213	7580	7660	8263	7838
Net fixed assets	5195	3645	2225	1605	1083	1015	4056	4264	4671	4589
Investments	8264	6922	3104	1920	961	966	1160	918	813	774
Net working capital (NWC)	5605	2630	2547	2625	3238	2185	2300	2413	2735	2439
Miscellaneous expenditure (to the extent not written-off)	–	3	10	21	41	47	64	65	44	36
Ratios and statistics										
PBDIT as % of total income @	12.83	13.08	12.14	9.45	8.08	8.94	10.39	13.12	13.33	13.94
PAT before extraordinary/exceptional items as % of total income $	7.81	8.25	7.67	5.69	4.70	5.32	4.48	4.34	4.09	4.57
ROCE % *	17.55	20.58	20.15	16.05	14.17	13.52	7.27	6.84	6.74	7.38
RONW % **	24.67	28.21	26.84	21.88	21.05	20.66	12.91	9.69	8.18	8.85
Gross Debt:Equity ratio	0.53:1	0.38:1	0.36:1	0.32:1	0.56:1	0.49:1	0.92:1	1.07:1	1.09:1	1.05:1
NWC as % of gross sales & service	16.47	10.44	14.23	17.54	24.43	22.28	23.30	30.42	34.95	32.85
Current ratio	1.31	1.19	1.27	1.38	1.58	1.47	1.58	1.81	2.11	2.07
Basic earnings per equity share (Rs.) #	59.50	37.80	25.11	19.02	19.41	10.71	8.71	6.98	6.34	6.87
Book value per equity share (Rs.)	212.31##	325.90	202.28##	334.01	253.91	216.74	139.15	130.25	157.31	152.13
No. of equity shareholders	9,31,362	578,177	4,28,504	3,27,778	3,23,908	3,65,824	4,90,628	5,09,922	5,13,562	6,05,031
No. of employees	37,357	31,941	27,191	23,148	19,848	18,996	21,873	22,922	23,988	24,448

Figures for the years 1999-2000 to 2002-2003 include demerged cement business

^ Includes dividend distribution tax of Rs.2.69 crore paid by a direct subsidiary company for which set off was availed by the parent company as permitted under the Income Tax Act.

@ PBDIT as % of total income [(PBDIT excluding extraordinary/exceptional items)/(total income excluding extraordinary/exceptional items and interest income)].

$ PAT before extraordinary/exceptional items as % of total income [(PAT excluding extraordinary/exceptional items)/(total income excluding extraordinary/exceptional items)].

* ROCE [(PAT before extraordinary/exceptional items + interest - tax on interest)/(average capital employed excluding revaluation reserve and miscellaneous expenditure)].

** RONW [(PAT before extraordinary/exceptional items)/(average net worth excluding revaluation reserve and miscellaneous expenditure)].

Basic earnings per equity share has been calculated including extraordinary/exceptional items and adjusted for all the years for bonus issue in the ratio of 1:1 in the current year.

After considering issue of bonus shares in the ratio of 1:1 during the respective years.

CONSOLIDATED FINANCIALS - HIGHLIGHTS

Rs.crore

Description	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Profit and Loss Account								
Gross sales & service	40608	29561	20700	16747	14599	11107	10857	9195
Other income	885	684	1071	577	696	488	267	239
Gross revenues	41493	30245	21771	17324	15295	11595	11124	9434
Net sales & service	40187	29199	20336	16500	14379	10849	10327	8714
Profit before depreciation, interest & tax [PBDIT] (excluding extraordinary/exceptional items)	5398	3984	2905	1846	1367	1215	1200	1287
Profit before tax (excluding extraordinary/ exceptional items)	4344	3384	2510	1472	1052	921	469	414
Profit attributable to Group shareholders (excluding extraordinary/exceptional Items)	3007	2304	1810	1051	697	600	380	290
Extraordinary items (net of tax)	773	–	–	70	–	–	–	–
Exceptional items (net of tax & minority interest)	9	21	430	196	353	147	–	–
Profit attributable to Group shareholders	3789	2325	2240	1317	1050	747	380	290
Dividend including dividend distribution tax	720	572	428	349	407	225	211	174
Balance Sheet								
Share capital	117	58	57	27	26	25	249	249
Reserves	13871	10773	6865	4937	3290	2622	2968	2889
Net worth	13988	10831	6922	4964	3316	2647	3217	3138
Minority interest	1058	923	646	107	105	54	50	44
Loan funds	18400	12120	6200	3499	3454	2769	4701	4978
Deferred payment liabilities	1970	196	232	-	-	-	-	-
Deferred tax liability (net)	131	122	107	127	138	214	913	928
Capital employed	35547	24192	14107	8697	7013	5684	8881	9088
Net fixed assets	15589	8523	5440	2973	2215	2140	5539	5824
Investments	6806	5552	2478	1676	615	624	528	358
Loans & advances towards financing activities	7110	6161	2410	1012	406	375	323	218
Net working capital (NWC)	6042	3927	3762	3011	3736	2498	2392	2613
Miscellaneous expenditure (to the extent not written-off)	–	29	17	25	41	47	99	75
Ratios and statistics								
PBDIT as % of total income @	13.19	13.40	13.97	11.01	9.31	10.77	11.37	14.46
PAT before extraordinary/exceptional items as % of total income $	7.33	7.72	8.66	6.25	4.73	5.29	3.59	3.24
ROCE % *	12.10	14.13	17.78	15.89	13.84	13.02	7.13	6.70
RONW % **	24.32	26.68	30.71	25.78	23.96	21.24	12.45	9.24
Gross Debt:Equity ratio	1.32:1	1.12:1	0.90:1	0.71:1	1.06:1	1.08:1	1.52:1	1.65:1
Net Debt:Equity ratio	0.84:1	0.57:1	0.44:1	0.49:1	0.89:1	0.76:1	1.27:1	1.53:1
NWC as % to gross sales	14.88	13.28	18.17	17.98	25.59	22.49	22.03	28.41
Current ratio	1.29	1.25	1.36	1.40	1.64	1.50	1.55	1.79
Basic earnings per equity share (Rs.) #	64.76	40.44	40.10	24.75	20.70	15.01	7.65	5.83
Book value per equity share (Rs.)	238.27##	368.62	242.77##	357.43	249.75	206.33	123.98	121.64

Figures for the years 2001-2002 & 2002-2003 include demerged cement business

@ PBDIT as % of total income [(PBDIT excluding extraordinary/exceptional items)/(total income excluding extraordinary/exceptional items and interest income)].

$ PAT before extraordinary/exceptional items as % of total income [(PAT excluding extraordinary/exceptional items)/(total income excluding extraordinary/exceptional items)].

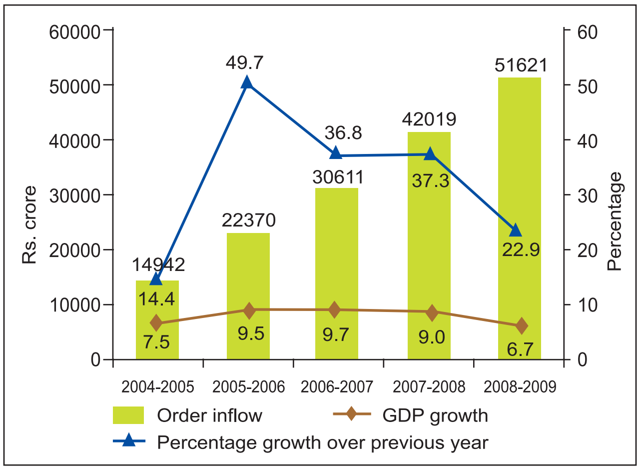
* ROCE [{profit available for appropriation before extraordinary/exceptional items + minority interest + interest (including interest forming part of operating expenses) - tax on interest}/(average capital employed excluding revaluation reserve and miscellaneous expenditure)].

** RONW [(profit available for appropriation before extraordinary/exceptional items)/(average net worth excluding revaluation reserve and miscellaneous expenditure)].

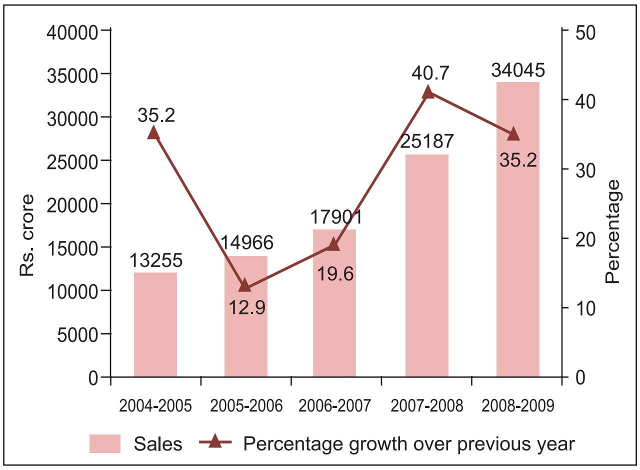
Basic earnings per equity share is calculated including extraordinary/exceptional items and adjusted for all the years for bonus issue in the ratio of 1:1 in the current year.

After considering issue of bonus shares in the ratio of 1:1 during the respective years.

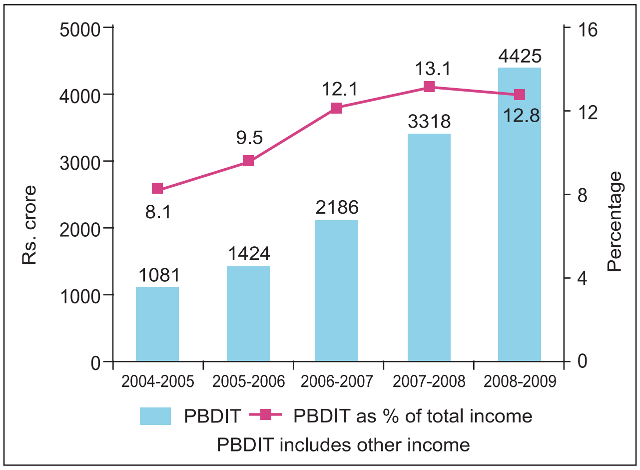
L&T-ORDER INFLOW



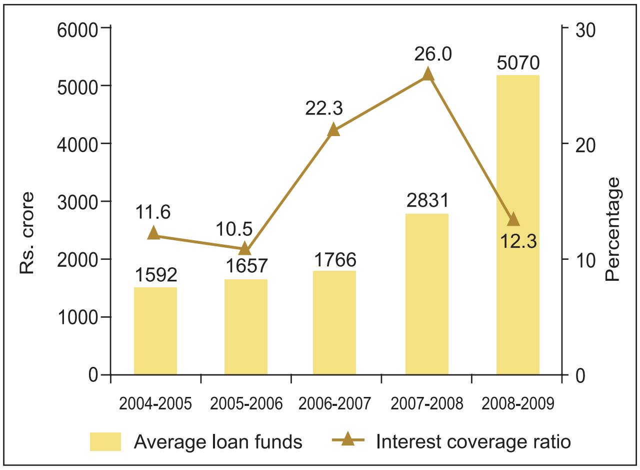
L&T-SALES



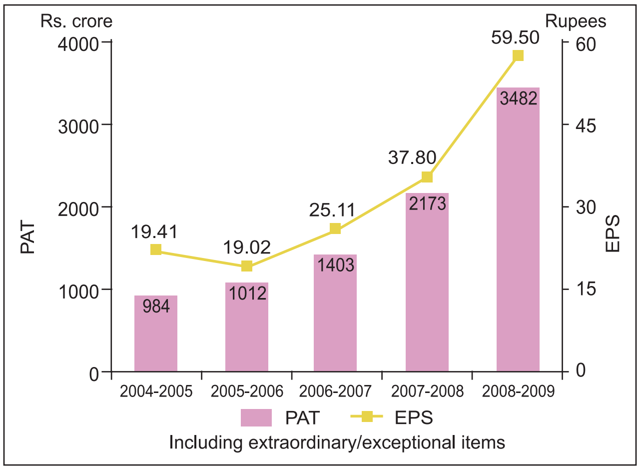
L&T-PBDIT AS % OF TOTAL INCOME



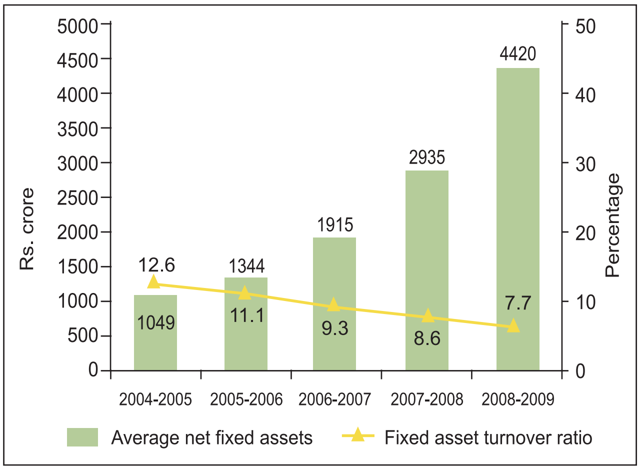
L&T-INTEREST COVERAGE RATIO



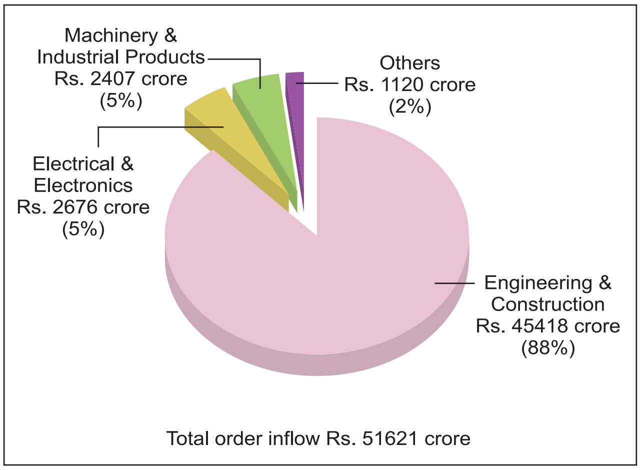
L&T-PAT & EPS



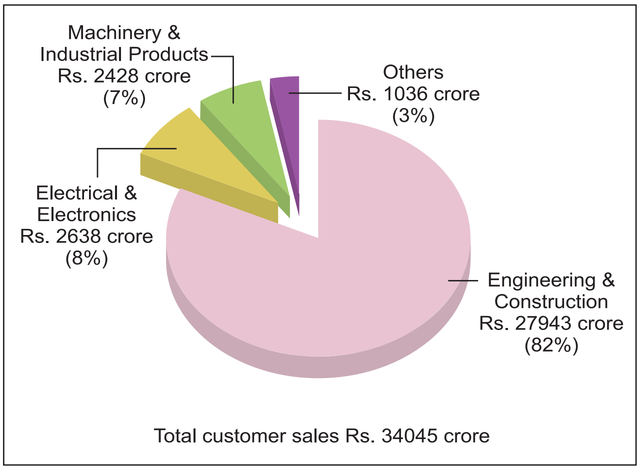
L&T-FIXED ASSET TURNOVER RATIO



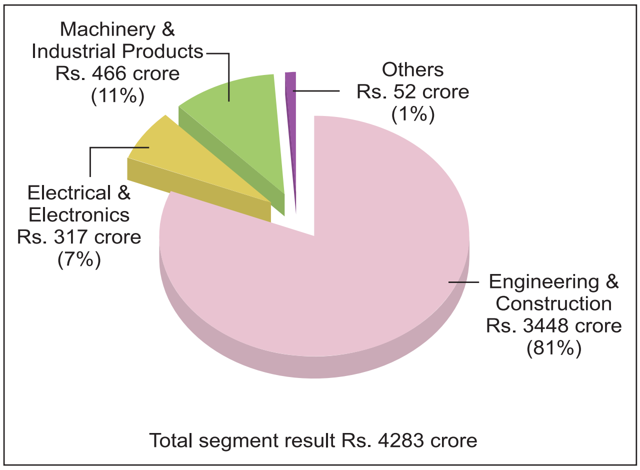
L&T-SEGMENT-WISE ORDER INFLOW 2008-2009



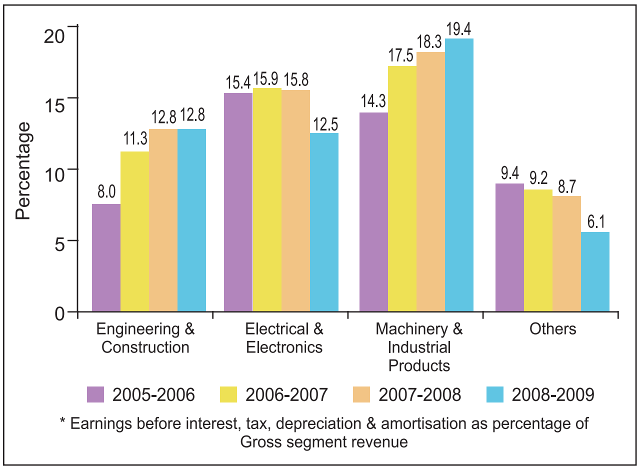
L&T-SEGMENT-WISE SALES 2008-2009



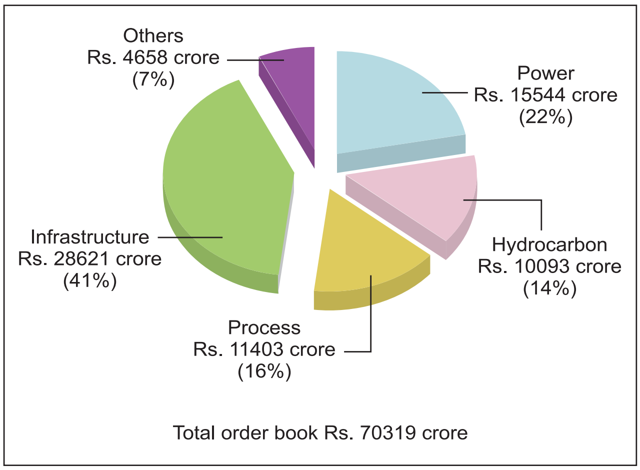
L&T-SEGMENT-WISE RESULT



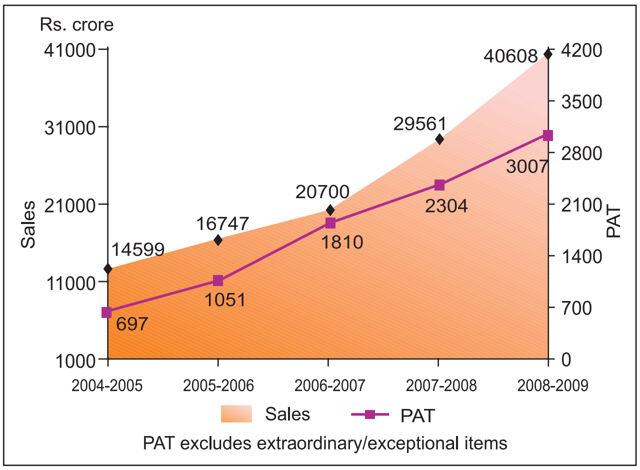
L&T-SEGMENT-WISE EBDITA MARGINS*



L&T-SECTOR-WISE ORDER BOOK AS AT MARCH 31, 2009



L&T CONSOLIDATED SALES AND PAT



NOTES

Directors' Report

The Directors have pleasure in presenting their Annual Report and Accounts for the year ended March 31, 2009.

FINANCIAL RESULTS

	2008-2009 Rs. crore	*2007-2008 Rs. crore*
Profit before depreciation and tax	4,246.40	*3,367.07*
Less : Depreciation and amortization	307.30	*213.63*
	3,939.10	*3,153.44*
Add : Transfer from revaluation reserve	1.31	*2.03*
Profit before tax and extraordinary items	3,940.41	*3,155.47*
Less : Provision for tax	1,231.21	*982.05*
Profit after tax (before extraordinary items)	2,709.20	*2,173.42*
Profit on sale / transfer of business (net of tax)	772.46	-
Profit after tax and extraordinary items	3,481.66	*2,173.42*
Add : Balance brought forward from previous year	104.31	*78.24*
Less: Dividend paid for the previous year (including dividend distribution tax)	0.33	*0.77*
Balance available for disposal which the Directors appropriate as follows:	3,585.64	*2,250.89*
Debenture redemption reserve	43.34	-
Interim dividend	-	*56.83*
Proposed final dividend	614.97	*438.49*
Dividend tax	101.83	*76.26*
General reserve	2,725.00	*1,575.00*
	3,485.14	*2,146.58*
Balance to be carried forward	100.50	*104.31*
Dividend		
The Directors recommend payment of dividend of Rs. 10.50 per equity share of Rs. 2/- each on 58,56,87,862 shares	614.97	*438.49*

YEAR IN RETROSPECT

The gross sales and other income for the financial year under review were Rs. 35,065 crore as against Rs. 25,863 crore for the previous financial year registering an increase of 36%. The profit before tax and extraordinary items (after interest and depreciation charges) of Rs. 3,940 crore and the profit after tax (before extraordinary items) of Rs. 2,709 crore for the financial year under review as against Rs. 3,155 crore and Rs. 2,173 crore respectively for the previous financial year, improved by 25% in each case respectively.

DIVIDEND

The Directors recommend payment of dividend of Rs. 10.50 per equity share of Rs. 2/- each.

Shares that may be allotted on exercise of options granted under the Employee Stock Option Schemes before the book closure for payment of dividend will rank pari passu with the existing shares and be entitled to receive the dividend.

DEPOSITORY SYSTEM

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2009, almost 96% of the Company's total paid-up capital representing 56,32,91,981 shares are in dematerialized form. In view of the numerous advantages offered by the depository system, members holding shares in physical mode are advised to avail of the facility of dematerialization on either of the depositories.

CAPITAL & FINANCE

During the year under review, the Company allotted 7,68,418 equity shares upon exercise of stock options by the eligible employees under the Employee Stock Option Schemes.

The shareholders of the Company approved the issue of bonus shares in the ratio of 1:1 at the AGM held on August 29, 2008. The Company accordingly issued 29,25,92,054 bonus shares on October 3, 2008.

During the year under review, the Company tied up foreign currency long term loans aggregating to USD 100 million to finance ongoing capital expenditure, investment in overseas subsidiaries and overseas acquisitions. The loans have tenors of 5, 7 and 10 years. The Company has also issued secured redeemable non-convertible debentures of Rs. 900 crores, with tenor of 10 years, and unsecured redeemable non-convertible debentures of Rs. 250 crores with tenor of 3 years.

CAPITAL EXPENDITURE

As at March 31, 2009, the gross fixed and intangible assets, including leased assets, stood at Rs. 6,670.78 crore and the net fixed and intangible assets, including leased assets, at Rs. 5,194.60 crore. Additions during the year amounted to Rs. 1,986.31 crore.

DEPOSITS

85 deposits totalling Rs. 0.08 crore which were due for repayment on or before March 31, 2009 were not claimed by the depositors on that date. As on the date of this report, deposits aggregating to Rs. 0.01 crore thereof have been claimed and paid.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

During the year, the Company has transferred a sum of Rs. 1,43,88,496 to Investor Education & Protection Fund, the amount which was due & payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205C(2) of the Companies Act, 1956. Despite the reminder letters sent to each shareholder, this amount remained unclaimed and hence was transferred. Cumulatively, the amount transferred to the said fund as on March 31, 2009 is Rs. 7,30,26,439.

SUBSIDIARY COMPANIES

During the year under review, the Company subscribed to / acquired equity shares in various subsidiary companies. These subsidiaries are either SPVs executing projects secured through BOT route, or holding companies making investments in companies such as power and financial services. The investment in L&T International FZE is mainly for onward investment in international ventures. The details of investments are as under:

- 862 equity shares of Dhs. 550,500 each in Larsen & Toubro International FZE for Rs. 533 crore at par.
- 4,08,00,000 equity shares of Rs. 10 each in L&T Power Limited at par.
- 1,989 equity shares of Rs. 10,000 each in International Seaport Dredging Limited at par.
- 5,70,00,000 equity shares of 10 each in L&T Power Development Limited at par.
- 12,40,005 equity shares of Rs. 10 each in L&T-Gulf Private Limited at par.
- 10,000 equity shares of Rs. 10 each in L&T Seawoods Private Limited at par.
- 100 equity shares of Rs. 10 each in L&T Chennai – Tada Tollway Limited at par.
- 50,000 equity shares of Rs. 10 each in L&T Natural Resources Limited at par.
- 20,50,000 equity shares of Rs. 10 each in L&T Capital Holdings Limited at par.
- 1,70,00,000 equity shares of Rs. 10 each in L&T Capital Company Limited at par.
- 40,000 equity shares of Rs. 10 each in Raykal Aluminium Company Private Limited at par.
- 10,10,000 equity shares of Rs. 10 each in L&T Halol-Shamlaji Tollway Private Limited at par.
- 10,10,000 equity shares of Rs. 10 each in L&T Rajkot-Vadinar Tollway Private Limited at par.
- 10,10,000 equity shares of Rs. 10 each in L&T Ahmedabad-Maliya Tollway Private Limited at par.
- Further contribution of Re. 0.55 per share & premium of Rs. 71.39 per share on 22,50,000 partly paid-up equity shares in Larsen & Toubro Infotech Limited. Total paid-up Rs. 3.75 per share, premium Rs. 393.745 per share.

The Company has acquired 50% stake in L&T-Demag Plastics Machinery Limited from the JV partner M/s Sumitomo (SHI) Demag Plastics Machinery GmbH on March 31, 2009. Accordingly 30,00,000 shares were acquired for a consideration of Euro 1. Thus L&T-Demag Plastics Machinery Limited became a wholly owned subsidiary of the Company w.e.f. March 31, 2009. An application has been made to the Registrar of Companies to change the name of the subsidiary to L&T Plastics Machinery Limited. The Company further subscribed to 1,00,00,000 shares of Rs. 10 each at par.

The Company transferred its entire 100% stake as detailed below to L&T Capital Holdings Limited (LTCHL).

- 50,00,00,000 equity shares of Rs. 10 each in L&T Infrastructure Finance Company Limited at par.
- 18,66,91,500 equity shares of Rs. 10 each in L&T Finance Limited for a consideration of Rs. 490.98 crores.
- 5,60,60,000 equity shares of Rs. 10 each in India Infrastructure Developers Limited at par.

LTCHL will be the umbrella holding company for investments in financial services business.

The Company has also sold 205 equity shares of Rs. 10 each of L&T Capital Holdings Limited at par.

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

In view of the exemption received from Central Government vide letter no. 47/378/2009-CL-III dated May 8, 2009, the Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of the Subsidiary companies are not annexed as required under Section 212(8) of the Companies Act, 1956. Shareholders who wish to have a copy of the full report and accounts of the subsidiaries will be provided the same on receipt of a written request from them. These documents will be put up on the Company's Website viz. www.larsentoubro.com and will also be available for inspection by any shareholder at the Registered Office of the Company on any working day during business hours.

AUDITORS' REPORT

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

DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is provided in Annexure 'A' forming part of this Report.

OTHER DISCLOSURES

The Company has disclosed in the notes forming part of accounts the quantitative details in respect of sales, raw materials and components consumed and inventories as required vide sub-paras 3(i)(a), 3(ii)(a)(1) and (2) and 3(ii)(b) of Part II of Schedule VI to the Companies Act, 1956.

The Central Government, vide its order No. 46/44/2009-CL-III dated March 30, 2009, has granted exemption to the Company for the financial year ended on March 31, 2009 in respect of disclosure of the above mentioned quantitative details where the values of the individual items in each category are less than 10% of the total value of the category.

The disclosures required to be made under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, together with a certificate obtained from the Statutory Auditors, confirming compliance, is provided in Annexure 'B' forming part of this Report.

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a Report on Corporate Governance and a certificate obtained from the Statutory Auditors confirming compliance, is provided in Annexure 'C' forming part of this Report.

PERSONNEL

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. The information required under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder, is provided in Annexure forming part of the Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure is related to any Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;

ii. that the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the profits of the Company for the year ended on that date;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv. that the annual accounts have been prepared on a going concern basis.

DIRECTORS

Mr. Jagjeet Singh Bindra who was appointed as an Additional Director w.e.f. January 30, 2009, holds office upto the date of the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr. Thomas Mathew T. who was appointed on November 20, 2006 in the casual vacancy caused by the resignation of Mr. A. K. Shukla, holds office upto the date of the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr. S. N. Talwar, Mr. K. V. Rangaswami, Mr. M. V. Kotwal, Mr. V. K. Magapu and Mr. R. N. Mukhija retire from the Board by rotation and are eligible for re-appointment at the forthcoming Annual General Meeting. The Notice convening the Annual General Meeting includes the proposals for re-appointment of Directors.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

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

AUDITORS

The Auditors, M/s. Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges and the stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners/Associates.

For and on behalf of the Board

A. M. Naik

Chairman & Managing Director

Mumbai, May 28, 2009

Annexure 'A' to the Directors' Report

(Additional information given in terms of notification issued by the Ministry of Corporate Affairs)

[A] CONSERVATION OF ENERGY:

(a) Energy Conservation measures taken:

1 Improving energy effectiveness / efficiency of Equipments and Systems

- Use of Variable frequency drive for various applications such as central ACs, FDVS, AC plant Air Handling Units, EOT crane motors, etc. to improve the motor efficiency and enhance energy saving.
- Use of solar powered street lights, installing timers, applying reduced voltage to street lights during night time, installation of dusk to dawn solar powered street lights, etc. saving energy.
- Use of Solar power for water heaters, installation of water heating system for canteen cooking / washing, use of Portable electrical ovens modified with digital temperature controller, green power generation through roof installed grid connect solar power plant.
- Use of energy saving devices like human body sensors, presence sensors, time switches, photo sensing devices, electromizer energy saving devices, TFT monitor, LCD screens in discussion rooms, zone controlled AC, Low emission films on glass doors and windows, etc to reduce energy consumption.
- Procurement of energy efficient Amada CNC Press Brake machine as a replacement of old machine.
- Procurement of new compressor for packing shop for usage in third shift to cater to month end urgent packing requirements thus reducing the need to switch on a higher rated common compressor.
- Saving of diesel by efficient running of powder coating / pre-treatment plant, provision of AMF panels on generator sets, etc.
- Practising Rain Water harvesting, sewage water treatment plant to recycle the water for maintenance of the greenery, use of auto sprinkling system for watering of gardens, use of foam type taps, Water efficient / climate tolerant plantings, etc.
- Reduction in daily A.C. running time, switching off lights and air conditioning during lunch breaks.
- Re-sizing of conformal coating chamber and reducing the size of the chamber exhaust fan.
- Use of Turbo ventilators for non air-conditioned areas to extract heat of the building.
- Reducing the height of the ceiling, installation of fibre sheet to get more illumination and improve daylight.
- Replacement of florescent tube lights, incandescent lamps with CFL, & metal halide lamps in various offices and workshops.
- Stopping air leakages, installing new air solenoid valves in air line to control air combustion, etc.
- Modification of Coolant piping (reduction in joints, bends, friction) in Asquith deep hole drilling machine to save energy.
- Installation of Energy Saver in welding machines belonging to subcontractors, introduction of Fullwave welding machines and Inverter based welding machines.
- Replacement of Chuck drives with the latest energy efficient drives, procurement of new high efficiency welding inverters and welding machines.
- Installation of energy efficient AC windows units having screw compressor, replacement of V belts with flat belts in

AC unit compressors, installation of real time switches in package ACs, etc.

- Modularization of Chilled Water system to take care of different load centres, use of Zero CFC based refrigerants; double glazing; high performance CFC free chillers.
- Introduction of VVVF Drives in the place of conventional type starter panels for all the movements in Gantries, detachment of Cable realer motors from all gantry cranes & adopted the cable Festoon system.
- Taking various initiatives to reduce the fuel consumption including:
  - Modification of Flue gas ducting system to retain more heat inside the galvanizing furnace chamber.
  - Adding special additives with fuel in order to get complete combustion.
  - Pre-heating of fuel to improve combustion.
  - Frequent cleaning & monitoring of burner valves, nozzle & strainers.
- Use of Soft Starters:
  - Soft Starters utilize a powerful micro - controller, which continuously monitors motor efficiency. Slight changes in demand will be recognized and Starter will respond immediately by matching the input power exactly as the load changes - thus saving energy. The heat generated while running of motor is minimized. This in turn improves the efficiency drastically.
- Usage of energy efficient motors:
  - Energy efficient motors increase the power factor higher than those of standard motors. Energy efficient motors operate without loss in efficiency at loads between 75% and 100% of the rated capacity.
- Formation of a dedicated team to focus on ‘Climate Change Mitigation, Carbon Trading and Environmental Management’.

2 *Improving energy effectiveness / efficiency of Manufacturing Processes*

- Electrode implementation in vacuum sealed packing to eliminate breaking.
- Development of Portable boring cum milling machine for machining of nozzle cut out.
- Design & Development of 500 MT Tank Rotator with Anti drift Mechanism.
- Design and development of Portable Flame cutting machine for Nozzle Cutout.
- Implementation of Data Logger for Welding Equipment for capturing the actual welding parameters.
- Installation of Automatic Temperature Monitoring & Controlling System during welding. This development has been granted Patent - 1st Indian patent for L&T, HZMC.
- Design & Development of SAW Station (Plug & Play) with the following features:
  - Heat insulated platform bottom and seat for operator’s comfort.
  - Flexible arrangement for welding head mounting
  - Modular design
- Indigenous development of hydro expansion tooling for expansion of large dia tubes.
- Development of Button forming process on Hex sheath of DFSA, DBSA, SSSLSA.
- Clad Restoration of inaccessible areas of Elbow # Pipe joint by using camera along with FCAW process.
- Development of FCAW O/L process Station for 3.7m long pipe which was previously done in sections.
- Development of Clad stripping machine in LEMF replacing manual working.
- Development & installation of portable pipe bevelling machine to replace manual grinding resulted in reducing the cycle time from 120 minutes to 2 minutes.
- Development & commissioning of Spiral weld overlay reducing the cycle time by 95%.
- Implementation of Square Butt joint in Special project, converting manual weld to automatic weld, reducing cycle time for WEP preparation & welding and reduces rework & repair.
- Installation of Virtual Reality Simulator for training Welding Operators.
- Development of wider Stainless Steel ESSC strip to reduce cycle time.
- Implementation of 350 kg wire Pay-off pack for High thickness Circ Seam Welding in Station reducing change overtime by 90%.
- Use of Automatic CNC based machine for In-Situ squareness & WEP machining for Sections in axis horizontal condition.
- Implementation of GMAW-P welding in LEMF defence shops.
- Joining of Cupro Nickel Sleeve to AB grade forging by automatic GTAW Process.
- Introduction of laser based instruments like cross liners and EDM, which are more efficient than the conventional measurements with plumbs and tapes.
- Use of In-Situ Hydro of penetrations without welding blanks on penetration face, usage of man lift to minimize scaffolding requirement hence reduction in cost & cycle time.
- CNC Retrofitting of Bench lathe in Kansbahal enhancing productivity resulting in reduction of process time & power consumption.
- Replacement of 5T melting ARC furnace by 4T energy efficient medium frequency Induction furnace at Foundry in Kansbahal.
- Installation of Variable frequency drives for EOT crane hoists at LTMBU to improve the motor efficiency and enhance energy saving.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- Use of energy saving type of lighting arrangements (LED based, metal halide etc.) in Shop floor and on roads inside factory, install lighting energy saver, replacement of HPSV (high pressure sodium vapour) lamps with metal halide.
- Procurement of additional Inverter based welding machines instead of rectifiers for shops, new machines with energy efficient motors, etc.
- Exploring use of Solar AC & wind power solutions.
- Usage of Energy Saver Ballast in more nos. of Flood Lights

- Optimizing excess air in plate heating furnace, Vapour absorption Machine (VAMs), etc.
- Installation of VFD (variable frequency drive) in secondary chilled water & condenser water pumps in office buildings.
- Study of Waste Heat Recovery of Natural Gas Power Generator for enhancing energy efficiency.
- Installation of Natural Gas based additional Generating set –III
- CNC Retrofitting of VDF Table borer for enhancing productivity and reducing machining time resulting in reduction of process time & power consumption.
- Replacement of conventional central A/C plant with new energy efficient plant.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- The measures taken have resulted in savings in cost of production, power consumption & processing time.

(d) Total Energy Consumption and Energy Consumption per unit of production as per Form A in respect of industries specified in the Schedule:

- NOT APPLICABLE

[B] TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B.

FORM B

(Disclosure of particulars with respect to Technology Absorption)

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company:

- **Cement & Mineral Process**

  Process Design and related aspects of Cement / Mineral projects; Modelling of NOx emission; Use of alternative fuels; Comminution characteristics of blended cement; Modelling and simulation of entrained flow and fixed bed coal gasifiers.

- **Chemical Engineering**

  Design, analysis and simulation of chemical processes and equipment, with special emphasis on Oil & Gas applications (3-phase separators, fuel gas conditioning skids); Capability development for in-house process engineering of Process Gas Compressor modules; Fertilizer plant revamp, Ammonia and Methanol plants. Refractory engineering for chemical plant equipment.

- **Material Science & Corrosion Engineering**

  Construction Material for Oil & Gas, Refineries and Chemical plants process equipment; Root cause analysis of metallurgical and corrosion related failures; Surface treatment processes for defence and aerospace components; Composite materials for functional properties requirement. Nano Technology for strategic applications.

- **Thermal Engineering**

  Dynamic simulation of captive power plant; CFD analysis of industrial machinery and systems (such as air preheaters, kiln burners and wind tunnels); Design and analysis of thermal systems in refineries and process plants; Capability development in Super Critical Boiler technology.

- **Rotating Machinery**

  Advanced engineering studies for Oil & Gas and Power projects; Performance testing and commissioning of process gas compressors; Development and optimization of coal pulverizer system. Analysis of flow-induced and acoustic vibration in Oil & Gas pipelines; Advanced analytical techniques for machinery design.

- **Mechanical Engineering**

  Development of advanced design / analysis capabilities for equipment and structure in Heavy Lift & Pipe Lay Vessel; Seismic analysis of on-shore buried pipeline; Design solutions for various products through advanced Finite Element analysis; Piping analysis and engineering support in offshore Oil & Gas applications; Experimental stress analysis of critical products; Capability development in material non-linear analysis and fatigue analysis using FE techniques.

- **Ocean Engineering**

  Design, analysis and optimization of complex offshore structures; Transportation analysis for offshore jacket and compressor modules; Hydrostatic stability analysis of jack-up rigs and semi-submersibles; Studies on design/analysis of FPSO Topsides, Sub-sea Systems and Jack-up Rigs; Capability development for in-house engineering of PGC modules (structural design).

- **Water Technologies**

  Design and specifications for brackish water RO plant; Design and specifications for membrane bio-reactor for treated sewage recycling; Studies on RO-based desalination technology, Membrane Bio-reactors, Thermal Desalination systems and Zero-discharge technologies; Development of laboratory facilities for water / waste water analysis.

- Development of new products / product ranges of Air Circuit Breakers, Moulded Case Circuit Breakers, Miniature Circuit Breakers, Contactors, Relays Switch Disconnector Fuses, Change-Over devices, & Motor starters.
- IGBT based Slip Power recovery systems (benefits – energy saving without affecting Power Quality).
- 1 MW high quality power supply for sea port application (import substitution - saving Foreign Exchange).
- DCS for Power system
- Highway Traffic Management System
- Medium Voltage Inverters, designed & developed five types of electronic energy meters for various applications.
- Development of communication modules for remote meter data acquisition on GPRS, Low Power Radio, development of software for remote acquisition of meter data.
- Release of 5 new products in the monitoring range namely Comet-P, Galaxy 55, Star 55 with 12 L ECG, Skyline 55 a 16 bed Central Nurses Station, 3 channel ECG M/c 'Orion' and in Ultrasound 'Scintilla' colour Doppler.
- FDA approval for 11 products till date. More focus was placed on developing and aligning our products to drive our thrust towards exports largely USA.
- Development of indigenous NIBP module to achieve technology independence & cost effectiveness for our monitoring products.

- Filing of 14 patents by Medical Division in 2008-2009 and focusing on self reliance in core technologies in monitoring.

  The products have been developed with a focus on

  - Enhanced safety and user convenience
  - Environment friendly features
  - Built-in intelligence & Communication capability
  - Conformance to latest Indian & International standards

- Weapon Launch Systems (Structures, mechanisms, drives, controls), Air Defence Guns (Ballistics, mechanisms, drives, optronics), Robotics & remotely operated systems, Development of steam generator design for Nuclear power plant, Manufacturing Technology for thin walled Aero structures, Development of Plasma Arc Welding Technology for Space & Strategic applications, Development of Airborne Composite Components.
- Composites (Process & Design Technologies), Regenerative heat exchanger for strategic project.
- Development of welding Simulation Technology.
- Development of Feed-water Heater Design Package for supercritical power plants.
- Development of Core technologies for Hypersonic Wind Tunnel Systems.
- Development of Angular Motion Simulator
- Design provisions & development of Optical measurement technologies for achieving machine tool alignment accuracies within 1 arc second.
- Development of Road Miller, a new product for KBL, which is suitable for undertaking proper repair of city roads and highways with the possibility of recycling the old pavement material. The first prototype will be tested during the FY 2009-10.
- Design of Track-mounted and electrically-driven Primary Mobile Crushing Plant for crushing aggregate and iron ore. The first prototype will be tested during the FY 2009-10.
- Design of certain Construction equipment and Body for Tipper Trucks along with the development of prototypes is on the anvil. Besides this, developmental work is also being carried on an all-electric Plastic Injection Moulding Machine.
- R&D efforts in respect of development of 30% energy saving platen insulation system for tyre curing press, mould container, equipment for handling rubber ply and designs for internal mixer of 240L and 270L capacities and Web handling equipment for calendar and extruder lines.
- Development of No Cement Concrete, Development of light weight concrete panels for modular housing, Continued development in self compacting & high strength concrete above M80, Development of eco friendly, green products and conservation of natural sources – Reduction of soil brick in housing construction by Controlled Low strength Materials in the form of blocks and concrete.
- Development of alternate foundation system for Transmission line towers.
- Continued Development of soil stabilization techniques for airport sub grades & high speed corridors, Development of low cost kit for compaction control under vibratory roller, Continued development of performance grade Asphalt with polymer, Continued development of recycled asphalt pavement (RAP) for high speed corridors.
- Development of neural network algorithms for optimization of buildings design & construction.
- Development of RFID's application in logistics handling and stores management.

2. **Benefits derived as a result of above R&D:**

- Process design and optimisation for cement plants
- Refractory solutions for high-temperature equipment in process plants
- Process simulation and optimization for E&C projects involving refinery, fertiliser and chemical plants, Successful testing / commissioning of plants and equipment in various E&C projects, through multi-disciplinary technology support, Successful simulation of combined cycle power plant dynamics; optimization of equipment and system design using CFD technique; design / optimization of various thermal systems, Development of optimized design for coal pulverizer / separator system for power plant application, Development of in-house capability for analyzing flow-induced vibration and acoustic vibration in oil & gas piping systems, Successful diagnosis of rotating machinery problems in various projects through vibration / acoustic analyses, Development of in-house capability for seismic analysis of buried pipeline, Design / analysis of complex structures and piping systems for offshore Oil & Gas applications, Development of design / analysis techniques and resources for Deepwater Oil & Gas applications.
- Material evaluation / characterization; selection of alternative materials; failure analysis support; preservation and corrosion protection of critical equipment.
- Design solutions for water treatment systems, Establishment of in-house water testing facilities.
- Development of capability for in-house engineering of Process Gas Compressor modules.
- Development of in-house expertise in high-end engineering analysis (e.g., advanced FEA, CFD, Dynamic Simulation, Acoustic Mapping, Rotor Dynamics, Non-Linear Analysis etc.) and technologies such as nano materials, advanced corrosion control methods and water treatment techniques.
- Expansion of product range and export opportunity, Product improvements, Cost effective products, Acceptance for International Markets, Technology up gradation, Developing safe, user and environmental friendly products.
- Providing a comprehensive solution for Automatic Meter Reading (AMR).
- Installation of High speed press 'Bruderer' and Precision grinding machine 'Imatec' for manufacture of magnets for contactors.
- Fully automated testing & packing set up for MCB manufacturing.
- Introduction of a system of E-waste disposal through MPCB approved source to ensure the environmental friendly disposal.
- Installation of automatic silver plating plant (and with strict process control, has resulted a reduced water consumption & chemical consumption in silver plating).

- Road Miller and track-mounted electrically-driven mobile crushing plant has increased our product range. Road Miller has good export potential.
- Creation and implementation of procedure for top-down design of Mobile Equipment using 3D Modelling using PLM / Windchill, design validation & analysis of complete Mobile Equipment using ANSYS and Hypermesh and process for deriving target specifications for a mobile construction / mining equipment. This initiative offers tremendous business opportunity as and when it is decided to launch new products.
- Offering a new product line in Rubber Processing Machinery to cater to high volume growth market and enable entry into new application area of rubber mixing technology, besides development of in-house knowledge of rubber web handling.
- Conservation of Natural resources on development of Controlled Low Strength Material and alternate Pavement blocks, Reduction in natural aggregate consumption in Pavement Construction by Mechanistic approach design and alternate pavement construction, Performance grade binder for critical conditions of traffic loading, Cost effective utilization of natural materials with substitution of Recycled Asphalt Pavement materials.
- Building up a strong intellectual property base, Winning national / international awards in recognition of good designs of products, Enhancing intelligence and communication capability, Ease of manufacturing & improvement in productivity, Indigenisation & development of products for Indian defence sector, Savings in Foreign Exchange.

3. Future Plan of Action:

- Process technology for coal gasification
- Alternative fuels for use in cement plants
- Low-NOx Burners for combustion of alternative fuels
- Simulation of Combustion Chamber
- Design / simulation of Hydrogen and Ammonia processes and Auto Thermal Reformers.
- Study on Gas Processing techniques
- Study of Synfuels Technology
- Applications of Nano Technology, development of nano-materials and coatings
- Application of electrochemical noise method for characterization of stress corrosion cracking (SCC)
- Carbon-fibre from polymeric fibres
- Dynamic Simulation and Performance Analysis of Combined Cycle Power Plants
- Technology Analysis of Super Critical Boilers
- Thermo-hydraulic design of Once-Through Steam Generator (OTSG)
- Capability development in machinery design and fault diagnosis involving advanced analytical techniques
- Study of water hammer / surge phenomena in large liquid-handling pipe networks
- Application of Statistical Energy Analysis (SEA) in machinery noise control
- Development of in-house expertise in performing advanced engineering studies for large EPC Projects
- FE analysis of Floating Structures
- Design / analysis of FPSO Topsides
- Design / Analysis of Jack-up Rigs and Semi-submersible Drilling Rigs
- Design and analysis of Jacket & Deck Installation
- Design and Analysis of Sub-sea pipeline installation
- Capability development for Pile Drivability analysis
- Capability development for motion response analysis of offshore vessels
- Design of Membrane Bio Reactors
- Thermal Desalination techniques
- Recycle, Reuse and Zero-discharge Technologies
- Nano coatings to improvise surface properties
- Nano-catalysts
- Development of new / upgraded products in defence equipments
- Toll Management system including Electronic Toll Collection for National & State Highways
- Integrated Terminal Automation & Tank Farm Management System for Petroleum Products
- Power Management System
- Launching new range of cost effective Multi-parameter monitors with rich features viz. Planet 50N, Star 50N and Planet 30 during Q2 of 2009-2010. A new trolley model premium Grey scale Ultrasound System and colour Doppler is under development and is expected to be launched during Q3 of 2009-2010.
- Continuing efforts on bringing out new intelligent meter designs.
- Developing communication modules for meter communication over wired as well as wireless media.
- Developing software for data acquistion and Advanced Metering Infrastructure (AMI)
- Developing another new model of Surface Miner with higher capacity of coal mining, thus extending the existing range of Surface Miners.
- Creating & implementing Test protocol and field testing for Mobile construction / mining Equipment to simulate functional requirement / field conditions.
- Developing new products and upgrade existing products in rubber mixing, besides capability development in automated material handling pertaining to tyre industry.
- Development of thermal efficient building products
- Development of high early strength concrete for faster construction
- Development of deep soil mixing technique
- Development of Laboratory information management system for Construction
- Development of Pavement Management System
- Development of faster construction methods and systems

4. **Expenditure on R&D:**

Rs. crore

	2008-2009	*2007-2008*
(a) Capital	5.01	*6.61*
(b) Recurring	75.18	*60.64*
(c) Total	80.19	*67.25*
(d) Total R&D expenditure as a percentage of total turnover	0.24%	*0.27%*

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. **Efforts in brief made towards technology absorption, adaptation and innovation:**
   - Interaction with external agencies / technology partners for exposure to the latest products / designs, manufacturing technologies, processes, analytical techniques and engineering protocols.
   - Participating in national / international conferences, seminars and exhibitions.
   - Valuation, adaptation and/or modification of imported designs / technologies to suit indigenous requirements, alternative materials / components.
   - Parametric studies involving theoretical models duly validated by experimental studies at in-house laboratories and pilot plants as well as feedback and operating data during commissioning of various plants and machinery.
   - Review of patents in relevant technology areas.
   - Collaborative efforts with educational / research institutions for technology upgradation.
   - Use of state-of-the-art equipment, instrument and software.
   - Analyzing feedback from users to improve processes and services.
   - Adaptation of previously developed technologies for delivering products such as Winch & Mooring System for Aerostats, Torpedo Launcher mounts, ASW Rocket launcher mounts & Anti-Tank Guided Missile launchers.
   - Indigenisation of all the boiler components of Shell Coal Gasifiers.
   - Development of hydraulic gap setting mechanism for Jaw Crusher, STJ108.
   - Development of design of Vibrating Feeder, Grizzly Feeder and Conveyor for Mobile Crushing Plant.
   - Introduction of new products with indigenous technology; also developing products which are user-friendly, eco-friendly and with enhanced safety features.
   - Technology absorption in rubber mixing through hiring the services of a Consultant.
   - Development of Blanking Tool For Climbing Bracket Head Plate – which avoids Gas cutting and grinding.
   - Development of Compound Tool For Climbing Bracket Main Plate – which combines 3 different operations in a single tool.
2. **Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.:**
   - Successful simulation / optimization of process design and engineering for various E&C projects (cement, refinery, Oil & Gas, fertilizer and chemical plants).
   - Appropriate refractory design for high-temperature applications.
   - Successful selection and characterization of materials for critical applications and implementation of suitable preservation / corrosion protection techniques.
   - Establishment of in-house capability for dynamic simulation of complex thermal-fluid systems in Combined Cycle Power Plant.
   - Development of upgraded cement kiln and ball mill designs, suitable for enhanced production capacity and higher operating speeds.
   - Development of in-house expertise for seismic analysis of buried pipelines.
   - Effective solutions to design / analysis problems involving complex structures and piping systems for offshore Oil & Gas applications.
   - Development of in-house analysis capabilities and resources for Deepwater Oil & Gas applications.
   - Capability development for design for water treatment systems for various applications.
   - Successful testing / commissioning of plants and equipment in various E&C projects, through multi-disciplinary technology support.
   - Acquisition of in-house expertise in high-end engineering analysis (e.g., advanced FEA, CFD, Dynamic Simulation, Acoustic Mapping, Rotor Dynamics, Non-Linear Analysis etc.) and technologies such as composite materials, advanced corrosion control methods and water treatment techniques.
   - Establishment / upgradation of state-of-the art laboratory facilities for material characterization, chemical analysis, corrosion control, vibration and acoustics and experimental stress analysis, in order to provide comprehensive technology support to business units. This has reduced the dependence on external agencies and enabled effective execution of projects.
   - Indigenisation (import substitution) & development of products for Indian defence sector
   - Expansion of product range and export opportunities.
   - Product improvement.
   - Increasing knowhow within the country.
   - Improving the effectiveness of the operation of the crusher by increading the Hydraulic gap setting.
   - Development of Vibrating Feeder, Grizzly Feeder and Conveyor have resulted in product improvement and also cost reduction.
3. **Information regarding technology imported during the last 5 years**

S. No.	Technology Imported	Year of Import	Status
a)	Sour Water Stripping Process	2005	Absorbed
b)	Tail Glass Treatment Process	2005	Absorbed
c)	Manufacturing know-how of Cementing Unit	2007	Absorbed

[C] FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans.

Overview:

The Company has a diversified range of products. Each business division of the Company has dedicated cells for giving impetus to exports. The Company has offices abroad and agents in various countries to boost exports. The Company is intensifying efforts in selected countries and exploring new markets. The Company is expanding reach of new products through synergy with existing products and, International Engineering, Procurement and Construction (EPC) projects. Export of heavy engineering equipment has been identified as thrust area. The Company regularly participates in prestigious international exhibitions and conducts market surveys and direct mail campaigns. The Company has an international presence, with a global spread of offices and joint ventures with world leaders. Its large technology base and pool of experienced personnel enable it to offer integrated services in world markets.

Engineering & Construction Division:

E&C Division continues to focus on GCC countries for procuring EPC contracts. The division has set up overseas design and engineering centres in UAE to cater to engineering support on new projects, obtaining stand-alone engineering/consultancy business and co-ordination/support on EPC projects awarded in the region. The division is also focusing on electro-mechanical construction works in all GCC countries and towards achieving the same, JV companies have been formed in Kuwait, Oman, Saudi Arabia & Qatar. The division is widening its network of overseas marketing partners in the GCC as well as other countries in the Middle East & Far East. The division is looking forward to other opportunities in the MENA region (Middle East and North Africa) and CIS countries.

The Company's E&C Division has executed and is executing Engineering, Procurement (EP) and Engineering, Procurement and Construction (EPC) projects in countries like Oman, Qatar, Saudi Arabia, Kuwait, UAE, Malaysia, Tanzania, Sri Lanka, etc., and in the field of upstream hydrocarbon, mid & downstream hydrocarbon, hydrocarbon plant construction & pipelines and power. E&C Division has actively contributed towards clean environment through execution of Clean Fuel projects such as Motor Spirit Quality Upgradation, Diesel Hydro treating, Hydrogen and Sulphur Block projects.

The global market for construction industry was at boom during the first half of 2008-09. The Gulf market due to phenomenal oil price hike created lots of opportunity for the Company during the first half. The inflationary trend had its own impact by way of unprecedented increase in commodity prices which has squeezed the margin since majority of the Company's contracts were fixed price contracts.

The business environment was very sluggish during the second half of 2008-09 for the Building & Urban Infrastructure business due to the macro-economic decline on a scale not seen for decades.

The economic meltdown had a great impact on the property market in Dubai, which has forced the developers to defer lot of their ambitious plans resulting in a very depressed market. The Buildings & Urban Infrastructure business could not secure any order due to the adverse market trend. The Company had also adopted a cautious approach in selecting the bids to avoid liquidity risk seen during recession. However the Power Transmission & Distribution business and Ready Mix Concrete business strengthened its presence in select Gulf Market.

The Gulf economy is mainly dependant on the movement of oil price. With the oil price oscillating up and down it is expected that the year ahead is going to be much more challenging than the previous year. The business prospects for the Gulf Projects in the Infrastructure, Power Transmission & Distribution business are expected to be promising. The thrust on geographical expansion through focus countries (Kuwait, Saudi, South Africa, Botswana & Libya) is expected to yield good result in the years to come. There are plans to strengthen our position in the ready-mix-concrete business. Expanding the business horizon and geography are some of the futuristic initiatives taken by the construction division.

Heavy Engineering Division (HED):

HED continues to take a number of initiatives to enhance export growth. In the last financial year, exports accounted for 50% of total sales in the Division.

South America in general & Brazil in particular is emerging as a major market for process plant equipment. HED has booked orders worth Euro 113 million for the supply of Reactors & Coke Drums for North East Refinery project of Petroleo Brasileiro S.A. – Petrobras, Brazil.

Middle East & North Africa (MENA) continues to be focus market for HED. Orders for supply of critical equipment to fertilizer projects were received from Oman, Algeria.

Orders for supply of Ammonia converters for various projects in Iran were received. With these orders, Iran has been included in HED's list of important markets for equipment supply.

Coal gasification equipment is one of HED's key products for export. Orders for this equipment have been received from Shuifu Coal Revamp Project, China and Ninh Binh Fine Coal Based Urea Project, Vietnam.

China remains to be a major market for HED's products. Apart from coal gasification equipment, HED has also received order for Methanol Converter for Sichuan Vinylon Works, Chongqing.

HED has been exploring opportunities for export of Defence, Nuclear Power & Aerospace equipment as well. With authorization from ASME (American Society of Mechanical Engineers) for the use of 'N' & 'NPT' stamps, the Company is well placed to supply critical nuclear power equipment to the overseas market.

HED's initiative for boosting of exports includes the following:

- Offering valued added services like site work for Chinese projects
- Participation in international seminars
- Building on the success of Power Plant equipment with overseas customers
- Offering value added services like maintenance-friendly design features for High Pressure Heat Exchangers at customer's plants.
- Establishment of Representative Offices in major overseas markets.

Electrical & Electronics Business Division:

International Sales of Electrical Standard Products (ESP) has continued to pursue the two pronged strategy of promoting sales to select overseas markets and to brand labelling partners.

With the introduction of type tested fixed type Switchboard in the UAE, ESP has made substantial inroads in the UAE market, securing prestigious building projects. New products such as Busbar trunking and Wires were introduced in selected markets. ESP has entered into new brand labelling arrangements for MCCBs and supplies to commence during 2009-2010. ESP has completed CCC (China Compulsory Certification) for MCCBs & Controlgear products as planned. Export sales during 2008-09 were 97.6 Cr (36% growth). Export as % of ESP sale has increased from 5.4% (in 07-08) to 7.3% (in 08-09).

The Electrical Systems and Equipment, offering electrical systems up to Medium Voltage (MV) range, grew significantly in the GCC countries and North Africa. The Division's JV in Saudi Arabia has executed many significant projects in the Gulf countries. MV product sales has also increased substantially over last year and enabled better positioning as complete electrical solution provider up to 36kV range.

Control & Automation business has exports of engineered control and automation solutions to Middle East, African countries etc. It has export of engineering & software services. Also Deemed export of the supplies & services for the control & automation systems.

Metering business booked an order for trivector meters worth US $ 0.5 million from Bangladesh. It will be executed in 2009-10. It has participated in tenders worth US $ 0.4 million which are under evaluation. Also development of meter as per specifications of utilities in certain select markets is in progress.

Manufacturing & Industrial Products Division:

Kansbahal (KBL) Unit has developed contact with potential customers, local service providers in the Middle-East and countries like Australia, Indonesia, where opportunity for exporting Surface Miners is good.

Valves Business Unit already has a sizeable export business. Plans are afoot to scale up the exports through leveraging alliances and agreements with major end-users, and diversifying into additional markets such as South America, Iran etc., also increased focus into Power Sector.

Rubber Machinery Business Unit (LTMBU) has been continuously working on development of export markets, as most global tyre companies are its major customers and revenues from exports have always been forming a significant portion of LTMBU sales.

A few initiatives detailed:

The following initiatives have been taken by the Company

- Expanding Modular Fabrication Facility at Hazira and making operational its Modular Fabrication Yard at Sohar, Oman to cater to deepwater opportunities.
- Joint venture with SapuraCrest Petroleum Berhad of Malaysia to form Offshore International FZC, for construction of own Heavy Lift & Pipelay Vessels (HLPV) to provide offshore installation services to the Oil & Gas industry. A 290-man HLPV (LTS 3000), is under construction for the JV at a shipyard in Batam, Indonesia and is scheduled to enter service in Q1 2010.
- Establishing two joint ventures with Mitsubishi Heavy Industries of Japan for environment-friendly coal-fired supercritical boilers and supercritical steam turbine generators.
- Joint Ventures with local companies for undertaking electro-mechanical construction activities for Hydrocarbon Construction & Pipelines, for the Middle East and South East Asian markets.
- Efforts for strategic alliances with Process Licensors / technology Providers and reputed international EPC players are underway to undertake high value projects in international markets.
- Widening new geographical areas for augmenting its exports.
- Exploring inorganic growth opportunities for the acquisition of specialized engineering outfits abroad.
- Membership of global forums like Engineering & Construction Risk Institute (ECRI) and participating in international seminars.
- Implementation of Project KIRAN to towards operational excellence and creating a lean high performance organization.
- Implementation of Knowledge Management System "KnowNet" for capturing tacit knowledge in the form of learnings & experiences and disseminating the same across the organization.
- Bringing in high caliber resources in the areas of front-end marketing, engineering, project management, risk management, contract administration, etc., to strengthen the overseas operations.
- Customized Talent Management programmes including flagship Capability & Leadership Development (CALD) programmes for catering to the training and development needs of employees.
- Setting up a premier world-class centre for excellence in project management - Project Management Institute (PMI) at L&T Knowledge City – Vadodara.

Total foreign exchange used and earned:

Rs. crore

	2008-2009	*2007-2008*
Foreign Exchange earned	7,348.23	*5,656.59*
Foreign Exchange saved / deemed exports	92.31	*124.04*
Total	7,440.54	*5,780.63*
Foreign Exchange used	7,899.42	*4,534.37*

Annexure 'B' to the Directors' Report

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999

(I) Employee Stock Ownership Scheme-1999-2003

A. PRE RESTRUCTURE:

	Particulars	ESOP SERIES					
		SAR-1999	**2000**	**2002-A**	**2002-B**	**2003-A**	**2003-B**
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(a)	Options granted	10,66,000 Stock Appreciation Rights (SARs)	39,48,800 Equity shares	37,81,100 Equity shares	37,81,660 Equity shares	67,51,000 Equity shares	57,42,500 Equity shares
(b)	The pricing formula	Grant price for the purpose of ascertaining the appreciation: Average of daily High Low Averages of the Company's Share price on the Stock Exchange, Mumbai, during the year April 1998 – March 1999. This worked out to Rs. 199/- per share.	The average market price on the Stock Exchange, Mumbai, on the date of grant i.e., June 1, 2000 – Rs. 184/- per share.	The average market price on the Stock Exchange, Mumbai, on the date of grant i.e., April 19, 2002 – Rs. 172/- per share.	The average market price on the Stock Exchange, Mumbai, on the date of grant i.e., April 19, 2002 – Rs. 172/- per share.	The average of the two weeks high and low prices of the shares on the Stock Exchange, Mumbai, preceding the date of grant i.e., May 23, 2003 – Rs. 206/- per share.	The average of the two weeks high and low prices of the shares on the Stock Exchange, Mumbai, preceding the date of grant i.e., May 23, 2003 – Rs. 206/- per share.
(c)	Options vested	10,60,750	38,64,050	20,67,250	20,19,830	Nil	Nil
(d)	Options exercised	2,66,500	52,415	12,750	6,250	Nil	Nil
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of Rs. 10/- each)	1,04,318	52,415	12,750	6,250	Nil	Nil
(f)	Options lapsed	5250	1,46,025	1,25,300	1,07,375	Nil	Nil
(g)	Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Money realised by exercise of Options	Rs. 10,43,180	Rs. 96,44,360	Rs. 21,93,000	Rs. 10,75,000	Nil	Nil
(i)	Total Number of Options in force	7,94,250 SARs	37,50,360	36,43,050	36,68,035	67,51,000	57,42,500

A.	PRE RESTRUCTURE: (Contd.)						
		ESOP SERIES					
	Particulars (1)	SAR-1999 (2)	2000 (3)	2002-A (4)	2002-B (5)	2003-A (6)	2003-B (7)
(j)	Employee-wise details of Options granted to –						
	i) Senior Managerial Personnel:						
	Mr. A.M. Naik	1,25,000	2,00,000	2,00,000	2,00,000	2,00,000	2,00,000
	Mr. J.P. Nayak	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. Y.M. Deosthalee	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. K. Venkataramanan	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. R.N. Mukhija	30,000	60,000	85,000	80,000	85,000	85,000
	Mr. V. K. Magapu	20,000	35,000	35,000	40,000	22,500	22,500
	Mr. K.V. Rangaswami	16,000	25,000	25,000	27,000	17,500	17,500
	Mr. M.V. Kotwal	16,500	27,000	27,000	30,000	17,500	17,500
	Mr. A. Ramakrishna	80,000	1,25,000	1,25,000	90,000	60,000	-
	Mr. P.M. Mehta	30,000	60,000	85,000	40,000	-	-
	Mr. M. Karnani	40,000	42,000	-	-	-	-
		5,37,500	8,74,000	8,82,000	8,67,000	7,62,500	7,02,500
	ii) Any other employee who receives a grant, in any one year, of Options amounting to 5% or more of Options granted during that year.	None	None	None	None	None	None
	iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None	None	None	None	None	None

Consequent to the demerger (sanctioned by the High Court of Judicature at Bombay on April 22, 2004) of Cement Business of the Company and restructuring of the share capital the outstanding SARs were converted into equivalent number of Options and the total number of Options in force as above were readjusted in proportion to the restructured equity capital i.e., one Option for an equity share of the face value of Rs. 2/- for every two Options and repriced at Rs. 14/- per Option in respect of ESOP Series 1999, 2000, 2002-A & 2002-B and Rs. 70/- per Option in respect of ESOP Series 2003-A & 2003-B.

B.	POST RESTRUCTURE (PRE BONUS ISSUE -2006)						
		ESOP SERIES					
	Particulars (1)	**1999** (2)	**2000** (3)	**2002-A** (4)	**2002-B** (5)	**2003-A** (6)	**2003-B** (7)
(a)	(1) Options granted (outstanding and adjusted consequent to restructuring of share capital)	3,97,125	18,75,180	18,21,525	18,34,018	33,75,500	28,71,250
	(2) Options granted during:						
	(a) 2005-2006						6,02,670
	(b) 1.4.2006 to 29.9.2006						56,460
	(Equity shares of Rs. 2/- each)						35,30,380
(b)	The pricing formula (Adjusted grant price per share)	Rs. 14/-				Rs. 70/-	
(c)	Options vested						
	(adjusted on restructure)	3,97,125	18,75,180	10,22,050	10,02,003	Nil	Nil
	Add: vested post restructure	-	-	7,90,312	8,20,708	20,51,220	19,32,585
	Total	3,97,125	18,75,180	18,12,362	18,22,711	20,51,220	19,32,585
(d)	Options exercised	3,97,121	18,65,367	18,03,824	18,04,510	20,33,343	19,14,964
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of Rs. 2/- each)	3,97,121	18,65,367	18,03,824	18,04,510	20,33,343	19,14,964
(f)	Options lapsed and/or withdrawn	4	5,613	12,326	14,583	6,94,997	3,23,009
(g)	Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Money realised by exercise of Options	Rs. 55,59,694	Rs. 2,61,15,138	Rs. 2,52,53,536	Rs. 2,52,63,140	Rs. 14,23,34,010	Rs. 13,40,47,480
(i)	Total Number of Options in force -						
	Vested	Nil	4,200	5,375	14,925	17,389	17,135
	Unvested	Nil	Nil	Nil	Nil	6,29,771	12,75,272
	Total	Nil	4,200	5,375	14,925	6,47,160	12,92,407
(j)	Employee-wise details of Options granted	Please refer to Part A (j)					

Consequent to the issue of Bonus Shares the total number of Options in force as above as at the record date for Bonus Issue i.e., September 29, 2006 was readjusted in number in the ratio of Bonus Issue (1:1) and the above exercise price of Rs. 14/- and Rs. 70/- was readjusted to Rs. 7/- and Rs. 35/- respectively.

C.	POST RESTRUCTURE (POST BONUS ISSUE 2006 – PRE BONUS ISSUE 2008):						
		ESOP SERIES					
	Particulars (1)	**1999** (2)	**2000** (3)	**2002-A** (4)	**2002-B** (5)	**2003-A** (6)	**2003-B** (7)
(a)	(1) Options granted (outstanding and adjusted consequent to Bonus Issue)	Nil	8,400	10,750	29,850	12,94,320	25,84,814
	(2) Options granted post Bonus Issue						7,18,430
	(Equity shares of Rs. 2/- each)						33,03,244
(b)	The pricing formula (Adjusted grant price per share)	**Rs. 7/-**				**Rs. 35/-**	
(c)	Options vested (adjusted on Bonus Issue)	Nil	8,400	10,750	29,850	34,778	34,270
	Add: vested post Bonus Issue	-	-	-	-	12,35,430	19,90,863
	Total	Nil	8,400	10,750	29,850	12,70,208	20,25,133
(d)	Options exercised	Nil	Nil	Nil	Nil	12,52,754	19,38,270
(e)	Total number of shares arising as a result of exercise of Options* (Equity shares of Rs. 2/- each)	Nil	Nil	Nil	10,000	12,45,754	18,95,270
(f)	Options lapsed	Nil	Nil	Nil	Nil	25,840	2,12,861
(g)	Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Money realised by exercise of Options	Nil	Nil	Nil	Rs. 70,000	Rs. 4,36,01,390	Rs. 6,63,34,450
(i)	Total Number of Options in force - Vested	Nil	8,400	10,750	19,850	15,726	81,963
	Unvested	Nil	Nil	Nil	Nil	Nil	10,70,150
	Total	Nil	8,400	10,750	19,850	15,726	11,52,113
(j)	Employee-wise details of Options granted	Please refer to Part A (j)					

* During the year 2007-2008, 50,000 shares were allocated to employees who exercised 7,000 Options under 2003-A Series and 43,000 Options under 2003-B Series from the shares returned by two former Directors, pursuant to a Court order.

Consequent to the issue of Bonus Shares 2008 the total number of Options in force as above as at the record date for Bonus Issue i.e. October 3, 2008 was readjusted in number in the ratio of Bonus Issue (1:1) and the above exercise price of Rs. 7/- and Rs. 35/- was readjusted to Rs. 3.50 and Rs. 17.50 respectively.

C. POST RESTRUCTURE (POST BONUS ISSUE 2008):

	Particulars (1)	ESOP SERIES 1999 (2)	2000 (3)	2002-A (4)	2002-B (5)	2003-A (6)	2003-B (7)
(a)	(1) Options granted (outstanding and adjusted consequent to Bonus Issue)	Nil	16,800	21,500	39,700	31,452	23,04,226
	(2) Options granted post Bonus Issue						1,53,800
	(Equity shares of Rs. 2/- each)						24,58,026
(b)	The pricing formula (Adjusted grant price per share)	Rs. 3.50				Rs. 17.50	
(c)	Options vested (adjusted on Bonus Issue)	Nil	16,800	21,500	39,700	31,452	1,63,926
	Add: vested post Bonus Issue	-	-	-	-	-	5,19,650
	Total	Nil	16,800	21,500	39,700	31,452	6,83,576
(d)	Options exercised	Nil	Nil	Nil	Nil	Nil	4,47,226
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of Rs. 2/- each)	Nil	Nil	Nil	Nil	Nil	4,47,226
(f)	Options lapsed	Nil	Nil	Nil	Nil	Nil	50,912
(g)	Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Money realised by exercise of Options	Nil	Nil	Nil	Nil	Nil	Rs. 78,26,455
(i)	Total Number of Options in force - Vested	Nil	16,800	21,500	39,700	31,452	2,26,326
	Unvested	Nil	Nil	Nil	Nil	Nil	17,33,562
	Total	Nil	16,800	21,500	39,700	31,452	19,59,888
(j)	Employee-wise details of Options granted	Please refer to Part A (j)					

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999

(II) Employee Stock Option Scheme - 2006

A. PRE BONUS ISSUE 2008

	Particulars (1)	ESOP SERIES 2006 (2)	2006-A (3)
(a)	(1) Options granted (Pre Bonus Issue)	53,35,750	-
	Options Outstanding and adjusted consequent to Bonus Issue#	1,06,71,500	-
	(2) Options granted Post Bonus Issue (Equity shares of Rs. 2/- each)	6,94,270	29,06,240
(b)	The pricing formula	The latest available closing price on National Stock Exchange of India Limited on August 31, 2006, preceding the date of initial grant i.e., September 1, 2006 – Rs. 2,404/ per share.	The latest available closing price on National Stock Exchange of India Limited on June 29, 2007, preceding the date of grant i.e, July 1, 2007 – Rs. 2,198/- per share (Discounted grant price per share – Rs. 1,202/-)
	# Consequent to the issue of Bonus Shares the total number of Options in force as at the record date for Bonus Issue i.e., September 29, 2006 was readjusted in number in the ratio of Bonus Issue (1:1) i.e. 1,06,71,500 Equity Shares and the above exercise price of Rs. 2,404/- was readjusted to Rs. 1,202/-.		

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999
(II) Employee Stock Option Scheme - 2006

A. PRE BONUS ISSUE 2008 (Contd.)

	Particulars (1)	ESOP SERIES 2006 (2)	ESOP SERIES 2006-A (3)
(c)	Options vested	20,13,200	40,524
(d)	Options exercised	12,80,677	25,034
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of Rs. 2/- each)	12,80,677	25,034
(f)	Options lapsed and/or withdrawn	32,72,955	1,80,428
(g)	Variation of terms of Options	Nil	Nil
(h)	Money realised by exercise of Options	153,93,73,754	3,00,90,868
(i)	Total Number of Options in force –		
	Vested	6,97,138	14,844
	Unvested	61,15,000	26,85,934
	Total	68,12,138	27,00,778
(j)	Employee-wise details of Options granted to –		
	i) Senior Managerial Personnel	None	
	ii) Any other employee who receives a grant, in any one year, of Options amounting to 5% or more of Options granted during that year	None	
	iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None	

Consequent to the issue of Bonus Shares 2008 the total number of Options in force as above as at the record date for Bonus issue i.e. October 3, 2008 was readjusted in number in the ratio of Bonus Issue (1:1) and the above exercise price of Rs. 1202/- was readjusted to Rs. 601/-.

B. POST BONUS ISSUE 2008

	Particulars (1)	ESOP SERIES 2006 (2)	ESOP SERIES 2006-A (3)
(a)	(1) Options granted (outstanding and adjusted consequent to Bonus Issue	1,36,24,276	54,01,556
	(2) Options granted Post Bonus Issue	Nil	6,46,295
	(Equity shares of Rs. 2/- each)	1,36,24,276	60,47,851
(b)	The pricing formula (Adjusted grant price per share)	**Rs. 601/-**	
(c)	Options vested (Adjusted on Bonus Issue)	13,94,276	29,688
	Add: Vested post Bonus Issue	40,48,750	2,75,608
	Total	54,43,026	3,05,296
(d)	Options exercised	37,516	19,012
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of Rs. 2/- each)	37,516	19,012

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999
(II) Employee Stock Option Scheme - 2006

B. POST BONUS ISSUE 2008 (Contd.)

	Particulars (1)	**ESOP SERIES** 2006 (2)	**ESOP SERIES** 2006-A (3)
(f)	Options lapsed and/or withdrawn	2,61,900	1,33,664
(g)	Variation of terms of Options	Nil	Nil
(h)	Money realised by exercise of Options	2,25,47,116	1,14,26,212
(i)	Total Number of Options in force –		
	Vested	53,21,810	2,79,136
	Unvested	80,03,050	56,16,039
	Total	1,33,24,860	58,95,175
(j)	Employee-wise details of Options granted to –		
	i) Senior Managerial Personnel	None	
	ii) Any other employee who receives a grant, in any one year, of Options amounting to 5% or more of Options granted during that year	None	
	iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None	

	Employee Stock Ownership Scheme -1999-2003 and Employee Stock Option Scheme - 2006	
(k)	Diluted Earning per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standards (AS) 20	(a) Diluted EPS before extraordinary items Rs. 45.68 (b) Diluted EPS after extraordinary items Rs. 58.70
(l)	The difference between employee compensation cost using intrinsic value method and the fair value of the Options and impact of this difference on profits and on EPS.	Had fair value method been adopted for expensing the ESOP compensation: (a) the ESOP compensation charge debited to P&L A/c for the year 2008-2009 would have been higher by Rs. 93.74 crore (excluding Rs. 0.55 crore on account of grants to employees of subsidiary companies) (b) Basic EPS before extraordinary items would have decreased from Rs. 46.30 per share to Rs. 44.70 per share (c) Basic EPS after extraordinary items would have decreased from Rs. 59.50 per share to Rs. 57.90 per share. (d) Diluted EPS before extraordinary items would have decreased from Rs. 45.68 per share to Rs. 44.10 per share. (e) Diluted EPS after extraordinary items would have decreased from Rs. 58.70 per share to Rs. 57.12 per share.
(m)(i)	(a) Weighted average exercise prices of Options granted during the year where exercise price is less than market price.	Rs. 508.69 per option
	(b) Weighted average exercise prices of Options granted during the year where exercise price equals market price.	No such grants during the year
(ii)	(a) Weighted average fair values of Options granted during the year where exercise price is less than market price.	Rs. 670.71 per option
	(b) Weighted average fair values of Options granted during the year where exercise price equals market price.	No such grants during the year

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999
Employee Stock Ownership Scheme - 1999-2003 and Employee Stock Option Scheme - 2006

Particulars		ESOP SERIES
(n)	Method and significant assumptions used to estimate the fair value of Options granted during the year.	
	(a) Method	Black-Scholes Method
	(b) Significant Assumptions	
	(i) Weighted average risk-free interest rate	8.60%
	(ii) Weighted average expected life of Options	3.75 years
	(iii) Weighted average expected volatility	44.40%
	(iv) Weighted average expected dividends	Rs. 39.42 per option
	(v) Weighted average market price	Rs. 1,018.59 per share

Notes: 1. The weighted average exercise price and fair values of the options have been computed after considering bonus issue.

Auditors' certificate on employee stock option schemes

We have examined the books of account and other relevant records and based on the information and explanations given to us, certify that in our opinion, the Company has implemented the Employee Stock Option Schemes in accordance with SEBI (Employee Stock Option Schemes and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolutions of the Company in general meetings held on August 26, 1999, August 22, 2003 and August 25, 2006.

SHARP & TANNAN
Chartered Accountants
by the hand of
F. M. Kobla
Partner
Membership No. 15882

Mumbai, May 28, 2009

Annexure 'C' to the Directors' Report

A. CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholder value and discharge of social responsibility. The Corporate Governance Structure in the Company assigns responsibilities and entrusts authority among different participants in the organization viz., the Board of Directors, the senior management, employees etc. The Company had infact adopted Corporate Governance and disclosure practices much before these were mandated by legislation.

B. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

C. THE GOVERNANCE STRUCTURE

The Company has four tiers of Corporate Governance structure, viz.:

(i) Strategic Supervision – by the Board of Directors comprising the Executive and Non-Executive Directors

(ii) Executive Management – by the Corporate Management comprising the Executive Directors

(iii) Strategy & Operational Management – by the operating Company Board of verticals in each Operating Division

(iv) Operational Management – by the Strategic Business Unit (SBU) Heads

The four-tier governance structure besides ensuring greater management accountability and credibility, facilitates increased autonomy of businesses, performance discipline and development of business leaders, leading to increased public confidence.

D. ROLES OF VARIOUS CONSTITUENTS OF CORPORATE GOVERNANCE IN THE COMPANY

a. Board of Directors (the Board):

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of shareholder value. The Board reviews and approves management's strategic plan & business objectives and monitors the Company's strategic direction.

b. Corporate Management (CM):

The main function of the Corporate Management is strategic management of the Company's businesses within Board approved direction and framework. This includes ensuring that effective systems are in place for appropriate reporting to the Board on important matters.

c. Chairman & Managing Director (CMD):

The CMD is the Chief Executive of the Company. He is the Chairman of the Board and the Corporate Management. His primary role is to provide leadership to the Board and the Corporate Management for realizing the approved strategic plan and business objectives. He presides over the meetings of the Board and the Shareholders.

d. Executive Directors (ED):

The Executive Directors, as members of the Board and the Corporate Management, contribute to the strategic management of the Company's businesses within Board approved direction and framework. They assume overall responsibility for strategic management of business and corporate functions including its governance processes and top management effectiveness. As regards Subsidiaries, Associates and Joint Venture Companies, they act as the custodians of the Company's interests and are responsible for their governance in accordance with the approved plans.

e. Non-Executive Directors (NED):

The Non-Executive Directors play a cruical role in enhancing balance to the Board processes with their independent judgment on issues of strategy, performance, resources, standards of conduct, etc., besides providing the Board with valuable inputs.

E. BOARD OF DIRECTORS

a. Composition of the Board:

As on date the Board comprises Chairman & Managing Director, 7 Executive Directors and 9 Non-Executive Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

b. Meetings of the Board:

The Meetings of the Board are generally held at the Registered Office of the Company at L&T House, Ballard Estate, Mumbai 400 001. However, during the year, a Board Meeting was held at L&T Knowledge City, Baroda on January 2, 2009. During the year under review, 10 Meetings were held on May 29, 2008, July 28, 2008, September 20, 2008, October 15, 2008, December 31, 2008, January 2, 2009, January 14, 2009, January 21, 2009, January 30, 2009 and March 25, 2009.

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Chairman & Managing Director and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board meets at least once every quarter inter alia to review the quarterly results. Additional Meetings are held, when necessary. Presentations are made to the Board by atleast one Operating Division in a year for a complete review of its business. The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft minutes are circulated amongst the Members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with the Chairman & Managing Director. The minutes are approved by the Members of the Board at the next Meeting. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary.

The composition of the Board of Directors is as on May 28, 2009. Their attendance at the Meetings during the year and at the last Annual General Meeting as also number of other Directorships & Memberships of Committees as on March 31, 2009 are as follows:

Name of Director	Nature of Directorship	No of Board Meetings attended	Attendance at last AGM	No of other Directorships	No. of Committee Membership	No. of Committee Chairmanship
Mr. A. M. Naik	CMD	10	YES	2	–	–
Mr. J. P. Nayak	ED	9	YES	10	1	5
Mr. Y. M. Deosthalee	ED	10	YES	11	1	4
Mr. K. Venkataramanan	ED	10	YES	4	–	2
Mr. R. N. Mukhija	ED	9	YES	1	2	–
Mr. K. V. Rangaswami	ED	9	YES	4	2	–
Mr. V. K. Magapu	ED	10	YES	2	1	–
Mr. M. V. Kotwal	ED	10	YES	–	–	–
Mr. S. Rajgopal	NED	9	YES	1	1	–
Mr. S. N. Talwar	NED	10	YES	14	8	4
Mr. M. M. Chitale	NED	10	YES	7	3	4
Mr. Thomas Mathew T. $	NED	5	NO	3	1	1
Mr. N. Mohan Raj $	NED	8	NO	1	2	–
Mr. Subodh Bhargava	NED	10	YES	11	5	4
Mrs. Bhagyam Ramani @	NED	6	YES	3	1	–
Mr. A. K. Jain #~	NED	9	YES	2	3	–
Mr. J. S. Bindra *	NED	1	N.A.	–	–	–

None of the above Directors are related inter-se.

$ Representing equity interest of LIC

@ Representing equity interest of GIC

Representing equity interest of SUUTI

~ Appointed on May 29, 2008

* Appointed w.e.f January 30, 2009

CMD – Chairman & Managing Director

ED – Executive Director

NED – Non-Executive Director

c. Information to the Board:

The Board of Directors has complete access to the information within the Company, which inter alia includes -

- Annual revenue budgets and capital expenditure plans
- Quarterly results and results of operations of operating divisions and business segments
- Financing plans of the Company
- Minutes of meeting of Audit Committees and Nomination & Compensation Committees
- Details of any joint venture, acquisitions of companies or collaboration agreement
- Materially fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems
- Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any
- Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company
- Developments in respect of human resources
- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer etc., if any

F. BOARD COMMITTEES

The Board currently has 3 Committees: 1) Audit Committee, 2) Nomination and Compensation Committee and 3) Shareholders'/ Investors' Grievance Committee. The Board is responsible for constituting, assigning and co-opting the members of the Committees.

1) Audit Committee

The role of the Audit Committee includes the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information
- Recommending the appointment of the Statutory Auditors and fixation of their remuneration
- Reviewing and discussing with the Statutory Auditors and the Internal Auditor about internal control systems
- Reviewing the adequacy and independence of the Internal Audit function, and observations of the Internal Auditor
- Reviewing major accounting policies and practices and adoption of applicable Accounting Standards
- Reviewing major accounting entries involving exercise of judgment by the management
- Disclosure of contingent liabilities
- Reviewing, if necessary, the findings of any internal investigations by the Internal Auditors and reporting the matter to the Board
- Reviewing the risk management mechanisms of the Company
- Reviewing of compliance with Listing Agreement and various other legal requirements concerning financial statements and related party transactions
- Reviewing the Quarterly and Half yearly financial results and the Annual financial statements before they are submitted to the Board of Directors
- Reviewing the operations, new initiatives and performance of the business divisions
- Looking into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders(in case of non-payment of declared dividends) and creditors, if any

Minutes of the Audit Committee Meetings are circulated to the Members of the Board of Directors and taken note of.

The Audit Committee of the Board of Directors was formed in 1986 and as on March 31, 2009 comprises three Non-executive Directors, all of whom are independent.

The Committee met 7 times during the year on April 26, 2008, May 16, 2008, May 28, 2008, July 28, 2008, October 15, 2008, January 21, 2009 and January 30, 2009. The attendance of Members at the Meetings was as follows-

Name	Status	No. of Meetings Attended & Remarks
Mr. M. M. Chitale	Chairman	7
Mr. N. Mohan Raj	Member	5
Mrs. Bhagyam Ramani	Member	6

All the members of the Audit Committee are financially literate and have accounting or related financial management expertise.

The Chief Financial Officer and the Chief Internal Auditor are permanent invitees to the Meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

The Company's Internal Audit function is ISO 9001:2000 certified.

2) Nomination & Compensation Committee

i) Terms of reference:

To review, assess and recommend the appointment of Executive and Non-Executive Directors and, to review their remuneration package, to recommend compensation to the Non-Executive Directors in accordance with the provisions of the Companies Act, 1956, to consider and recommend Employee Stock Option Schemes and to administer and superintend the same.

ii) Composition:

The Committee has been in place since 1999. As at March 31, 2009, the Committee comprises 3 Non-Executive Directors and the Chairman & Managing Director.

The Committee met 7 times during the year on May 28, 2008, July 28, 2008, September 20, 2008, October 15, 2008, December 31, 2008, January 30, 2009 and March 24, 2009. The attendance of Members at the Meetings was as follows-

Name	Status	No. of Meetings Attended & Remarks
Mr. S. Rajgopal	Chairman	6
Mr. S. N. Talwar	Member	7
Mr. Subodh Bhargava	Member	7
Mr. A. M. Naik	Member	7

iii) Remuneration Policy

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent and reward merit. Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The components of the remuneration vary for different grades and are governed by industry pattern, qualifications, experience, responsibilities handled, individual performance, etc.

iv) Details of remuneration paid / payable to Directors for the year ended March 31, 2009:

(a) Executive Directors:

The details of remuneration paid / payable to the Executive Directors is as follows-

(Rs. Lakh)

Names	Salary	Perquisites	Retirement Benefits	Commission
Mr. A. M. Naik	132.00	15.00	263.66	844.50
Mr. J. P. Nayak	69.00	15.00	132.64	422.25
Mr. Y. M. Deosthalee	72.00	87.89	133.45	422.25
Mr. K. Venkataramanan	69.00	87.38	132.64	422.25
Mr. R. N. Mukhija	66.00	86.73	131.82	422.25
Mr. K. V. Rangaswami	63.00	12.24	108.22	337.80
Mr. V. K. Magapu	63.00	12.60	108.22	337.80
Mr. M. V. Kotwal	60.00	69.99	107.40	337.80

- Notice period for termination of appointment of Chairman & Managing Director and other Whole-time Directors is six months on either side.
- No severance pay is payable on termination of appointment.
- Details of Options granted under Employee Stock Option Schemes are given in Annexure 'B' to the Directors' Report

(b) Non-Executive Directors:

The Non-Executive Directors are paid sitting fees @ Rs. 20,000/- per meeting of the Board or its Committees. The amount of commission paid to each Non-Executive Director is decided by the Board of Directors on the basis of the following criteria -

i. Number of Board / Committee Meetings attended

ii. Chairmanship of Committees

As required by the provisions Clause 49 of the Listing Agreement, the criteria for payment to Non-Executive Directors is made available on the investor page of our corporate website www.larsentoubro.com

The details of remuneration paid / payable to the Non-Executive Directors is as follows-

(Rs. Lakh)

Names	Sitting Fees	Commission
Mr. S. Rajgopal	3.00	7.50
Mr. S. N. Talwar	3.40	6.50
Mr. M. M. Chitale	3.40	7.50
Mr. Thomas Mathew T.	1.20*	7.50*
Mr. N. Mohan Raj	2.60*	6.50*
Mr. Subodh Bhargava	3.40	6.50
Mrs. Bhagyam Ramani	2.40*	6.50*
Mr. A. K. Jain	2.40	6.50*
Mr. J. S. Bindra	0.20	1.50

* Payable to respective Institutions they represent.

Details of shares and convertible instruments held by the Non-Executive Directors as on date are as follows –

Names	No. of Shares held
Mr. S. Rajgopal #	900
Mr. S.N.Talwar	6,000
Mr. M.M. Chitale	550
Mr. Thomas Mathew T *	200
Mr. N. Mohan Raj *	200
Mr. Subodh Bhargava	500
Mrs. Bhagyam Ramani *	200
Mr. A. K. Jain *	400
Mr. J. S. Bindra	100

* held jointly with the Institution they represent

has been granted 60,000 stock options

3) Shareholders' / Investors' Grievance Committee:

Terms of reference:

The terms of reference of the Shareholders' / Investors' Grievance Committee are as follows:

- Redressal of Shareholders' / Investors' complaints
- Allotment, transfer & transmission of Shares/ Debentures or any other securities and issue of duplicate certificates and new certificates on split/ consolidation/renewal etc. as may be referred to it by the Share Transfer Committee.

Composition:

As on March 31, 2009 the Shareholders' / Investors' Grievance Committee comprises of 2 Non-Executive Directors and 2 Executive Directors.

During the year, the Committee held 4 meetings on May 29, 2008, July 28, 2008, October 15, 2008 and January 30, 2009. The attendance of Members at the Meetings was as follows-

Name	Status	No. of Meetings Attended
Mr. Thomas Mathew T.	Chairman	1
Mr. J. P. Nayak	Member	4
Mr. R. N. Mukhija	Member	3
Mr. A. K. Jain	Member	3 *

* Appointed on May 29, 2008.

Mr. N. Hariharan, Company Secretary is the Compliance Officer.

During the year, 113 letters were received, all of which were responded to / resolved. As on March 31, 2009, 69 requests involving transfer of 7,098 shares were under process. These requests were less than ten days old and have since been processed.

Complaints from Investors are resolved expeditiously except matters which are sub-judice.

The Board has delegated the powers to approve transfer of shares to a committee of three Senior Executives. This Committee held 48 meetings during the year and approved the transfer of shares lodged with the Company.

G. OTHER INFORMATION

a) Risk Management Framework:

The Company has in place mechanisms to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework.

A detailed note on risk management is given in the Financial Review section of Management's Discussion and Analysis report elsewhere in this Report.

b) Code of Conduct:

The Company has laid down a code of conduct for all Board members and senior management personnel. The code of conduct is available on the website of the Company www.larsentourbo.com. The declaration of Chairman & Managing Director is given below:

To the Shareholders of Larsen & Toubro Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

A. M. Naik
Chairman & Managing Director

Date: May 26, 2009
Place: Mumbai

c) **General Body Meetings:**

The last three Annual General Meetings of the Company were held at Birla Matushri Sabhagar, Mumbai as under:

Financial Year	Date	Time
2007-2008	August 29, 2008	3.00 p.m.
2006-2007	August 24, 2007	2.15 p.m.
2005-2006	August 25, 2006	3.00 p.m.

The following Special Resolutions were passed by the members at the past 3 Annual General Meetings:

Annual General Meeting held on August 29, 2008:

- Raising of capital through QIP's by issue of shares / convertible debentures / securities upto an amount of USD 600 million or Rs. 2400 crores.
- Appointment of Statutory Auditors and remuneration payable to them.

Annual General Meeting held on August 24, 2007:

- Raising of capital in Indian and/or International market by issue of shares/ securities.
- Appointment of Statutory Auditors and remuneration payable to them.

Annual General Meeting held on August 25, 2006:

- Introduction and implementation of ESOP Scheme-2006 and to issue upto 5% of the equity capital to employees including Executive Directors and Non-Executive Directors of the Company.
- Offering the benefits of ESOP Scheme 2006 to the eligible employees of subsidiary companies as permitted by law to eligible employees of Associate Companies.
- Appointment of Statutory Auditors and remuneration payable to them.

d) **Approval by Members through Postal Ballot:**

The Company sought approval of the Members, for passing a Special Resolution under Section 293(1)(a) of the Companies Act, 1956, for restructuring the business of the Company including by transferring, selling and / or disposing of the Medical Equipment & System ("MED") Business unit of the Company to its subsidiary company or to any other entity as a going concern as may be approved by the Board. Mr. S. N. Ananthasubramanian, Practising Company Secretary, was appointed as the Scrutinizer for conducting the Postal Ballot process. The details of the voting pattern are as under:

Particulars	No. of Votes cast	% of total votes cast
In favour of the Resolution	15,57,24,533	99.42
Against the Resolution	9,09,463	0.58
Total	**15,66,33,996**	**100.00**

Number of Invalid Ballots (unsigned/unticked) was 376. The Resolution was approved by an overwhelming majority of the Members.

Procedure for Postal Ballot

After receiving the approval of the Board of Directors, Notice of the Postal Ballot, text of the Resolution and Explanatory Statement, relevant documents, Postal Ballot Form and self-addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The calendar of events containing the activity chart is filed with the Registrar of Companies within 7 days of the passing of the Resolution by the Board of Directors. After the last date for receipt of ballots, the Scrutinizer, after due verification, submits the results to the Chairman. Thereafter, the Chairman declares the result of the Postal Ballot. The same is published in the Newspapers and displayed on Website and Notice board.

e) **Disclosures:**

1. During the year, there were no transactions of material nature with the Directors or the Management or the subsidiaries or relatives that had potential conflict with the interests of the Company.
2. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

f) **Means of communication:**

1. The Company's corporate website www.larsentoubro.com provides comprehensive information about its portfolio of businesses. Section on "Investors" serves to inform and service the Shareholders allowing them to access information at their convenience. The entire Report and Accounts are available in downloadable formats.
2. Quarterly & Annual Results are published in prominent daily newspapers viz. The Business Standard, The Financial Express, The Hindu Business Line & Loksatta.
3. Information to Stock Exchanges is now being filed through corp-filing. Investors can view this information by visiting the website www.corpfiling.co.in.
4. Official news releases, presentations etc. made to Institutional Investors and the shareholding pattern of the Company, on a quarterly basis are displayed on the Company's website: www.larsentoubro.com.
5. Management's Discussion & Analysis forms part of the Annual Report, which is mailed to the shareholders of the Company.

GENERAL SHAREHOLDERS' INFORMATION

a) **Annual General Meeting:**

The Annual General Meeting of the Company has been convened on Friday, August 28, 2009 at Birla Matushri Sabhagar, Marine Lines, Mumbai – 400 020 at 3.00 p.m.

b) Financial calendar:

1. Annual Results of 2008-09	May 28, 2009
2. Mailing of Annual Reports	Second week of July, 2009
3. First Quarter Results	Around third week of July, 2009
4. Annual General Meeting	August 28, 2009
5. Payment of Dividend	September 2, 2009
6. Second Quarter results	End of October, 2009
7. Third Quarter results	End of January, 2010

c) Book Closure:

The dates of Book Closure are from Friday, August 21, 2009 to Friday, August 28, 2009 (both days inclusive) to determine the members entitled to the dividend for 2008-2009.

d) Listing of equity shares / shares underlying GDRs on Stock Exchanges:

The shares of the Company are listed on The Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

Shares underlying GDRs are listed on Luxembourg Stock Exchange and London Stock Exchange.

e) Listing Fees to Stock Exchanges:

The Company has paid the Listing Fees for the year 2009-2010 to both the above Stock Exchanges.

f) Custodial Fees to Depositories:

The Company has paid custodial fees for the year 2009-2010 to National Securities Depository Limited and Central Depository Services (India) Limited.

g) Stock Code/Symbol:

BSE : 500510

NSE : LT

ISIN No. : INE018A01030

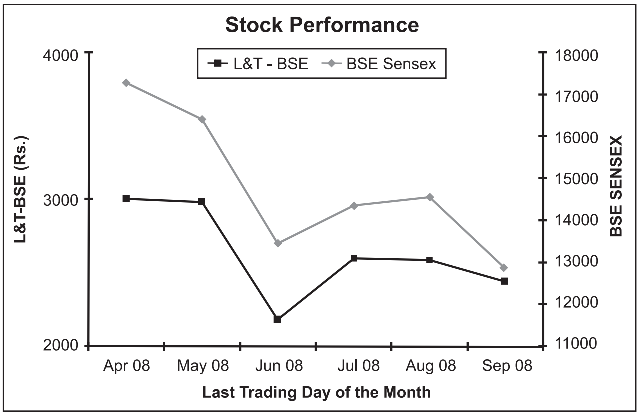
Reuters RIC: LART.BO

The Company's shares constitute a part of BSE 30 Index of the Bombay Stock Exchange Limited as well as NIFTY Index of the National Stock Exchange of India Limited.

h) Stock market price data for the year 2008-2009:

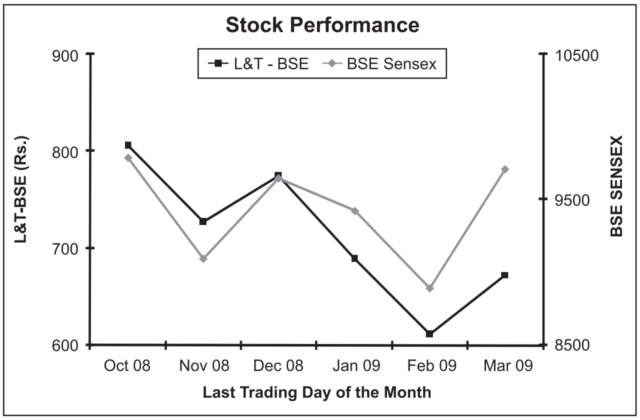
- **Pre-Bonus**

Month	L&T BSE Price (Rs.)			BSE SENSEX		
2008	**High**	**Low**	**Month Close**	**High**	**Low**	**Month Close**
April	3,085.00	2,545.00	3,003.35	17,480.74	15,297.96	17,287.31
May	3,262.00	2,666.00	2,981.35	17,735.70	16,196.02	16,415.57
June	3,038.00	2,165.00	2,183.20	16,632.72	13,405.54	13,461.60
July	2,814.90	2,100.00	2,602.70	15,130.09	12,514.02	14,355.75
August	2,930.00	2,480.15	2,589.85	15,579.78	14,002.43	14,564.53
September	2,825.00	2,256.00	2,442.85	15,107.10	12,153.55	12,860.43



- **Post Bonus**

Month	L&T BSE Price (Rs.)			BSE SENSEX		
2008	**High**	**Low**	**Month Close**	**High**	**Low**	**Month Close**
October	1,250.00	680.00	805.45	13,203.86	7,697.39	9,788.06
November	960.00	700.00	726.95	10,945.41	8,316.39	9,092.72
December	843.70	670.00	774.40	10,188.54	8,467.43	9,647.31
2009						
January	867.90	611.00	689.20	10,469.72	8,631.60	9,424.24
February	711.00	598.25	611.45	9,724.87	8,619.22	8,891.61
March	693.70	557.00	672.65	10,127.09	8,047.17	9,708.50



i) Registrar and Share Transfer Agents:

Sharepro Services (India) Private Limited, Mumbai.

j) Share Transfer System:

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in dematerialized form. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time. The share related information is available online.

Physical shares received for dematerialization are processed within a period of 21 days from the date of receipt. Bad deliveries are promptly returned to Depository Participants (DP's) under advice to the shareholders.

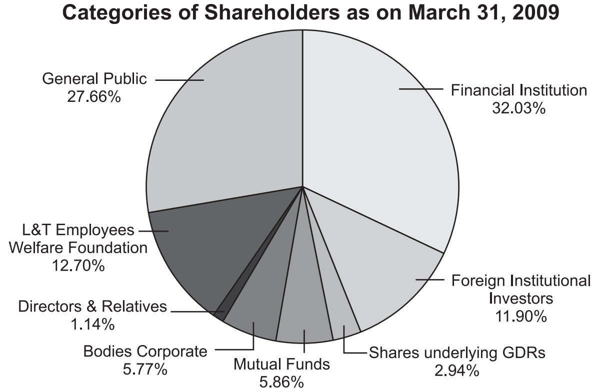
k) **Distribution of Shareholding as on March 31, 2009:**

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	8,81,403	94.63	6,68,22,648	11.41
501 – 1000	27,735	2.98	2,03,20,177	3.47
1001 – 2000	11,978	1.29	1,71,58,595	2.93
2001 – 3000	3,441	0.37	85,13,817	1.45
3001 – 4000	1,900	0.20	67,13,214	1.15
4001 – 5000	1,028	0.11	46,60,729	0.80
5001 – 10000	2,033	0.22	1,42,19,637	2.43
10001 and above	1,845	0.20	44,72,79,045	76.36
TOTAL	**9,31,363**	**100.00**	**58,56,87,862**	**100.00**

l) **Categories of Shareholders as on March 31, 2009 is as under:**

Category	Shareholding	
	No. of Shares	%
Financial Institutions	18,76,10,525	32.03
Foreign Institutional Investors	6,97,05,591	11.90
Shares underlying GDRs	1,71,92,103	2.94
Mutual Funds	3,43,36,111	5.86
Bodies Corporate	3,37,60,770	5.77
Directors & Relatives	66,67,993	1.14
L&T Employees Welfare Foundation	7,44,04,116	12.70
General Public	16,20,10,653	27.66
TOTAL	**58,56,87,862**	**100.00**

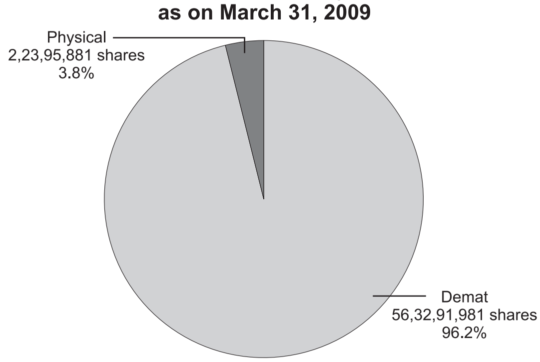
Categories of Shareholders as on March 31, 2009



m) **Dematerialization of shares:**

As on March 31, 2009, 96.2% of the Company's total paid-up capital representing 56,32,91,981 shares were held in dematerialized form and the balance 3.8% representing 2,23,95,881 shares were held in paper form.

Shares held in Demat / Physical Form as on March 31, 2009



n) **Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on equity:**

The outstanding GDRs are backed up by underlying equity shares which are part of the existing paid up capital.

o) **Listing of Debt Securities:**

The redeemable Non-Convertible debentures issued by the Company are listed on the Wholesale Debt Market (WDM) of National Stock Exchange of India Limited (NSE).

p) **Debenture Trustees (for privately placed debentures)**

IDBI Trusteeship Services Limited
Ground Floor, Asian Building
17, R. Kamani Marg
Ballard Estate
Mumbai – 400 001

q) **Plant Locations:**

Manufacturing facilities of the Company and its Group are located (within India) at Ahmednagar, Bangalore, Chennai, Coimbatore, Faridabad, Hazira (Surat), Kansbahal (Rourkela), Mumbai, Mysore, Pithampur, Puducherry, Pune, Vadodara and Visakhapatnam; and in Australia, China, Indonesia, Malaysia, Oman, Saudi Arabia and U.A.E.

r) **Address for correspondence:**

Larsen & Toubro Limited,
L&T House,
Ballard Estate,
Mumbai 400 001.
Tel. No. (022) 67525 656,
Fax No. (022) 67525 893

Shareholder correspondence may be directed to the Company's Registrar and Share Transfer Agent, whose address is given below:

1. Sharepro Services (India) Private Limited-Unit:L&T
   Samhita Warehousing Complex,
   Bldg. No.13 A B, Gala No. 52 to 56
   Near Sakinaka Telephone Exchange,
   Andheri – Kurla Road, Sakinaka, Mumbai – 400 072
   Tel No. : (022) 6772 0300 / 6772 0400
   Fax No. : (022) 2859 1568 / 2850 8927
   E-Mail : lnt@shareproservices.com; sharepro@vsnl.com

2. Sharepro Services (India) Private Limited-Unit:L&T
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai 400 021.
Tel : (022) 6613 4700
Fax : (022) 2282 5484

s) Investor Grievances:

The Company has an exclusive e-mail id viz. igrc@lth.ltindia.com to enable investors to register their complaints, if any. The Company strives to reply to the complaints within a period of 3 working days.

t) Non-mandatory requirements on Corporate Governance recommended under the Clause 49 of the Listing Agreement:

The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under Clause 49 of the Listing Agreement:

1. A Nomination & Compensation Committee is in place since 1999. The Committee comprises of three Non-Executive Directors and the Chairman & Managing Director of the Company.
2. Whistle Blower policy for L&T and its group companies is in place.
3. Access to the Audit committee of the Board is also available.

u) Securities Dealing Code:

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations 1992, a Securities Dealing Code for prevention of insider trading is in place. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Designated Persons (Directors, Advisors, Officers and other concerned employees/persons) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is also required. All the Designated Employees are also required to disclose related information periodically as defined in the Code.

Mr. N. Hariharan, Company Secretary has been designated as the Compliance Officer.

v) ISO 9001:2000 Certification:

The Company's Secretarial Department which provides secretarial services and investor services for the Company and its Subsidiary and Associate Companies is ISO 9001:2000 certified.

w) Secretarial Audit for Capital Reconciliation:

As stipulated by SEBI, a Qualified Practising Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification

To the Board of Directors of Larsen & Toubro Limited

Dear Sirs,

Sub: CEO / CFO certificate

(Issued in accordance with provisions of clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with the cash flow statement of Larsen & Toubro Limited for the year ended March 31, 2009 and that to the best of our knowledge and belief, we state that;

(a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

(ii) These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

(i) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and

(ii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee.

Yours sincerely,

Y. M. Deosthalee
Chief Financial Officer

A. M. Naik
Chairman & Managing Director

Place: Mumbai
Date: May 28, 2009

Auditors certificate on compliance of conditions of corporate governance

To the members of Larsen & Toubro Limited

We have examined the compliance of conditions of corporate governance by Larsen & Toubro Limited for the year ended March 31, 2009 as stipulated in clause 49 of the listing agreement entered into by the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which management has conducted the affairs of the Company.

SHARP AND TANNAN
Chartered Accountants
by the hand of

F. M. KOBLA
Partner
Membership No. 15882

Mumbai, May 28, 2009

Management Discussion & Analysis 2008-2009

Review of the Economic Scenario

The Indian economy began the year 2008-2009 on a confident note. Sound economic fundamentals, encouraging performance by the country's infrastructure & core sectors and buoyant global economic conditions were conducive for maintaining the investment momentum. However, the global financial turmoil emerging from sub-prime crisis in the US, extreme volatility in the prices of crude oil, steel, cement & other key raw materials and liquidity constraints led to a slowdown in the domestic economy .

Consequently, the country's GDP growth for the year 2008-2009 dropped to 6.7% against the growth of around 9% seen during the past few years. Almost all the sectors of the economy witnessed considerable moderation in the growth trends. In particular, manufacturing and capital goods sectors were adversely impacted by the credit squeeze and low demand forcing the postponement of industrial expansion plans.

The Index of Industrial Production for 2008-2009 showed a growth of around 2.3% as compared to the growth of 8.5% in the previous year. Similarly, the construction sector showed a lower growth rate of around 7.2 % as compared to 10.1 % in the previous year. The adverse impact was also felt in many government sponsored infrastructure projects owing to credit crunch and tighter monetary policies adopted to combat inflation.

The economies in the Gulf region, once holding promising business prospects, were also not spared from the brunt of global economic down-turn, especially after the crude oil prices decreased sharply during the last quarter of fiscal 2008-2009. The problem was accentuated due to contraction in the demand for petroleum products. This heightened the uncertainty for new capital investments in oil exploration and distribution in the Gulf countries. These developments posed significant challenges for the international business of the Engineering and Construction segment.

Business Performance

Countering the adverse business conditions, the Company achieved satisfactory growth in the order inflow during 2008-2009. The Engineering and Construction segment was able to garner project orders not only in traditional sectors such as Hydrocarbon and Infrastructure, but were also successful in bagging orders in the emerging sectors such as Railways and Power. The orders came mainly from the domestic market.

The sales growth during the year 2008-2009 was impressive on the back of healthy performance of the Engineering & Construction segment. The product businesses, however, saw severe curtailment in the demand for industrial goods due to economic slowdown and therefore could register only a marginal growth in revenues for the year as a whole.

The order book as on March 31, 2009 at Rs. 70,319 crore provides a strong visibility to the Company's sales revenue during 2009-2010 and 2010-2011 even in the face of a continuing economic downturn.

The Company has recorded a healthy increase in the profitability driven by improved margins of Engineering & Construction segment demonstrating the Company's superior project execution capabilities and a comprehensive risk mitigation framework, complemented by a focused organisation structure. The Company's profitability was protected from input cost volatility due to efficient contract structuring. The product businesses, however had to bear the burden of higher input costs without corresponding higher realisation from the market.

At the Group level, the total income registered a significant increase over the previous year driven by a satisfactory performance of the parent company and its flagship subsidiaries.

Strategic Initiatives

The Company is well on its course to meet its strategic plan target as per "Project Lakshya 2010", despite the challenges being experienced currently due to economic slowdown. This has been largely due to the effective business strategies pursued by the various business divisions of the Company, encompassing capacity augmentation, building up of superior execution capabilities, technology tie-ups, risk analysis and mitigation. Moreover, the strategy of bidding for only large projects, and thereby economising on the critical resources, has yielded better financial results besides taking the L&T brand to the next higher league.

The foray into high potential businesses such as Railways and Power equipment has been successful during the year and boosted the order inflow. The Company's proven EPC capabilities in turnkey power projects are being strengthened with major investments in the manufacturing facilities for super critical boilers & turbine generators at Hazira. New fabrication yard at Sohar, Oman has added to the EPC capability for large projects in upstream hydrocarbon sector. To augment heavy engineering capability to cater to the Middle East market, an advanced fabrication facility is being set up in Oman.

Post signing of nuclear fuel treaty, new vistas of opportunity in the field of civilian nuclear power are expected to unfold during the coming years. The Company has been playing a lead role in equipment supplies and construction in the country's domestic nuclear power programmes. The Company has recently concluded several tie ups with leading international groups in the areas of advanced nuclear technology. A state-of-the-art heavy forging facility for nuclear equipment is being set up at Hazira in Gujarat.

The ship building facilities have been stabilised in Hazira with the first commercial ship slated for delivery in 2009-2010. A new shipyard being set up in Kattupalli, Tamil Nadu, will mainly cater to the anticipated business prospects of construction of naval ships & submarines and repair of commercial vessels.

During the year 2008-2009, a new business management structure was put in place by establishing Operating Companies for the various businesses. The new structure is expected to provide customer focus & specialised resources for effectively meeting the customer needs. The new structure is also expected to provide better career growth opportunities for aspiring managerial personnel.

Evaluation of existing business portfolio is an on-going initiative for the Company. During the year 2008-2009, the Company divested its Ready Mix Concrete business augmenting its cash flows and profit.

Year 2008-2009 at a Glance

L&T

- New order inflow at Rs. 5,16,215 million in current year as against Rs. 4,20,190 million in previous year - *23% growth year-on-year*
- Order book as at March 31, 2009 Rs. 7,03,191 million as against Rs. 5,26,821 million as at March 31, 2008 - *33% growth year-on-year*
- Gross sales at Rs. 3,40,450 million in current year as against Rs. 2,51,875 million in previous year - *35% growth over 2007-2008*
- Segment wise composition of gross revenues:

  Engineering & Construction segment - 81.9% in current year as against *75.3% in previous year*

  Electrical & Electronics segment - 7.9% in current year as against *10.3% in previous year*

  Machinery & Industrial Products segment - 7.1% in current year as against *9.3% in previous year*

  Others - 3.1% in current year as against *5.1% in previous year*
- PBDIT at Rs. 44,248 million in current year as against Rs. 33,180 million in previous year - *up by 33%*
- PAT at Rs. 34,817 million in current year as against Rs. 21,734 million in previous year - *up by 60%*
- Gross debt equity ratio of 0.53:1 *(previous year 0.38:1)*

L&T Group

- Gross sales at Rs. 4,06,079 million in current year as against Rs. 2,95,611 million in previous year - *37% growth over 2007-2008*
- PAT at Rs. 37,891 million in current year as against Rs. 23,246 million in previous year - *up by 63%*

K. V. Rangaswami
Whole-time Director & President
(Construction)

83-km highway between Vadodara and Bharuch – one of the many road projects that provides a critical link to the Golden Quadrilateral that connects India's major metropolitan centres. Infrastructure projects executed by L&T also include bridges, ports, airports and metro rail systems.

Engineering, Construction & Contracts Division

Overview

Engineering, Construction and Contracts Division (ECCD) undertakes engineering design and construction of infrastructure, buildings, factories and industrial projects covering civil, mechanical, electrical and instrumentation engineering disciplines. With many of the country's prized landmark constructions to its credit, ECCD, India's largest construction organisation, uses state-of-the-art design tools and project management techniques. Supported by a track record of over sixty-five years, the Division also undertakes lumpsum turnkey construction contracts with single-source responsibility. The Division is ranked 40th amongst all the construction companies world wide [source: Engineering News Record (ENR)].

Business Environment

The busines conditions have been challenging. Liquidity crunch and high real interest rates have moderated the private capital investments. Various measures taken by the Government / RBI are, however, expected to mitigate the effect. On the positive side, inflation is under control and the commodity prices have softened. This could help the industry in general to improve its performance.

For the construction industry, the primary drivers of growth remain healthy in many areas. Business would grow steadily over time, albeit at a slower pace. The three important drivers are : (a) infrastructure development; (b) capacity enhancement; and (c) urbanisation. These growth drivers are influenced by India's domestic demand and the existing social and physical 'infrastructure deficit'. Construction industry is cyclical by nature. The Indian construction sector has been growing at nearly 1.5 times the country's overall growth. Considering the current conditions, construction sector is expected to grow at a slower rate of 9-11% in 2009-2010 as against 17.5% in 2007-2008 and 16.3% expected in 2008-2009.

Opportunities & Challenges

The construction market reflects a mixture of optimism and apprehension. Owing to lowering demand, some sectors like realty, especially in premium housing and capacity augmentation in manufacturing sectors are expected to progress slower than in the recent past. However with continuous migration of people in to urban areas, the housing sector will continue to generate a lot of opportunities. Mass scale affordable housing is one such opportunity to be harnessed.

The infrastructure projects will continue to get the focus from both Government and private sectors, supported by policy initiatives aimed at infrastructure development. This is corroborated by the Planning Commission's ambitious investment plan on infrastructure over the next 5 years in various sectors like power, irrigation, roads, railways, ports and airports. The construction sector, which accounts for almost 60-65% of the capital spend, would be the biggest beneficiary of these investments.Transportation Infrastructure (roads, bridges, elevated corridors, etc) is expected to gain from favourable measures taken by NHAI like transparent MCA (Model Concession Agreements), increased VGF (Viability Gap Funding) etc. In addition, the state and district roads are also being taken up for development. Metros and MRTS (Mass Rapid Transport System) are emerging as a major area of infrastructure development in major urban centres. Urban infrastructure like water supply, sanitation, health care, waste management etc., are expected to provide opportunity in the year 2009-2010.

Increased budgetary allocation by the Government for APDRP, NHDP, Accelerated irrigation benefit programme, Jawaharlal Nehru Urban Renewal Mission, Bharat Nirman Programme etc., augur well for business opportunities in related segments. The increasing 'demand - supply' gap in the Power sector and Government's continued focus will drive the growth of the sector which will boost order inflows for the Power Transmission & Distribution, Bulk Material Handling, Hydel and Nuclear business units.

On the international front, the GCC countries have seen significant decline in investment in realty sector. The investment in the Oil sector is likely to be moderate due to expectations of a drop in demand for oil and the correction in its prices. Other sectors, however, like power distribution and infrastructure development in the Gulf region is expected to continue to be robust.

Buildings & Factories Operating Company (B&F OC)

B&F OC has continued its growth trend during 2008-2009 by bagging large value turnkey, design & build orders in airports, IT parks, commercial space, health & leisure structures & residential and factory building segments. The progress made by B&F OC during the year 2008-2009 towards 'Total Turnkey Solutions' was quite significant. 'Concept to Commissioning' is the theme driving the growth. This unique capability along with focus on key account management helps the B&F OC to retain its customers.

Major contracts undertaken by B&F OC including Delhi International Airport is progressing on expected lines. Sensing the realty slowdown ahead of time, B&F OC has quickly diversified into Government projects, affordable housing and new airports outside India / airport modernisation projects in Tier II cities. Healthy order book stands testimony to the relentless business development initiatives, giving the B&F OC visibility on the revenue growth for the year 2009-2010.

Infrastructure Operating Company (INFRA OC)

INFRA OC continues to maintain its leadership position in construction of roads, runways, bridges, metros, tunnels, hydel and nuclear power plants. INFRA OC has reported significant growth in the revenues during 2008-2009 driven primarily by BOT projects. During the year INFRA OC has successfully completed several projects viz. Runway in Delhi Airport, Road Packages in Kattumavadi - Ramanathapuram and Krishnagiri - Thopurghat sectors, Panipat Elevated Corridor and Veligonda Dam.

Order inflow and order book have been satisfactory largely due to the Government's renewed focus on infrastructure as a tool to revive the economic growth. Some of the major projects bagged by INFRA OC include three prestigious Gujarat State Road Packages, Mumbai Monorail, Dam Project in Bhutan, Irrigation project in Andhra Pradesh etc.

The atomic power plant at Tarapur, Unit 4. L&T is working closely with leading national agencies in helping the country meet its stated target of generating 20,000 MW of nuclear power by 2020 AD.

Metallurgical Material Handling and Water Operating Company (MMHW OC)

MMHW OC has sustained its success story during the year 2008-2009. Order book increased significantly with projects from TATA Steel (Blast furnace and Sinter plant), SAIL (Sinter plant, Rourkela), Vedanta (Alumina plant, Hindustan Zinc Limited, Debari, Utkal Alumina) etc. Time and again MMHW OC has proven its execution capabilities by completing the projects ahead of time. MMHW OC is concurrently executing six blast furnaces in the country - a milestone event in Indian Steel plant construction.

The Sector witnessed sharp volatility in the commodity prices and thereby bringing uncertainty in the capacity built up plans in the near term. However, with the continued thrust being given for water and infrastructure development projects by the Central/State Governments, MMHW OC is expected to improve its performance.

India's largest blast furnace (2.5 mtpa) built by L&T and Paul Wurth on an EPC basis at Jamshedpur. L&T has constructed maximum number of blast furnace in the country. L&T carries out engineering, procurement, manufacture, supply, construction and commissioning of projects in ferrous and non-ferrous metals, mineral beneficiation, coal washeries and paper plants.

Electrical & Gulf Projects Operating Company (E&GP OC)

Power demand and supply gap drives the business growth of E&GP OC. In addition, technological developments help transmitting power over long distance with minimum transmission losses. This has given a fillip to HT Transmission Line projects in the country. This OC is focusing on substations, industrial electrification, transmission line projects and railway construction. E&GP OC has successfully completed projects like Power Distribution System - KAFCO, Kuwait, DIAL - AGL package - Asia's longest runway (4430mtr), 400 KV for Jindal at Raipur substation, 220 KV GIS at Kudankulam for NPCIL etc. Getting repeat orders from clients like Power Grid testifies its project management capabilities and timely delivery.

Multi-storeyed commercial complex in Dubai's prestigious Silicon Oasis. L&T has executed several major projects in the GCC countries, including residential & commercial complexes, bridges, switchyards and transmission lines.

E&GP OC has bagged a number of breakthrough orders like construction of Balance of Power Plants (BoP), 765 KV substation, Power distribution package for 2.0 MTPA steel plant etc. With the commissioning of expansion projects, installed capacity of the Company's factories manufacturing Transmission Line Tower, has reached 1,00,000 MT per annum.

The Gulf operations have shown significant growth in revenues. L&T Oman, one of the subsidiaries, has reported impressive growth in the Buildings and Electrical businesses. Key success factor for E&GP OC continues to be efficient management of working capital.

Power generation and distribution sector continues to show promise within India and in the Gulf region as the industrial and domestic demand for power has been steadily growing.

Significant Initiatives

Operating companies (OC) have been made fully functional within the ECC Division since July 2008. OCs are working virtually like independent companies to foster rapid scaling up of the business and bring down the response time to customers / projects. To tide over the suboptimal utilisation of resources triggered by current economic scenario, measures have been taken to focus on better accountability at every level and ensure good governance. A common forum to exchange the knowledge across OCs is also under implementation.

The Division envisages that the volatility in the economy may result in under utilisation of human resources in pockets; consequently focus on multi-skilling / job rotation will get a renewed attention to minimise the effect. The Division's initiative to train and retain workmen across India has been strengthened by additional budgetary allocation for building centres in all the regions.

Outlook

Overall outlook for ECCD remains good owing to its robust order book and diversified business portfolio. The Government's commitment to revitalise the economy through renewed investment in infrastructure, provides immense scope and opportunities to the Division. Increasing demand for power offers substantial business opportunities for Bulk Material Handling business. Government's consistent support to augment water supply and develop water network across India, provides sizeable opportunities for Water & Effluent Treatment SBU. Similarly, Gulf region offers many water related projects. The outlook of Minerals and Metals business seems challenging for the year 2009-2010. Special initiatives are being taken for spreading our wings beyond construction of blast furnaces / sinter plants i.e towards pellet plant / compact strip production (CSP) in ferrous sector and copper smelting / alumina refinery in non-ferrous sector. The Division is therefore hopeful of capitalising on these opportunities to sustain the growth momentum.

Artist's impression of India's first monorail system – being built by L&T in Mumbai. L&T's Railway Business Unit integrates the Company's capabilities and provides comprehensive solutions in the rail sector. The focus is on urban mass transportation systems like monorails, metros and Light Rail Transport.

K. Venkataramanan
Whole-time Director & President
(Engineering & Construction Projects)

Process platform complex at Bombay High executed by L&T on an EPC basis for Oil & Natural Gas Corporation. L&T provides turnkey solutions to the upstream hydrocarbon sector encompassing oil & gas production, processing and transportation.

Engineering & Construction (Projects) Division

Overview

Engineering & Construction (Projects) Division [E&C (Projects)] delivers engineering, procurement & construction (EPC) solutions in the oil & gas, petrochemicals, power and water sectors. It provides single source responsibility for execution of lump-sum turnkey projects in multiple geographies. The expertise and experience of E&C (Projects) Division arising out of a successful track record in executing projects, encompasses front-end design, engineering, fabrication, project management, procurement, construction, installation and commissioning. These integrated strengths are backed up by flexibility of operation and agility in response. A well institutionalised risk management structure and high safety standards are the other key strengths of the division.

E&C (Projects) Division has consolidated its presence in international markets. As part of its mission to establish itself as a major EPC player in the Middle East and South East Asia, it has set up offices and built manufacturing capabilities in select countries. Joint ventures are set up with renowned local partners in Saudi Arabia, Kuwait, Oman, Qatar and United Arab Emirates. The offices in Middle East are backed up by a large engineering resource base in India.

Some of the key inherent strengths that enable the division to offer world class solutions to its clients include:

- Over 4500 qualified and experienced personnel from various disciplines
- Strong basic engineering capabilities
- Large technology & innovation centers
- State-of-the-art CAD facilities with sophisticated plant design systems
- Conformance to globally recognised management systems standards
- Open yard facilities for modular fabrication with water front in India and Oman

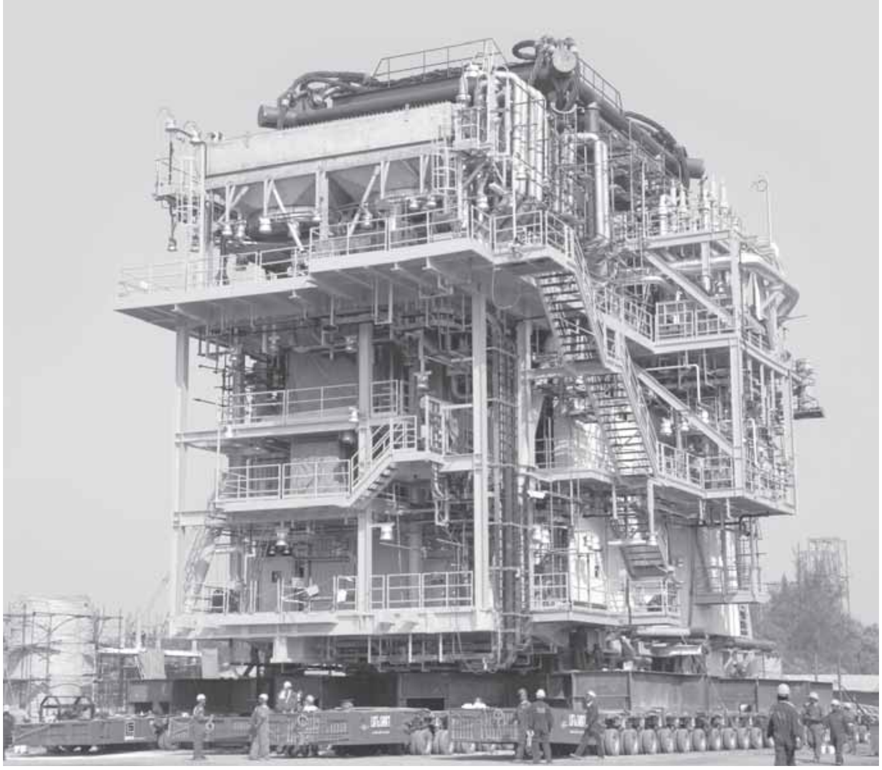
Business Environment

The global economic meltdown in 2008-2009 led to the liquidity crisis, impacting business conditions. Decline in growth rate has resulted in a sharp contraction in hydrocarbon, chemical & construction industries.

The downturn caused a weak demand situation and resulted in declining commodity prices and cut down in production. The decline in commodity prices, however, showed disparate trends. Fall in the price of steel did not result in proportionate decline in the cost of machinery and other equipment. Crude oil prices saw a sharp decline from a peak of $140 down to around $50+ per barrel. This coupled with the credit squeeze forced review of the project viability and deferment / cancellation of investment decisions, resulting in slower order inflows during 2008-2009. Bidding for jobs in an uncertain economic scenario was a challenge by itself. Sharp swings in the commodity prices and depreciation of rupee further added to the uncertainties. Some of the prospective clients sought to reduce project costs through re-bids and protracted pre-award negotiations on price. Moreover, the contracting basis is tending to change from LSTK to cost reimbursable model due to volatility in the material and execution costs. With size of the contracts increasing, the pre-qualification criteria have become more stringent and thereby delaying the take-off phase of the project.

Tough competition from emerging EPC players both in domestic and international markets is a challenge to tackle in Hydrocarbon Upstream and Mid & Downstream businesses. The Power busines is also facing formidable competition from established domestic players and Chinese companies. The large size of the envisaged power projects has brought about additional challenges such as accurate cost estimates, adherence to demanding project schedules and financial closure calendar. Lack of fuel sufficiency and delays in implementation of reforms have contributed to delays in finalising the plans for power projects in the country.

The Division created three Operating Companies under its umbrella during the year, each for Hydrocarbon Upstream, Hydrocarbon Mid & Downstream and Power businesses to lay closer focus and accelerate growth in the areas.



Gas compressor module (Size: 31m x 16m x 16m) being despatched from L&T's Modular Fabrication Facility at Hazira on India's west coast.

Naphtha Hydroteater Reformer Unit constructed by L&T at ENOC Processing Company LLC at Jabel Ali Free Zone, Dubai , UAE.

Hydrocarbon Upstream Operating Company

Hydrocarbon Upstream Operating Company provides turnkey solutions in upstream hydrocarbon sector encompassing oil & gas production, processing & transportation. The Company has been successfully executing projects for the last two decades in India, Gulf, Africa and South East Asia for reputed clients. The solutions offered are in a wide range of products such as Process Platforms, Wellhead Platforms, Submarine Pipelines, Platform and Pipeline replacement, Modules, Marine terminals and Floating systems.

Decline in crude oil prices has affected the viability of expansion plans and exploration activities of the oil producing companies. Domestic capex on development of new fields continues to be modest as compared to global trends. However, there is a

Group-3 Lube-based oil project executed by L&T on an EPC basis for Petronas Melaka Refinery in Malaysia. L&T offers comprehensive services to the Refinery sector by undertaking EPC projects on Lumpsum Turnkey basis in India and abroad.

renewed thrust in both redevelopment of existing fields and in deep water exploration activities.

The Company has established a new state-of-the-art fabrication facility for modular structures, heavy jackets and oil rigs at Sohar in the Sultanate of Oman. The yard spread over 400,000 sq. m has facilities for heavy structural fabrication, sophisticated equipment, systems integration and testing and load-out of ultra-large modules. Significant progress has been achieved on the capacity expansion plans at its existing modular fabrication facility at Hazira in Gujarat.

L&T-Valdel is the engineering arm of Hydrocarbon Upstream OC, which provides complete engineering solutions. It is gearing up to cater to the growth needs through its centers located at Faridabad, New Delhi & Chennai and is also currently positioning itself in UAE. The OC has set up a joint venture with SapuraCrest Petroleum Berhad of Malaysia to add to the installation dimensions to its offshore capabilities through owning & operating a Heavy Lift cum Pipelay vessel, the LTS 3000.

In order to focus better on the marketing & business development activities at the international level, the OC has set up development centers at:

1. Abu Dhabi, primarily catering to opportunities in GCC countries, Iran and North Africa
2. Mumbai, to address opportunities in South East Asia, Australia and West Africa.

Hydrocarbon Mid & Downstream Operating Company

Mid & Downstream business offers single point EPC solutions in the field of Hydrocarbon refining, Petrochemical, Fertiliser and Chemicals Sector. The business has to its credit several complex projects executed successfully in domestic and international markets. The OC addresses the entire spectrum of opportunities in this sector which include Green Fuel Projects, Fuel Upgradation, Olefins, Polyolefins, Aromatics, Hydrogen, Fertiliser, Gas processing, Reformers, Cracking Furnaces, Cross Country Pipelines, Gas gathering stations, Crude Oil terminals etc.

During 2008-2009, Mid & Downsteam business has taken a slew of initiatives to improve its competitive positioning. While the capabilities in the area of pipeline engineering were strengthened though formation of a joint venture with Gulf Interstate Engineering USA, the engineering capacities at Mumbai, Vadodara and Faridabad centers were also strengthened. The construction capacities were augmented by adding strategic plant & machinery resources. In the international arena, the OC has set up a full-fledged business unit at Sharjah to cater to Middle East opportunities. Other country specific JVs have been formed to focus on specialised electro-mechanical construction capabilities in the Gulf countries.

Power Operating Company

L&T has taken initiatives in synergising its internal strengths developed over decades in the areas of project management, engineering, manufacturing and construction by setting up an organisation focused on opportunities in coal-based, gas-based and nuclear power projects. This business provides turnkey solutions for setting up utility power plants, co-generation & captive power plants on EPC basis. It also provides power plant engineering services through L&T-Sargent & Lundy a joint venture between L&T and Sargent & Lundy, USA. L&T has formed two joint ventures with Mitsubishi Heavy Industries, Japan for manufacturing Supercritical Boilers and Turbine Generators. During the year 2008-2009, significant progress has been made in setting up of these manufacturing facilities at Hazira. Creation of facilities to manufacture various power auxiliaries such as boiler tubings, pressure pipes, pulverising mills etc are also underway for comprehensive offering of power equipment to the customers. The coal sourcing initiatives are being pursued actively through L&T Natural Resources Limited, a subsidiary company.

Power business is a major thrust area for L&T from the long term perspective. The Company is undertaking significant efforts and investments in this sector to leverage on the business potential. Technology tie ups, setting up of manufacturing facilities & front end marketing structure, scaling up manpower resources are the major initiatives already underway in this regard.

Significant Initiatives

a) Risk Management

The Division has developed a robust risk management framework. It has been identified as one of the key enablers to achieve the company's strategic objectives. The E&C (Projects) Risk Management team has been set up to effectively manage risk that is inherent in the Engineering and Construction business, namely costing, scheduling, safety, financing, human capital and contracting risk. It is an active member of the Engineering & Construction Risk Institute (ECRI) USA, an initiative of World Economic Forum. The objective of this initiative is to strengthen the competitive edge and evolve a risk embracing culture.

Increased competition, pressures on cost and deliveries, forex & commodity price variations, impact of recessionary trends on the award of jobs and manpower attrition are some of the major risks faced by the division. The Division has however adopted risk mitigation steps right from pre-bid stage covering technical, procurement and financial risks. The measures such as advanced quantitative tools, global sourcing, standard operating procedures, and operational excellence initiatives have been implemented so as to protect the profitability of the businesses.

b) HR for Professional Excellence

'Talent Management' has been a prime mover in the company's ambitious business plans. The HR strategy dovetails personal growth aspirations of employees with business needs. A variety of HR interventions give the division a strong competitive edge. A menu of career growth options and training are offered to young aspiring professionals for achieving excellence in engineering and project management skills. Setting up of L&T Project Management Institute at Vadodara complemented by the GLOPAT programme, mentoring of new joinees, recognition of excellence, strategy workshops and team building programs are some important initiatives undertaken during the year.

Outlook

India ranks sixth in the world with refining capacity of 3.4 %. Just over 60% of the potential in the oil sector has been explored so far. In order to enhance energy security of the country, the Government has increased thrust on exploration which is expected to lead to substantial investments resulting in an increased activity in the upstream sector. Improving oil prices will encourage investments in new refineries creating opportunities particularly for Mid & Downstream sector in GCC countries. New fertiliser policy for feedstock conversion projects announced during 2008-2009, is seen to open up large opportunities in the next couple of years.

The reform process as envisaged in Electricity Act in the year 2007 progressed during 2008-2009. The sharp increase in demand for power has led to new generation capacities, a significant portion of which is planned through setting up of Ultra Mega Power Projects based on super critical technology. India has adopted a blend of thermal, hydel and nuclear sources with a view to increasing the availability of electricity. Currently India needs to double its generation capacity in next 7-10 years to meet potential demand for power.

E&C Division is well geared up to harness the upcoming business opportunities. Clearly drawn out pre-bid strategies, intense marketing efforts and enhanced execution capabilities will drive the performance. The division has also been quick to roll out measures to mitigate the adverse economic slowdown by taking concrete steps in the areas of cost reduction, improving productivity of resources and operational excellence. These initiatives are expected to be the underpinnings of performance in the coming years. In the backdrop of this outlook E&C Division is optimistic of a good performance in the year 2009-2010.

388.5 MW natural-gas-based combined cycle power plant at Vemagiri in Andhra Pradesh, South India. L&T's EPC capabilities extend across all types of power projects.

M. V. Kotwal
Whole-time Director &
Senior Executive Vice President
(Heavy Engineering)

Steam generators for Pressurized Heavy Water Reactors. L&T's product range for the nuclear power sector includes calandria, reactor roof slabs, Control Rod Drive Mechanisms and SS thermal insulation panels.

Heavy Engineering Division

Heavy Engineering Division's operations are managed through two Operating Companies viz.:

- Heavy Equipment & Systems Operating Company
- Shipbuilding Operating Company

Heavy Equipment & Systems Operating Company (HES OC)

Overview

Heavy Engineering & Systems Operating Company manufactures and supplies custom designed and engineered critical equipment and systems to the core sector industries like Fertilizer, Refinery, Petrochemical, Chemical, Oil & Gas, Thermal & Nuclear Power, Aerospace and Defence.

HES OC has manufacturing & fabrication facilities at Mumbai in Maharashtra, Hazira & Baroda in Gujarat and Visakhapatnam in Andhra Pradesh. A Strategic Systems Complex was commissioned during the year at Talegaon in Maharashtra. A Precision Manufacturing Facility at Coimbatore in Tamilnadu has also been recently commissioned.

A Strategic Electronics Centre for Defence Electronics Systems design & engineering operates from Bangalore in Karnataka. Dedicated engineering centers support manufacturing at all locations. The Operating Company has set up three "Technology Development Centers" at Powai for new product development in process plant equipment and for defence / nuclear equipment as well as one focused on electronics systems / sub-systems.

Business Environment

The economic slowdown is mainly impacting potential exports. Internationally the refining business has been hit by the fall in the crude oil prices and the general economic slow down. Many planned green field refineries and expansion projects have been deferred or cancelled in USA, Canada as well as in the Middle East. With fewer projects on the anvil, the competition is intense. However, Indian domestic refinery projects are going ahead based on mandates given by the Supreme Court. No new petrochemical projects are being planned, due to fall in demand for petrochemicals.

HES OC, however, continues to see growth opportunities, despite the current economic conditions. The recently announced fertiliser policy by the Government is favourable for investment. Fertiliser sector offers good opportunities both in the domestic market as well as in the international markets like Middle East & Africa. Coal Gasification business continues to show promise in countries like China & Vietnam in the short to medium term. The Operating Company has achieved a breakthrough by entering into the elite league of manufacturers of Super-Critical Power Plant Equipment.

The single major change in the Defence Business environment during the past year, was the announcement of the Defence Procurement Procedure (DPP), 2008. The environment is still not very supportive of the private sector participation in defence production. The decision to award "Raksha Udyog Ratna" (RUR) status to select private sector system integrators and allowing "level playing field" continues to remain pending for actions.

Offsets offer a potential growth area. However, the Government needs to resolve certain taxation issues. Supplies to the defence services including system integration done under offsets in India continue to attract various local taxes and levies which discourage the foreign defence contractor from awarding more work as well as value added work in India.

HES OC is proud to be associated with the Chandrayan mission for supply of critical equipment & systems both for the Launch segment as well as Ground / Command control segment. The inking of the Indo-US, Indo-French, Indo-Russian & Indo-Kazak nuclear deals opens up new opportunities for supply of critical nuclear power plant equipment.

Significant Initiatives

The Operating Company has launched a number of initiatives aimed at establishing a leadership position in the global market. The key initiatives are as follows:

Capacity Augmentation

HES OC has planned substantial capital expenditure in line with its growth plans. The Strategic Systems Complex for assembly, integration and testing of weapon systems, sensors and engineering systems has started production at Talegaon. The advanced composite facility for Defence, Aerospace & Aviation products has become fully operational during the year at Ranoli complex, Baroda. A dedicated facility for precision engineered products was commissioned at Coimbatore during the year under review. The Hazira heavy fabrication facilities are being upgraded and expanded. Dedicated sub-contractors are being developed for further capacity augmentation.

HES OC is setting up a heavy fabrication facility through a joint venture in Oman to cater mainly to the Middle East market. An integrated Special Steel Melting Shop with a heavy forging facility is proposed to be set up at Hazira for catering to the requirement of heavy forgings for nuclear power plants as well as reactors for the hydrocarbon market.

Lift-off of India's prestigious space vehicle, Chandrayaan I. L&T provided specialised launch and tracking systems for this moon mission. L&T's precision manufacturing facilities are geared to meet the exacting demands of aerospace manufacture.

Capability Building

The Operating Company lays special emphasis on continuous development / adaptation of manufacturing technology, modification of existing products and development of new products through its Technology Development Centers. The Technology Development Centers have built partnerships with DRDO / other national laboratories and academia for joint development work. A Warship & Submarine Design Centre set up last year is being strengthened for in-house design and construction of naval vessels. A Virtual Reality facility has also been commissioned during the year.

A new initiative has been launched titled "Enterprise-wide Collaboration for Alignment with Strategy" (ECAS), which aims to significantly boost the preparedness of the organisation to meet new challenges. A new Customer Intimacy Strategy along with promotion of "Collaborative Culture" across functions has been adopted with the primary aim of providing best service to the customer.

Improvement Initiatives

The "Product Lifecycle Management" (PLM) project went live across the Operating Company's various locations during the year. The PLM project will help improve knowledge management, reduce cycle time and improve collaborative working across functions. Automation of design and drafting work using knowledge based engineering tools is helping in knowledge management and cycle time reduction in engineering in a big way.

A number of teams are working on various improvement projects under the umbrella

Methylamine converter for Chemanol-MA/DF plant, Al-Jubail, Saudi Arabia.

of the "Operational Excellence" theme. The Operating Company relies on the "Critical Chain Project Management" methodology of the "Theory of Constraints" for managing planning & execution of projects and for improving its delivery performance. The Operating Company follows a structured process for protection of its Intellectual Property Rights. During 2009-2010, the Operating Company received four patents.

Shipbuilding Operating Company (SHBD OC)

Ship Building Operating Company is in the business of construction/repair of both commercial & defence vessels. The Operating Company presently has design, fabrication & shipbuilding facilities at Hazira in Gujarat, which handles the construction of commercial vessels. Construction of a new shipyard has been launched at Kattupalli in Tamilnadu. The new shipyard will primarily focus on construction / refits of naval ships & submarines and repair of commercial vessels.

Business Environment

The international shipbuilding market is presently going through a difficult phase marked by low freight rates & the global financial crisis leading to a global slowdown in commercial ship building. Fleet owners have deferred their plans for acquisition of new vessels. Though the major shipbuilding yards in China & Korea are still booked with orders till 2011, they have slots freed up due to cancellations in the bulkers segment.

The Government of India has agreed to grant shipbuilding subsidy to all eligible vessel orders booked prior to August 14, 2007. The Shipbuilders association of India is working closely with the Government for continuation of the subsidy scheme to enable them compete with Chinese & Korean yards.

Significant Initiatives

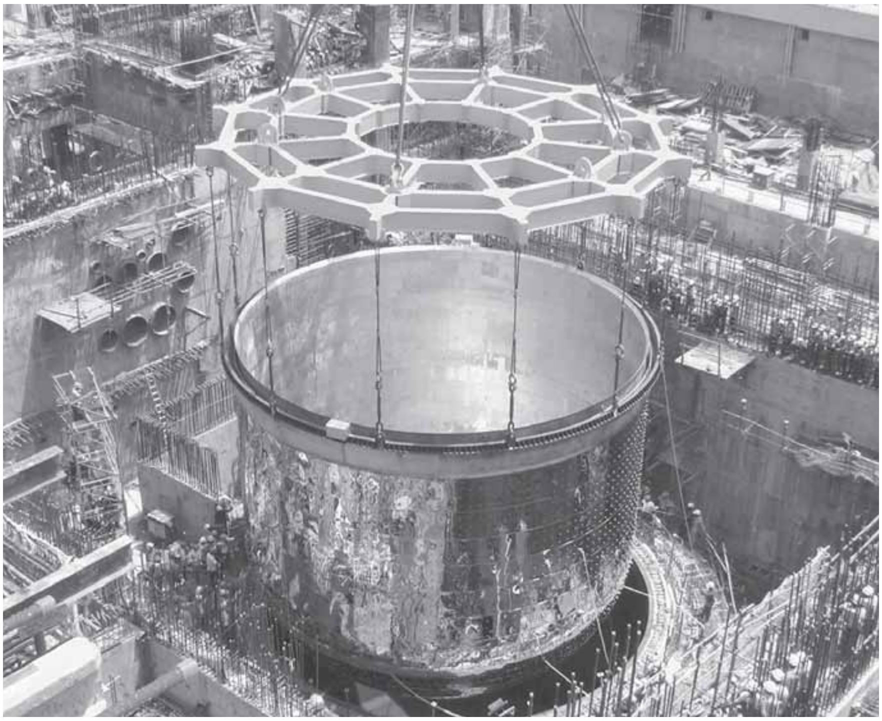
Augmentation of facilities & resources at Hazira is under way to meet the present and future growth needs. The Operating Company is focusing on streamlining its internal systems and processes for strengthening the operations.

Services of internationally acclaimed consultants are being availed for construction of state-of-the-art facilities at the new ship yard planned at Kattupalli.

Outlook

There are early signs of a turnaround. The economic situation world over is likely to improve by end 2009, early 2010. Fertilizer sector is expected to offer good opportunities with a few green and brown field investments both in the domestic market as well as in the international market. The division expects good prospects from domestic refinery projects. Deferred projects in the Middle East are likely to revive in the third quarter of the current year. New territories like Iran hold good potential.

With the signing of the Indo-US nuclear deal and India signing the IAEA safe guard agreement, there are good opportunities



Reactor vessel for Fast Breeder Reactor (FBR) being lowered into a vault. The mirror-polished thermal insulation panel increases the effectiveness of the vessel. L&T is at the forefront of India's FBR programme.

for supply of nuclear power plant equipment in the medium to long term. The new Government is expected to hasten the decision making process for new defence contracts and take measures to liberalise the sector.

With the international shipbuilding industry being severely affected by the financial meltdown, the order pipeline has been thinning. The Indian Navy is committed to develop indigenous design and globally competitive construction capabilities for naval vessels. The Operating Company is well poised to harness this potential demand through the new ship yard under construction at Kattupalli.

Overall, both the Operating Companies envisage good market opportunities in the medium term.

Reactors set sail for Malaysia's Maleka Refinery. L&T designs and manufactures sophisticated equipment of large dimensions at its state-of-the-art manufacturing facilities in Hazira near the Arabian Sea. L&T is setting up additional manufacturing facilities at Sohar in Oman.

R. N. Mukhija
Whole-time Director & President
(Electricals & Electronics)

Representative section of L&T's wide range of switchgear. In addition to low-tension switchgear (featured here), L&T offers medium-voltage switchgear, building electricals and energy meters. The range encompasses integrated automation and complete electrical solutions.

Electrical Business Group (EBG)

Overview

The Electrical & Electronics Division (EBG) comprises Electrical and Automation Operating Company (EAOC) and two stand-alone business units of Medical Equipment & Systems (MED) and Petroleum Dispensing Pumps & Systems (PDP).

Four Strategic Business Units (SBUs) - Electrical Standard Products (ESP), Electrical Systems & Equipment (ESE), Metering & Protection Systems (MPS) and Control & Automation (C&A) are under the umbrella of EAOC. ESP and ESE have the production base in Powai, Mumbai and at Ahmednagar in Maharashtra, with additional facilities for ESE and a Precision Manufacturing Centre for tooling solutions at Coimbatore in Tamil Nadu. Control & Automation business unit operates from its "Automation Campus" in Navi Mumbai, while Metering & Protection Systems is based at Mysore in Karnataka.

EAOC has international presence through manufacturing facilities in Wuxi (China) for Switchgear Standard Products, at Dammam in Saudi Arabia for switchboard and for Control & Automation in Jebel Ali, UAE. It has increased its international presence with the acquisition of switchgear business of TAMCO Corporate Holding of Malaysia last year, winning access to its manufacturing facilities and markets in Malaysia, Indonesia, Australia and China.

Business Environment

Owing to the global economic events of Sept-Oct 2008, performance was adversely impacted either with business slowing down or getting postponed in several industry sectors like cement, metal etc. The pressures to re-negotiate contracts were experienced, as most of the customers went through the phase of falling profits and surplus capacities.

The commercial and residential building projects were the worst hit, as also the traditionally stronghold sectors like, cement and steel. However, business segments in power and infrastructure domains, viz. Balance of Plant (BoP), R-APDRP, Power Plant DCS and BMS/EMS continued to show good potential. Investments in infrastructure sector such as metro rail, monorail, ports, airports etc. hold promise. No major expansion is evident in oil & gas sector. The reduced level of enquiries led to more intense competition at the market place. Existing players increased their manufacturing capacities putting pressure to book more business causing price pressure. There is a slowdown in petroleum retail network investments which will reduce off-take of dispensers. With controlled price regime still in place, fuel retailing by private oil companies has become unattractive. For Medical Equipment Systems, the industry has grown and this growth is expected to continue in the Indian market. Entry of Chinese manufacturers through the distribution chanels at low prices for monitors and ultrasound equipment is the major challenge to Medical business.

On the international front, oil & gas projects & power sector outlays sustain the prospects pipeline.

Significant Initiatives

The Customer Interaction Centre (CIC) went live in the year 2008-2009. This new initiative helped the businesses to respond

L&T's custom-engineered switchboards, equipped with both conventional and 'intelligent' protection, control and communication systems meet the power control and distribution needs of industry.

faster and free the sales team from attending general queries. EBG has initiated a division-wide awareness to focus on the 3 Cs - cost, cash and customer. The highlights of this initiative are working capital measures taken such as aligning deliveries with the end users cash flow, and emphasis on outstanding collections. Initiatives for operational excellence such as 5S, Six Sigma and Value Engineering continue with upto 75% increase in these projects.

For switchgear products, a new initiative to tap the retail market for the electrical products was started. The focus is to enlarge reach, presence and visibility in the retail market through appointment of a large number of dealers as channel partners under this programme. A new partnership programme was initiated to provide automation solutions to industrial and building segment customers.

After the acquisition of TAMCO there is a focus on growth in MV segment. EAOC is looking for setting up franchisee network for MV products in India. Also there are plans for a franchisee network for new design LV flat pack products for Gulf market.

The Control & Automation business has set up a Technology Centre to nurture the ongoing technologies & look forward to new upcoming cutting edge technologies to be used for Automation EPC projects. New design meters have been introduced and efforts are underway for providing automatic meter reading (AMR) solutions.

New Product Development

Development of new products and technologies continues to be top priority for the division. It plans to meet market expectations and keep pace with competition by introducing new products, with specific focus on cost effective offerings. In the year 2009-2010, ESP will be launching 'right price' product variants in Moulded Case Circuit Breakers and Contactors. The U-Power range of ACBs will be upgraded. There will be focus on development of Automation Solutions for buildings and Energy Management Systems.

The Control and Automation business unit is developing Toll Management System, which will be a state-of-the-art Toll

Medium voltage switchgear, made at L&T's Tamco facility, has been widely installed in industries around the world. L&T offers custom-engineered switchboards – equipped with both conventional and intelligent protection, control and communication systems – to meet the power control and distribution needs of industry.

Supervisory Control And Data Acquisition system designed, supplied and commissioned by L&T for Onshore Control Centres (OCCs) for offshore operations of Oil & Natural Gas Corporation. The system connects 133 wellhead platforms, 13 process complexes and nine drilling rigs to OCC.

Management System including electronic toll collection for national & state highways. A Terminal Automation System for Integrated Terminal Automation & Tank Farm Management System for petroleum products are also under development.

MPS is planning to replace the existing designs of tri-vector meter with new cost effective designs. Also development is on for meters for select international markets, GPRS modem for data communication, meters with radio communication facility. R-APDRP initiative may require installation of open protocol in meters and will also require all meters to be communicable over various wired and wireless media, which are on the anvil.

Medical Equipment and Systems business unit had launched a new product range in Patient Monitoring under 55 series, which has been accepted well in the domestic and USA market. A new set of multi-parameter monitors are being developed to cater to the cost conscious lower end segments. PDP has developed a new electronics platform (4GDE) for its dispensing pumps.

Intellectual Property Rights (IPR)

The division has put conscious efforts to generate innovative ideas and create value for the organization by protecting them through intellectual property rights. In 2008-2009, EBG has filed 108 patent applications, 33 design registration, 5 trademarks filings and 6 copyrights filings. The IPR approach also ensures that no product infringes on any competitors' products unknowingly. The division has been focused on directing its innovation energy towards improved manufacturing processes & cost control. It is ensuring continuous alignment of business interests & IPR creation by way of Gate Processes of approvals according to EBG's Product Development System (EPDS).

Outlook

The Government's ambitious UMPP projects will be under implementation during the year 2009-2010. It has also sanctioned Rs. 1477 crore in the interim budget for R-APDRP initiative. The Government initiative on highway development programme will open good business opportunities. With the investments in ports, airports, metro & monorail projects, infrastructure sector is also expected to grow. Apart from power generation and infrastructure sector, all other sectors are showing marginal or negative growth.

A positive outcome of the economic down-turn is that customers are moving from products sourcing to project sourcing thereby bundling the related products in one package . This trend will enhance the competitive position of the division, as it will leverage upon the Company's project management skills.

The Division is hopeful of positive developments leading to improvement in the demand in the latter half of the financial year 2009-2010.

L&T's range of electronic energy meters and numerical relays.

J. P. Nayak
Whole-time Director & President
(Machinery & Industrial Products)

L&T-Komatsu PC130-7 Hydraulic Excavator being employed for canal excavation at an Irrigation project. L&T markets Construction and Mining equipment manufactured within India by L&T-Komatsu Limited as well as machines supplied by Komatsu Limited.

Machinery & Industrial Products Division

Overview

Machinery and Industrial Products Division (MIPD) comprises Industrial Products & Machinery Operating Company (IPM OC) and Construction Equipment Business Sector (CEBS).

Industrial Products & Machinery Operating Company (IPM OC):

In order to address the comprehensive needs of the common customers in industrial sector, the Division has aggregated its industrial products and machinery businesses under the IPM Operating Company. IPM OC has two distinct business streams - Industrial Products and Industrial Machinery.

A. Industrial Products:

Valves Business Unit (VBU):

VBU markets valves and allied products manufactured by the L&T's JVs; viz. Audco India Limited (AIL), Larsen & Toubro (Jiangsu) Valve Company Limited, China, and a few Indian & overseas manufacturers. VBU is one of the few select suppliers of valves for global oil majors.

Besides, the JV manufacturing facilities, VBU also has set up its own facility "Fluid Control Products Centre" (FCPC) at Coimbatore, which provides the technology support for new product development as well as contract manufacturing of valves in ranges not fully supported by AIL. The FCPC is also setting up a new plant for manufacture of valves to support L&T's foray in the Power Sector.

Welding Products Business (WPB):

WPB markets products manufactured by EWAC Alloys Limited, along with imported inverter based welding machines from Fronius, Austria, and Oxy-Fuel equipment from Messer, Germany. WPB also sells locally indigenously developed MIG welding machine and inverter welding machines. To provide comprehensive solutions to its major clients in the welding technology, WPB also provides repair & maintenance of critical industrial components.

Industrial Cutting Tools (INP) Business:

INP business provides metal cutting solutions to the Indian manufacturing industry, covering automobile and machine tool segments through marketing of industrial cutting tools manufactured by ISCAR Limited, Israel.

B. Industrial Machinery:

Kansbahal Works (KBL):

Machinery for Pulp & Paper, Mining, Mineral Processing and Steel industries, as well as components for Wind Turbines are manufactured and marketed by Kansbahal Works. Its Foundry also manufactures large wear and abrasion resistant castings for power and cement sectors.

LTM Business Unit (LTMBU):

LTMBU manufactures and markets rubber processing machinery for the tyre industry. Currently, the unit has manufacturing facilities at Manapakkam, Chennai and at Kancheepuram near to Chennai. LTMBU also markets plastic injection moulding machines manufactured by L&T-Demag Plastics Machinery Limited. LTM has been ranked No.11 amongst "top suppliers of tyre and rubber machinery around the world" by European Rubber Journal, for the year 2009. L&T-Demag Plastics Machinery's products find applications in diverse industries like automobiles, electrical goods, packaging, personal care products, writing instruments and white goods.

Construction Equipment Business Sector (CEBS)

Construction Equipment Business Sector (CEBS) markets and renders support for Construction & Mining Equipment. The Sector comprises following business units:

- Construction & Mining Business Unit (CMB) which markets equipment manufactured by L&T-Komatsu Limited, India and the entire range of equipment available from Komatsu worldwide. It also markets Mining Tipper Tricks available from Scania.

- L&T-Komatsu Limited (LTK) - the 50:50 JV with Komatsu that manufactures Hydraulic Excavators and Hydraulic Components, all of which are distributed in India by CMB;

- L&T-Case Equipment Private Limited (LTCEPL), the 50:50 JV with CNH Global n.v., which manufactures and markets Backhoe Loaders and Vibratory Compactors;

- Tractor Engineers Limited (TENGL), the 100% wholly-owned subsidiary, which manufactures and markets Undercarriage Systems for excavators and Material Handling Systems like apron conveyors etc

Business Environment

The current economic downturn which started in last year has cast its influence on the industrial sector in general and on the business sectors that MIPD operates in particular. The first half of the financial year witnessed unprecedented rise in commodity prices adversely affecting input costs of most industries. On the other hand, the sharp fall in economic activity globally and the fall in price of crude oil, led to a postponement of investment by the major clients. With surplus capacity among manufacturers, the competitive intensity has increased particularly in the global market.

Many projects in cement, steel & paper sectors are on hold or have been dropped due to the global financial crisis. Also, minor revisions in Wind Energy Policy in some states like Tamil Nadu has brought down the growth rate in the sector from 25% last year to 15%. The last quarter of the year 2008-2009 saw a downturn of automobile industry which had a cascading effect on the performance of tyre industry and tyre machinery manufacturers.

The performance of the construction equipment industry also reflected these pains. After a moderate slowdown in growth rates from the past three year highs of 45-60% to about 22%, the demand fell by 50-65% in the third quarter of the financial year.

Significant Initiatives:

The Division has set up War Rooms to combat effects of the severe downturn in the demand for products. Production and procurement plans have been quickly reviewed and adjusted to fit the volatile demand. Special focus groups have been constituted to expedite collections, reduce inventories and conserve cash. Tracking and monitoring measures have been put in place and reviews are carried out closely at various levels in the sector.

Specific initiatives being undertaken by the respective sectors is given below:

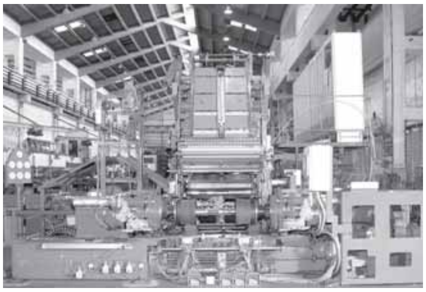
I. IPM OC

- The project for setting up 25000 TPA green field foundry in Coimbatore to manufacture cast components for wind turbine is progressing as per the plan and is expected to go into commercial production in the 3rd quarter of 2009-2010.

- Additional approvals from major end-users were secured for LTJVCL valves in China. To strengthen the international marketing network personnel have been posted in key growing markets such as China and Middle East.

- New products have been introduced which will help in building the

L&T-CASE 770 loader-backhoe engaged in a land-development project. L&T-CASE is a JV of Larsen & Toubro Limited and CNH, a global leader in manufacture of loader-backhoes.



Tyre Building machine equipped with state-of-the-art features for building car / light truck radial tyres, for a leading tyre company in India. The machine is part of the wide range of rubber-processing machines manufactured by L&T.

competitive advantage and market share.

- Most business units in IPM OC have initiated significant steps for close monitoring to ensure reduction in working capital and in particular, customer receivables.

II. CMB

- New imported models of Hydraulic Excavators, viz. PC800, PC210-8, sourced from Komatsu, have been introduced in the Indian market to improve product offerings to the customers.

- After-sales support capability is expanded through long term full maintenance contracts and site support agreements for the products to help improve machine uptime and capping operating costs thus helping customers in improving their competitive position.

Outlook

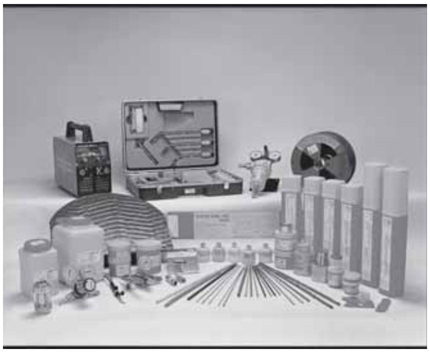
The oil prices over the last few months have stabilized and a number of projects in the upstream sector particularly in the Middle East are slated to proceed. However, in the Refining segment, there is a significant slowdown in international projects, including projects under execution. With the implementation of the UMPP projects in India, requirement for industrial valves is expected to boost the demand in the coming year. The nuclear power program also offers large scope for the valves business. L&T's strategic alliance with some of the key nuclear power majors will help in building this market segment.

Due to the capacities built up in the last 2-3 years, coupled with the liquidity constraints, demand for machinery for steel and other mineral process industries is expected to be lower than last year. The outlook for wind mill castings is however positive as there is a backlog of orders and the new foundry facility in Coimbatore would be operational in the coming year.

As per the latest reports from tyre majors like Pirelli, the global demand for tyres is expected to be lower in the coming year. In view of the current downturn, the domestic tyre industry is focusing only on two and three wheeler tyres, truck radial & OTR tyres. The business for the Plastic Injection Moulding machines will also improve only by the end of the year 2009.

The market demand for construction equipment is expected to remain sluggish

Industrial valves manufactured by JVs, Audco India Limited and Larsen & Toubro (Jiangsu) Valve Company Limited.



Innovative Solutions for Welding, Cutting & Wear Protection of Metal Components

on account of the downturn in the urban infrastructure and general construction sectors and reduced spending by the Government on various infrastructure projects. Post parliamentary elections and monsoons, it is expected that there will be an improvement in infrastructure building activities by the Government as well as a general improvement in market confidence.

Gap between coal demand and supply of around 40 million tones continues to provide a growing opportunity for mining equipment. CMB is well placed to take advantage of these opportunities. Backhoe Loader and Vibratory Compactor markets are witnessing slight recovery as compared to substantial decline in the year 2008-2009. Still it is expected that the market for Backhoe Loader may remain bearish, though Vibratory Compactor market may witness marginal growth in view of large planned investments in Road Sector.

The domestic economic environment is largely dependent on the domestic policy framework as well as the stability in the financial market. Considering the good track record of the economy in the recent past, the Division is quite optimistic of positive developments emerging from the third quarter of the year 2009-2010.

V. K. Magapu
Whole-time Director &
Senior Executive Vice President
(IT & Technology Services)

Headquarters of L&T Infotech at Powai, Mumbai.

Technology Services

Overview

Carrying the brand and the legacy of Larsen and Toubro group of companies, L&T Technology Services has been rated the no. 1 engineering services provider in the World 2008 Black Book of Outsourcing. The Division comprises Integrated Engineering Services (IES, earlier named as e-Engineering Services) and Embedded Systems (EmSyS) business units. The Division provides a range of IT enabled engineering services and systems required in the design and execution of turnkey projects and equipment / product development.

Integrated Engineering Services (IES)

The IES, headquartered at Vadodara, Gujarat, has established its design centers spanning the cities of Bangalore, Chennai, Mysore, and Mumbai. It has about 3000 employees delivering high-quality engineering and design solutions. The end-to-end services basket comprise product design, analysis, proto-typing & testing, embedded system design, production engineering, plant engineering, buildings & factories design, asset information management & sourcing support using cutting-edge CAD/CAM/CAE technology. IES predominately renders its cutting-edge services to high end verticals such as Automotive, Aerospace, Marine, Off-highway Machinery, Industrial Products, Consumer Packaged Goods, Pharmaceuticals, Minerals & Metals, Oil & Gas and Utilities sectors.

Embedded Systems (EmSyS)

EmSyS provides embedded systems for electronics product design and development. The solutions comprise supply of hardware, application software and enclosure design for the system largely required in Automotive, Medical, Semiconductor and Industrial products segment. The business unit has a dedicated team of more than 1000 professionals operating from Mysore, Bangalore and Mumbai.

India is poised for a very big leap in the 'Product Development' market. EmSyS with expertise in 'product development' combined with its experience in 'electronic product manufacturing' is in a very good position to take a big share of this. It is serving its customers in complete Product development, consultancy as well as various components of the Life Cycle such as Re-engineering, Sustenance-engineering, VAVE and obsolescence management.

Business Environment

The evolution of the Engineering Services market has been significant over the past few years. The current trend in outsourcing space shows a larger share of IT enabled engineering services ranging from complete product design, complex turnkey project design, value analysis/cost reduction projects, design of assembly lines, fixtures etc. In the next two or three years, the trend is expected to accelerate and accordingly engineering services industry would need to position itself for delivering the bench marked services for driving innovation and continuous cost reduction for its global clients.

Talent drawn from premier academic institutions plays a pivotal role in L&T Infotech's successful implementation of the key business and technology needs of its client base.

Significant initiatives

IES has taken special measures to re-organize its sales reach by increased focus on India & Europe in addition to emerging regions like Middle East and Asia Pacific. The business unit has also achieved CMMI Level 5 certification to offer quality deliverables to the customers. IES has taken important steps to increase resource utilization & reduce operational cost so as to deliver value to the customers.

EmSyS was the first business unit in the world to achieve SEI CMMI® Level 5 using all the four components. "Continuous improvement" programs and "Six-Sigma" initiatives in EmSyS are giving thrust to its "Quality Movement". It continues to generate and pass on many 'Patentable ideas' to its customers. EmSyS serves many small as well as Fortune 500 companies.

Outlook

The economic recession, along with the tightening of outsourcing norms, has dented the growth of all sectors in the current year. However, even in such a difficult environment, L&T Technology Services has fared better than most of its peers because of a healthy exposure to diverse sectors and a client portfolio of industry leaders. Moreover, with the economic slump expected to ease out by the end of this year, the demand for engineering services outsourcing would experience a significant upturn.

Design Centre for Embedded Systems at Mysore. L&T offers design solutions in the areas of hardware, software, product development….

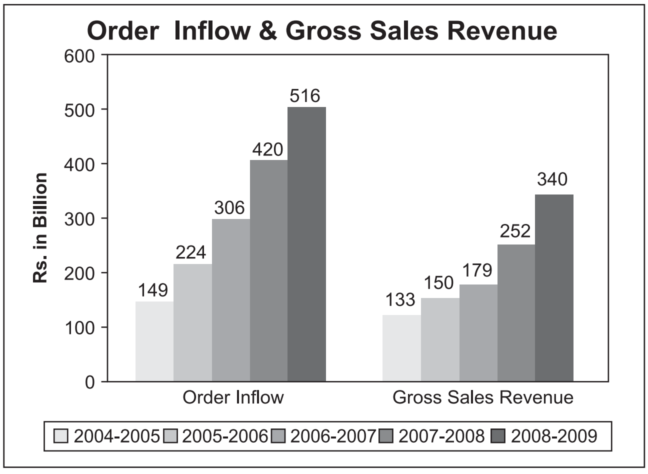
Y. M. Deosthalee
Whole-time Director &
Chief Financial Officer

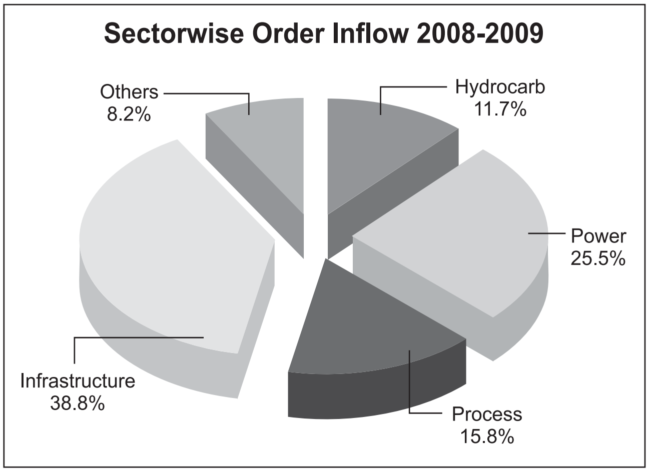
Financial Performance for 2008-2009: An analytical review L&T Standalone:

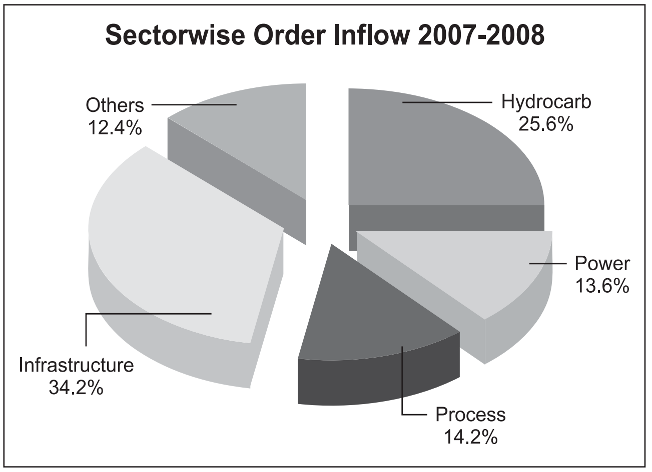
I. GROWTH IN AN EXTREMELY CHALLENGING ENVIRONMENT

The Company has reaffirmed its conviction in the sustained growth potential of its various businesses by reporting a healthy financial performance for the year 2008-2009, despite the perilous impact of a global slowdown. While the Company's product businesses had to bear some adverse impact of the downturn, its project businesses improved their performance over the previous year, even in the face of highly demanding circumstances.

The Company secured fresh orders during the year totaling to Rs. 51,621 crore, recording a healthy growth of 23% over the previous year. The growth in order inflow would have been still higher, but for the deferment of a few major orders in the Hydrocarbon and Process industries. The share of order inflow from the Infrastructure & Power sectors increased during the year reflecting the Company's growing stature in the nation's infrastructure-building. The flow of orders witnessed during the year 2008-2009, as reflected in its sizeable order book, is expected to give a fair amount of confidence to the Company's revenue growth plans in the year that has just commenced.







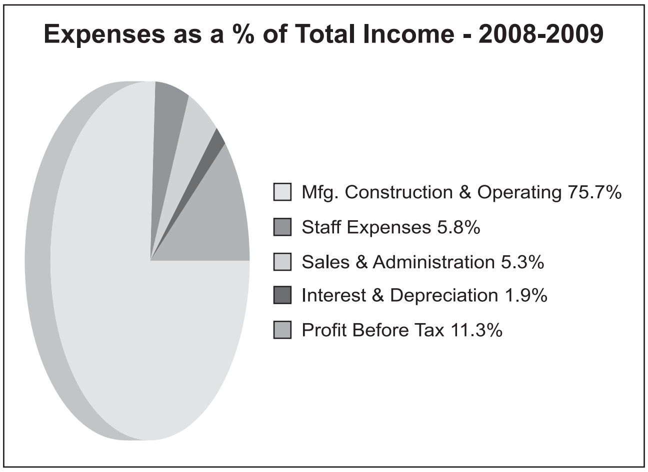
Gross sales & services at Rs. 34,045 crore grew by 35% over the previous year, with a share of 82% from

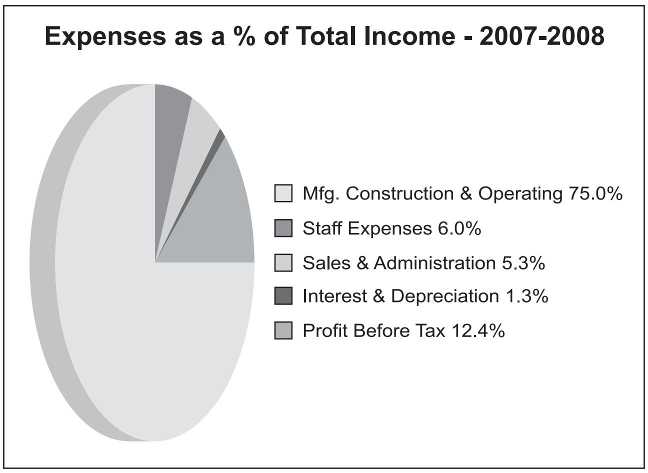
Engineering & Construction businesses. International revenues increased to 19% establishing the Company's growing presence in the overseas markets.

Order book of the Company as at March 31, 2009 at Rs.70,319 crore grew by 33%. In the Engineering & Construction Segment, orders over Rs. 300 crore each under execution, account for 70% of the segment's order book, signifying a strategic shift in selection of orders towards relatively larger size projects, to ensure optimum utilisation of the available resources and the management bandwidth.

Manufacturing, Construction & Operating Expenses

The Company incurred Rs.26,232 crore under Manufacturing, construction & operating expense category. This translates into 78% of net sales reflecting a marginal increase by 1% point, as compared to the previous year. Major part of the financial year 2008-2009 witnessed increase in commodity and input prices. While this increase was covered under contractual escalations for E&C Orders to a large extent, competitive forces prevented the product businesses from passing on the higher input costs to the market through higher price realisation. Improved execution and manufacturing efficiencies helped the businesses partially mitigate the impact of higher input costs and lower growth in volumes.



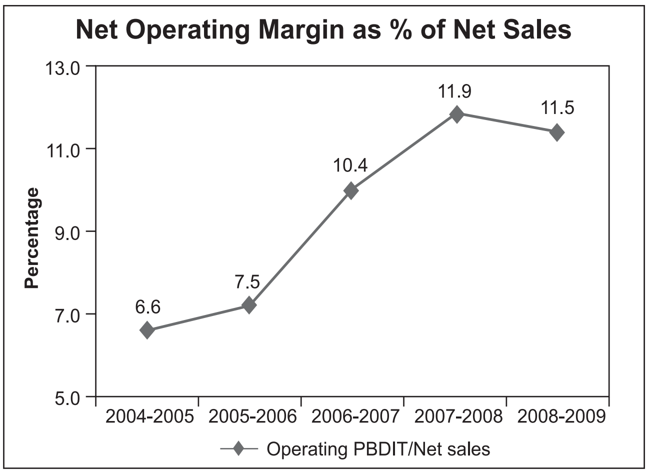


Keeping in mind the long term growth ambitions of its businesses, the Company during the year effected a net addition of 5,416 employees, taking its manpower strength to 37,357. Staff expenses at Rs.1,998 crore for the year were higher by 30% over the previous year due to this manpower addition as also the effect of increase in salaries & wages. However, staff expenses as a percentage of total income have reduced from 6% in the previous year to 5.8% in the year 2008-2009.

Sales, administration and other expenses for the year at Rs.1,840 crore have increased by 36% as compared to the previous year. However, as a percentage of total income, the expenses have remained at 5.3%. Benefit of scale of operations, sharing of common resources and tighter control on elements of fixed costs have enabled the Company contain this category of expenses.

Sustained Profitability of Core Businesses

The Company's Engineering and Construction Segment has not only sustained their profitability but has also been able to show some marginal improvement in the operating margins during the year under review. This improved performance has, however, been offset by a drop in operating margins of its product businesses due to lower capacity utilisation and higher input costs, as compared to the previous year. Overall the Company's profit before



depreciation, interest & tax, excluding other income (operating PBDIT), at Rs. 3,857 crore has increased by 30% over the previous year. Operating PBDIT at 11.5% of net sales, however, stands marginally reduced by 40 basis points as compared to the previous year, due to reduced profitability of product segments and an exchange loss incurred on foreign currency loans before the same were hedged.

Other Income

The Company has astutely managed its portfolio of investments so as to maximise the returns from surplus funds in a highly volatile capital and money markets. The surplus cash available from the internal accruals, borrowings and the sale proceeds from divestment of Ready Mix Concrete (RMC) business, was timely deployed to earn an pre-tax yield of over 14%.

Finance Cost

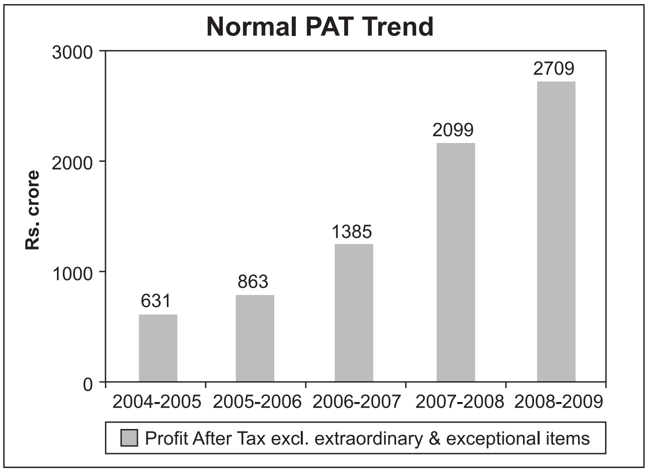
The relatively higher interest expense for the year at Rs. 350 crore is attributable to additional average borrowing of Rs. 2,240 crore during the year to finance the growth needs of the Group, as also increased cost of borrowing. The Company has drawn up ambitious plans for its emerging businesses in Financial Services, Property Development, Port & Shipyard and Power Equipment manufacture through its subsidiary companies and JVs. Besides, its project & product businesses have also been growing rapidly at a compounded growth rate of over 30%, requiring higher funds for working capital and capital expenditure needs.

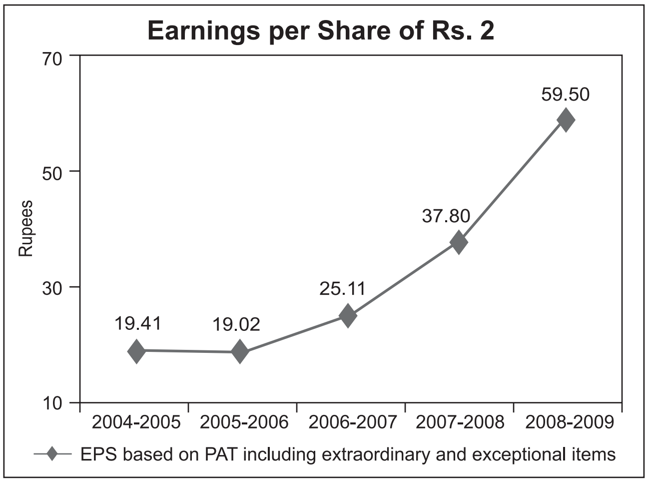
Interest rates in the domestic financial market hardened due to the global financial crisis and constrained credit flow to the corporate sector. However, the average cost of borrowings could be contained at 6.9% for the year, through higher proportion of foreign currency borrowings. A major part of such foreign currency borrowings stands hedged against currency and interest rate risks.

Overall Profitability

Profit before tax excluding extraordinary and exceptional items for the year 2008-2009 at Rs. 3,940 crore registered a growth of 28% over the like amount of previous year. In line with the growth in profits, the income tax provision increased by 29% to Rs. 1,177 crore. However, the effective tax rate is still lower at 30% of the book profits. Fringe Benefit Tax has reduced by Rs. 16 crore due to lower market price of the options under the Employee Stock Options Scheme. Profit after tax (PAT) excluding extraordinary and exceptional items registered a healthy growth of 29% to Rs. 2,709 crore, as compared to the previous year.

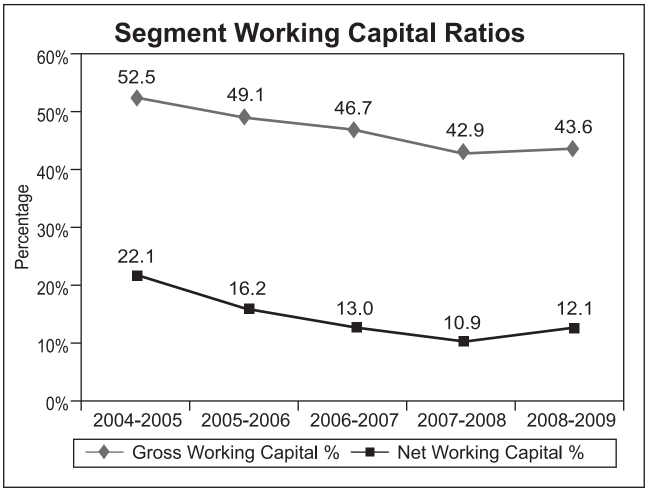
The Company successfully concluded a deal disposing of its Ready-mix Concrete business during the year, which generated an extraordinary gain of Rs. 959 crore net of tax. Further, the Company made an investment in shares of Satyam Computers & Services Limited (SCSL) through its wholly-owned subsidiary, L&T Capital Company Limited, as well as on its own Balance Sheet. Though the Company believes in the long-term value proposition of this investment, it has made a provision of Rs.186 crore towards the extraordinary decline in the value of SCSL shares, based on the principle of "prudence". Including the effects of the said extraordinary items, the Company's PAT rose by 60% to Rs. 3,482 crore. The Earning per Share (EPS) for the year accordingly has increased by 57% to Rs. 59.50 per share, post-allotment of Bonus Shares in the ratio of 1:1.

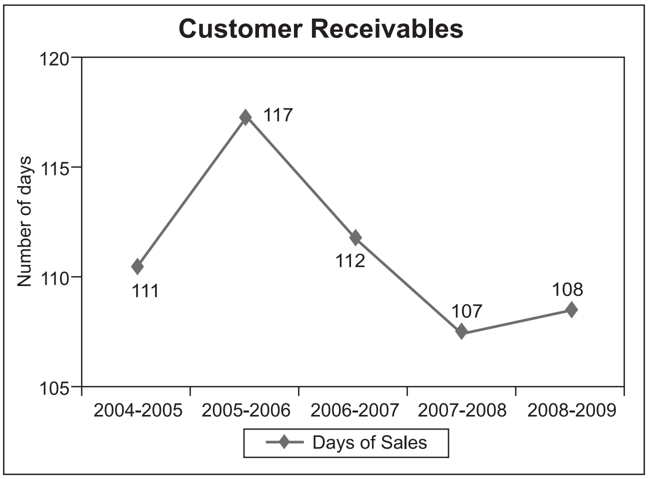




Funds Employed

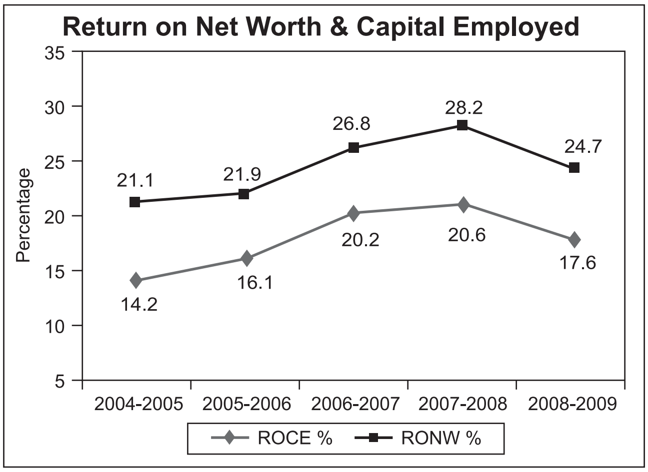
Working capital in the business segments increased during the year, mainly due to lower flow of customer advances in case of project orders, aggravated by poor availability of funds in the system. Gross & net working capital deployed by the segments marginally increased to 44% & 12% of sales respectively as at the year end. Net customer receivables at Rs.10,056 crore reflect 108 days of sales (DOS), almost at the previous year's level. The businesses were successful in settling some of the old disputes with their customers and collecting the overdue receivables, thereby bringing down the DOS.

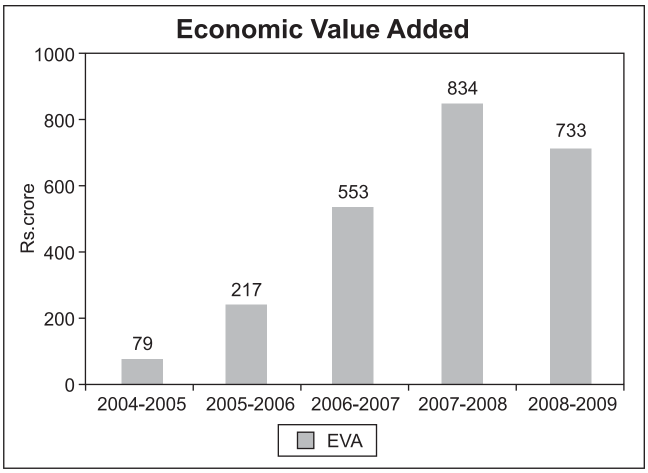




The capital expenditure of the business segments amounted around Rs. 1,900 crore during the year. The major expenditure was incurred as part of the on-going expansion plans at Hazira, Coimbatore, Ahmednagar & Talegaon, besides on beefing up the construction plant and machinery for execution of mega turnkey projects bagged during the year. Higher net working capital and capital expenditure contributed to the increase in segment funds employed by Rs. 2,566 crore.

At the Company level, investments in Subsidiary & Associate Companies increased by Rs. 2,170 crore to build capabilities for the emerging opportunities in the Financial Services, Power equipment, Property Development & Medium Voltage Electrical businesses. Considering increase in other corporate assets, loans, advances and investments of surplus funds, amounting to a total of Rs.1,128 crore, the net funds employed for the Company increased by Rs.5,864 crore over the previous year. Excluding the extraordinary and exceptional items, return on net worth & return on capital employed stood at 24.7% & 17.6% respectively. EVA for the year at the Company level continues to be positive at Rs. 733 crore. The relative reduction in RONW, ROCE and EVA as compared to the previous year, is attributable to the additional funds





deployed in the emerging businesses and expansion plans of the Group that are yet to see full scale revenue and profit generation.

Sound Financial Health

Despite the tight liquidity condition prevailing in the market, the businesses could succeed in generating an operating cash-flow of Rs.1,479 crore through a close monitoring of working capital. The divestment of Ready Mix Concrete business boosted the Company's cash position by Rs.1,121 crore net of tax. Further, the Company resorted to additional borrowings to the tune of Rs.2,558 crore during the year, at competitive interest rates from both domestic and international markets. This helped the Company continue with its capacity build-up plan, investments on its new business initiatives and provide the much needed working capital to its growing businesses.

Liquidity & capital resources	**Rs. crore**	
	2008-2009	**2007-2008**
Cash & cash equivalents at the beginning of year	**964.46**	**1094.43**
Add: Net cash provided / (used) by :		
Operating activities	1478.57	1945.24
Investing activities	(4429.67)	(5241.89)
Sale of RMC business	1121.14	-
Financing activities	1640.79	3166.68
Cash & cash equivalents at end of the period	**775.29**	**964.46**

The gross Debt Equity ratio of the Company stood at a moderate level of 0.53:1, which helped it continue to enjoy its domestic and international credit rating at 'AAA' & 'Baa2' with stable outlook, respectively. With the vigilant treasury team driving the Group's funding plans, the Company is confident of sustaining its sound financial health in the near to medium term.

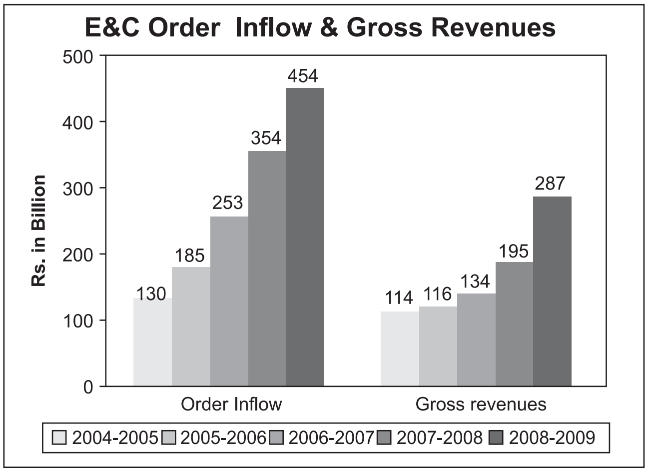
BUSINESS SEGMENT WISE PERFORMANCE REVIEW

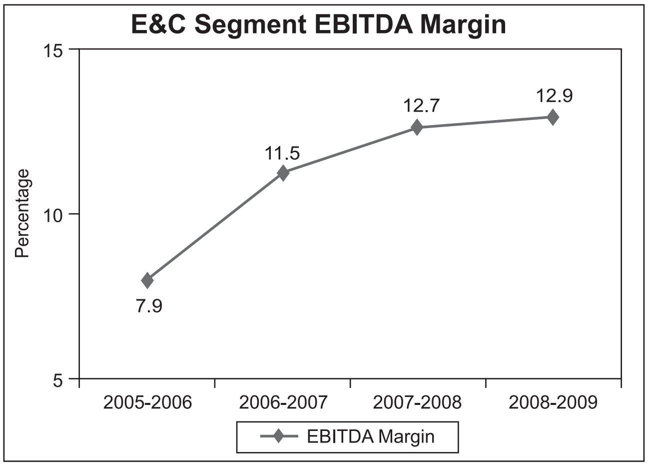
Engineering & Construction Segment (E&C)

The segment has performed exceedingly well during the year despite the challenges of global meltdown and uncertainty. Order inflow at Rs.45,418 crore increased by 28% as compared to the previous year. Prestigious orders were secured by the segment in the Urban Infrastructure, Power, Roads, Railways, Metals, Hydrocarbon and Refineries sectors, many of which were exceeding Rs.1,000 crore in values. Due to crude oil prices bottoming out during the later part of the year, the pace of infrastructural development in Gulf slowed down to some extent and adversely impacted the flow of orders from that region. This led to the share of international orders reducing to 14.5% of the total segment order inflow during the year.

Backed by a healthy opening order book and a good order inflow during the year, gross revenue increased by 47%. The segment's order book as on March 31, 2009 stood at Rs.68,753 crore, giving a good visibility for next year's revenue growth. Segment EBITDA margin on net revenue at 12.9% improved by 20 basis points, vindicating the segment's superior execution capability and cost control initiatives besides appropriate risk mitigation strategies adopted by its various businesses.

Due to paucity of customer advances in some of the fresh orders, the segment net working capital at Rs.2,935 crore

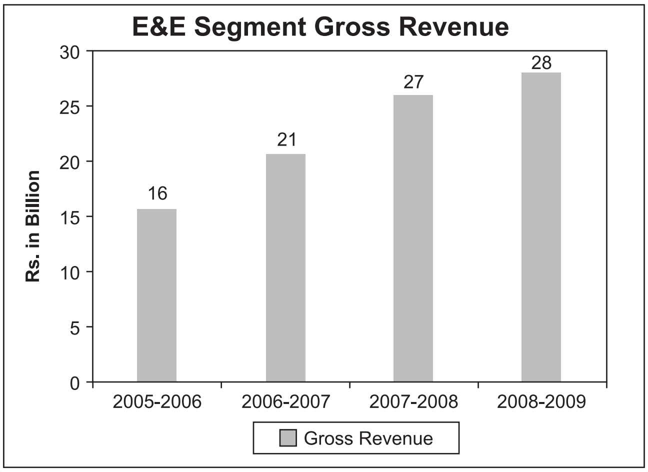


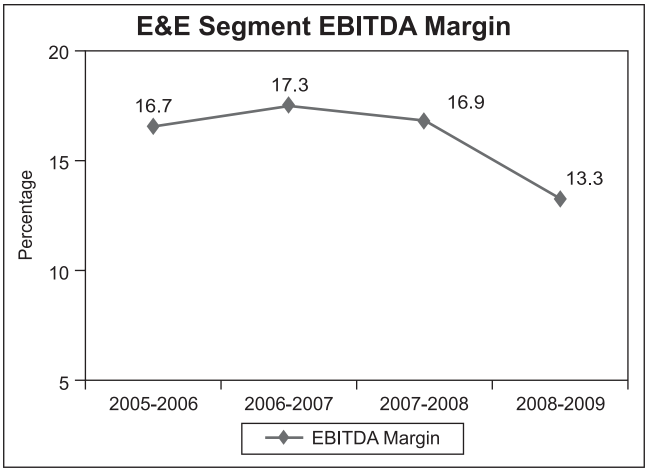


has marginally increased by 1.8% of sales over the previous year. With an additional capital expenditure of Rs.1,700 crore incurred during the year, the segment's net funds employed as at the end of the year increased to Rs.6,617 crore from Rs.4,107 crore as of the previous year-end. As a percentage of segment revenue, this works out to 23%, higher by 2 percentage point as compared to previous year.

Electrical & Electronics Segment (E&E)

The segment was deeply impacted by the ill-effects of the downturn that severely subdued the demand for industrial goods, and could nevertheless achieve a growth of 4% in sales revenue at Rs.2,778 crore during the year. The Electrical Standard Products business suffered due to the sluggish demand in the realty & manufacturing sectors. The controlled petroleum prices regime sapped the fresh investment in the retail oil dispensation systems, resulting in negative growth in this business. The State Electricity Boards deferred the implementation of their plans under rural schemes, impacting the demand for metering systems. Thus, despite a healthy sales growth of 23% achieved by the Switchboard and Automation Systems businesses, overall segment revenue growth remained low as aforesaid.



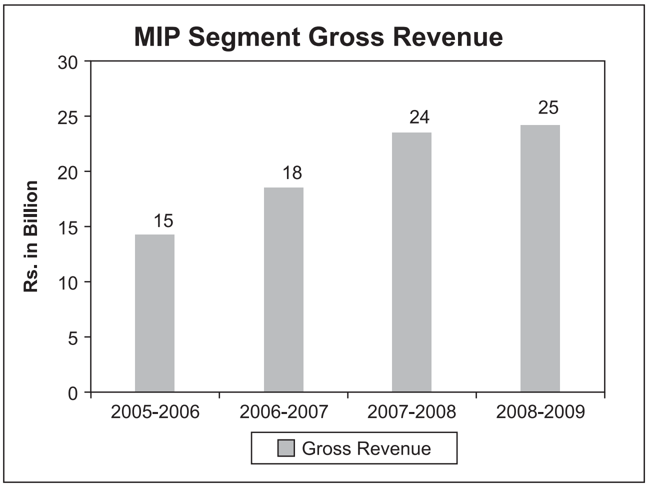


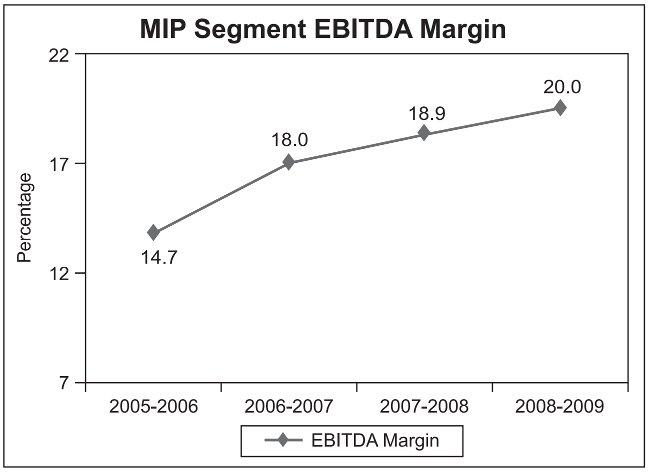
The drop in demand of its products also led to lower capacity utilisation of the segment's enhanced facilities. The under-absorption of overhead expenses, and higher input prices prevailing over a large part of the year, saw the segment margin dropping to 13.3% as compared to 16.9% of the previous year. The segment funds employed at the end of the year increased by Rs.233 crore to Rs.1,247 crore, due to increase in finished goods inventories and higher customer receivables.

Machinery & Industrial Products Segment (MIP)

This segment was also impacted by the slowdown in the core industrial and infrastructure sectors. The significant revenue growth observed in the last 3 years was absent during the year, as the liquidity crisis unfolded in the second half of the financial year. The negative sentiment led to a sharp fall in the demand for construction & mining machineries and industrial goods. Export of industrial valves and machineries too was adversely impacted as the sentiments in international trade reached an abysmal low. Owing to the relatively better performance in the first half of the year, the segment ended up with sales revenue of Rs.2,475 crore for the year as a whole, which was marginally higher than the previous year.

Though the slump in demand led to a drop in product prices, the segment EBITDA margin on net revenue could be improved by 110 basis points to 20%, due to higher rupee realisation on the exports and improved cost management. The year-end funds employed in the segment at Rs.413





crore reduced by Rs. 26 crore over the previous year-end, due to lower customer outstanding and higher initial advances secured on its customers' orders despite liquidity constraints in the market. Accordingly, the net working capital decreased to 8% of revenue, as compared to 12.7% for the previous year.

"Others" Segment

The performance of Ready Mix Concrete (RMC) and Technology Services businesses comprising e-engineering services and embedded systems is reported under "Others" segment. The RMC business was divested on October 23, 2008 and accordingly the financial performance of this business is not being separately elucidated.

The Technology Services business performed very well during the year and was not adversely impacted by the global slowdown since the IT development-related outsourcing continued with their inherent cost advantages. The business continued to have a large share of its revenues coming from the US market.

Rs. crore

Technology services performance	2008-2009	2007-2008
Gross revenues *	367	190
EBITDA % on net revenues	24.5%	9.5%
Funds employed as % of net revenues	46%	71%

*Gross revenues include inter segment revenues

Aided by rupee depreciation of over 15%, the gross revenues at Rs. 367 crore grew by 93% as compared to the previous year. Owing to higher capacity utilisation and better rupee realisation, the EBITDA margins for the year rose to 24.5%. Funds employed as a percentage of gross revenues showed marked reduction to 46%, due to better management of customer receivables.

II. RISK MANAGEMENT

The Company has assiduously built, over the last few years, a risk management culture in the Company, which has since been ingrained in its various business processes. This has encompassed a disciplined process of pre-bid risk review of all major tenders for projects, review of the risk complexion of projects at various stages during the course of execution, and risk management assurance. An enterprise-wide risk awareness has been successfully created and integrated into the very process of business decision making.

The global recession that started during the later part of the year 2008-2009 has deeply impacted the business sentiment world-over. Internationally, a number of companies have deferred or cancelled their investment plans.

In the aforesaid backdrop, the Company has fared reasonably well during the year, not only in terms of a comfortable growth in sales revenue and profitability, achieved particularly by its largest business segment Engineering & Construction, but has also witnessed a reasonable growth in order inflow in the face of stiff competition. A solid foundation led by an all pervading risk management framework has helped the Company stand out even in these trying times.

The presence of the Company in a host of diversified industry segments has, in itself, an element of risk mitigation against the vagaries of business downturn in one or the other sectors. The Company's foray into the manufacture of super critical boilers and turbines, heavy forgings, power and railway business, has helped it exploit new avenues of business, thereby greatly de-risking itself from the impact of the downturn.

The Company's dependence on the international market for business, has been less than 20% of its total turnover. Therefore, the crippling depression seen in other parts of the world could not leave much of an impact on the Company's businesses during the year.

The Company has, during the year, created twelve Operating Companies to lay larger focus on its various businesses, and to provide them with more autonomy in the conduct of their respective businesses. Besides formation of an Operating Company Board for each of them, the risk management function has also been attached to each of the Operating Company, to be able to closely manage the risks of their businesses.

The Company has become a sponsor of the Engineering & Construction Risk Institute (ECRI), USA, with an active involvement, being on the Board of this prestigious institute. It hosted the ECRI 2008 Risk Forum on "Global Risk Management Practices for India Infrastructure Projects" in Mumbai, where eminent risk practitioners from world class E&C Companies like Bechtel, KBR and Shaw Stone & Webster shared their best practices, covering various facets of effective project risk management.

Financial Risks

(a) Liquidity and interest rate risks

Despite the prevailing tight credit conditions, the Company has managed to ensure that funds are available to meet its operational and strategic needs viz. capital expenditure, working capital and strategic investments. At current gearing levels and with its relatively comfortable liquidity position, the Company is confident of managing its liquidity over the short/ medium term. Further, the Company's short term and long term credit rating and unutilised bank lines, will enable raising funds at short notice to meet short term liquidity gaps, if any.

The Company manages liquidity and interest rate risk by accessing funds across various products, investor classes and maturity profile. Besides this, the Company has in place, various approved risk management tools to mitigate interest rate risks.

(b) Foreign exchange and commodity price risks

The Company is exposed to foreign exchange rate risk across projects / contracts, product businesses, loan liabilities and its foreign currency denominated assets. The Company is also subject to risk arising out of change in commodity prices in respect of various inputs like steel, oil and other base metals. Some portion of the foreign exchange and commodity price risk is covered by way of pass-through clause in project contracts with customers. The balance is monitored through an elaborate risk management protocol, periodically reviewed by the Audit Committee / Board of Directors. The Company's Treasury Hedge Management desk closely works with the constituent business groups to price and hedge the aforesaid types of risk under the aegis of a Board approved hedge management policy.

III. INTERNAL CONTROLS

The Company believes that a robust internal control mechanism is a necessary concomitant for effective governance. The authority vested in the various levels of management is exercised within a framework of appropriate checks & balances. The company is committed to ensure an effective internal control environment that helps in preventing and detecting errors, irregularities & frauds, thus ensuring security of Company's assets and efficiency of operations.

There is a separate cell in the Company which oversees implementation of internal control in the business processes and information technology systems. A Corporate Policy on Internal Control is in place which provides a structured framework for identification, rectification, monitoring and reporting of Internal Control weaknesses in the Company. It specifies the responsibilities and tasks enjoined upon employees in all positions. The various business segments of the company have also, over the years, created well documented policies, authorisation guidelines and standard operating procedures specific to their respective businesses.

The effectiveness of internal control is reviewed during internal audits carried out by the Corporate Audit Services on a regular basis. An independent review of the Internal Control systems is also carried out by the Statutory Auditors. Any significant deficiency in internal control along with the progress in implementation of recommended remedial measures is regularly presented to and reviewed by the Audit Committee of the Board.

IV. NURTURING HUMAN CAPITAL

The Company has set its vision high to foster a culture of trust, caring and continuous learning for its growing human capital so as to ensure a continuous enhancement in shareholder value. Sustained well-being of its employees, both professional and personal, is the hallmark of its human resource policies.

Being an engineering conglomerate, the Company needs a large pool of engineering talent. Every year in line with the growing business needs, the Company recruits a sizeable number of Graduate Engineer and Diploma Engineer Trainees from engineering colleges across the country. "Prayag", a month-long induction programme, helps these trainees to transition from the academic to the industrial world to understand how engineering knowledge is applied in practice.

A wide menu of training programmes is offered to our employees for development. This year, a number of unique strategic programs like Corporate Entrepreneurship, Managing & Leading across Borders, Strategy and Leadership programmes were added with a view to nurture the knowledge, skill & behaviour required in the global business scenario.

The Company endeavours to build a leadership pipeline in a systematic and scientific way, using the most sophisticated human technologies so as to achieve the targets to be set out under Perspective Plan 2015. Towards this end, the Company has launched two streams of Leadership Development Program with the help of Mckinsey & Company, namely :

- Emerging Leadership Development Program (e-LDP) and
- Top Leadership Development Program (t-LDP)

The eLearning initiative ATL - Any Time Learning launched a few years ago has been augmented to include 'Harvard Manage Mentor'- an engaging online resource consisting of 42 management topics for fostering management skills. This learning initiative enables learning anywhere, any time and at one's own pace. The Company's Management Development Centre at Lonavla is a symbol of the value and priority that talent growth and development is accorded in L&T. This prestigious facility is being augmented to triple its training capability matching the Company's growing size and stature.

V. RAPID STRIDES IN INFORMATION TECHNOLOGY INITIATIVES

The Company is an intense user of Information Technology in all aspects of its businesses. Having successfully automated most of the transaction processing requirements, the Company has also recently completed implementation of niche solutions in other areas to enable new capabilities.

The year saw the implementation of ERP solutions for a few of the new businesses, to enable these new businesses to use the information technology platforms right from inception. The implementation of the enterprise-wide Human Resources System in the various businesses has made good progress. Significant improvements are also being made to the IT infrastructure by enhancing the capacity of networks, computing and storage. The Company's IT governance and risk management framework ensures that IT risk management and information security are continuously monitored and beefed to protect the confidentiality, integrity and availability of information systems.

The company is also adapting itself to the new technologies like virtualisation and power saving systems to support "Green IT" initiatives. A systematic measurement of the IT costs vis-a-vis the IT benefits derived ensures that the IT initiatives deliver value to the businesses. The Company believes that continued investments and value focus on IT will go a long way in improving every aspect of the Company's operations and thereby its profitability and growth.

VI. SUSTAINABLE DEVELOPMENT THROUGH ENVIRONMENT MANAGEMENT

The virtue of addressing the importance of "triple bottom-line" is being felt today like never before. The Company reckons its responsibility and is committed to playing an instrumental role in this period of economic and social change. The emphasis now is not just on increasing profits but at the same time on improving the efficiency of all business decisions and minimising the environmental and social costs of operating in communities.

The first Sustainability Report published by the Company for the year 2007-2008 emphasised the strategy to integrate environmental, economic and social considerations in all aspects of business development. We understand that the social and environmental challenges are as dynamic as the financial ones and hence we have taken steps to put in place a robust organisational structure to address them effectively. The Sustainability Organisation Structure, headed by the Corporate Management Committee and functional at all the business divisions and operating locations, ensures that the commitment to conduct business responsibly trickles down to the grass-root level across the operations.

The Company has been taking focused steps to enhance the quality of the community life in its immediate vicinity. It has been diligently working to build the capabilities and employability of the youth through its Construction Skills Training Institute and Vocational Training Centres in partnership with the various state governments and helping women being self-reliant through professional skills training.

Apart from implementation of the OHSAS 18001:2007 and ISO 14001:2004 management systems, the Company has also started implementing the British Safety Council's Health & Safety Management System at some of its manufacturing locations for further strengthening its systems and improving the working condition of the employees.

GROWING SUBSIDIARIES & ASSOCIATES PORTFOLIO

L&T Group is actively pursuing its diversified business portfolio, particularly in the emerging businesses, through formation of wholly owned subsidiary companies and joint ventures with strategic partners. As on March 31, 2009, the Group has 97 subsidiaries, 22 associate companies & 15 joint ventures within its fold. These entities broadly operate in and focus on the following sectors:

1. Information Technology Services
2. Financial Services
3. Engineering, Construction & Project Management
4. Infrastructure and Property Development projects
5. Manufacture of electrical and industrial equipment, machinery and products
6. Shipyard and Port facilities

Within the above classification, L&T has invested in companies incorporated both in India & abroad. Most of the investments in companies incorporated overseas are through L&T's wholly owned subsidiary company, L&T International FZE. Some of the ventures initiated in the emerging sectors during the last 1-2 years are still in the formative stage and are yet to contribute to the Group's revenues. During the year, acquisition of the medium voltage electrical business of TAMCO, Malaysia was consummated and accordingly the turnover of the acquired entities contributed to the growth in Group revenues.

Consolidated total income at Rs.41072 crore grew by 37%, when compared to that of the previous year. Profit after tax (PAT) for the consolidated Group at Rs.3789 crore increased by 63% over the previous year, which is marginally higher than the growth achieved by the standalone Company at 60%.

The consolidated gross Debt:Equity ratio as at the end of the year stood at 1.32:1 mainly due to higher borrowings by the major capital intensive subsidiaries in the financial services and developmental projects businesses.

A review of each of the operating subsidiary & associate companies is presented below:

I. INFORMATION TECHNOLOGY SERVICES

A. LARSEN & TOUBRO INFOTECH LIMITED (LTIL): Subsidiary company

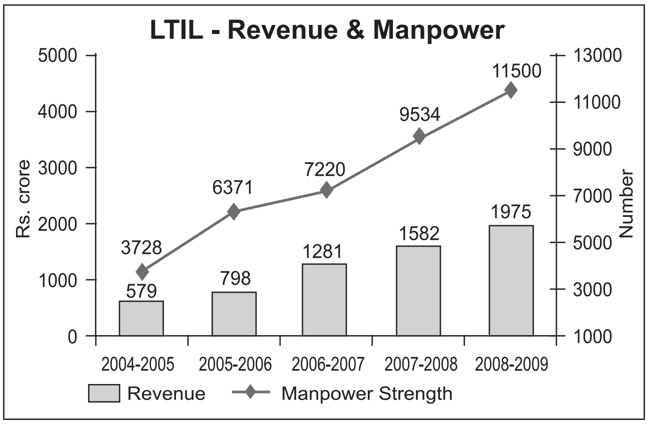
LTIL is a wholly owned subsidiary of L&T engaged in providing IT solutions and software consultancy globally. The Company offers both onsite and offsite services in the areas of Application Maintenance & Development, Enterprise Resource Planning, Data Warehousing, Business Intelligence, Testing and IT Infrastructure management. It has established its global footprints in USA, Canada, Denmark, France, Germany, Japan, UK and the Middle East. Around 26% of the Company's total number of clients is in the Global / Fortune 500 list. The Company continues to focus on the chosen verticals viz Manufacturing, Banking Financial Services and Insurance, Energy and Petrochemicals, Product Engineering Services (comprising of Communications and Embedded Software).

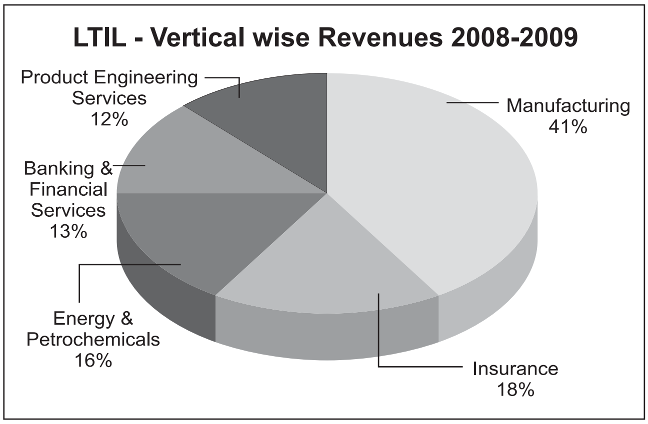
Operations & Performance

In the backdrop of global economic downturn, the highlights of L&T Infotech's performance during the year 2008-2009 are as under:

- 19% growth in total revenues at Rs.1,975 crore during the year 2008-2009 compared to Rs.1,658 crore achieved during the previous year. On consolidated basis including subsidiaries in Canada, Germany and GDA Technologies Inc., the total revenue grew to Rs.2,081 crore in 2008-2009 from Rs.1,757 crore in the previous year.
- 21% increase in operating profit (PBDIT) which was higher at Rs. 343 crore as against Rs. 283 crore in 2007-2008.
- 25% increase in profit after tax at Rs. 265 crore as against Rs. 211 crore in 2007-2008.

Though USA continues to be the leading destination for Software exports, its contribution for the year 2008-2009 dropped to 67% vis-à-vis 74% for the previous





year. Europe and Asia Pacific contributed 16% and 9% respectively, while contribution of Africa/MEA increased to 4%. Onsite services accounted for 53% of L&T Infotech exports and the balance was delivered from the offshore development centers.

Outlook

The slowdown in global economic growth is expected to continue into 2009-2010. This will adversely affect the demand for IT services in the short term. In the long term, however, the Indian IT sector is well poised for growth, as its competitive advantage in outsourced services space is sustainable. Several global mega-trends viz. economic, demographic, business, social and environmental, will create new opportunities for the industry in:

- New verticals: public sector, healthcare, media and utilities (which have adopted global sourcing only to a limited extent)
- New customer segments: small and medium businesses
- New geographies: greater outsourcing in BRIC, GCC, Japan and rest of the world

To take advantage of emerging opportunities L&T Infotech has started focusing on internal efficiencies and cost reduction. Given the industry's resilience to withstand various challenges in recent years, the Company is confident to sustain the growth momentum in the medium term.

B. LARSEN & TOUBRO INFOTECH GmbH (L & T infotech GmbH):

Subsidiary company

L&T Infotech GmbH provides software services in Banking & Finance, Insurance, and Communication and Embedded technology businesses in Germany. During the year 2008-2009, L&T Infotech GmbH recorded total income of Rs. 52.12 crore, registering a growth of 22%. The investment in sales and marketing organization has contributed to the Company's revenue growth. It has been able to secure new clients with strong potential as also increase its presence with existing clients. This is expected to reflect in the further improved performance in the coming years.

C. LARSEN & TOUBRO INFOTECH CANADA LIMITED (LTI Canada):

Subsidiary company

L&T Infotech Canada (LTI Canada) provides software services in financial, Insurance and Oil & Gas sectors in Canada. During the year 2008-2009, the total income of LTI Canada amounted to Rs. 26.23 crore. The Company has been able to improve its operating performance by targeting on certain niche areas, which has the potential to develop significantly in the years ahead.

D. GDA TECHNOLOGIES INC. (GDA):

Subsidiary company

GDA Technologies was acquired in the year 2007 to strengthen IT outsourcing business in USA. Since then, GDA has been integrating its business development with L&T Infotech's foray into the outsourcing business. The Company has been scaling up its revenues largely through the Offshore Design Centres, besides its conventional segments of Property and Custom Design & Manufacturing services.

GDA clocked total income of Rs. 60.46 crore for year ended March 31, 2009. The efforts put in by the team towards integration and leveraging of L&T Infotech relationship with high potential customers is expected to further improve the operational performance going forward.

II. FINANCIAL SERVICES

A. L&T CAPITAL HOLDINGS LIMITED (L&TCHL):

Subsidiary company

Considering the emerging opportunities in the fast growing financial sector of the country, the Company has expanded its financial services range covering commercial, retail & infrastructure finance and merchant banking services. In order to consolidate various business interests and create future value potentials in the sector, the Company has set up a wholly owned subsidiary for Financial Services; viz. L&T Capital Holdings Limited and has consolidated all its existing investments held in the Financial Services Companies under L&TCHL.

B. L&T FINANCE LIMITED (LTF):

Subsidiary company

Overview

L&T Finance Limited, a wholly owned subsidiary of L&T Capital Holdings Limited is one of the premier diversified non-banking finance companies in the country, with product offerings in Enterprise Finance catering to various segments, Commercial Vehicle Finance and Rural Finance. The Company is, from the current year, actively engaged in microfinance in the rural sector. It has a robust sourcing, underwriting, receivables, collection and operational model, commensurate with the size and risk of the respective underlying asset class.

Operations & Performance

The performance of the Company during 2008-2009 was adversely affected due to the economic slowdown, which resulted in lower business volumes across almost all the sectors catered to by the Company. Tight liquidity conditions witnessed during the financial year also led to increased interest costs. During the year, the Company added 24 branches to its network, taking the total to 85, spread across 23 states. The highlights of financial results for 2008-2009 are given below:

- Total assets grew from Rs.4,793 crore on March 31, 2008 to Rs.5,337 crore on March 31, 2009.
- Total income grew to Rs.830 crore in 2008-2009 from Rs.606 crore in 2007-2008.
- Profit after tax for the year was lower at Rs.99 crore as compared to Rs. 115 crore in 2007-2008.

Outlook

The business conditions for non-banking finance companies continue to be challenging due to lower economic/credit growth and high cost of funds. Notwithstanding increasing competition, LTF is in a strong position to deliver a resilient earnings profile, supported by its well-balanced business platform and strong asset quality. The Company's strategy, as in the past, would be to focus on strong risk management & processes, profitable growth and diversification of its product portfolio.

C. L&T INFRASTRUCTURE FINANCE COMPANY LIMITED (LTIFC):

Subsidiary company

LTIFC, a wholly owned subsidiary of L&T Capital Holdings Limited, is focused on financing and developing of infrastructure projects, covering various sectors. The Company intends to leverage L&T's domain knowledge in the engineering and construction fields to provide infrastructure financing solutions through a mix of debt, sub-debt, quasi-equity and equity participation. It also provides active support to clients at project development stage.

The key success factors for LTIFC are the sheer demand for infrastructure in the country, the Company's acknowledged expertise in all areas of infrastructure, its ability to tap financial resources, its strategy to be a 'one-stop-shop' for infrastructure and a strong synergy between the Company's professional management, its Board of Directors and key stakeholders that allows the Company to expeditiously pursue opportunities for yet more profitable growth.

Operations & Performance

Amidst global slowdown and recessionary concerns, the Company achieved significant growth during 2008-2009, with gross approvals and disbursements of Rs.1,913 crore for 39 projects and Rs.1,412 crore for 34 projects, respectively. The highlights of financial results during 2008-2009 are:

- Total assets grew from Rs.1,916 crore as on March 31, 2008 to Rs.2,398 crore as on March 31, 2009.
- Total income for the year 2008-2009 was Rs.296 crore as compared to Rs.110 crore in the previous year
- Profit after tax increased to Rs.76 crore in 2008-2009 from Rs. 45 crore in 2007-2008.

Outlook

The business sentiment for infrastructure finance companies continues to be challenging. With renewed focus by the Government on infrastructure development, announcement of the fiscal packages to provide economic stimulus, LTIFC is in a strong position to deliver improved performance on a sustainable basis.

D. L&T CAPITAL COMPANY LIMITED (LTCCL):

Subsidiary company

LTCCL, a wholly owned subsidiary of L&T, is a SEBI registered Portfolio Manager with close to Rs.1,450 crore under its fund management. It also provides service as a Mutual Fund Distributor / Advisor. LTCC holds and monitors a significant portion of the L&T Group's strategic investments.

Operations & Performance

Mutual fund markets were subdued in 2008-2009. The net asset values of most funds nose-dived. The adverse capital market conditions had its impact on LTCCL's income and profits. During the year, the Company's gross income recorded a decrease of 25% to Rs. 6.38 crore, as compared to Rs. 8.45 crore in the previous year.

The Company is planning to expand its fund management by offering offshore advisory services. It is in the process of setting up wholly owned subsidiaries in Mauritius towards meeting this objective. The new services are likely to be offered in the second half of 2009-2010.

Outlook

With the domestic stock market looking up, new portfolio management avenues would be available. The initiative in offshore advisory services is expected to open up new vistas of regular income streams for the Company, so as to counter the fluctuations in the domestic market.

III. ENGINEERING & CONSTRUCTION

Domestic Companies

A. L&T-SARGENT & LUNDY LIMITED (LTSL):

Subsidiary company

Overview

L&T - Sargent & Lundy Limited (LTSL), a Joint Venture company between L&T & Sargent & Lundy LLC Chicago, USA, renders complete power plant engineering services to its customers in India and abroad. Besides being a major provider of Integrated Engineering Solutions through 3 D modeling, LTSL has established itself as a global consultant backed by a competent engineering talent pool and technology support.

Operations & Performance

Power sector got a boost during the year with many UMPP's and other mega IPP projects declared for bidding. The economic environment was encouraging in the Middle East countries also facing a power deficit As a result, the Company secured healthy orders for engineering services, from domestic and international markets. The sales and other income for 2008-2009 at Rs.62.74 crore registered a growth of 50%. Exports accounted for 65% of the total income. Profit after Tax at Rs. 10.43 crore for 2008-2009 rose sharply as compared to the previous year level of Rs. 3.68 crore.

Outlook

According to Energy Information Administration (EIA), world energy consumption is projected to expand by 50 percent upto 2030. Within the country, the implementation of Rural Electrification Scheme and amendments in the Electricity Act, 2007, are expected to attract more investment in the power sector. Moreover due to implementation of the 11th plan capacity addition of 78.7 GW and the 12th plan capacity addition of 82.2 GW, the power sector promises enormous opportunities for the engineering services. Given the good opportunities both in India and abroad LTSL sees bright prospects in the medium to long term.

B. L&T-CHIYODA LIMITED (LTC):

Associate company

Overview

L&T-Chiyoda Limited (LTC) is an internationally reputed design & engineering Consultancy Company for Hydrocarbon Processing Industry. LTC was set up in the year 1994 as a joint venture (JV) between Chiyoda Corporation of Japan and Larsen & Toubro Limited of India with an equal stake.

LTC offers total engineering solution to hydrocarbon sector and related industries including Petroleum Refineries, Petrochemical Units, Oil and Gas Onshore Processing Facilities, LNG/LPG Plants, Fertilizer Plants and Chemical Plants. Engineering and Consultancy services offered by the Company include Feasibility Studies, Basic Engineering, Front End Design & Engineering (FEED), Detailed Engineering, Procurement Assistance, Construction Supervision, Commissioning Assistance and Project Management Consultancy, to many global and Indian Oil Companies.

Operations & Performance

The Company has already established its experience in design and engineering of refinery units. Presently it is involved with L&T in its Diesel Hydro-treating Project of MRPL-Mangalore, two Hydrogen Generation Units and LOBS Quality Up-gradation Project of HPCL-Mahul Refinery. LTC, being the engineering partner for most of the LNG/GTL Projects of Chiyoda, is getting an excellent exposure to onshore oil/gas processing plants. The Company is also in the process of finalising Gas Treatment Project in Russia with an international EPC contractor.

The Company reported a healthy growth in Order Inflow and Sales revenue at Rs. 126 crore and Rs.79 crore respectively. Considering the long term growth aspirations, Oil Companies continued with their capacity augmentation projects even as the global economy was grappling with the unprecedented financial crisis. In line with the revenue growth, the Profit after Tax for 2008-2009 at Rs. 10 crore grew by 34% as compared to the previous year.

Outlook

Indian energy sector is in the midst of a major capacity augmentation program, considering the expected surge in the demand for oil and gas products in the next decade. Refining capacity in the country has been growing at a rate of 4 to 5% every year. The growth rate is expected to increase to around 7% by the end of 11th Plan period 2007 to 2012, besides the plan for setting up 3 grass root refineries in the country. The Government is also promoting the sector through various initiatives like the proposed SEZ-type scheme to create Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR). Considering that the energy sector would be the backbone of the Indian growth strategy, the sector is expected to attract investment outlays which in turn would provide attractive opportunities to the Company.

C. L&T-VALDEL ENGINEERING LIMITED (LTV) :

Subsidiary company

L&T-Valdel Engineering Limited (LTV), established in 2004, became a subsidiary of L&T in 2007-2008. LTV provides complete engineering solutions for Upstream Oil & Gas sector and offers design engineering services as well as project management services globally.

Operations & Performance

The hydrocarbon sector saw spurt in E&P activities following a sharp increase in crude oil prices during 2008-2009. The committed investments in the sector enabled the Company to bag fresh engineering orders and register a healthy revenue growth of 70% over the previous year. Expecting the ramp up in the sector, the Company had invested in expansion of facilities and beefed up the talent pool, which enabled it to report higher revenues at Rs. 72.46 crore. In tandem, the profit after tax for the year 2008-2009 improved significantly to Rs. 15.61 crore. Apart from the higher capacity utilisation, the rupee depreciation also aided the improvement in the operating margins during 2008-2009.

Outlook

The crude oil prices declined significantly in the later part of the year 2008-2009. The scenario of continued depressed crude oil prices adversely impacted the investments in the hydrocarbon sector. Though major E&P players have not announced cuts in their plans as yet, the companies are re-tendering the projects to optimize the costs in the current recessionary scenario. The Company, however, is confident of tiding over the current economic slowdown with focused marketing efforts in the international market and capability building in the new lines of business such as Deep Water Pipeline Systems, Jack-up Rigs, and Semi-Submersibles.

D. L&T-MHI TURBINE GENERATORS PRIVATE LIMITED and L&T-MHI BOILERS PRIVATE LIMITED

Subsidiary companies

Overview

Leveraging on the strengths of EPC capabilities in the power sector, L&T has entered into Joint Venture with the leading power plant equipment manufacturer, Mitsubishi Heavy Industries, Japan (MHI) & Mitsubishi Electric Corporation, Japan (MELCO) to manufacture & supply Supercritical Boilers & Steam Turbines & Generators (STG) for large coal based utilities. L&T-MHI Turbine Generators Private Limited (LTMHI Turbine) and L&T-MHI Boilers Private Limited (LTMHI Boilers) have been formed with L&T holding the majority share of 51% each of the equity through its subsidiary L&T Power Limited. The principal business of the JVs will comprise design, manufacture, supply, erection & commissioning Supercritical Boilers, Turbines & Generators and subsequent warranty and service support for the Indian market.

LTMHI Turbine & Boiler have envisaged manufacturing of equipment in the capacity range of 500 MW to 1000 MW for sale in India. Equipment will be manufactured using advanced, fuel efficient & environment friendly "Supercritical Technology". The total capacity being installed is 4000 MW for each of the manufacturing unit.

Project Activities

The Turbine JV Company has already secured order for supply of 2800 MW STG from Andhra Pradesh Power Development Company Limited. Also it has undertaken bids for various projects and is expected to bag few more orders shortly. The JVs are poised to establish a state-of-the-art manufacturing facility at Hazira, Gujarat State with the Technological Support from MHI for a period of 20 years. The Turbine Company proposes to commence operations with the manufacture of 2 Turbines & Generators in the year 2010-2011, increasing the same to 4 from the year 2012-2013.

The implementation of the Steam Turbine & Generator project has been conceptualised in phases. The phased implementation schedule has been drawn in consonance with the plan of acquiring of requisite skill for specialised manufacturing activity and focused indigenisation plan. All major machines & facilities have been ordered and are slated for commissioning in a phased manner aligning with the production plan.

E. L&T- RAMBOLL CONSULTING ENGINEERS LIMITED (LTR):

Associate company

Overview

LTR is a joint venture consultancy firm established in the year 1998 by L&T and RAMBØLL A/s of Denmark. LTR provides engineering and project consultancy services for Transportation Infrastructure projects relating to Ports & Harbour, Roads & Highways, Bridges & Flyovers, Airports and Environmental Engineering.

Operations & Performance

The Company has consolidated its position in the domestic market as advisors and consultants to developers of projects. This has enabled the Company to utilise its strengths in the Design & Build segment of Consultancy business. Backed by order inflow at Rs. 35.88 crore, LTR registered in 2008-2009 a growth of 23% in total income at Rs. 30.27 crore. In tandem, profit after tax at Rs. 5.59 crore grew by 53% over the previous year. The healthy performance was driven largely by the new jobs for detailed engineering in Ports & Bridges sectors.

Outlook

Infrastructure development is expected to gather momentum during the balance period of 11th Plan 2007-2012. This is the niche market in which LTR has a distinguished presence. Further, the Company is rolling out a major expansion of its International business in Indian Ocean RIM countries spurred by good market prospects in this sector.

F. INTERNATIONAL SEAPORT DREDGING LTD (ISDL):

Subsidiary company

Overview

International Seaport Dredging Limited (ISDL), a Company promoted by the Belgian Dredging International NV, was incorporated in March 2004. Considering the captive business potential, L&T acquired a majority stake in the Company in May 2006. The business spectrum of ISDL includes dredging, marine engineering services and land reclamation for ports and harbours in India and the Middle East countries.

Operations & Performance

Capital dredging continues to be the major growth area of the Company. Due to the global slowdown and the liquidity crisis, some of the private port projects were postponed in the year 2008-2009. However with an eye on the future, ISDL contracted for acquiring two new dredgers, which will increase the capacity in the coming years.

The fresh orders secured during the year by ISDL include dredging project orders from Karaikal Port and Kakinada Port and an order from charter hire in the Middle East region. While dredging contracts were completed at Gangavaram Port, Sethusamudram and Hazira, the Dhamra Port order is under execution.

Due to significant variation in the underlying soil conditions, the Company incurred loss on one of the projects completed during the year. The Company has taken adequate safety measures to mitigate such operational risks with regard to orders under execution and also would stringently evaluate the probable operational risks for new prospects.

Outlook

With 2/3 rd of the Indian shores amenable for port development and the prospects of significant increase in international & coastal trade, the port sector is expected to attract fresh investments over the next 5 to 10 years. Capital dredging business is therefore expected to grow significantly to reach around 150 million cubic meters per annum over the next 5 years. The Company is gearing up to meet the expected increase in the demand in the coming years.

G. SPECTRUM INFOTECH PRIVATE LIMITED (SIPL):

Subsidiary company

L&T acquired SIPL in the year 2006 in order to strengthen its capabilities in defence electronics. SIPL concentrates largely on product development in embedded solutions, control and signal processing. It has grown from designing and development of sub-systems to a full-fledged production organisation capable of delivering sub-systems. Under the umbrella of L&T's Strategic Electronics Center, SIPL is actively exploring the opportunities for possible tie-ups in various business areas of focus.

Operations & Performance

Sales revenues during the year 2008-2009 were Rs.8.68 crores as compared to Rs. 7.36 crore in the year 2007-2008. Profit after tax increased to Rs.1.68 crore, registering a marginal improvement over the previous year.

Outlook

The long term outlook for defence electronics business is quite positive. Public-Private participation during design and development phase is expected to result in a significant share of business for private industry in the production phase. Revision of DPP-2006 regarding offsets and greater Government support for PPP model are also in the offing. In addition, business opportunities for HAWK & ALH production, LCH development, Jaguar aircraft Upgrade programs and MMRCA are likely to fructify in the coming years.

H. L&T SHIPBUILDING LIMITED (LTSB):

Subsidiary company

Overview

L&T Shipbuilding Limited has been formed as a joint venture between L&T and Tamilnadu Industrial Development Corporation Limited (TIDCO) for setting up a Shipyard-cum-Minor Port Complex at Kattupalli, near Chennai. L&T has identified shipbuilding as a major thrust area in the heavy engineering sector for growth. Indian Navy and Coast Guard have large requirements of defence vessels and submarines to augment as well as replace the ageing fleet.

Tamil Nadu has a coastline of about 1000 kilometres, with plain landmass as hinterland. Due to this vast coastline, the growing hinterland needs a State-of-the Art port with allied infrastructure for effective handling of all types of cargo. The Port Complex of LTSB is expected to meet this requirement and is planned to operate on a commercial basis with a capacity of 2 million TEUs per annum.

Project Activities

LTSB signed a joint venture agreement with TIDCO in April 2008 to set up a port and a shipyard at Kattupalli, Tamil Nadu. Following the extensive discussions with the Government on the various critical requirements of the project, LTSB has taken possession of 1123 acres of patta land at Kattupalli on 99 years lease basis. About 27 acres of Poromboke land within the project area is under alienation from Government and are likely to be leased out to LTSB by June 2009.

The Shipyard is being organised as a heavy engineering sector specific Special Economic Zone (SEZ) under the Special Economic Zones Act, 2005. In February 2009 LTSB received the formal SEZ approval from the Ministry of Commerce and Industry. LTSB has entered into a Licence agreement in February 2009 with Tamilnadu Maritime Board (TNMB) for using 76.86 acres of coastal land at Kattupalli required by the project.

LTSB is in advanced stages of getting necessary approvals from various Central and State Government authorities. While the financial closure for the project is in progress, the construction activity is expected to commence in the second quarter of 2009-2010.

International companies

I. LARSEN & TOUBRO ELECTROMECH LLC (L&T Electromech):

Subsidiary company

Overview

Larsen & Toubro Electromech LLC is a joint venture between Larsen & Toubro Limited, India (L&T) and The Zubair Corporation, Oman (TZC). L&T holds 65% through L&T International FZE, Sharjah and TZC holds the balance. The Company is a leading Civil, Mechanical and Electrical & Instrumentation Construction Company in Oman catering to the Oil and Gas, Refineries, Petrochemicals, Power and Water sectors.

Operations & Performance

The Company executes projects predominantly in the Hydrocarbon sector which contributes significantly to the Oman's GDP growth. The global meltdown and delays in announcement and award of new projects had a negative impact on the order inflows for the year. The total order inflow during the year 2008 was RO 18.21 mn (INR 237 crore) against RO 42.69 mn (INR 555 crore) in the year 2007. Backed by healthy opening order book, the Company registered a growth of 35% in Sales at Rs. 327.87 crore. Profit after tax increased to RO 1.95 mn (INR 22.10 crore) as against loss of RO 0.46 mn (INR 5 crore) in the year 2007.

In order to effectively counter the impact of global slowdown, the Company has initiated various measures on cost optimisation, pre-bid tie-ups with major EPC players and improved contract management to enhance project realisation.

Outlook

Gulf countries are expected to counter the challenges of falling oil prices and receding investor interest. Major investments in petrochemicals are being delayed on account of gas gap. However, Investment in Enhanced Oil Recovery (EOR) projects is expected to continue and offer good opportunities for EPC projects in Marmul and Nimr areas. Major investments are also planned in Power plants (IWPP & IPP) at Salalah, Barka and Al-Ghubra areas in the Sultanate. In the backdrop of stable fiscal position of the Sultanate, the Company expects to achieve the targeted growth in the medium term.

J. L&T MODULAR FABRICATION YARD LLC, OMAN (LTMFYL)

Subsidiary company

Overview

L&T Modular Fabrication Yard LLC (LTMFYL) is a wholly owned Subsidiary formed in Oman, to realise the growing opportunities in the Middle East Oil & Gas sector for manufacture and servicing of platforms and marine structures. LTMFYL will endeavour to build core competencies in high end equipment like Jack Up Drill Rigs, Floating Production Storage & Offloading (FPSO) Vessels, integrated Decks, Skid mounted equipment, in addition to fabrication of large size Offshore Platforms.

The Fabrication Yard facility at Sohar has become fully operational during the year. The Yard is expected to be established as a major fabrication service provider for the region's promising offshore oil & gas industry, comparable with some of the biggest fabrication yards of this kind in the region.

Operations & Performance

LTMFYL executed projects in Upstream Oil & Gas for Oil & Natural Gas Corporation, India, and for Maersk Oil, Qatar and also undertook refurbishment of Rig FDVII for Lynemouth Drilling Limited; U.K. LTMFYL recorded Sales worth Rs. 102.92 crore for the year 2008, its first full financial year. By the end of the year 2008, due to economic meltdown, the Oil & Gas segment witnessed deferment of orders by clients and pressures for lowering of prices quoted by the Yard.

Outlook

The Middle East Oil & Gas sector is active with bids for projects involving fabrication & integration of Modules for FPSO, though slowdown effect is still pervading the region. While, the refurbishment orders offer opportunities in the short term, the major projects are expected to reach implementation phase only in the latter half of the year 2009. With crude oil prices showing some signs of stability, the sector is expected to hasten up the projects which are already on the drawing board. The Company will endeavor to improve its capacity utilisation by harnessing the opportunities coming its way.

K. LARSEN & TOUBRO ATCO SAUDIA COMPANY LLC (L&T-ATCO):

Subsidiary company

L&T-ATCO is a joint venture between L&T International FZE and Abdulrahman Ali Al -Turki Group of Companies (ATCO) Dammam, a renowned Saudi conglomerate. L&T ATCO was incorporated to take advantage of the enormous electro-mechanical construction opportunities arising in the areas of oil & gas, petrochemicals, power and water related projects in Saudi Arabia.

L&T-ATCO is focusing business opportunities in the area of strategic construction equipment & support services, with the core team of engineers operating from Dammam. Having completed all the statutory registration process, the Company is now concentrating on pre-qualification with various customers & is participating in tenders for leading clients.

Outlook

Firm oil prices, availability of liquidity and the Government's social and economic reforms are positive indicators of the Saudi economic growth. Large projects in the field of hydrocarbon, power, water and oil & gas are being envisaged to sustain the long term development of the country. Specific tie-ups with prominent EPC players who are aware of L&T's capability in refinery & petrochemical and demonstration of on-ground resources could open windows of opportunities for projects.

L. OFFSHORE INTERNATIONAL FZC

Offshore International FZC (Offshore FZC) is a Joint Venture between L&T International FZE and M/s Petro-Plus Sdn Bhd, Malaysia, a wholly owned subsidiary of Sapura Crest Petroleum Bhd, Malaysia, formed for construction and operation of a Heavy Lift cum Pipe Lay Vessel (HLPV). The Company was incorporated to provide critical in-house installation facility for Offshore Platform projects being executed by L&T and thereby mitigate the risk of dependence on external sub-contractors.

Sapura Crest Petroleum Berhad is a leading company in Malaysia with diversified activities having expertise in offshore installation services including subsea pipe-laying, platform and relation installations. Through the joint venture company, Sapura Crest and L&T will be able to tender for installation and EPC contracts. This offers both companies greater competitive advantages especially in the Indian and Malaysian markets - two of the fastest growing oil and gas services markets in the region.

The vessel is in an advanced stage of construction in a renowned shipyard in Singapore. The twin deck 160-metre conventional vessel can accommodate about 250 staff and is equipped with a crane capable of lifting heavy loads of up to 3000 ST. The vessel is expected to be available for commercial use in the year 2010.

M. LARSEN & TOUBRO (OMAN) LLC (LTO):

Subsidiary Company

Larsen & Toubro (Oman) LLC, a joint venture between L&T International FZE and Zubair Corporation LLC provides engineering, construction and contracting services in Oman. Continuing its excellent track record of 14 years, LTO reported encouraging financial performance for the year 2008.

Operations & Performance

During the year LTO handed over Palm Garden Township and Bait Al Barakah projects. The completion of these mega projects enabled LTO to cross RO 100 Million turnover. The year 2008 saw gross income nearly doubling to Rs. 1490.76 crore, with an increase in Net Profit to Rs. 56.79 crore as compared to Rs. 26.24 crore in the year 2007.

Outlook

With the Government of Oman adopting growth oriented economic policies, Oman is progressing amidst challenging times. The Company sees emerging growth potential in Building & Urban Infrastructure and Power Transmission & Distribution sectors. Whilst its focus on established sectors continues, LTO has initiated its entry into the Infrastructure segment. It will target brown-field and green-field airport projects and highway expansion projects with the active support from L&T, India.

N. LARSEN & TOUBRO SAUDI ARABIA LLC (LTSA):

Subsidiary Company:

LTSA a subsidiary of L&T International FZE is engaged in the business of providing turnkey solution in Civil, Mechanical and Electrical Engineering Projects in the Infrastructure, Building, Power Transmission and Distribution Sectors.

Operations & Performance

During the year 2008, the Company downsized its operations and did not procure any fresh order. Consequently, revenues recorded during the year 2008 were Rs. 5.10 crore while the losses amounted to Rs. 4.50 crore due to cost overruns. Due to unfavourable business conditions, the Company has decided to wait and watch till the global economy recovers.

Outlook

In order to exploit the business potential the Company is in the process of identifying a strong local partner who will help in promoting the business of LTSA in the Kingdom of Saudi Arabia.

O. LARSEN & TOUBRO QATAR LLC (LTQ):

Subsidiary company

LTQ, a joint venture between L&T International FZE (49%) and a local Company Al-Jazeera International Trading Company WLL (51%) undertakes Turnkey Engineering and Construction projects in the Building, Infrastructure, Power and Electrical projects in Qatar.

Operations & Performance

The Company did not submit any tender during the year 2008. Revenues accordingly declined to Rs.4.14 crore as against Rs.29.97 crore in the year 2007. The loss for the year was contained at Rs.0.88 crore (previous year - loss of Rs.8.26 crore).

Outlook

In order to tap the major projects the Company has decided to revitalise its operations by switching partners. The Company is planning to join hands with a locally strong partner who will help in promoting the business of LTQ in Qatar. The country has proposed an ambitious investment plan of over USD 100 billion by the year 2015 in the Energy, Tourism and other infrastructure projects. With the help of the new partner, it is expected that the Company shall turn around in the near future.

P. LARSEN & TOUBRO KUWAIT CONSTRUCTION GENERAL CONTRACTING COMPANY WLL (LTKC):

Subsidiary company

LTKC is a limited liability company jointly held by M/s Bader Almulla and Brothers Company WLL, a Kuwaiti company & M/s Larsen & Toubro International FZE, U.A.E. in the shareholding pattern of 51% and 49% respectively. LTKC executes construction projects in Oil & Gas and Power sectors in the State of Kuwait.

Performance

On the strength of its parent's strong credentials and its own pre-qualification initiatives, LTKC secured orders for fabrication and erection of tank and pressure vessels during the year totaling to KD 5.65 Million (Rs.95.27 crores). The execution of these orders has commenced.

Outlook

Kuwait has the fourth largest proven reserves of crude oil in the world and is among the world's largest oil producers. Kuwait Petroleum Council has major plans for building its largest refinery. The recent decline in oil price has somewhat impacted the growth sentiments in the region. However, no significant slowdown effects have been noticed in Upstream Projects. The country has taken initiatives to privatise Crude Handling and Refining by inviting private developers on BOO basis. Kuwait is still short of power and therefore investment in Power Sector is envisaged to be around 1 to 2 Billion KD in next 3 to 5 years.

Q. LARSEN & TOUBRO READYMIX CONCRETE INDUSTRIES LLC (RMC LLC)

Subsidiary company

RMC LLC was formed in July 2006 as a joint venture between Mr Shukri Saleh Al Braik, UAE (51%) and Larsen & Toubro International FZE (49%) as per the local law. The first plant was operational in January 2007 and second plant in November 2007. The business was established in a highly competitive market with many MNCs in the fray for Ready-Mix Concrete business.

Operations & Performance

The year 2008 was the first full year of operations with both the plants producing at rated capacity. RMC LLC recorded sales revenues at Rs. 132.10 crore and net profit of Rs. 15.18 crore.

Outlook

The Impact of worldwide recession has been acute in Dubai region. New projects have been hard to come by while there has been a market slowdown in the progress of many existing projects. The Company is striving hard to sustain its current performance during the year 2009 inspite of difficult conditions. Efforts have been initiated in reducing raw material costs and also explore opportunities in Abu Dhabi market so as to compensate for the probable shortfall in volumes.

IV. POWER DEVELOPMENT

A. L&T POWER DEVELOPMENT LIMITED (L&T PDL):

Subsidiary company

L&T PDL, incorporated in September 2007, is a wholly owned subsidiary of Larsen & Toubro Limited (L&T). The Company is formed as a power development arm of L&T with the objective of developing, investing, operating and maintaining power generation projects of all types namely thermal, hydel, nuclear and other renewable form of energy including captive and co-generation power plants.

The Company is developing a 99 MW Singoli Bhatwari Hydro Electric Project through a wholly owned subsidiary L&T Uttaranchal Hydropower Limited (L&T UHPL). The Company is also pursuing opportunities to develop thermal and hydro electric projects in India and abroad.

B) L&T UTTARANCHAL HYDROPOWER LIMITED (L&T UHPL):

Subsidiary company

The Company is executing Singoli Bhatwari Hydro Electric Project on Build-own-operate-transfer (BOOT) basis for a period of 45 years including the construction period. The project is a run-of-the-river scheme on river Mandakini in Rudraprayag district of Uttarakhand. The project involves construction of a 22m high and 57.2m long barrage, 12 km long head race tunnel, surface powerhouse and 12 km transmission line (132 kV). The Project is expected to achieve financial closure in the year 2009-2010 with a total cost estimated at Rs. 1080 crore.

V. INFRASTRUCTURE AND PROPERTY DEVELOPMENT

A. L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED (L&TIDPL):

Subsidiary company

L&TIDPL has been set up as an Infrastructure development arm of the Group. L&TIDPL, a holding company in this segment, works on a "value creation" model so that the Special Purpose Vehicle (SPV) floated for each infrastructure project is nurtured till it reaches a stage of matured operations. The Company has, over a period of time, built up capabilities in identifying and developing infrastructure projects, operation & maintenance of these projects and providing advisory services relating to financing & engineering of the projects. Considering the potential, private equity Investors have contributed 21.6% to the capital of the Company.

L&TIDPL portfolio is well diversified with a mix of projects across various sectors such as roads & bridges, ports, airports and urban infrastructure. L&T Urban Infrastructure Limited, a subsidiary of L&TIDPL, houses the property development and urban infrastructure projects.

Operations & Performance

The Financial Year 2008-2009 was eventful with several of its projects commencing commercial operations. These include Panipat Elevated Corridor (July 2008), Krishnagiri Thopur Toll Road (February 2009), Western Andhra Tollways (March 2009) and Bengaluru International Airport (May 2008).

During 2008-2009, the Company divested its stake in Kakinada Seaports Limited. Including the divestment Income L&TIDPL has reported a total income of Rs. 38.40 crore and a profit after tax of Rs. 10.83 crore.

As of March 31, 2009, L&TIDPL's portfolio includes:

I. Transportation and Infrastructure

Major SPVs	Status (% of holding)	Stage
Roads and Bridges:		
Narmada Infrastructure Construction Enterprise Limited	Subsidiary (100%)*	Operational
L&T Transportation Infrastructure Limited	Subsidiary (100%)*	Operational
L&T Western India Tollbridge Limited	Subsidiary (100%)*	Operational
L&T Panipat Elevated Corridor Limited	Subsidiary (100%)	Operational
L&T Krishnagiri Thopur Toll Road Limited	Subsidiary (100%)	Operational
L&T Western Andhra Tollways Limited	Subsidiary (100%)	Operational
Second Vivekananda Bridge Tollway Company Private Limited	Associate (33%)	Operational
L&T Interstate Road Corridor Limited	Subsidiary (100%)	Construction completed
L&T Vadodara Bharuch Tollway Limited	Subsidiary (100%)	Under implementation
Ports:		
International Seaports (Haldia) Private Limited	Associate (22%)	Operational
The Dharma Port Company Limited	Joint Venture (50%)	Under Implementation

II. Urban Infrastructure:

Major SPVs	Status (% of holding)	Stage
L&T Urban Infrastructure Limited	Subsidiary (75%)	Operational
Cyber Park Development and Construction Limited	Subsidiary (30.47%)	Operational
L&T Tech Park Limited	Subsidiary (30.47%)	Operational
L&T Arun Excello IT SEZ Private Limited	Subsidiary (30.47%)	Operational
L&T Infocity Limited	Subsidiary (53.17%)	Operational
L & T South City Projects Limited	Subsidiary (30.47%)	Under Implementation
L&T Phoenix Infoparks Private Limited	Subsidiary (30.47%)	Under Implementation
CSJ Infrastructure Private Limited	Subsidiary (41.82%)	Under Implementation
L&T Arun Excello Commercial Projects Private Limited	Subsidiary (30.47%)	Under Implementation
L&T Infrastructure Development Projects Lanka (Private) Limited	Subsidiary (75.37%)	Under Implementation

Outlook

The Public Private Partnership model adopted by the country has yielded positive results in terms of increasing the pace of infrastructure development. In order to sustain a much higher level of economic growth over the next decade, the Government has taken proactive steps in creating conducive environment for attracting the private participation in the infrastructure sector. L&T IDPL has appropriately positioned itself to realize the emerging opportunities in the entire gamut of infrastructure development sector. With healthy cash generation expected during the coming year from the operational subsidiaries, the Company is geared up to invest in new projects.

Financial performance summary of key operational SPVs: roads, bridges, ports and airports:

A. Projects completed:

Sr. no.	Name of subsidiary	Project details	Project cost (Rs.crore)	Total income (Rs. crore) 2008-2009	*2007-2008*	PAT (Rs. crore) 2008-2009	*2007-2008*
1	L&T Panipat Elevated Corridor Limited	Widening the existing 4 lane Road to 6 lane Road on National Highway No.1 (NH-1). Concession period is 20 years including the construction period. The project was completed much ahead of the schedule during the year 2008-2009.	421.50	25.76	*NA*	(31.05)	*NA*
2	Narmada Infrastructure Construction Enterprise Limited	Second Two-Lane Bridge at Zadeshwar across the Narmada River in Gujarat on National Highway 8 (NH-8). Concession period is 15 years on Build-Own-Transfer basis. The bridge is operational since November 2000.		37.75	*36.08*	16.95	*15.17*

Sr. no.	Name of subsidiary	Project details	Project cost (Rs.crore)	Total income (Rs. crore) 2008-2009	*2007-2008*	PAT (Rs. crore) 2008-2009	*2007-2008*
3	L&T Krishnagiri Thopur Toll Road Limited	Widening the existing 2 lanes Road to 4 lanes Road from the end of proposed Krishnagiri flyover to Thumpipadi. Concession period is 20 years including the construction period. The project was completed and opened to traffic from February 7, 2009.	525.00	9.41	*NA*	(5.49)	*NA*
4	L&T Western Andhra Tollways Limited	Construction, development, operation and maintenance of the road from Jadcherla to proposed Kotakatta bypass on NH-7 in the State of Andhra Pradesh. Concession period is 20 years including the construction period. The project was completed and opened to traffic from March 14, 2009.	372.83	1.53	*NA*	(1.86)	*NA*
5	L&T Transportation Infrastructure Limited	Building a bypass (28 Kms) at Coimbatore Section of National Highway (NH-47) and construction of additional Two-Lane bridge at Athupalam on River Noyyal. Concession period is 32 years including the construcion period.		33.68	*28.16*	8.50	*3.22*
6	L&T Western India Tollbridge Limited	Building a two-lane bridge across river Watrak including its approaches. Concession period was 10 years up to the end of 2009. The bridge was constructed and opened for traffic in March 2001.		11.31	*10.71*	3.01	*2.64*
7	L&T Interstate Road Corridor Limited	Construction, operation and maintenance of the road on Palanpur Swaroopgunj section of NH 14 in the state of Gujarat and Rajasthan. The road was constructed as per the schedule during the year 2008-2009	554.00	0.09	*NA*	(0.06)	*NA*

B. Projects under implementation: Roads and Ports

THE DHAMRA PORT COMPANY LIMITED (DPCL): Joint venture

The Dhamra Port Company Limited (DPCL), a 50:50 joint venture between L&T IDPL & Tata Steel Limited, has been set up to build a deep water all-weather port at the existing minor port of Dhamra under Build-Own-Operate-Share-Transfer (BOOST) model with a concession awarded by the Government of Orissa for a period of 34 years (including 4 years of construction).

Sheltered between the mainland and Kanika sands island on the eastern coast, Dhamra Port will be the deepest all weather port of its kind in India, with a draught of 18.5 meters, which can accommodate super cape -size vessels up to 1,80,000 DWT. This will be an advantage to the mineral hinterland of north Orissa, Jharkand, West Bengal and Chattisgarh where a large number of steel plants and mineral based industries are located. The highly mechanized and advanced material handling facilities planned at the port will offer the users loading and discharge rates comparable to the world's best. The project includes 62.5 km rail connectivity to the main Howrah- Chennai line at Bhadrak.

The port will eventually have 13 berths to handle over 83 million tons of cargo per annum. Of these, the first two berths, with a handling capacity of up to 25 million tons of bulk cargo per annum, will come up in the First Phase. When fully developed, the port will handle all types of cargo, such as dry bulk, liquid and container cargo. Apart from Tata Steel who is a co-promoter of the port, a number of other steel plants, mines and industries in the region are expected to use the port, which could become eastern India's major gateway to the world.

The construction of the port is progressing as per the schedule and about 50% work has been completed. As part of the environment management system developed in consultation with World Conservation Union (IUCN), the company has undertaken plantation programme along the 62 km rail-road corridor from Bhadrak to Dharma.

The status of other major projects under execution is summarised below:

Projects under implementation

Sr. no.	Name of subsidiary	Project details	Project cost Rs. crore	Project status
1	L&T Vadodara Bharuch Tollway Limited	Widening the existing road of Vadodara to Bharuch section on NH-8 in the State of Gujarat to 6 Lane Road. Concession period is 15 years including the construction period.	1450	As at March 31,2009, 95% of the project has been completed and the widened Road would be open for traffic ahead of the schedule.
2	L&T Ahmedabad - Maliya Tollway Private Limited	Widening the existing Two-Lane Road covering Ahmedabad, Viramgam & Maliya, to Four-Lane Road along with the divided Carriageway facility. Concession period is 22 years including the construction period.	1481	Financial Closure expected to be achieved in the first half of the year 2009, commercial operations expected by the end of the year 2011.
3	L&T Halol - Shamlaji Tollway Private Limited	Widening of existing Two-Lane Road, covering Halol-Godhra-Shamlaji section in Gujarat to Four-Lane Road alongwith divided Carriageway facility. Concession period is 20 years including the construction period.	1302	Financial Closure expected to be achieved in the first half of the year 2009, commercial operations expected by the second half of the year 2011.
4	L&T Rajkot - Vadinar Tollway Private Limited	Widening the existing Two-Lane Road, covering Rajkot-Jamnagar-Vadinar section in Gujarat, to Four-Lane Road along with the divided Carriageway facility. Concession period is 20 years including the construction period.	1075	Financial Closure expected to be achieved by first half of the year 2009, commercial operation is expected by the second half of the year 2011-2012.

II. URBAN INFRASTRUCTURE

C. L&T URBAN INFRASTRUCTURE LIMITED (LTUIL):

Subsidiary company

LTUIL, a subsidiary of L&T Infrastructure Development Projects Limited, has been formed to drive the real estate business of the Group in the fast growing urban areas. The Company over the period of last three years, has built a balanced portfolio of premium urban infrastructure and real estate development projects comprising IT/ITES infrastructure projects, commercial and hospitality projects, and residential projects.

Operations & Performance

LTUIL has invested in 9 projects, (under IT/ITES sector), of which 6 projects are operational and balance 3 projects are under construction. A total of 50 lakh sq. ft. space has, so far been developed in this sector. A further space of 50 lakh sq. ft. has been envisaged for development as and when the demand picks up in the realty sector.

So far LTUIL has invested Rs. 516 crore in the above realty projects. LTUIL earned Total Income of Rs. 13.50 crore during 2008-2009 and has reported a higher profit of Rs. 6.01 crore.

Outlook

The realty sector has been impacted by the liquidity crisis during the second half of the financial year 2008-2009. While the interest rates have started softening, the buyers are negotiating for reduced property prices. The 'wait mode' adopted by the customers is forcing the sector to defer / delay the new projects in the offing. Considering that the industry players have already invested in the property at a relatively higher cost, there is little leeway for them to further cutback the rates. Given this uncertain conditions prevailing in the market, the sector sees a subdued performance in the near term.

Financial performance summary of key operational SPVs: (Urban Infrastructure)

A. Projects completed

Sr. no.	Name of subsidiary	Project details	Total Income (Rs.crore)		PAT (Rs.crore)	
			2008-2009	*2007-2008*	2008-2009	*2007-2008*
1	Cyber Park Development and Construction Limited	Construction of IT park at Electronic City, Hosur Road, Bangalore. Company has taken land on lease from Software Technology Parks of India for a period of 66 years. The first phase of the project, a multi tenanted facility with a BUA of 3.00 Lac sq.ft. was successfully completed and sold off. The second phase of the project with BUA of 2.00 Lac sq.ft. has also been completed in the year 2008-2009, of which a substantial portion has been marketed.	48.42	*17.04*	11.14	*9.15*
2	L&T Tech Park Limited	Company formed to set up an IT SEZ within the Infopark, at Kochi, Kerala, as a co-developer. The Company has acquired land of 7.44 acres on lease for a period of 90 years. The company has successfully implemented its first phase of the project, Tejomaya, a multi tenanted facility, with a built up area of 3.86 lakh sq.ft., a major part of which has been sold.	17.14	*17.38*	(1.89)	*0.90*
3	L&T Arun Excello IT SEZ Private Limited	The company formed for developing a built up area of 3 lakh sft of office space for IT/ITES over 29 acres of land situated at Vallancheri Village, Kancheepuram District, Tamil Nadu.	1.03	*0.40*	(0.31)	*(0.44)*

Sr. no.	Name of subsidiary	Project details	Total Income (Rs.crore)		PAT (Rs.crore)	
			2008-2009	*2007-2008*	2008-2009	*2007-2008*
		Out of the total area of 3 lakh sq.ft. in the Signature Tower, 73,220 sq.ft. space has been booked.				
4	L&T Infocity Limited	The company focuses on (i) Operating and maintaining the multi-tenanted IT Parks (ii) Operating the Built to Suit IT facilities (iii) Facility Management and (iv) Development and Sale of Residential Units in Mega Residential Project 'Serene County'.	195.53	*194.64*	53.42	*49.35*
5	Hyderabad International Trade Expositions Limited	The modern trade exposition centre developed on a 52.79 acre plot consists of three exhibition halls of 3500 Sq.mtrs. each, open display area, a large parking area and a trade fair building to provide office space for trade fair organisers, vendors and exhibitions service providers.	9.90	*12.19*	(0.81)	*1.84*
6	L&T Infocity Lanka Private Limited	Development of a Built to Suit Project for HSBC at Colombo, Srilanka.	5.01	*4.17*	1.78	*2.09*

B. Projects under implementation (Urban Infrastructure)

Sr. no.	Name of subsidiary	Project details	Project status
1	L&T South City Projects Limited	Developing a township consisting of residential complex, school, public health centre, shopping complex etc., over 83.5 acres of land situated at Siruseri Village, Chenglepet District.	At present, the first phase of the project is in progress for developing 656 residential units with a built up area of 1.095 mn sq.ft.
2	L&T Phoenix Infoparks Private Limited	Company formed to undertake development of commercial properties. Presently it is developing two projects in Hyderabad; namely; HITEC City-2 & Intellicity.	
3	CSJ Infrastructure Private Limited	Company formed for development of Commercial complexes in Chandigarh.	
4	L&T Arun Excello Commercial Projects Private Limited	Commercial constructions comprising of a star hotel, a shopping mall and a school on 13 acres of land in the Estancia Township at Vellanchery on GST Road in Chennai.	
5	L&T Hitech City Limited	Company floated by L&T Infocity Limited, in partnership with APIIC, to set up an IT SEZ at Vijayawada.	Phase I: Construction of IT Park with a project cost of Rs.43 crore has commenced during the year and is expected to be completed in the first half of the year 2009-2010.
6	L&T Infrastructure Development Projects Lanka (Private) Limited	Development, construction, operation and maintenance of a multipurpose hi-rise tower of 51 floors in Colombo, Sri Lanka The project entails development of a total of about 1.22 million sq.ft, of residential apartments and commercial space.	The project is expected to achieve financial closure in the first half of the year 2009-2010 and the construction will be completed in the year 2012-2013.

VI. ELECTRICAL & ELECTRONICS

A. L&T ELECTRICALS SAUDI ARABIA COMPANY LIMITED, LLC (LTESA):

Subsidiary company

Overview

L&T Electricals Saudi Arabia Company Limited. (LTESA), a joint venture between Larsen & Toubro International FZE, U.A.E. and Yusuf Bin Ahmed Kanoo Group, was formed in September 2006 for manufacturing and marketing switchgear, control gear, PLC panels, AC/DC Drives and Part Assembled Switchboards.

Operations & Performance

LTESA through its cost competitive solutions is receiving encouraging response from major customers and EPC companies in Saudi Arabia. During the year 2008, the first year of its operations, the Company clocked a turnover of Rs.30.46 crore for the nine month ended December 2008 with a net profit of Rs.0.80 crore. The company ended the year with a healthy order book of Rs.43.16 crore.

Outlook

Saudi Arabia is the largest market in the Middle East. The policy of the Government is continually inclined towards providing business opportunities for locally established industries. Major investments in Refinery, Petrochemicals, Power and Infrastructure projects offer good prospects for the Company's growth. However, in view of the present change in the economic situation, the finalisation of major projects may get delayed and customers may take an advantage of reduced commodity prices. Despite the above negative signs, LTESA remains a competitive player in high end offering and system business.

B. LARSEN & TOUBRO (WUXI) ELECTRIC COMPANY LIMITED (LTW):

Subsidiary company

LTW is a 100% subsidiary of L&T International FZE, located at Wuxi in Jiangsu province of China. The factory was established in the year 2006 with the state-of-the-art manufacturing facilities, quality control and reliable testing equipment. It was established to support & extend L & T activities related to brand labelling of U Power design of Air Circuit Breakers (ACBs) & D-Sine Moulded Case Circuit Breakers (MCCB's) range. The factory has received ISO 9000 & China Compulsory Certification (CCC) for both the products range.

Operations & Performance

During the year, the Company recorded sales revenue growth at Rs 30.20 crore and a profit of Rs 1.11 crore. Efforts are on to establish the brand, first in the Chinese market and later on explore into other South Asian markets.

Outlook

Although the Chinese economy has slowed down, the continuous investments in infrastructure in China makes the prospects attractive for the Company's switchgear products.

C. TAMCO GROUP OF COMPANIES

Overview

In order to gain a strong foothold globally in the low and medium voltage switchgear range, L&T acquired TAMCO Group of Companies in April 2008. The TAMCO Group of Companies comprises of 4 companies, operating in Malaysia, Indonesia, Australia & China.

TAMCO Malaysia is a significant player in South East Asia for Medium Voltage (MV) switchgear comprising of Vacuum Circuit Breakers (VCB's), Ring Main Unit (RMG), Gas Insulated Switchgear (GIS), busducts and switchboards. In addition, it addresses the utility markets in Dubai, Qatar, Abu Dhabi, South Africa, Ghana, Sudan etc. TAMCO is now transferring its technology to L&T India to cater to the Indian MV switchgear market.

TAMCO Indonesia & TAMCO China have established manufacturing facility in Jakarta & Shanghai respectively for catering to Low Voltage (LV) switchgears market in their respective countries. TAMCO Australia is a supplier of both LV & MV switchgears in the Australian markets with a manufacturing unit in Melbourne.

Operations & Performance

Despite the economic slowdown, the Order Book position in both Malaysia & Australia for utility segment remains healthy. Indonesia & China, though affected by slowdown, have recently shown signs of revival. During the financial year under review, TAMCO Group received fresh orders totaling to Rs.610 crore predominantly from Utility segments. Post acquisition of TAMCO Group, the group recorded revenue of Rs.424 crore and profit after tax at Rs. 12 crore for the period May 2008 to December 2008.

Outlook

The demand for Gas Insulated Products in Middle East and India is expected to increase in the coming years. Though the market is showing some signs of slow down, the demand for the switchgear products are expected to be stable in Qatar. New Markets in South Africa, Ghana, Bahrain and Abu Dhabi look promising. In order to address new markets for MV switchgear, a series of products launches are planned during the next two years. While Malaysian plant has already a proven track record, thrust is being given to penetrate into Thailand, Vietnam & other African countries to achieve sustained growth.

VII. MACHINERY & INDUSTRIAL PRODUCTS

Domestic companies

A. TRACTOR ENGINEERS LIMITED (TENGL):

Subsidiary company

Tractor Engineers Limited (TENGL) is a wholly owned subsidiary of Larsen & Toubro Limited principally engaged in manufacture of undercarriage systems for excavators, crawler tractors, bull dozers etc., and material handling equipment like apron conveyors, spares for oil field equipment etc., Customer profile is largely OEMs in construction and material handling equipment business.

Operations & Performance

Sales and other income for the financial year under review were Rs. 167.35 crore as against Rs. 173.31 crore for the previous financial year. Performance for the year was constrained by cancellation / deferment of orders from customers due to slowdown in construction equipment market. Lower capacity utilisation of the expanded facilities coupled with higher steel prices prevailing for major part of the year and higher Interest cost resulted in the Company reporting a loss of Rs 23.80 crore for the year.

In order to optimise on the cost of operations and reduce the overhead costs at multiple locations, the Company has decided to utilise the newly established Talegaon facility for manufacture of entire range of products from one location.

Outlook

Indian Hydraulic Excavator market saw a significant drop in volumes of around 26% during the year 2008-2009. The downward trend is expected to continue during 2009-2010 even as the capital intensive industry looks to cheaper sources of finance and drop in steel prices.

In the Conveying Equipment segment, the demand has been growing from Cement, Mining & Bulk Material industries since last 2-3 years. However, higher competition is expected to impact the Company's traditional product lines going forward. In order to diversify the product offering, the Company would strive to expand the business of refurbishment of oilfield equipment.

B. AUDCO INDIA LIMITED (AIL):

Associate company

AIL is a 50:50 joint venture between L&T and Flowserve Corporation, USA. AIL is a leading manufacturer of Industrial Valves and has four manufacturing plants in Tamlinadu. The Company has installed state-of-the-art machines in all its plants. AIL manufactures valves up to 72" size and Class 2500 pressure rating. Besides India, the Industrial Valves manufactured by AIL have significant presence in major global markets such as China, France, Japan, Italy, Singapore, Malaysia, Middle East countries, South Africa, South Korea, United Kingdom, United States of America and Russia.

Operations & Performance

Performance during the year was impacted by the economic downtrend. Many major projects, particularly in the global markets, were shelved or postponed. As a result, total income at Rs. 737.71 crore was lower by 14.5% as compared to the previous year. However, higher rupee realisation on the exports and improved cost management helped the Company to maintain the profitability achieved in the previous year.

Outlook

The year 2009-2010 is expected to be a challenging year. On the positive side, oil & gas projects especially upstream and pipeline projects in the Middle East are showing the signs of recovery. In the Indian market, investments in the power and pipelines segments are expected to progress; albeit with a delayed schedule. Considering the current gap in the infrastructure needs, the recovery in demand is foreseen during the second half of 2009-2010.

C. L&T-KOMATSU LIMITED (LTK):

Associate company

Overview

LTK is a 50:50 joint venture between Larsen & Toubro Limited and Komatsu Asia Pacific Pte. Ltd., Singapore, a wholly owned subsidiary of Komatsu Limited, Japan. Komatsu is world's largest manufacturer of Hydraulic Excavators and has manufacturing and marketing facilities worldwide. LTK is engaged in the manufacture of Hydraulic Excavators and other associated hydraulic components. Larsen & Toubro Limited markets and provides after sales support for Hydraulic Excavators manufactured by L&T-Komatsu Limited.

The major user segments for Hydraulic Excavators are general construction, mining & quarrying, Irrigation, road, granite & marbles etc.

Operations & Performance

Hydraulic Equipment Industry, witnessed contraction during the year 2008-2009 with market decline of 28% over the previous year. Liquidity crunch and high cost of funds coupled with tighter credit sanctioning norms have discouraged new customers. The decline in market was sharper during the second half of 2008-2009.

Gross sales at Rs. 1211.02 crore dropped by 19% as compared to the previous year, though the Company was able to retain its market share at about 31%, same as last year. The drop in capacity utilisation coupled with higher input prices for greater part of the year impacted the profitability of the Company during the year. Profit after tax thus dropped to Rs. 19 crore as against robust achievement of Rs. 133 crore in the previous year.

Outlook

Difficult year is foreseen for Hydraulic Excavator industry. The market conditions are expected to be subdued and construction activity may not pick up significantly in 2009-2010 in the absence of major investments. The Company will strive to retain its market share in the coming challenging year so as to maximise the capacity utilisation of the current facilities.

D. L&T-CASE EQUIPMENT PRIVATE LIMITED (LTCEPL):

Associate company

Overview

L&T Case Equipment Private Limited (LTCEPL) is a 50:50 Joint Venture between L&T & CNH America LLC. The company is engaged in manufacture & marketing of Construction (Earthmoving) Equipment comprising Loader Backhoes & Vibratory Compactors. In a highly competitive Indian market, L&T-Case has a market share of about 10% in Loader Backhoe and 31% in Vibratory Compactor. The manufacturing facility is located at Pithampur, Madhya Pradesh.

Operations & Performance

With the encouraging economic policy for investment in infrastructure sector, the Construction Equipment industry had experienced growth momentum in the last few years. However, due to the global financial crisis and the consequent slowdown, the domestic market during the year 2008-2009 declined by 43% for Loader & by 26% in Vibratory Compactor. Consequently, the total income of the Company at Rs.336.54 crore declined by 27% as compared to the previous year. With significant price pressures prevailing in the market, coupled with higher input costs, the profit after tax reduced to Rs.11.16 crore for the year.

Outlook

During the early part of the year 2009, the Construction Equipment Industry has witnessed marginal recovery in the demand. While Loader market may remain subdued due to significant downturn in the realty sector, the Compactor market may witness marginal growth in view of the large investments planned in the Roads sector.

E. EWAC ALLOYS LIMITED (EWAC):

Associate company

EWAC formed in April 1962 is a joint venture with equal shareholding between Larsen & Toubro Limited and Messer Eutectic Castolin Group of Germany. EWAC is a market leader in the business of maintenance & repairs welding & welding solutions for conservation of global metal resources. The principal products and services comprise Maintenance & Repair (M&R) consumables, specification grade electrodes, flux-cored welding wires, wear plates/parts, welding and cutting equipment, Tero Cote Lab services etc. Larsen & Toubro Limited markets EWAC's products in India through strong network of stockists.

Operations & Performance

Due to adverse business conditions, the manufacturing activity showed marked reduction, which resulted in sharp drop in demand for industrial consumables. EWAC, therefore, reported only a marginal growth in the total income at Rs. 157 crore *(previous year: Rs.151 crore)*. Profit after tax at Rs. 20 crore was lower by 18% as compared to the previous year, mainly due to higher material cost during the first half of the year and relatively lower capacity utilisation during the second half.

In addition to the improved R&D operations, various initiatives for the cost control measures like product re-engineering were initiated during the year to reduce material cost. The Company has also taken initiatives to improve the existing asset utilisation, implement energy conservation projects and increase employee productivity.

Outlook

With the expected improvement in the economic climate and industrial production in later half of the financial year 2009-2010, EWAC is optimistic to perform better in the coming years.

F. L&T-DEMAG PLASTICS MACHINERY LIMITED (L&T-Demag):

Subsidiary company

The Company was a joint venture between L&T and Demag Ergotech GmbH, Germany. Effective March 31, 2009, L&T has bought entire equity held by Demag and hence the venture is now a wholly-owned subsidiary of Larsen & Toubro Limited. The Company is in the business of manufacture of Injection Moulding Machines for the plastics industry and its products find applications in diverse industries like automobiles, electrical goods, packaging, personal care products, writing instruments and white goods.

Operations & Performance

Order inflow and sales declined by 15% & 19% respectively as compared to the previous year, due to falling demand. Export dipped mainly due to global recession affecting many geographical locations. Company posted a loss of Rs. 6.47 crore for 2008-2009.

Introduction of cost-effective 'S-Tech series' was a major step towards achieving cost leadership. In manufacturing operations, sustained efforts were taken in areas such as manpower reduction, reduction in energy consumption and better management of working capital. The Company continues to enjoy a position of leadership amongst reputed manufacturers of Injection Moulding machines in the domestic market and is a preferred choice for many customers. Going by the enthusiastic response for the new series launched during 2008-2009, the company is working on extending the range to cover medium tonnage segment as well. Machines developed in-house for PET application is one more step by the company towards advancing right technology solution for the industry.

Outlook

The global slowdown had its toll on the industry resulting in sluggish off-take of machines during the year 2008-2009. However, there are early signs of revival of demand. With no territorial constraints, the Company expects to improve the export volumes during the second half of 2009-2010, when the revival of the global economy is anticipated.

G. VOITH PAPER TECHNOLOGY (INDIA) LIMITED (VPTIL)

Associate company

Voith Paper Technology (India) Limited (VPTIL) is a 50:50 joint venture formed by L&T and Voith Paper, Germany. VPTIL provides comprehensive solutions from fiber to paper, covering the entire paper making process along with extensive life cycle support. The JV Company enjoys technological leadership and is the 'preferred supplier' in the industry. Right from its inception, the Company has ushered in several new technologies with "Perfect Fit" solutions for the Indian Paper Industry.

Operations & Performance

During the year, 2008-2009, VPTIL executed two major orders for paper making process line package. The sales revenue during the year was at Rs.10.60 crore and profit after tax was Rs. 8.60 crore.

Outlook

Even though the Indian Paper Industry is adversely impacted with the drop in demand and decrease in realisation, the long term prospects remain quite positive for this sector. Capacity expansion in the industry is anticipated given the growing paper consumption worldwide. With its experience and expertise, VPTIL is well positioned to sustain the growth momentum in the medium term.

International companies

H. LARSEN & TOUBRO (JIANGSU) VALVE COMPANY LIMITED (LTJVCL):

Subsidiary company

LTJVCL, a subsidiary of LTIFZE, was set up in Yancheng City, China, for manufacture of certain ranges of valves for global markets. The facility is located in an area of 66,666 Sq Mts., equipped with the best of the plant and machinery. The manufacturing practices adopted by the Company reinforce its commitment to customer satisfaction, employee health, safety and environmental protection.

Operations & Performance

The factory commenced commercial production of valves in the last quarter of the year 2007 and the products have been well received in the market. The designs for all valves manufactured by LTJVCL are developed, owned and managed by L&T. These designs have been addressing the specific needs of major end users and comply with international emission norms, besides getting ISO 9001:2000, CE Marking & ATEX Certification for its products. The valves manufactured by LTJVCL have been approved by major customers like SHELL, BP, Chevron, Saudi Aramco, Alstom, SASOL, Dow Chemical's etc.

In the financial year 2008, its first full year of operations, LTJVCL recorded revenue of Rs.28.30 crore. Due to higher initial overhead and marketing costs, the Company ended the year with a net loss of Rs. 4.20 crore.

Outlook

With the recent accreditation from major customers, the volume of operations has picked up from the last quarter of the year 2008. Despite the lack of positive investment climate in the Oil & Gas sector globally, a significant trend among the end users is being seen to consider higher sourcing of valves from China. LTJVCL is in a favorable position to capitalise on this demand and the prospects look bright for achieving higher sales volumes in the year 2009 and beyond.

I. LARSEN & TOUBRO (QINGDAO) RUBBER MACHINERY COMPANY LIMITED (LT QINGDAO) CHINA:

Subsidiary company

LT Qingdao is a joint venture between LTIFZE and Qingdao Over World Group Company (OWG) with 95:05 shareholdings. LT Qingdao develops and supplies Tyre Curing Presses and other Rubber Processing Machinery in line with the quality of products being presently supplied by L&T to its global clients.

Operations & Performance

LT Qingdao completed the construction of the new state-of-the-art factory in October 2008. During the year the Company recorded revenues aggregating to Rs. 25.80 crore and earned a profit of Rs. 0.24 crore.

Outlook

Some of the International Tyre majors have started operating in China and a few of them have commenced procuring their machines from China. Tyre Curing Presses have been supplied to Pirelli by LT Qingdao & Rubber Mixing Mills have been exported to tyre manufacturing companies in India. The competitive position of LT QINGDAO is expected to improve with the increase in capacity utilisation.

J. LARSEN & TOUBRO LLC, HOUSTON, USA (L&T LLC)

Subsidiary company

Larsen & Toubro LLC (L&T LLC), a wholly-owned Subsidiary of the Company, is based in Houston, USA and represents L&T for stock and sale of industrial valves in the North American market.

Operations & Performance

L&T LLC has been successful in securing approvals of major end-users while forging global alliances and agreements with key EPC contractors and Oil majors. The main thrust in Valves business has been on Oil and Gas segment. During the year 2008, the sales revenues grew by 36% at Rs.23.90 crore and the net profit by 54% at Rs. 0.62 crore.

Outlook

The sharp fall in economic activity especially in the USA and the lower consumption has led to postponement of investments by the major oil companies. The consequent emphasis on refurbishment and the long-term agreements with some of the oil majors augur well for the Company's plans in the current year.

VIII. LARSEN & TOUBRO INTERNATIONAL FZE (LTIFZE):

Subsidiary company

LTIFZE, is a wholly owned subsidiary of L&T and is incorporated as a limited liability company in the Hamriyah Free Zone, Sharjah. The Company is engaged in providing strategic support to L&T's growth aspirations in the Middle East, China and Malaysia. Apart from owning strategic equipment portfolio facilitating L&T group's prequalification for construction contracts in the Middle East, LTIFZE functions as an investment arm in the country specific Joint Venture Companies and other strategic entities in the Middle East, Far East and China.

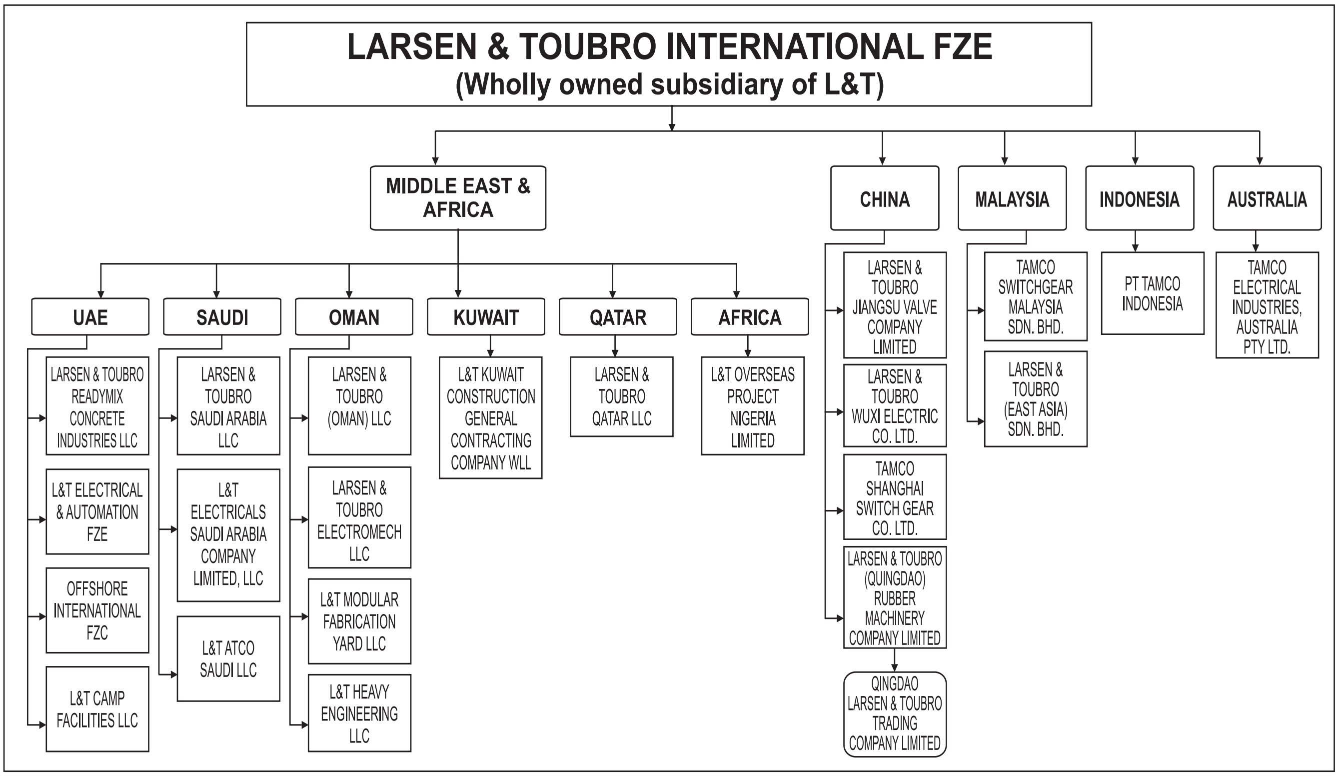
Operations & Performance

LTIFZE has acquired plant & machinery aggregating to Rs.176 crore as of December 31, 2008. The Company has outstanding capital commitment worth Rs 11 crore for strategic plant & machineries required for construction and hydrocarbon business sector.

Outlook

Considering the business potential in the Middle East, LTIFZE is poised to play a crucial role to support L&T's operations in the region. The Company is positioned to act as a strategic investment arm of L&T for making investment overseas and a resource base for critical plant & equipment to support international business opportunities.

Countrywise investments in the subsidiary and associate companies by LTIFZE



Auditors' report to the members of Larsen & Toubro Limited

We have audited the attached Balance Sheet of Larsen & Toubro Limited, as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements 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 (Auditor's Report) Order, 2003, issued by the central government of India under sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
- (e) on the basis of the written representations received from directors as on March 31, 2009 and taken on record by the board of directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies in schedule Q and notes appearing thereon, 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:

1) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
2) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
3) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

SHARP AND TANNAN
Chartered Accountants
by the hand of

F. M. KOBLA
Partner
Membership No.15882

Mumbai, May 28, 2009

Annexure to the Auditors' report

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

1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) We are informed that the Company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.

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

2 (a) As explained to us, inventories have been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.

(b) As per the information given to us, the procedures of physical verification of inventory followed by management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3 (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, paragraphs 4(iii)(b), (c) and (d) of the order are not applicable.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(f) and (g) of the order are not applicable.

4 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 the nature of its business for purchase of inventory, fixed assets and for sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.

5 (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6 The Company has accepted deposits from the public and in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, where applicable, have been complied with. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

7 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8 We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed by the central government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of electronic products, viz. industrial electronics including all control instrumentation and automation equipment 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.

9 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues outstanding as at March 31, 2009 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 the records of the Company examined by us, the particulars of sales tax, excise duty, service tax and income tax as at March 31, 2009 which have not been deposited on account of a dispute pending, are as under:

Name of the Statute	Nature of the disputed dues	Amount Rs.crore*	Period to which the amount relates	Forum where disputes are pending
Central Sales Tax Act, Local Sales Tax Acts and Works Contract Tax Act	Non-submission of forms, dispute regarding rate of tax and other matters	0.48	1997-1998 to 2001-2002, 2004-2005 and 2005-2006	Commercial Tax Officer
	Non-submission of forms, classification dispute, disallowance of deemed inter-state sales and other matters	36.85	1992-1993, 1996-1997 to 2005-2006	Assistant Commissioner (Appeals)
	Non-submission of forms, additional demand for pending forms, rate of tax dispute, disallowance of branch transfer, and other matters	10.30	1989-1990, 1991-1992, 1994-1995 to 1998-1999 and 2000-2001 to 2005-2006	Deputy Commissioner (Appeals)
	Non-submission of forms, disallowance of transit sales, classification dispute and other matters	7.00	1991-1992 to 1994-1995, and 1996-1997 to 2004-2005	Joint Commissioner (Appeals)
	Non-submission of forms, additional demand for pending forms, disallowance of inter-state sales and other matters	2.99	2000-2001 to 2005-2006	Additional Commissioner (Appeals)
	Non-submission of forms, dispute related to sales in transit and other matters	1.71	2003-2004 and 2005-2006	Commissioner (Appeals)
	Non-submission of forms, inter-state sales, sub-contractors turnover, rate dispute, disallowance under composition scheme and other matters	114.93	1987-1988 to 1992-1993 1994-1995 to 2003-2004 and 2005-2006	Sales Tax Tribunal
	Inter-state sales, classification dispute, and disallowance of deemed sales in course of	144.10	1986-1987 to 2005-2006	High Court

Name of the Statute	Nature of the disputed dues	Amount Rs.crore*	Period to which the amount relates	Forum where disputes are pending
	imports and taxability of subcontractors turnover			
	Dispute regarding taxability of declared goods, arbitrary enhancement and other matters	5.57	1991-1992, 1995-1996, 1997-1998, 1999-2000 to 2001-2002 and 2003-2004	Supreme Court
The Central Excise Act, 1944 and Service Tax under the Finance Act, 1994	Classification dispute, exemptions denied, valuation disputes and other matters	8.86	1991-1992, 2001-2002 to 2003-2004 and 2005-2006	CESTAT
	Export rebate claim	0.07	2003-2004	High Court
	Dispute on site mix concrete and PSC grinders	0.27	1997-1998	Supreme Court
	Cenvat credit against service tax on freight outward disallowed	0.10	2007-2008	Commissioner (Appeals)
	Demand for service tax on lumpsum turnkey projects and demand for service tax treating "commercial or industrial construction services"	171.44	2002-2003 to 2008-2009	CESTAT
	Service tax on commercial construction services	4.04	2005-2006	High Court
The Income Tax Act, 1961	Dispute regarding tax deducted at source at lower rate on maintenance charges	0.03	2005-2006	Commissioner (Appeals)
	Difference in rate of tax deducted at source	1.56	2007-2008 and 2008-2009	Director of Income Tax (International Taxation)

*Net of pre-deposit paid in getting the stay/appeal admitted

10 The Company has no accumulated losses as at March 31, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12 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.

13 The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

14 In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. The Company has invested surplus funds in marketable securities and mutual funds. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The investments in marketable securities and mutual funds have been held by the Company in its own name.

15 In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interests of the Company.

16 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.

17 According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.

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

19 According to the information and explanations given to us and the records examined by us, security or charge has been created in respect of the debentures issued.

20 The Company has not raised any money by public issues during the year.

21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

SHARP AND TANNAN
Chartered Accountants
by the hand of

F. M. KOBLA
Partner
Membership No.15882

Mumbai, May 28, 2009

Balance Sheet as at March 31, 2009

	Schedule		As at 31-3-2009		As at 31-3-2008	
			Rs.crore	Rs.crore	Rs.crore	Rs.crore
SOURCES OF FUNDS:						
SHAREHOLDERS' FUNDS:						
Share capital	**A**		117.14		*58.47*	
Reserves and surplus	**B**		12106.89		*9382.22*	
Employee stock options outstanding (*previous year: Rs.279.67 crore*)		469.95				
Less: Deferred employee compensation expense (*previous year: Rs.165.28 crore*)		234.29				
			235.66		*114.39*	
				12459.69		*9555.08*
LOAN FUNDS:						
Secured loans	**C**		1102.38		*308.53*	
Unsecured loans	**D**		5453.65		*3275.42*	
				6556.03		*3583.95*
Deferred tax liabilities [see note no.21]				435.16		*244.33*
TOTAL				19450.88		*13383.36*
APPLICATION OF FUNDS:						
Fixed assets:						
Tangible assets	**E (i)**					
Gross block			5434.18		*4096.90*	
Less: Depreciation and impairment			1418.32		*1239.40*	
Net block			4015.86		*2857.50*	
Less: Lease adjustment			3.07		*3.07*	
			4012.79		*2854.43*	
Capital work-in-progress			1040.99		*699.00*	
				5053.78		*3553.43*
Intangible assets	**E (ii)**					
Gross block			156.32		*108.85*	
Less: Amortisation and impairment			54.79		*47.11*	
Net block			101.53		*61.74*	
Capital work-in-progress			39.29		*30.27*	
				140.82		*92.01*
Investments	**F**			8263.72		*6922.26*
Deferred tax assets [see note no.21]				386.69		*182.96*
Current assets, loans and advances:	**G**					
Interest accrued on investments			21.56		*14.32*	
Inventories			5805.05		*4305.91*	
Sundry debtors			10055.52		*7365.01*	
Cash and bank balances			775.29		*964.46*	
Loans and advances			6790.60		*3757.08*	
			23448.02		*16406.78*	
Less: Current liabilities and provisions:	**H**					
Liabilities			14775.88		*11741.72*	
Provisions			3066.53		*2035.42*	
			17842.41		*13777.14*	
Net current assets				5605.61		*2629.64*
Miscellaneous expenditure (to the extent not written-off or adjusted)	**I**			0.26		*3.06*
TOTAL				19450.88		*13383.36*
CONTINGENT LIABILITIES	**J**					
SIGNIFICANT ACCOUNTING POLICIES	**Q**					

(For notes forming part of the accounts see page nos.136 to 171)

A. M. NAIK
Chairman & Managing Director

As per our report attached

SHARP & TANNAN
Chartered Accountants
by the hand of
F. M. KOBLA
Partner
Membership No.15882
Mumbai, May 28, 2009

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE   S. RAJGOPAL   M. M. CHITALE
N. MOHAN RAJ   BHAGYAM RAMANI   A. K. JAIN
Directors

Mumbai, May 28, 2009

Profit and Loss Account for the year ended March 31, 2009

	Schedule	2008-2009 Rs.crore	2008-2009 Rs.crore	*2007-2008 Rs.crore*	*2007-2008 Rs.crore*
INCOME:					
Sales & service (gross)	**K**	34045.04		*25187.48*	
Less: Excise duty		398.47		*332.78*	
Sales & service (net)			33646.57		*24854.70*
Other operational income	**L (i)**		279.80		*154.73*
Other income	**L (ii)**		739.78		*520.37*
			34666.15		*25529.80*
EXPENDITURE:					
Manufacturing, construction and operating expenses	**M**	26232.01		*19154.00*	
Staff expenses	**N**	1998.02		*1535.45*	
Sales, administration and other expenses	**O**	1863.98		*1362.04*	
Interest expenses and brokerage	**P**	350.22		*122.66*	
Depreciation, obsolescence of tangible assets		286.14		*197.97*	
Amortisation of intangible assets		21.16		*15.66*	
		30751.53		*22387.78*	
Less: Overheads charged to fixed assets		24.48		*11.42*	
			30727.05		*22376.36*
Profit before transfer from revaluation reserve			3939.10		*3153.44*
Add: Transfer from revaluation reserve			1.31		*2.03*
Profit before tax			3940.41		*3155.47*
Provision for current taxes [see note no.20]		1167.03		*892.79*	
Provision for deferred tax [see note no.21]		10.44		*19.95*	
Provision for tax on fringe benefits [see note no.20(iv)]		53.74		*69.31*	
			1231.21		*982.05*
Profit after tax			2709.20		*2173.42*
Gain/(loss) on extraordinary items (net of tax) [see note no.10]			772.46		*–*
Profit after tax after extraordinary items			3481.66		*2173.42*
Add: Balance brought forward from previous year		104.31		*78.24*	
Less: Dividend paid for previous year		0.28		*0.66*	
Additional tax on dividend paid for previous year		0.05		*0.11*	
			103.98		*77.47*
Profit available for appropriation			3585.64		*2250.89*
Less: Transfer to general reserve			2725.00		*1575.00*
Transfer to debenture redemption reserve			43.34		*–*
Profit available for distribution			817.30		*675.89*
Interim dividend			–		*56.83*
Proposed final dividend			614.97		*438.49*
Additional tax on dividend			101.83		*76.26*
Balance carried to Balance Sheet			100.50		*104.31*
Basic earnings per equity share before extraordinary items (Rupees)	[see note no.22]		46.30		*37.80*
Diluted earnings per equity share before extraordinary items (Rupees)	[see note no.22]		45.68		*36.38*
Basic earnings per equity share after extraordinary items (Rupees)	[see note no.22]		59.50		*37.80*
Diluted earnings per equity share after extraordinary items (Rupees)	[see note no.22]		58.70		*36.38*
Face value per equity share (Rupees)			2.00		*2.00*
SIGNIFICANT ACCOUNTING POLICIES	**Q**				

(For notes forming part of the accounts see page nos.136 to 171)

A. M. NAIK
Chairman & Managing Director

As per our report attached
SHARP & TANNAN
Chartered Accountants
by the hand of
F. M. KOBLA
Partner
Membership No.15882
Mumbai, May 28, 2009

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE — S. RAJGOPAL — M. M. CHITALE
N. MOHAN RAJ — BHAGYAM RAMANI — A. K. JAIN
Directors
Mumbai, May 28, 2009

Cash Flow Statement for the year ended March 31, 2009

		2008-2009 Rs.crore	*2007-2008 Rs.crore*
A.	**Cash flow from operating activities:**		
	Profit before tax (excluding extraordinary items)	3940.41	*3155.47*
	Adjustments for:		
	Dividend received	(334.63)	*(185.55)*
	Depreciation (including obsolescence), amortisation and impairment	305.99	*211.60*
	Exchange difference on items grouped under financing activity	238.18	*138.30*
	Interest expense	350.22	*122.66*
	Interest income	(171.82)	*(84.48)*
	Profit on sale of fixed assets (net)	(4.78)	*(6.92)*
	Profit on sale of investments (net)	(94.66)	*(157.09)*
	Employee stock option - discount forming part of staff expenses	163.31	*91.86*
	Provision for diminution in value of investments	8.12	*24.42*
	Operating profit before working capital changes	4400.34	*3310.27*
	Adjustments for:		
	(Increase)/Decrease in trade and other receivables	(2888.35)	*(2418.51)*
	(Increase)/Decrease in inventories	(1519.59)	*(1304.76)*
	(Increase)/Decrease in miscellaneous expenditure	2.80	*6.78*
	Increase/(Decrease) in trade payables and customer advances	2356.49	*3339.79*
	Cash generated from operations	2351.69	*2933.57*
	Direct taxes refund/(paid) - [net]	(873.12)	*(988.33)*
	Net cash from operating activities	1478.57	*1945.24*
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(2029.63)	*(1700.28)*
	Sale of fixed assets	49.81	*78.16*
	Investment in subsidiaries, associates and joint ventures	(1749.04)	*(1042.53)*
	Divestment of stake in subsidiaries, associates and joint ventures	1201.20	*9.58*
	Purchase of long term investments	(176.44)	*(6.85)*
	Sale of long term investments	195.86	*347.83*
	(Purchase)/sale of current investments (net)	(510.48)	*(3140.66)*
	Loans/deposits made with subsidiaries, associates companies and third parties (net) ...	(1251.77)	*43.56*
	Advance towards equity commitment	(623.59)	*(66.35)*
	Interest received	129.77	*96.68*
	Dividend received from subsidiaries	15.80	*0.33*
	Dividend received from other investments	318.84	*138.64*
	Cash (used in)/from investing activities (before extraordinary items)	(4429.67)	*(5241.89)*
	Extraordinary items		
	Cash received (net of expenses) on sale/transfer of Ready Mix Concrete business (net of tax of Rs.279.37 crore)	1121.37	*–*
	Cash & cash equivalents discharged pursuant to disposal of Ready Mix Concrete business ...	(0.23)	*–*
	Net cash (used in)/from investing activities (after extraordinary items)	(3308.53)	*(5241.89)*
C.	**Cash flow from financing activities:**		
	Proceeds from fresh issue of share capital including shares under ESOP schemes ...	23.04	*1701.58*
	Proceeds from long term borrowings	2574.29	*1735.62*
	Repayment of long term borrowings	(16.69)	*(52.54)*
	(Repayments)/proceeds from other borrowings (net)	(201.13)	*10.34*
	Loans from subsidiary and associate companies (net of repayments)	4.10	*(19.47)*
	Dividends paid	(438.77)	*(114.14)*
	Additional tax on dividend	(66.65)	*(19.40)*
	Interest paid	(237.40)	*(75.31)*
	Net cash (used in)/from financing activities	1640.79	*3166.68*
Net (decrease)/increase in cash and cash equivalents (A + B + C)	... ...	(189.17)	*(129.97)*
Cash and cash equivalents at beginning of the year	... ...	964.46	*1094.43*
Cash and cash equivalents at end of the year	... ...	775.29	*964.46*

Notes:

1. Cash Flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
2. Purchase of fixed assets includes movement of capital work-in-progress during the year.
3. Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of Rs.23.77 crore (*previous year unrealised gain of Rs.0.42 crore*) on account of translation of foreign currency bank balances.
4. For cash and cash equivalents not available for immediate use as on the Balance Sheet date, see note no.5(a) and 5(c) of notes forming part of accounts.
5. Previous year's figures have been regrouped/reclassified wherever applicable.

A. M. NAIK
Chairman & Managing Director

As per our report attached

SHARP & TANNAN
Chartered Accountants
by the hand of
F. M. KOBLA
Partner
Membership No.15882
Mumbai, May 28, 2009

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE   S. RAJGOPAL   M. M. CHITALE
N. MOHAN RAJ   BHAGYAM RAMANI   A. K. JAIN

Directors

Mumbai, May 28, 2009

Schedules forming part of the Accounts

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule A				
Share capital:				
Authorised:				
1,62,50,00,000 equity shares of Rs.2 each *(previous year: 1,62,50,00,000 equity shares of Rs.2 each)*		325.00		*325.00*
Issued:				
58,56,87,862 equity shares of Rs.2 each *(previous year: 29,23,27,390 equity shares of Rs.2 each)*		117.14		*58.47*
Subscribed and paid up:				
58,56,87,862 equity shares of Rs.2 each [see note no.1] *(previous year: 29,23,27,390 equity shares of Rs.2 each)*		117.14		*58.47*
		117.14		*58.47*

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule B				
Reserves and surplus:				
Revaluation reserve:				
As per last Balance Sheet	25.90		*27.93*	
Less: Transferred to Profit and Loss Account	1.31		*2.03*	
		24.59		*25.90*
Capital redemption reserve:				
As per last Balance Sheet	0.02		*0.02*	
Less: Utilised for issue of bonus shares	0.02		*–*	
		–		*0.02*
Capital reserve		10.52		*10.52*
Debenture redemption reserve				
Created during the year		43.34		*–*
Securities premium account:				
As per last Balance Sheet	4187.25		*2064.35*	
Addition during the year	69.62		*2135.14*	
	4256.87		*4199.49*	
Less: Utilised for issue of bonus shares	58.50		*–*	
Share issue expenses	–		*14.64*	
(Reversal)/write-back of provision made in previous year	(0.92)		*(2.40)*	
		4199.29		*4187.25*
Foreign projects reserve:				
As per last Balance Sheet	10.83		*19.19*	
Less: Transferred to general reserve	3.00		*8.36*	
		7.83		*10.83*
Housing projects reserve:				
As per last Balance Sheet	3.98		*7.96*	
Less: Transferred to general reserve	2.25		*3.98*	
		1.73		*3.98*
Carried forward		4287.30		*4238.50*

Schedules forming part of the Accounts (contd.)

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule B (contd.)				
Brought forward		4287.30		*4238.50*
Hedging reserve (net of tax):				
Created during the year		(50.57)		*–*
General reserve:				
As per last Balance Sheet	5039.41		*3452.07*	
Add: Transferred from:				
Foreign projects reserve	3.00		*8.36*	
Housing projects reserve	2.25		*3.98*	
Profit and Loss Account	2725.00		*1575.00*	
		7769.66		*5039.41*
Profit and Loss Account		100.50		*104.31*
		12106.89		*9382.22*

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule C				
Secured loans:				
Redeemable non-convertible fixed rate debentures		900.00		*–*
Loans from banks:				
Cash credits/working capital demand loans	202.38		*308.46*	
Other loans	–		*0.07*	
		202.38		*308.53*
		1102.38		*308.53*

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule D				
Unsecured loans:				
Redeemable non-convertible fixed rate debentures		250.00		*–*
Loans from subsidiary companies		4.40		*8.50*
Short term loans and advances:				
From banks	873.36		*664.92*	
Lease finance	20.90		*0.43*	
Sales tax deferment loan	18.89		*15.16*	
		913.15		*680.51*
Other loans and advances:				
From banks	3974.60		*2380.04*	
Lease finance	125.36		*0.27*	
Sales tax deferment loan	101.14		*121.10*	
From others	85.00		*85.00*	
		4286.10		*2586.41*
		5453.65		*3275.42*

Schedules forming part of the Accounts (contd.)

Schedule E (i)

Fixed assets: Tangible

Rs.crore

Particulars	Cost/valuation				Depreciation				Impairment	Book value	
	As at 1-4-2008	Additions	Deductions	As at 31-3-2009	*Up to 31-3-2008*	For the year	Deductions	Up to 31-3-2009	As at 31-3-2009	As at 31-3-2009	*As at 31-3-2008*
OWNED ASSETS:											
Land-freehold	*116.87*	26.91	6.21	137.57	-	-	-	-	-	137.57	*116.87*
Ships	*14.34*	39.21	-	53.55	*1.71*	1.70	-	3.41	-	50.14	*12.63*
Buildings	*936.96*	194.38	1.61	1129.73	*164.83*	26.09	0.29	190.63	-	939.10	*772.13*
Railway sidings	*0.25*	-	-	0.25	*0.25*	-	-	0.25	-	-	-
Plant and machinery	*2745.59*	1105.94	213.40	3638.13	*937.00*	232.16	92.80	1076.36	-	2561.77	*1808.59*
Furniture and fixtures	*124.73*	23.66	3.91	144.48	*61.74*	13.90	3.40	72.24	-	72.24	*62.99*
Vehicles	*74.29*	37.26	10.36	101.19	*42.95*	7.94	8.71	42.18	-	59.01	*31.34*
Aircraft	*9.26*	-	-	9.26	*7.48*	0.50	-	7.98	-	1.28	*1.78*
Owned assets leased out:											
Buildings	*44.29*	-	-	44.29	*4.50*	0.64	-	5.14	-	39.15	*39.79*
Plant and machinery	*27.44*	-	-	27.44	*9.78*	0.35	-	10.13	6.93	10.38	*10.73*
Lease adjustment	-	-	-	-	-	-	-	-	-	(3.07)	*(3.07)*
Owned assets (sub total - A)	*4094.02*	1427.36	235.49	5285.89	*1230.24*	283.28	105.20	1408.32	6.93	3867.57	*2853.78*
LEASED ASSETS:											
Assets taken on finance lease:											
Plant and machinery	*1.86*	144.98	0.57	146.27	*1.22*	1.46	0.54	2.14	-	144.13	*0.64*
Vehicles	*1.02*	1.11	0.11	2.02	*1.01*	0.03	0.11	0.93	-	1.09	*0.01*
Assets taken on lease (sub total - B)	*2.88*	146.09	0.68	148.29	*2.23*	1.49	0.65	3.07	-	145.22	*0.65*
TOTAL (A+B)	*4096.90*	1573.45	236.17	5434.18	*1232.47*	284.77	105.85	1411.39	6.93	4012.79	*2854.43*
Previous year	*2795.32*	*1353.90*	*52.32*	*4096.90*	*1080.06*	*195.85*	*43.44*	*1232.47*	*6.93*		
Add: Capital work-in-progress										1040.99	*699.00*
										5053.78	*3553.43*

Schedule E (ii)

Fixed assets: Intangible

Rs.crore

Particulars	Cost/valuation				Amortisation				Book value	
	As at 1-4-2008	Additions	Deductions	As at 31-3-2009	*Up to 31-3-2008*	For the year	Deductions	Up to 31-3-2009	As at 31-3-2009	*As at 31-3-2008*
Land-leasehold	*44.07*	16.52	0.97	59.62	*4.67*	0.57	0.05	5.19	54.43	*39.40*
Specialised softwares	*49.58*	45.33	12.84	82.07	*33.88*	16.36	12.85	37.39	44.68	*15.70*
Lump sum fees for technical knowhow	*15.20*	-	0.57	14.63	*8.56*	4.23	0.58	12.21	2.42	*6.64*
TOTAL	*108.85*	61.85	14.38	156.32	*47.11*	21.16	13.48	54.79	101.53	*61.74*
Previous year	*80.98*	*35.25*	*7.38*	*108.85*	*32.77*	*15.66*	*1.32*	*47.11*		
Add: Capital work-in-progress									39.29	*30.27*
									140.82	*92.01*

Schedules forming part of the Accounts (contd.)

Schedule E (contd.)

Notes:

Schedule E (i) - Tangible assets

1 Cost/valuation of freehold land includes Rs.19.42 crore for which conveyance is yet to be completed.

2 Cost/valuation of buildings includes ownership accommodation:

(i) (a) in various co-operative societies and apartments and shop-owners' associations: Rs.95.73 crore, including 2320 shares of Rs.50 each, 207 shares of Rs.100 each and 1 share of Rs.250.

(b) in proposed co-operative societies Rs.17.29 crore.

(ii) of Rs.4.39 crore in respect of which the deed of conveyance is yet to be executed.

(iii) of Rs.8.45 crore representing undivided share in a property at a certain location.

3 Additions during the year and capital work-in-progress include Rs.6.17 crore being borrowing cost capitalised in accordance with Accounting Standard (AS)16 on "Borrowing Costs" as specified in the Companies (Accounting Standards) Rules, 2006.

4 Depreciation for the year include obsolescence Rs.1.37 crore *(previous year: Rs.2.12 crore).*

5 Capital work-in-progress includes advances Rs.103.76 crore *(previous year: Rs.119.02 crore).*

6 The Company had revalued as at October 1,1984 some of its land, buildings, plant and machinery and railway sidings at replacement/ market value which resulted in a net increase of Rs.108.05 crore.

7 Owned assets given on operating lease have been presented separately in the schedule as per Accounting Standard (AS) 19.

Schedule E (ii) - Intangible assets

1 Cost/valuation of leasehold land includes Rs.2.63 crore for land taken at Mysore on lease from KIADB vide agreement dated May 5, 2006. The lease agreement is for a period of 6 years with extension of 3 years, at the end of which sale deed would be executed, on fulfilment of certain conditions by the Company.

2 Capital work-in-progress includes advances Rs.nil (*previous year: Rs.1.40 crore*).

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule F				
Investments (at cost unless otherwise specified):				
(A) Long term investments:				
(i) Government and trust securities	–		*5.91*	
(ii) Subsidiary companies:				
(a) Fully paid equity shares	1776.72		*2154.49*	
(b) Partly paid equity shares	90.12		*73.93*	
(c) Fully paid preference shares	9.42		*9.42*	
(d) Application money for equity shares	1076.54		*–*	
	2952.80		*2237.84*	
(iii) Fully paid equity shares - trade investments:				
(a) Fully paid equity shares in associate companies	79.40		*79.40*	
(b) Fully paid equity shares in incorporated joint ventures	–		*3.00*	
(c) Fully paid equity shares in other companies	25.35		*25.35*	
	104.75		*107.75*	
(iv) Other fully paid equity shares	198.24		*21.80*	
(v) Bonds	0.50		*190.46*	
		3256.29		*2563.76*
Carried forward		3256.29		*2563.76*

Schedules forming part of the Accounts (contd.)

	As at 31-3-2009		As at 31-3-2008	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule F (contd.)				
Brought forward		3256.29		*2563.76*
(B) Current investments:				
(i) Government and trust securities	–		*174.65*	
(ii) Bonds	254.09		*57.35*	
(iii) Certificate of deposits	1261.46		–	
(iv) Commercial paper	95.52		–	
(v) Mutual funds	3268.60		*4050.65*	
		4879.67		*4282.65*
(C) Investment in integrated joint ventures		127.76		*75.85*
		8263.72		*6922.26*

Particulars	As at 31-3-2009	*As at 31-3-2008*
	Rs.crore	*Rs.crore*
Quoted investments		
Book value	470.68	*279.44*
Market value	1258.81	*1403.92*
Unquoted investments		
Book value	7793.04	*6642.82*

Details of investments:

Particulars	Face value per unit Rupees	Number of units As at 1-4-2008	Purchased/ subscribed during the year	Sold during the year	As at 31-3-2009	As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
All unquoted unless otherwise specified							
A) Long term investments:							
(i) Government and trust securities:							
8.07% Government of India bond 2017 of Rs.5 crore (quoted)	5,00,00,000	1	-	1	-	-	*5.91*
Government and trust securities - total						-	*5.91*
(ii) Subsidiary companies:							
(a) Fully paid equity shares:							
Bhilai Power Supply Company Limited	10	49,950	-	-	49,950	0.05	*0.05*
Hi-Tech Rock Products & Aggregates Limited	10	50,000	-	-	50,000	0.05	*0.05*
India Infrastructure Developers Limited [see note no.35]	10	5,60,60,000	-	5,60,60,000	-	-	*56.06*
International Seaport Dredging Limited	10,000	28,816	1,989	-	30,805	30.81	*28.82*
International Seaports Pte. Limited	USD 1	18,15,000	-	-	18,15,000	2.36	*2.36*
L&T - Gulf Private Limited	10	10,000	12,40,005	-	12,50,005	1.25	*0.01*
L&T Ahmedabad-Maliya Tollway Private Limited	10	-	10,10,000	-	10,10,000	1.01	*-*
L&T Capital Company Limited	10	50,00,000	1,70,00,000	-	2,20,00,000	22.00	*5.00*
L&T Capital Holdings Limited	10	-	20,50,000	205	20,49,795	2.05	*-*
L&T Chennai-Tada Tollway Limited (Rs.1000; *previous year: Rs.nil*)	10	-	100	-	100	-	*-*
L&T Concrete Private Limited	10	10,000	-	-	10,000	0.01	*0.01*
Carried forward						59.59	*92.36*

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit Rupees	Number of units As at 1-4-2008	Purchased/ subscribed during the year	Sold during the year	As at 31-3-2009	As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
Fully paid equity shares of Subsidiary companies (contd.)							
Brought forward						59.59	*92.36*
L&T Engserve Private Limited	10	-	10,000	-	10,000	0.01	*-*
L&T Finance Limited [see note no.35]	10	18,66,91,500	-	18,66,91,500	-	-	*490.98*
L&T Halol-Shamlaji Tollway Private Limited	10	-	10,10,000	-	10,10,000	1.01	*-*
L&T Infra & Property Development Private Limited	10	10,000	-	-	10,000	0.01	*0.01*
L&T Infrastructure Development Projects Limited	10	19,30,31,352	-	-	19,30,31,352	383.42	*383.42*
L&T Infrastructure Finance Company Limited [see note no.35]	10	50,00,00,000	-	50,00,00,000	-	-	*500.00*
L&T Natural Resources Limited	10	-	50,000	-	50,000	0.05	*-*
L&T Power Development Limited	10	2,90,00,000	5,70,00,000	-	8,60,00,000	86.00	*29.00*
L&T Power Limited (Previously known as L&T Power Projects Limited)	10	1,05,01,000	4,08,00,000	-	5,13,01,000	51.30	*10.50*
L&T Rajkot-Vadinar Tollway Private Limited	10	-	10,10,000	-	10,10,000	1.01	*-*
L&T Realty Private Limited	10	4,71,60,700	-	-	4,71,60,700	47.16	*47.16*
L&T Seawoods Private Limited	10	-	10,000	-	10,000	0.01	*-*
L&T Shipbuilding Limited	10	50,000	-	-	50,000	0.05	*0.05*
L&T Strategic Management Limited	10	50,000	-	-	50,000	0.05	*0.05*
L&T Transco Private Limited	10	10,000	-	-	10,000	0.01	*0.01*
L&T Transportation Infrastructure Limited	10	1,08,64,000	-	-	1,08,64,000	10.86	*10.86*
L&T Western India Tollbridge Limited	10	1,39,50,007	-	-	1,39,50,007	13.95	*13.95*
L&T-Demag Plastics Machinery Private Limited (prior to March 31, 2009, incorporated joint venture)	10	30,00,000	1,30,00,000	-	1,60,00,000	13.00	*-*
L&T-Sargent & Lundy Limited	10	27,52,129	-	-	27,52,129	1.53	*1.53*
L&T-Valdel Engineering Limited	10	12,44,500	-	-	12,44,500	25.22	*25.22*
Larsen & Toubro Infotech Limited	5	3,00,00,000	-	-	3,00,00,000	15.00	*15.00*
Larsen & Toubro International FZE	Dhs 5,50,500	830	862	-	1,692	1049.82	*516.77*
Larsen & Toubro LLC	USD 1	50,000	-	-	50,000	0.23	*0.23*
Narmada Infrastructure Construction Enterprise Limited	10	1,26,48,507	-	-	1,26,48,507	12.65	*12.65*
L&T PNG Tollway Private Limited (Rs.26000, *previous year: Rs.Nil*)	10	-	2,600	-	2,600	-	*-*
Raykal Aluminum Private Limited	10	-	40,000	-	40,000	0.04	*-*
Spectrum Infotech Private Limited	10	4,40,000	-	-	4,40,000	6.80	*6.80*
Tractor Engineers Limited	1,000	68,000	-	-	68,000	0.30	*0.30*
						1779.08	*2156.85*
Less: Provision for diminution in value						2.36	*2.36*
Total (ii)(a)						1776.72	*2154.49*
(b) **Partly paid equity shares:** [see note no.13]							
L&T Infrastructure Development Projects Limited (Re.1 per share paid up)	10	67,69,518	-	-	67,69,518	0.68	*0.68*
Larsen & Toubro Infotech Limited Rs.3.75 per share paid up (Re.0.55 paid during the year)	5	22,50,000	-	-	22,50,000	89.44	*73.25*
Total (ii)(b)						90.12	*73.93*
(c) **Fully paid preference shares:**							
International Seaport Dredging Limited - 13% preference shares	10,000	9,420	-	-	9,420	9.42	*9.42*
Total (ii)(c)						9.42	*9.42*
(d) **Application money for equity shares:**							
L&T Capital Holdings Limited	-	-	-	-	-	1076.54	*-*
Total (ii)(d)						1076.54	*-*
Subsidiary companies - total						2952.80	*2237.84*

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit Rupees	Number of units As at 1-4-2008	Purchased/ subscribed during the year	Sold during the year	As at 31-3-2009	As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
(iii) Fully paid equity shares - trade investments:							
(a) Fully paid equity shares in associate companies:							
Audco India Limited	100	9,00,000	-	-	9,00,000	0.06	*0.06*
EWAC Alloys Limited	100	4,14,720	-	-	4,14,720	0.04	*0.04*
Gujarat Leather Industries Limited	10	7,35,000	-	-	7,35,000	0.56	*0.56*
L&T-Case Equipment Private Limited	10	1,20,05,000	-	-	1,20,05,000	12.00	*12.00*
L&T-Chiyoda Limited	10	45,00,000	-	-	45,00,000	4.50	*4.50*
L&T-Komatsu Limited	10	6,00,00,000	-	-	6,00,00,000	60.00	*60.00*
L&T-Ramboll Consulting Engineers Limited	10	18,00,000	-	-	18,00,000	1.80	*1.80*
Voith Paper Technology (India) Limited	10	15,00,000	-	-	15,00,000	1.00	*1.00*
						79.96	*79.96*
Less: Provision for diminution in value						0.56	*0.56*
Total (iii)(a)						79.40	*79.40*
(b) Fully paid equity shares in incorporated joint ventures:							
L&T-Demag Plastics Machinery Private Limited (subsidiary w.e.f. March 31, 2009)	10	30,00,000	-	30,00,000	-	-	*3.00*
Total (iii)(b)						-	*3.00*
(c) Fully paid equity shares in other companies:							
City Union Bank Limited (quoted)	1	1,50,00,000	-	-	1,50,00,000	25.35	*25.35*
Total (iii)(c)						25.35	*25.35*
Fully paid equity shares - trade investments - total						104.75	*107.75*
(iv) Other fully paid equity shares:							
John Deere Equipment Private Limited	10	35,00,000	-	-	35,00,000	3.50	*3.50*
Satyam Computer Services Limited (quoted) [see note no.34(f)]	2	-	5,09,19,964	-	5,09,19,964	176.44	*-*
Tidel Park Limited	10	40,00,000	-	-	40,00,000	4.00	*4.00*
UltraTech Cement Limited (quoted)	10	1,43,03,294	-	-	1,43,03,294	14.30	*14.30*
Utmal Multi-purpose Service Co-operative Society Limited [B Class] (Rs.30,000; *previous year: Rs.30,000*)	100	300	-	-	300	-	*-*
Other fully paid equity shares - total						198.24	*21.80*
(v) Bonds:							
5.25% Rural Electrification Corporation Limited - capital gain bonds	10,000	500	-	-	500	0.50	*0.50*
5.50% National Highway Authority of India - capital gain bonds	10,000	85,000	-	85,000	-	-	*85.00*
5.50% Small Industries Development Bank of India-capital gain bonds	10,000	53,000	-	53,000	-	-	*53.00*
5.65% National Highway Authority of India - capital gain bonds	10,000	50,000	-	50,000	-	-	*50.00*
6.75% Unit Trust of India-tax free bonds (quoted)	100	1,96,400	-	1,96,400	-	-	*1.96*
Bonds - total						0.50	*190.46*
Long term investments - total						**3256.29**	***2563.76***

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit Rupees	Number of units As at 1-4-2008	Purchased/ subscribed during the year	Sold during the year	As at 31-3-2009	As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
B) Current investments:							
(i) Government and trust securities:							
5.87% Government of India bond 2010 (quoted)	5,00,00,000	5	-	5	-	-	*24.10*
7.99% Government of India bond 2017 (quoted)	5,00,00,000	20	-	20	-	-	*102.35*
8.33% Government of India bond 2036 (quoted)	5,00,00,000	7	-	7	-	-	*36.90*
8.35% Government of India bond 2022 (quoted)	5,00,00,000	3	-	3	-	-	*15.32*
						-	*178.67*
Less: Provision for diminution in value						-	*4.02*
Government and trust securities - total						-	*174.65*
(ii) Bonds:							
11.25% Gujarat Urja Vikas Nigam Limited bonds 2009 (quoted) [face value reduced by Rs.30,000 from Rs.70,000]	40,000	11	-	-	11	0.04	*0.07*
7.65% HDFC bonds 2016 (quoted)	10,00,000	90	-	90	-	-	*8.56*
8.00% HDFC bonds 2017 (quoted)	10,00,000	210	-	210	-	-	*20.67*
9.50% HDFC bonds 2013 (quoted)	10,00,000	250	-	250	-	-	*25.00*
8.45% Indian Railway Finance Corporation 2018 (quoted)	10,00,000	-	500	-	500	50.02	-
10.60% Indian Railway Finance Corporation 2018 (quoted)	10,00,000	-	500	-	500	57.00	-
8.55% Indian Railway Finance Corporation 2019 (quoted)	10,00,000	-	50	-	50	5.00	-
8.00% Indian Overseas Bank 2016 bonds (quoted)	10,00,000	50	-	-	50	4.90	*4.90*
India Infrastructure Finance Company Limited (quoted)	1,00,000	-	2,500	-	2,500	25.00	-
11.25% Power Finance Corporation bonds 2018-C series (quoted)	10,00,000	-	5,150	4,450	700	80.51	-
8.65% Rural Electrification Corporation Limited bonds 2011 (quoted)	10,00,000	-	600	400	200	19.96	-
10.85% Rural Electrification Corporation Limited bonds 2018 (quoted)	10,00,000	-	290	190	100	10.34	-
10.85% Rural Electrification Corporation Limited bonds 2018 (quoted)	10,00,000	-	50	-	50	5.68	-
						258.45	*59.20*
Less: Provision for diminution in value						4.36	*1.85*
Bonds - total						254.09	*57.35*
(iii) Certificate of deposits:							
Bank of Baroda-7.08%, 15 Jan 2010	1,00,000	-	3,500	-	3,500	32.72	-
Bank of Baroda-7.10%, 15 Jan 2010	1,00,000	-	1,500	-	1,500	14.02	-
Canara Bank-6.75%, 12 Feb 2010	1,00,000	-	5,000	-	5,000	46.90	-
Canara Bank-6.98%, 15 Jan 2010	1,00,000	-	10,000	-	10,000	93.49	-
Canara Bank-7.59%, 23 Mar 2010	1,00,000	-	20,000	-	20,000	185.89	-
Corporation Bank-7.25%, 06 Jan 2010	1,00,000	-	30,000	-	30,000	280.34	-
Oriental Bank of Commerce-7.00%, 01 Jan 2010	1,00,000	-	5,000	-	5,000	46.85	-
Oriental Bank of Commerce-7.30%, 15 Jan 2010	1,00,000	-	5,000	-	5,000	47.21	-
Oriental Bank of Commerce-7.39%, 08 Jan 2010	1,00,000	-	5,000	-	5,000	46.57	-
Punjab National Bank-6.50%, 12 May 2009	1,00,000	-	2,500	-	2,500	24.79	-
Punjab National Bank-6.95%, 14 Dec 2009	1,00,000	-	5,000	-	5,000	47.03	-
Punjab National Bank-13.5%, 02 Apr 2009	1,00,000	-	500	-	500	4.73	-
Punjab National Bank-6.74%, 15 Jan 2010	1,00,000	-	2,500	-	2,500	23.58	-
Punjab National Bank-6.75%, 04 Feb 2010	1,00,000	-	2,500	-	2,500	23.50	-
Carried forward						917.62	-

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit Rupees	Number of units: As at 1-4-2008	Number of units: Purchased/ subscribed during the year	Number of units: Sold during the year	Number of units: As at 31-3-2009	As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
(iii) Certificate of deposits (contd.):							
Brought forward						917.62	-
Punjab National Bank-6.80%, 29 Jul 2009	1,00,000	-	1,500	-	1,500	14.66	-
Punjab National Bank-7.69%, 19 Mar 2010	1,00,000	-	20,000	-	20,000	185.87	-
State Bank of Bikaner & Jaipur-6.90%, 27 Aug 2009	1,00,000	-	1,500	-	1,500	14.57	-
State Bank of Bikaner & Jaipur-6.95%, 17 Nov 2009	1,00,000	-	5,500	-	5,500	52.63	-
State Bank of Hyderabad-6.75%, 15 Sep 2009	1,00,000	-	1,500	-	1,500	14.53	-
State Bank of Indore-6.90%, 05 Jan 2010	1,00,000	-	5,000	-	5,000	46.86	-
State Bank of Patiala-6.45%, 09 Jul 2009	1,00,000	-	1,500	-	1,500	14.72	-
Certificates of deposits - total						1261.46	-
(iv) Commercial paper:							
HDFC Ltd - 8.15%	5,00,000	-	2,000	-	2,000	95.52	-
Commercial paper - total						95.52	-
(v) Mutual funds:							
ABN AMRO China India Fund Dividend	10	50,00,000	-	50,00,000	-	-	*5.00*
ABN AMRO FMP - Series 8 - 1 Year	10	2,50,00,000	-	2,50,00,000	-	-	*25.00*
ABN AMRO Money Plus	10	-	41,75,77,193	40,45,50,784	1,30,26,409	13.03	-
AIG India Liquid Fund Super Institutional Daily Dividend Reinvestment	1000	4,99,685	32,79,668	37,79,353	-	-	*50.01*
AIG Short Term Fund Institutional Weekly Dividend	1000	1,50,743	594	1,51,337	-	-	*15.07*
AIG Treasury Plus Fund Super Institutional Daily Dividend Reinvestment	10	3,51,46,497	14,41,70,764	17,43,18,163	49,99,098	5.00	*35.19*
Baroda Pioneer Liquid Fund	10	-	19,99,056	-	19,99,056	2.00	-
Birla Cash Plus - Institutional Premium Daily Dividend - Reinvestment	10	4,99,14,210	5,48,41,43,137	5,43,73,68,216	9,66,89,131	96.88	*50.01*
Birla Dynamic Bond Fund - Retail - Quarterly Dividend Reinvestment	10	4,75,04,133	20,50,09,919	25,25,14,052	-	-	*50.00*
Birla FTP - Institutional - Series AB - Growth	10	5,00,00,000	-	5,00,00,000	-	-	*50.00*
Birla Income Plus	10	-	2,20,43,474	-	2,20,43,474	25.46	-
Birla Interval Income Fund - Institutional - Quarterly - Series 3	10	7,55,09,113	3,16,02,687	10,71,11,800	-	-	*75.51*
Birla Mutual Fund - Income Short Term - Dividend Reinvestment Option	10	3,00,98,042	62,290	3,01,60,332	-	-	*30.23*
Birla Sunlife Dynamic Bond Fund Growth Option	10	-	15,87,13,629	-	15,87,13,629	227.32	-
Birla Sunlife International Equity Fund Plan - B	10	50,00,000	-	50,00,000	-	-	*5.00*
Birla Sunlife Liquid Plus - IP	10	4,28,404	1,46,99,58,441	1,29,53,53,531	17,50,33,314	175.15	*0.43*
Birla Sunlife Short Term Opportunites Fund Growth Option	10	-	30,42,33,044	-	30,42,33,044	304.23	-
Birla Sunlife Special Situations Fund	10	50,00,000	-	50,00,000	-	-	*5.00*
Birla Top 100 Fund - Dividend Reinvestment	10	51,32,469	-	51,32,469	-	-	*10.00*
Birla - BSL Interval Income Fund - Quarterly Series 2 Dividend	10	5,12,76,782	14,76,966	5,27,53,748	-	-	*51.28*
Canara Robeco Liquid - Super IP - Daily Dividend Reinvestment	10	-	2,99,73,594	2,00,12,069	99,61,525	10.00	-
DBS Chola FI - STF - IP - Growth	10	-	98,70,961	-	98,70,961	10.02	-
DBS Chola Short Term Floating Rate Fund Daily Dividend Reinvestment	10	4,99,29,996	5,60,66,608	10,59,96,604	-	-	*50.01*
Deutsche Bank MF Insta Cash Plus - Super Institutional Plan Daily - Dividend	10	-	31,40,71,300	29,30,44,366	2,10,26,934	21.07	-
DSP Merill Lynch Cash Plus Fund	1000	5,00,046	26,51,731	31,51,777	-	-	*50.01*
DSP Merrill Lynch FMP 3m Series 6 - Institutional Dividend	10	3,00,00,000	6,08,104	3,06,08,104	-	-	*30.00*
Carried forward						890.16	*587.75*

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit Rupees	Number of units As at 1-4-2008	Purchased/ subscribed during the year	Sold during the year	As at 31-3-2009	As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
(v) Mutual funds (contd.):							
Brought forward						890.16	*587.75*
DSP Merrill Lynch Liquidity Plus Fund - Daily Dividend	1000	5,00,292	10,10,889	15,11,181	-	-	*50.06*
DWS Money Plus Advantage Fund I/P	10	15,17,45,390	8,47,484	15,25,92,874	-	-	*152.65*
DWS Short Maturity Fund - Weekly Dividend	10	5,95,14,882	2,58,306	5,97,73,188	-	-	*61.14*
Fidelity Cash Fund Super Institutional Daily Dividend Reinvestment	10	5,00,09,349	12,00,98,911	16,01,11,975	99,96,285	10.00	*50.01*
Fidelity Liquid Plus Super Institutional	10	-	9,03,83,536	7,02,89,050	2,00,94,486	20.10	-
Fidelity Ultra Short Term Debt Fund S I - Weekly Dividend	10	-	1,00,48,987	-	1,00,48,987	10.05	-
HDFC Arbitrage Fund Wholesale Plan Monthly Dividend	10	7,76,47,408	38,47,528	8,14,94,936	-	-	*77.75*
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	10	4,70,17,226	1,45,89,90,410	1,50,60,07,636	-	-	*50.01*
HDFC Cash Management Fund - Savings Plus Plan - Dividend	10	-	1,03,94,43,056	90,06,40,669	13,88,02,387	139.24	-
HDFC Income Fund - Dividend Option	10	-	9,38,47,946	7,05,96,018	2,32,51,928	25.32	-
HDFC Infrastructure Fund	10	1,00,00,000	-	1,00,00,000	-	-	*10.00*
HDFC Liquid Fund Premium Plan - Dividend Daily Reinvestment	10	-	2,40,02,25,476	2,33,90,39,947	6,11,85,529	75.01	-
HDFC Midcap Opportunities Fund	10	14,02,734	-	14,02,734	-	-	*1.40*
HDFC Short Term Plan - Dividend Reinvestment	10	4,42,10,366	9,70,81,445	4,44,53,224	9,68,38,587	100.41	*45.69*
HSBC Cash Fund - Institutional Plus - Daily Dividend	10	9,99,62,238	82,95,27,772	92,94,90,010	-	-	*100.02*
HSBC Floating Rate - Long Term - Institutional Daily Dividend	10	-	5,45,31,911	5,00,63,869	44,68,042	5.02	-
ICICI Prudential Equity & Derivatives - Income Optimiser Fund	10	2,35,18,344	25,61,404	2,60,79,748	-	-	*25.00*
ICICI Prudential FMP Series 39 - Six Months Plan A Retail Cumulative	10	5,00,00,000	-	5,00,00,000	-	-	*50.00*
ICICI Prudential Interval Fund 1 Month Plan - A Retail Dividend Reinvestment	10	4,46,58,807	3,55,005	4,50,13,812	-	-	*45.00*
ICICI Prudential Interval Fund Annual Interval Plan Institutional C	10	6,00,00,000	-	6,00,00,000	-	-	*60.00*
ICICI Prudential Interval Fund II Quarterly Interval Plan F	10	5,00,00,000	20,02,700	5,20,02,700	-	-	*50.00*
IDBI Principal CMF - Liquid Option Institutional Premium - Daily Dividend	10	26,93,84,722	1,05,39,34,036	1,31,83,17,676	50,01,082	5.00	*269.40*
IDFC Cash Fund - IP	10	-	1,35,10,25,625	1,32,09,20,701	3,01,04,924	30.11	-
ING FMP Institutional Growth	10	2,50,00,000	-	2,50,00,000	-	-	*25.00*
ING Income Fund - Short Term Plan-Dividend Option	10	2,18,86,056	-	2,18,86,056	-	-	*25.11*
ING Vysya Liquid Plus Fund - Institutional Daily Dividend	10	10,14,343	12,28,90,118	12,39,04,461	-	-	*1.01*
ING Vysya Liquid Super Institutional - Daily Dividend Option	10	4,99,85,353	26,21,62,905	31,21,48,258	-	-	*50.01*
JM Arbitrage Advantage Fund - Dividend Plan	10	7,65,05,509	30,63,559	7,95,69,068	-	-	*78.33*
JM FMP - Series VII - 13 Month Plan 1	10	4,00,00,000	-	4,00,00,000	-	-	*40.00*
JM Interval Fund - Quarterly Plan 1 Institutional	10	4,99,63,527	10,92,237	5,10,55,764	-	-	*50.00*
JP Morgan India Liquid Fund - Daily Dividend Reinvestment	10	4,99,70,712	20,32,21,527	24,31,86,813	1,00,05,426	10.01	*50.01*
JP Morgan India Liquid Plus Fund	10	3,01,36,760	16,01,11,264	16,70,98,398	2,31,49,626	23.17	*30.16*
JP Morgan India Smaller Companies Fund	10	1,00,00,000	-	1,00,00,000	-	-	*10.00*
JPM India Alpha Fund - Dividend Reinvestment	10	-	92,21,022	-	92,21,022	9.23	-
Kotak Floater Long Term - Daily Dividend Reinvestment	10	-	3,78,31,042	1,98,41,664	1,79,89,378	18.13	-
Kotak Floater - Short Term - Dividend - Daily Dividend Reinvestment	10	1,19,62,830	1,38,732	1,21,01,562	-	-	*12.01*
LIC MF - Floating Rate Fund - Short Term	10	24,11,35,228	23,77,70,857	47,89,06,085	-	-	*245.09*
Carried forward						1370.96	*2302.61*

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit Rupees	Number of units: As at 1-4-2008	Number of units: Purchased/ subscribed during the year	Number of units: Sold during the year	Number of units: As at 31-3-2009	As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
(v) Mutual funds (contd.):							
Brought forward						1370.96	*2302.61*
LIC MF Fixed Maturity Plan Series 33 - 13 Months Dividend Plan	10	5,16,06,479	24,43,167	5,40,49,646	-	-	*51.61*
LIC MF Infrastructure Fund - Dividend Plan	10	1,00,00,000	-	1,00,00,000	-	-	*10.00*
LIC MF Liquid Fund - Dividend Plan	10	13,66,36,955	1,68,79,82,916	1,53,47,16,090	28,99,03,781	318.32	*150.03*
LIC MF Top 100 Fund	10	1,50,00,000	-	1,50,00,000	-	-	*15.00*
Lotus India Liquid Fund Institutional Daily Dividend Reinvestment	10	9,00,03,146	1,17,89,69,995	1,25,89,76,640	99,96,501	10.00	*90.02*
Lotus India Liquid Plus Fund - IP	10	4,49,55,453	51,43,32,134	53,02,69,791	2,90,17,796	29.06	*45.03*
Mirae Asset Liquid Plus Fund - Super IP	1000	1,99,721	26,75,577	28,75,298	-	-	*20.00*
Principal Floating Rate Fund	10	4,99,79,790	33,47,60,754	38,47,40,544	-	-	*50.04*
Principal Income Fund Dividend Reinvestment	10	2,14,59,822	-	2,14,59,822	-	-	*25.31*
ICICI Prudential - Super Institutional Daily Dividend	10	-	6,81,62,01,541	6,66,30,10,407	153,191,134	153.20	-
ICICI Prudential Technology Fund	10	60,24,097	-	60,24,097	-	-	*10.00*
ICICI Prudential Flexible Income Plan	10	-	1,01,88,11,056	75,73,43,839	26,14,67,217	276.46	-
ICICI Prudential Income Fund Institutional Plan Dividend Reinvestment (Quarterly)	10	-	10,94,85,055	8,78,99,092	2,15,85,963	25.29	-
ICICI Prudential Short Term - IP - Dividend Reinvestment	10	5,01,25,070	81,023	5,02,06,093	-	-	*55.74*
ICICI Prudential - Emerging Star Fund	10	92,74,101	-	92,74,101	-	-	*24.25*
Reliance Income Fund - Retail Plan - Monthly Dividend Reinvestment	10	-	2,42,69,960	-	2,42,69,960	25.00	-
Reliance Liquid Plus Fund	1000	2,01,746	21,02,025	23,03,771	-	-	*20.20*
Reliance Medium Term Fund Daily Dividend Plan (Reinvestment)	10	-	27,34,80,700	25,51,08,386	1,83,72,314	31.41	-
Reliance Mutual Fund Liquidity Fund Daily Dividend Reinvestment	10	4,99,94,629	4,15,49,75,085	3,84,38,31,140	36,11,38,574	361.25	*50.01*
Reliance Quarterly Interval Fund Series III Institutional Dividend	10	10,59,19,444	37,64,263	10,96,83,707	-	-	*105.92*
Reliance Quarterly Interval Fund Series I - Institutional Dividend Plan	10	-	6,08,50,173	-	6,08,50,173	60.89	-
Reliance Short Term Fund - Retail Plan-Dividend Plan	10	5,73,10,894	4,70,30,339	5,73,10,894	4,70,30,339	50.21	*60.45*
SBI Debt Fund Series - 90 Days-21-(04-Mar-08) - Dividend	10	5,18,90,318	9,59,919	5,28,50,237	-	-	*51.89*
SBI Debt Fund Series 30 Days (13-Mar-08) Dividend.	10	2,50,50,203	1,56,514	2,52,06,717	-	-	*25.05*
SBI Liquid Plus Plan	10	-	27,08,14,413	24,46,68,772	2,61,45,641	26.16	-
SBI Magnum Institutional Income Fund - Savings - Daily Dividend	10	-	38,18,52,997	33,87,95,000	4,30,57,997	72.12	-
SBI Mutual Fund - Liquid Plan - Dividend Reinvestment	10	7,84,70,466	90,44,11,550	98,28,82,016	-	-	*78.74*
Standard Chartered - GSSIF - Short Term - Plan C - Monthly Dividend	10	2,49,47,614	1,52,125	2,50,99,739	-	-	*25.03*
Standard Chartered Arbitrage Fund Plan-B Dividend	10	2,44,66,607	9,99,948	2,54,66,555	-	-	*25.42*
Standard Chartered Fixed Maturity Plan Quarterly Series 28	10	5,00,00,000	10,91,000	5,10,91,000	-	-	*50.00*
Standard Chartered Liquidity Manager Plus - Dividend Reinvestment	1000	5,00,007	24,90,172	29,90,179	-	-	*50.01*
Sundaram BNP Money Plus Super Institutional Daily Dividend Plan	10	-	30,86,46,090	28,47,97,698	2,38,48,392	24.08	-
Sundaram BNP Paribas Interval Fund Quarterly Plan - B Institutional dividend	10	4,99,86,504	11,05,601	5,10,92,105	-	-	*50.00*
Tata Dynamic Bond Option A	10	4,77,54,926	4,78,17,446	9,55,72,372	-	-	*50.16*
Carried forward						2834.41	*3492.52*

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit Rupees	Number of units As at 1-4-2008	Purchased/ subscribed during the year	Sold during the year	As at 31-3-2009	As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
(v) Mutual funds (contd.):							
Brought forward						2834.41	*3492.52*
Tata Fixed Income Portfolio Fund Scheme A2 Institutional	10	5,01,93,814	5,01,82,953	10,03,76,767	-	-	*50.25*
Tata Floater Fund - Daily Dividend	10	-	35,70,38,157	32,65,24,790	3,05,13,367	30.62	*-*
Tata Indo - Global Infrastructure Fund	10	50,00,000	-	50,00,000	-	-	*5.00*
Tata Mutual Fund - Liquid Ship - Daily Dividend	1000	4,48,712	2,99,83,662	3,04,32,374	-	-	*50.01*
Tata Short Term Bond Fund - Dividend Reinvestment	10	-	6,20,63,434	-	6,20,63,434	75.72	*-*
Tata Treasury Manager Fund	1000	2,972	15,05,119	15,08,091	-	-	*0.30*
Templeton India Short Term Income Plan Institutional - Weekly Dividend.	1000	2,49,026	1,202	2,50,228	-	-	*25.13*
Templeton India Treasury Management Liquid Plan Daily Dividend	1000	4,99,979	2,32,23,667	2,36,23,688	99,958	10.00	*50.01*
Templeton India Ultra Short Term Bond Fund	10	-	30,20,83,643	25,83,12,694	4,37,70,949	43.82	*-*
UTI Fixed Income Annual Interval Plan III	10	5,00,00,000	-	5,00,00,000	-	-	*50.00*
UTI Fixed Income Interval Fund - Quaterly Plan Series III	10	7,55,97,383	3,29,87,389	10,85,84,772	-	-	*75.60*
UTI Fixed Maturity Plan - QFMP - Dividend Reinvestment	10	10,00,00,000	21,93,869	10,21,93,869	-	-	*100.00*
UTI Liquid Cash Plan Institutional - Daily Dividend	1000	14,71,675	1,63,70,144	1,74,46,966	3,94,853	40.25	*150.03*
UTI Mutual Fund - Money Market	10	-	1,88,17,07,032	1,75,13,25,862	13,03,81,170	237.62	*-*
UTI Short Term Income Fund Institutional - income Option - Reinvestment	10	2,46,55,082	-	2,46,55,082	-	-	*25.15*
						3272.44	*4074.00*
Less: Provision for diminution in value						3.84	*23.35*
Mutual funds - total						3268.60	*4050.65*
Current investments - total						**4879.67**	***4282.65***
C) Investment in integrated joint ventures:							
Bauer-L&T Diaphragm Wall Joint Venture						-	*0.08*
Desbuild-L&T Joint Venture						0.08	*0.07*
HCC-L&T Purulia Joint Venture						2.52	*2.61*
International Metro Civil Contractors Joint Venture						8.84	*7.50*
L&T-Eastern Joint Venture						11.94	*2.23*
L&T-AM Tapovan Joint Venture						69.88	*50.71*
L&T-Hochtief Seabird Joint Venture						12.17	*8.68*
L&T-Sanghai Urban Corporation Group Joint Venture						13.73	*0.16*
Larsen & Toubro Limited-Shapoorji Pallonji & Company Limited Joint Venture (Ebene-Cybercity)						-	*0.01*
Larsen & Toubro Limited-Shapoorji Pallonji & Company Limited Joint Venture (Les Pallies Exhibition Center)						0.35	*0.36*
Metro Tunneling Group						8.25	*3.44*
Investment in integrated joint ventures - total						**127.76**	***75.85***
Total investment (A+B+C)						**8263.72**	***6922.26***

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments purchased and sold during the year

Particulars	Face value Rs. per unit	Nos.	Cost Rs. crore
Fully paid equity shares in associate companies:			
NAC Infrastructure Equipment Limited [see note no.35]	10	45,00,000	4.50
Government and trust securities:			
6.05% Government of India bond 2019 (quoted)	100	25,00,000	25.03
7.46% Government of India bond 2017 (quoted)	100	50,00,000	52.82
7.94% Government of India bond 2021 (quoted)	100	20,00,000	20.24
8.24% Government of India bond 2018 (quoted)	100	6,30,00,000	705.04
Bonds:			
10.70% Indian Railway Finance Corporation 2023 (quoted)	10,00,000	260	25.87
11.30% IDBI Bank Ltd. 2018 (quoted)	10,00,000	500	50.00
10.95% Rural Electrification Corporation Limited Bonds 2011 (quoted)	10,00,000	250	25.00
Deutsche Bank 9%- L&T Finance 2009	10,00,000	200	19.09
8.90% SBI 2023 (quoted)	10,00,000	100	10.00
Certificate of deposits:			
Allahabad Bank-11.5%, 12 Mar 2009	1,00,000	2,500	23.89
Allahabad Bank-8.24%, 04 Jan 2010	1,00,000	5,000	46.22
Andhra Bank-14%, 27 Mar 2009	1,00,000	500	4.73
Andhra Bank-14.4%, 27 Mar 2009	1,00,000	3,500	33.08
Canara Bank-12.65%, 23 Mar 2009	1,00,000	1,500	14.26
Canara Bank-12.65%, 25 Mar 2009	1,00,000	1,000	9.50
Canara Bank-14.25%, 26 Mar 2009	1,00,000	3,500	33.11
Corporation Bank-14.5%, 27 Nov 2008	1,00,000	1,000	9.91
Corporation Bank-12.05%, 12 Feb 2009	1,00,000	2,500	24.12
HDFC Bank-12.35%, 13 Mar 2009	1,00,000	2,500	23.87
IDBI-10.50%, 20 Dec 2008	1,00,000	500	4.95
IDBI-14%, 26 Feb 2009	1,00,000	1,000	9.55
IDBI-14.25%, 26 Mar 2009	1,00,000	2,500	23.47
Indian Overseas Bank-13.75%, 27 Mar 2009	1,00,000	3,000	28.39
Oriental Bank of Commerce-14%, 24 Dec 2008	1,00,000	5,000	48.99
Oriental Bank of Commerce-11.5%, 25 Mar 2009	1,00,000	2,500	23.80
Oriental Bank of Commerce-14%, 25 Mar 2009	1,00,000	2,500	23.50
Oriental Bank of Commerce-9.79%, 03 Dec 2009	1,00,000	7,500	68.33
Oriental Bank of Commerce-8.19%, 01 Jan 2010	1,00,000	5,000	46.25
Punjab National Bank-11.7%, 07 Jan 2009	1,00,000	2,500	24.36
Punjab National Bank-13.5%, 07 Jan 2009	1,00,000	5,000	48.49
Punjab National Bank-11.5%, 24 Feb 2009	1,00,000	2,500	24.01
Punjab National Bank-12.05%, 24 Feb 2009	1,00,000	2,500	24.02
Punjab National Bank-14%, 24 Feb 2009	1,00,000	6,000	57.00
Punjab National Bank-12.65%, 10 Mar 2009	1,00,000	500	4.77
Punjab National Bank-14.4%, 10 Mar 2009	1,00,000	2,500	23.78

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments purchased and sold during the year (contd.)

Particulars	Face value Rs. per unit	Nos.	Cost Rs. crore
Certificate of deposits (contd.):			
Punjab National Bank-13.5%, 12 May 2009	1,00,000	2,500	23.32
Punjab National Bank-11.6%, 29 Jul 2009	1,00,000	1,500	13.75
State Bank of Bikaner & Jaipur-13.5%, 06 Jan 2009	1,00,000	5,000	48.51
State Bank of Bikaner & Jaipur-10.50%, 20 Jan 2009	1,00,000	2,000	19.61
State Bank of Bikaner & Jaipur-14%, 20 Jan 2009	1,00,000	9,000	86.74
State Bank of Bikaner & Jaipur-11.75%, 27 Aug 2009	1,00,000	1,500	13.65
State Bank of Bikaner & Jaipur-11.75%, 22 Sep 2009	1,00,000	1,500	13.55
State Bank of Bikaner & Jaipur-9.61%, 17 Nov 2009	1,00,000	5,500	50.37
State Bank of Hyderabad-11.75%, 20 Aug 2009	1,00,000	2,500	22.80
State Bank of Hyderabad-13.5%, 20 Aug 2009	1,00,000	2,500	22.54
State Bank of Hyderabad-9.74%, 02 Dec 2009	1,00,000	20,000	182.29
State Bank of India-13.05%, 19 Mar 2009	1,00,000	500	4.76
State Bank of Indore-14%, 10 Mar 2009	1,00,000	2,500	23.63
State Bank of Mysore-13.7%, 15 Dec 2008	1,00,000	2,500	24.44
State Bank of Patiala-14%, 01 Dec 2008	1,00,000	500	4.95
State Bank of Patiala-11.5%, 10 Mar 2009	1,00,000	2,000	19.13
State Bank of Patiala-11.5%, 17 Mar 2009	1,00,000	1,000	9.54
State Bank of Patiala-11.6%, 09 Jul 2009	1,00,000	1,500	13.83
State Bank of Patiala-11.75%, 04 Sep 2009	1,00,000	2,500	22.70
UCO Bank-14%, 12 Mar 2009	1,00,000	1,000	9.50
UCO Bank-14.5%, 12 Mar 2009	1,00,000	1,000	9.43
Vijaya Bank-13.75%, 24 Mar 2009	1,00,000	2,000	18.96
Vijaya Bank-14%, 24 Mar 2009	1,00,000	1,500	14.19
Commercial paper:			
HDFC Ltd - 12.60%	5,00,000	2,000	88.84
Mutual funds:			
ABN AMRO Institutional Plus Daily Dividend	10	15,00,23,411	150.02
ABN AMRO Interval Fund Monthly Plan A Calendar Monthly Dividend	10	3,01,98,970	30.20
ABN AMRO Interval Fund Quarterly Plan L Dividend Reinvestment	10	2,04,34,186	20.43
ABN AMRO Interval Fund Series 2 Quarterly Plan M	10	5,10,06,998	51.01
Birla Sun Life Income Plus - Growth	10	2,66,03,871	105.81
Birla Sun Life Interval Income - Institutional - Monthly Series 2 - Dividend	10	11,58,59,380	115.86
Birla Sun Life Quarterly Interval - Series 7 - Dividend Reinvestment	10	5,10,40,950	51.04
Birla Sun Life Short Term Fund - Institutional Daily Dividend	10	13,74,87,171	137.54
Birla Sunlife Income Plus - Quarterly Dividend Reinvestment	10	9,02,27,790	100.00
Birla Sunlife Short Term Opportunities Fund - Dividend Reinvestment	10	30,26,41,151	302.69
Birla Sunlife Interval Income - Retail - Monthly - Series 2 - Dividend	10	5,09,81,242	50.98
Birla Sunlife Quarterly Interval - Series 5 Dividend - Reinvestment	10	2,07,71,136	20.77
Birla Sunlife Quarterly Interval Series 6 - Dividend Reinvestment	10	3,06,23,490	30.62

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments purchased and sold during the year (contd.)

Particulars	Face value Rs. per unit	Nos.	Cost Rs. crore
Mutual funds (contd.):			
DBS Chola Interval Income Fund - MPI - A - Dividend - Auto Rollover	10	2,00,53,229	20.12
DBS Chola Liquid Fund	10	65,51,27,982	657.28
DSP Merrill Lynch Liquidity Fund - Institutional - Daily Dividend	1000	4,91,533	49.16
DWS Money Plus Fund - IP	10	31,18,01,446	312.06
DWS Quarterly Interval Fund-Series 1 Dividend Plan	10	5,09,40,060	50.94
Fortis Overnight Fund - Institutional Plus - Daily Dividend	10	5,90,13,681	59.03
Fortis Short Term Income Fund - Institutional Plus - Monthly Dividend	10	40,52,56,556	405.26
Grindlays FRF - LT - Institutional Plan B	10	22,64,43,913	226.57
HDFC Floating Rate Income Fund - Long Term Plan - Dividend Reinvestment	10	29,68,88,841	302.13
HDFC FMP 90 days July 2008 viii(1) - Wholesale Plan Dividend	10	5,00,00,000	50.00
HDFC FMP 90 days July2008 (ix) (3) - Wholesale Plan Dividend Payout	10	5,00,00,000	50.00
HDFC FMP 90 days June 2008 (viii) (2) - Wholesale Plan Dividend Payout	10	5,00,00,000	50.00
HDFC FMP 90 days Nov 2008 (x)(4) - Wholesale Dividend Payout	10	1,50,00,000	15.00
HDFC FMP 90 days Nov 2008(x)(3) - Wholesale Plan Dividend Payout	10	2,00,00,000	20.00
HDFC FMP 90 days Sep 2008(viii)(4) - Wholesale Plan Dividend Payout	10	5,00,00,000	50.00
HDFC Income Fund - Growth	10	3,97,39,242	79.44
HDFC Quarterly Interval Fund - Plan A - Wholesale Dividend Reinvestment	10	2,55,94,468	25.59
HDFC Quarterly Interval Fund - Plan B - Wholesale Dividend Reinvestment	10	5,10,59,500	51.06
HSBC Fixed Term Series 60 Institutional Dividend - Tenure 90 Days	10	2,55,54,228	25.55
HSBC Liquid Plus Fund - Institutional Plus Plan - Dividend Reinvestment	10	16,24,32,106	162.64
ICICI Prudential FMP Series 44 - 1 Month Plan B - Retail Dividend - Reinvestment	10	5,00,00,000	50.00
ICICI Prudential FMP Series 44 - 1 Month Plan A - Retail Dividend	10	10,00,00,000	100.00
ICICI Prudential FMP Series 44 - 1 Month Plan C - Retail Dividend Payout	10	5,00,00,000	50.00
ICICI Prudential Interval Fund III - Monthly Plan - Retail Dividend Reinvestment	10	5,03,05,500	50.31
IDFC Fixed Maturity Plan - Partly Series 37 - Dividend	10	2,55,33,693	25.53
IDFC Fixed Maturity Plan - Quarterly Series 36 Dividend	10	10,31,58,125	103.16
IDFC Fixed Maturity Plan - Quarterly Series - 31 Dividend	10	5,10,31,000	51.03
IDFC Liquid Plus Fund - TP - Super Institutional - Plan C - Daily Dividend	10	17,60,49,261	176.08
IDFC Super Saver Income Fund - Investment Plan B - Growth	10	2,46,73,327	25.87
IDFC Super Saver Income - Investment Plan B - Quarterly Dividend Reinvestment	10	2,50,00,000	25.00
JPMorgan India Active Bond Fund - Dividend Reinvestment	10	9,86,41,467	100.82
JP Morgan India Active Bond Fund - Institutional - Growth	10	9,67,17,180	106.44
Kotak Bond Fund - Regular Plan - Quarterly Dividend Reinvestment	10	90,00,881	10.42
Kotak Flexi Debt Scheme - Daily Dividend	10	5,01,06,301	50.26
Kotak Mahindra MF - Liquid (Institutional premium) - Dividend Reinvestment	10	31,62,06,212	386.66
LIC Gilt Fund - Regular - Dividend	10	15,63,04,242	210.00
LIC Liquid Plus Institutional Plan	10	11,05,35,412	110.54
Lotus India Monthly Interval Fund Plan A - Dividend	10	5,03,37,714	50.34
Mirae Asset Interval Fund - Quarterly - Series I - Institutional Dividend Reinvestment Plan	10	3,05,64,714	30.57

Schedule F-Details of investments purchased and sold during the year (contd.)

Particulars	Face value Rs. per unit	Nos.	Cost Rs. crore
Mutual funds (contd.):			
Mirae Asset Liquid Fund Super IP - Daily Dividend Reinvestment	1000	76,51,830	765.68
Mirae Asset interval Fund Quarterly Plan - Series II Institutional Dividend Reinvestment	10	2,55,04,363	25.51
Prudential ICICI Institutional Income Plan - Growth	10	3,65,99,350	106.40
Prudential ICICI Liquid Plan - Monthly Dividend Reinvestment	10	19,58,38,035	227.53
Reliance Fixed Horizon Fund viii Series 9 - Institutional Dividend Payout	10	6,00,00,600	60.00
Reliance Fixed Horizon Fund viii - Series 10 - Institutional Dividend	10	6,00,00,000	60.00
Reliance Fixed Horizon Fund - xii - Series 13 - Super Institutional Dividend Plan	10	6,00,18,600	60.02
Reliance Fixed Horizon Fund - xii - Series 14 - Super Institutional Dividend Plan	10	7,00,00,000	70.00
Reliance Income Fund - Retail Plan - Growth Plan - Growth Option	10	2,65,79,204	77.68
Reliance Monthly Interval Fund Series II - Institutional Dividend	10	5,06,10,211	50.64
Reliance Monthly Interval Fund Series - I - Institutional Dividend	10	10,13,77,805	101.46
Reliance Mutual Fund - Income ST - Dividend Reinvestment	10	6,79,69,622	75.00
Reliance RLF Treasury Plan Institutional Option - Monthly Dividend	10	16,18,04,702	333.07
SBI Debt Fund Series - 90 Days - 25 - Dividend	10	5,37,96,838	53.80
Sundaram BNP Paribas Liquid Plus - Sup Income Plan	10	9,01,11,213	90.34
Sundaram BNP Paribas Interval Fund - Quarterly Plan D Institutional Dividend	10	2,04,22,300	20.42
Sundaram BNP Paribas Interval Fund - Quarterly - Plan - B - Institutional Dividend	10	2,55,87,800	25.59
Tata Dynamic Bond Fund Option B - Dividend	10	4,92,97,615	50.56
Tata Fixed Income Portfolio Fund Scheme - B2 Institutional - Dividend Reinvestment	10	1,01,71,078	10.17
Tata Floating Rate Fund-ST- Income Plan - Daily Dividend Reinvestment	10	17,84,51,576	178.65
Templeton India Income Fund	10	2,38,89,383	25.00
Templeton India Income Fund - Growth	10	87,74,560	25.77
Templeton Quarterly Interval Plan Institutional - Dividend Reinvestment	10	5,09,80,000	51.04
UTI - Fixed Maturity Plan - QFMP - 06/08 - II - Institutional Dividend Plan	10	5,09,35,513	50.94
UTI Bond Fund - Income Reinvestment	10	8,84,31,966	100.00
UTI Bond Fund - Growth Plan - Regular	10	4,06,57,733	106.19
UTI Fixed Income Fund - Series II - Quareterly Interval vii - Institutional Dividend Reinvestment	10	3,58,78,567	35.88
UTI Fixed Income Interval Fund - Quarterly Plan Series - I - Institutional Dividend Reinvestment	10	2,55,83,524	25.58
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - 1	10	5,06,74,842	50.67
UTI Liquid Plus Institutional Plan	1000	36,62,304	367.63
UTI Short Term FMP Series II (90 days) - Institutional Dividend Reinvestment Plan	10	4,07,57,541	40.76
UTI - Floating Rate Fund - Short Term Plan - Dividend Option - Reinvestment	1000	2,46,373	25.52
Pass through certificates:			
L&T Finance Pass through certificates 11.75% 22 Aug 2009	1,00,00,000	25	24.38
L&T Finance Pass through certificates 11.75% 23 Feb 2009	1,00,00,000	25	24.92
L&T Finance Pass through certificates 11.75% 22 Nov 2008	1,00,00,000	25	25.14
Non-convertible debentures:			
11.45% Reliance Industries 2013	10,00,000	500	50.00

Schedules forming part of the Accounts (contd.)

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule G				
Current assets, loans and advances:				
Current assets:				
Interest accrued on investments		21.56		*14.32*
Inventories:				
Stock-in-trade, at cost or net realisable value whichever is lower:				
Raw materials	380.49		*309.27*	
Components	300.00		*242.81*	
Construction materials	20.17		*6.44*	
Stores, spare parts and loose tools	103.39		*89.55*	
Finished goods	342.54		*321.38*	
	1146.59		*969.45*	
Work-in-progress:				
Manufacturing work-in-progress at cost or net realisable value whichever is lower	323.92		*298.93*	
Construction and project related work-in-progress				
At cost	1745.24		*1757.96*	
At estimated realisable value on sale	20774.51		*14757.15*	
	22519.75		*16515.11*	
Less: Progress bills raised	18185.21		*13477.58*	
Due from customers	4334.54		*3037.53*	
Total work-in-progress	4658.46		*3336.46*	
		5805.05		*4305.91*
Sundry debtors:				
Unsecured:				
Debts outstanding for more than 6 months				
Considered good	2293.78		*1823.74*	
Considered doubtful	383.60		*272.19*	
	2677.38		*2095.93*	
Other debts:				
Considered good	7761.74		*5541.27*	
	10439.12		*7637.20*	
Less: Provision for doubtful debts	383.60		*272.19*	
		10055.52		*7365.01*
Cash and bank balances:				
Cash on hand	3.56		*7.80*	
Cheques on hand	248.85		*270.83*	
Balances with scheduled banks:				
on current accounts	269.90		*376.82*	
on fixed deposits including interest accrued thereon [see note no.5(a)]	80.66		*182.99*	
on margin money deposit accounts	1.50		*1.61*	
Balances with non-scheduled banks [see note no.5(b)]	170.82		*124.41*	
		775.29		*964.46*
Carried forward		16657.42		*12649.70*

Schedules forming part of the Accounts (contd.)

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule G (contd.)				
Brought forward		16657.42		*12649.70*
Loans and advances:				
Secured, considered good:				
Loans against mortgage of house property	21.37		*24.34*	
Unsecured:				
Considered good:				
Subsidiary companies				
Loans including interest accrued thereon [see note no.16]	778.00		*82.19*	
Others	257.31		*160.02*	
Associate companies				
Advances recoverable	24.61		*13.96*	
Advances towards equity commitment				
Subsidiary companies	623.58		*66.35*	
Inter-corporate deposits				
Subsidiary companies [see note no.16]	669.62		*16.29*	
Associate companies [see note no.16]	5.00		*10.00*	
Others	2.01		*11.02*	
Advances recoverable in cash or in kind [see note no.15]	4377.98		*3347.29*	
Balance with customs, port trust, etc.	31.12		*25.62*	
Considered doubtful:				
Deferred credit against sale of ships	21.09		*16.68*	
Advances recoverable in cash or in kind	62.22		*23.55*	
	6873.91		*3797.31*	
Less: Provision for doubtful loans and advances	83.31		*40.23*	
		6790.60		*3757.08*
		23448.02		*16406.78*

		As at 31-3-2009		*As at 31-3-2008*	
		Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule H					
Current liabilities and provisions:					
Liabilities:					
Acceptances			61.66		*62.17*
Sundry creditors:					
Due to: Subsidiary companies		209.76		*107.38*	
Micro and small enterprises [see note no.33]		10.98		*3.62*	
Others [see note no.7]		6592.83		*5381.16*	
			6813.57		*5492.16*
Due to customers:					
Progress bills raised		24437.33		*19139.52*	
Less: Construction and project related work-in-progress					
At cost: *(previous year: Rs.948.37 crore)*	1609.67				
At estimated realisable value: *(previous year: Rs.15573.76 crore)*	19902.85	21512.52		*16522.13*	
			2924.81		*2617.39*
Advances from customers			4871.07		*3518.49*
Carried forward			14671.11		*11690.21*

Schedules forming part of the Accounts (contd.)

	As at 31-3-2009		As at 31-3-2008	
	Rs.crore	Rs.crore	Rs.crore	Rs.crore
Schedule H (contd.)				
Brought forward		14671.11		11690.21
Items covered by investor education and protection fund [see note no.36]				
Unpaid dividend	10.33		9.61	
Unpaid matured deposits	0.08		0.12	
Unpaid matured debentures/bonds	0.15		1.58	
Interest accrued on bonds	0.02		0.03	
		10.58		11.34
Due to directors		36.37		22.86
Interest accrued but not due on loans		57.82		17.27
Pension payable under Voluntary Retirement-cum-Pension Scheme		–		0.04
		14775.88		11741.72
Provisions for:				
Current taxes	1391.60		918.12	
Tax on fringe benefits	53.94		68.52	
Proposed dividend	614.97		438.49	
Additional tax on dividend	101.83		66.60	
Gratuity	0.52		0.45	
Compensated absences	237.12		209.49	
Employee pension schemes	151.80		151.35	
Post-retirement medical benefit plan	70.97		56.67	
Long service awards	7.72		14.59	
Other provisions (AS-29 related) [see note no.23]	436.06		111.14	
		3066.53		2035.42
		17842.41		13777.14

	As at 31-3-2009	As at 31-3-2008
	Rs.crore	Rs.crore
Schedule I		
Miscellaneous expenditure (to the extent not written off or adjusted)		
Voluntary Retirement-cum-Pension Schemes/Voluntary Retirement Schemes	0.26	3.06
	0.26	3.06

Schedules forming part of the Accounts (contd.)

Schedule J

Contingent liabilities:

		As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
(a)	Claims against the Company not acknowledged as debts	166.21	*112.36*
(b)	Sales tax liability that may arise in respect of matters in appeal	66.96	*202.98*
(c)	Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company in writ	10.93	*9.91*
(d)	Income tax liability (including penalty) that may arise in respect of which the Company is in appeal	1.62	*0.92*
(e)	Guarantees given on behalf of subsidiary companies	361.16	*69.18*
(f)	Guarantees given on behalf of associate companies	–	*10.00*

Notes:

1. The Company does not expect any reimbursements in respect of the above contingent liabilities.
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above pending resolution of the arbitration/appellate proceedings.
3. In respect of matters at (e) and (f), the cash outflows, if any, could generally occur during the next three years, being the period over which the validity of the guarantees extends except in a few cases where the cash outflows, if any, could occur any time during the subsistence of the borrowing to which the guarantees relate.

Schedule K

Sales & service:

	2008-2009 Rs.crore	*2007-2008 Rs.crore*
Manufacturing, trading and property development activity	5880.69	*6132.85*
Construction and project related activity	27456.22	*18441.11*
Servicing	242.46	*182.85*
Commission	201.51	*222.51*
Engineering and service fees	264.16	*208.16*
	34045.04	*25187.48*

Schedule L (i)

Other operational income:

	2008-2009 Rs.crore	*2007-2008 Rs.crore*
Income from hire of plant and machinery	5.77	*6.62*
Technical fees	52.25	*13.06*
Company's share in net profit of integrated joint ventures [see note no.14(b)]	12.53	*1.28*
Lease rentals	2.32	*2.14*
Profit on sale of fixed assets (net)	2.57	*5.77*
Income from services to the Group companies	66.53	*42.79*
Miscellaneous income	112.88	*70.08*
Unclaimed credit balances	24.95	*12.99*
	279.80	*154.73*

Schedules forming part of the Accounts (contd.)

	2008-2009		2007-2008	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule L (ii)				
Other income:				
Interest income:				
Interest received on inter-corporate deposits, from subsidiary and associate companies,customers and others (Tax deducted at source Rs.13.20 crore; *previous year: Rs.3.24 crore*)	96.75		*47.22*	
Income from long term investments:				
Interest on bonds and government securities (Tax deducted at source Rs.0.35 crore; *previous year: Rs.nil*)	9.25		*25.78*	
Income from current investments:				
Interest on bonds and government securities (Tax deducted at source Rs.nil; *previous year: Rs.0.63 crore*)	65.82		*11.48*	
		171.82		*84.48*
Dividend income:				
From long term investments:				
Subsidiary companies	15.80		*46.91*	
Trade investments	56.24		*11.50*	
Other investments	8.65		*2.42*	
	80.69		*60.83*	
From current investments	253.94		*124.73*	
		334.63		*185.56*
Profit on sale of investments:				
Profit on sale of long term investments (net)	–		*111.82*	
Profit on sale of current investments (net)	94.66		*45.27*	
		94.66		*157.09*
Lease rental		20.46		*17.54*
Profit on sale of fixed assets (net)		2.21		*1.15*
Miscellaneous income		106.69		*74.55*
Provision no longer required written back		8.23		–
Unclaimed credit balances		1.08		–
		739.78		*520.37*

	2008-2009		2007-2008	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule M				
Manufacturing, construction and operating expenses:				
Materials consumed:				
Raw materials and components	6619.00		*5845.09*	
Construction materials	7772.53		*5610.32*	
	14391.53		*11455.41*	
Less: Scrap sales	67.73		*72.00*	
		14323.80		*11383.41*
Purchase of trading goods		1678.69		*1626.10*
Carried forward		16002.49		*13009.51*

Schedules forming part of the Accounts (contd.)

	2008-2009		*2007-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule M (contd.)				
Brought forward		16002.49		*13009.51*
(Increase)/decrease in stocks:				
Closing stock:				
Finished goods	342.54		*321.38*	
Work-in-progress	1454.22		*1370.27*	
	1796.76		*1691.65*	
Less: Opening stock:				
Finished goods	321.38		*246.93*	
Work-in-progress	1370.27		*698.55*	
	1691.65		*945.48*	
		(105.11)		*(746.17)*
Sub-contracting charges		7223.59		*4485.43*
Stores, spares and tools		900.75		*699.54*
Excise duty	(5.16)		*1.60*	
Power & fuel	456.39		*346.21*	
Royalty and technical know-how fees	2.81		*1.76*	
Packing and forwarding	117.94		*85.58*	
Hire charges - plant & machinery and others	357.67		*288.72*	
Engineering, technical and consultancy fees	462.19		*356.30*	
Insurance	75.84		*74.35*	
Rent	126.17		*67.84*	
Rates & taxes	30.98		*20.93*	
Travelling and conveyance	281.37		*211.45*	
Repairs to plant & machinery	47.58		*53.20*	
Repairs to buildings	8.45		*7.19*	
General repairs & maintenance	97.59		*79.54*	
Other expenses	150.47		*111.02*	
		2210.29		*1705.69*
		26232.01		*19154.00*

	2008-2009		*2007-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule N				
Staff expenses:				
Salaries, wages and bonus		1562.04		*1179.04*
Contribution to and provision for:				
Provident funds and pension fund	68.85		*59.24*	
Superannuation/employee pension schemes (including provision of Rs.0.45 crore; *previous year: Rs.32.79 crore*)	40.41		*66.48*	
Gratuity funds (including provision of Rs.0.07 crore; *previous year: Rs.0.07 crore*)	27.65		*27.35*	
Compensated absences/leave encashment	27.63		*0.35*	
		164.54		*153.42*
Welfare and other expenses		271.44		*202.99*
		1998.02		*1535.45*

Schedules forming part of the Accounts (contd.)

	2008-2009		2007-2008	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule O				
Sales, administration and other expenses:				
Power and fuel		26.91		*19.04*
Packing and forwarding		161.04		*186.72*
Professional fees		117.13		*95.87*
Insurance		6.98		*6.73*
Rent		98.73		*90.54*
Rates and taxes		31.44		*26.29*
Travelling and conveyance		198.04		*152.17*
Repairs to buildings		18.28		*22.78*
General repairs and maintenance		89.19		*74.91*
Directors' fees		0.22		*0.18*
Telephone, postage and telegrams		68.93		*57.54*
Advertising and publicity		57.88		*53.51*
Stationery and printing		34.68		*27.72*
Commission:				
Distributors and agents	37.60		*28.17*	
Others	9.98		*9.36*	
		47.58		*37.53*
Bank charges		62.11		*50.96*
Miscellaneous expenses		363.74		*259.70*
Bad debts and advances written off	76.59		*37.67*	
Less: Provision for doubtful debts and advances written back	72.50		*36.24*	
		4.09		*1.43*
Company's share in loss of integrated joint ventures [see note no.14(b)]		1.85		*3.69*
Discount on sales		45.60		*47.43*
Provision for doubtful debts and advances (net)		226.99		*84.32*
Provision for foreseeable losses on construction contracts		55.81		*24.80*
Provision for diminution in value of current investments		8.12		*24.42*
Other provisions [see note no.23]		138.64		*13.76*
		1863.98		*1362.04*

	2008-2009	2007-2008
	Rs.crore	*Rs.crore*
Schedule P		
Interest expenses & brokerage:		
Debentures and fixed loans	253.08	*45.47*
Others	97.14	*77.19*
	350.22	*122.66*

Schedules forming part of the Accounts (contd.)

SIGNIFICANT ACCOUNTING POLICIES

Schedule Q

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] except for the revaluation of certain fixed assets, 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 escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.

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

2. Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

a) Sales & service

   i) Sales and service include excise duty and adjustments made towards liquidated damages and price variation, wherever applicable.

   ii) Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.

   iii) Revenue from property development activity is recognised when all significant risks and rewards of ownership in the land and/or building are transferred to the customer and a reasonable expectation of collection of the sale consideration from the customer exists.

   iv) Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:

      a) Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer.

      b) Fixed price contracts received up to March 31, 2003: Contract revenue is recognised by applying percentage of completion to the contract value. Percentage of completion is determined as follows:

         (i) in the case of item rate contracts, as a proportion of the progress billing to contract value; and

         (ii) in the case of other contracts, as a proportion of the cost incurred-to-date to the total estimated cost

      c) Fixed price contracts received on or after April 1, 2003: Contract revenue is recognised by adding the aggregate cost and proportionate margin using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred-to-date to the total estimated contract cost.

   Full provision is made for any loss in the period in which it is foreseen.

   v) Revenues from construction/project related activity and contracts executed in joint ventures under work-sharing arrangement [being jointly controlled operations, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"], are recognised on the same basis as similar contracts independently executed by the Company.

   vi) Revenue from service related activities is recognised using the proportionate completion method.

   vii) Commission income is recognised as and when the terms of the contract are fulfilled.

   viii) Revenue from engineering and service fees is recognised as per the terms of the contract.

   ix) Government subsidy related to shipbuilding contracts is recognised on a prudent basis in the Profit and Loss Account as revenue from operations in proportion to work completed when there is reasonable assurance that the conditions for the grant of subsidy will be fulfilled.

b) Profit/loss on contracts executed by integrated joint ventures under profit-sharing arrangement [being jointly controlled entities, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"] is accounted as and when the same is determined by the joint venture. Revenue from services rendered to such joint ventures is accounted on accrual basis.

c) Other operational income represents income earned from the activities incidental to the operations of the business segments and is recognised on rendering of related services as per the terms of the contract.

d) Interest income is accrued at applicable interest rate.

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

3. Research and development

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

Schedules forming part of the Accounts (contd.)

4. Employee benefits

a) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia. are recognised in the period in which the employee renders the related service.

b) Post-employment benefits

i) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii) Defined benefit plans: The employees gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme managed by trust are the Company's defined benefit plans. Wherever applicable, the present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises 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 recognised immediately in the Profit and Loss Account.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans. to recognise the obligation on the net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

c) Long term employee benefits

The obligation for long term employee benefits such as long term compensated absences, long service award etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

d) Termination benefits

Termination benefits such as compensation under Voluntary Retirement-cum-Pension Scheme is amortised over a defined period. The defined period of amortisation is five years or the period till March 31, 2010, whichever is earlier.

5. Fixed assets

Fixed assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation, accumulated amortisation and cumulative impairment and those which were revalued as on October 1,1984 are stated at the values determined by the valuers less accumulated depreciation, accumulated amortisation and cumulative impairment. Assets acquired on hire purchase basis are stated at their cash values. Specific know-how fees paid, if any, relating to plant and machinery is treated as part of cost thereof.

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

Own manufactured assets are capitalised at cost including an appropriate share of overheads.

(Also refer to policy on leases, borrowing costs, impairment of assets and foreign currency transactions *infra*)

6. Leases

a) Lease transactions entered into prior to April 1, 2001:

Assets leased out are stated at original cost. Lease equalisation adjustment is the difference between capital recovery included in the lease rentals and depreciation provided in the books.

Lease rentals in respect of assets acquired under leases are charged to Profit and Loss Account.

b) Lease transactions entered into on or after April 1, 2001:

i) Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

ii) Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

iii) Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

iv) Assets leased out under operating leases are capitalised. Rental income is recognised on accrual basis over the lease term.

v) Initial direct costs relating to assets given on finance leases are charged to Profit and Loss Account.

(Also refer to policy on depreciation, *infra*)

Schedules forming part of the Accounts (contd.)

7. Depreciation

a) Owned assets

i) Revalued assets:

Depreciation is provided on straight line method on the values and at the rates given by the valuers. The difference between depreciation provided on revalued amount and on historical cost is transferred from revaluation reserve to Profit and Loss Account.

ii) Assets carried at historical cost:

Depreciation on assets carried at historical cost is provided on the written down value basis on assets acquired up to March 31, 1968 (at the rates prescribed under Schedule XIV to the Companies Act, 1956) and on straight line method on assets acquired subsequently (at the rates prevailing at the time of their acquisition on assets acquired up to September 30, 1987 and at the rates prescribed under Schedule XIV to the Companies Act, 1956 on assets acquired after that date). However, in respect of the following asset categories, the depreciation is provided at higher rates in line with their estimated useful life.

Category of asset	**Rate of depreciation (% p.a.)**
Furniture and fixtures	10.00
Plant and machinery:	
i) Office equipment	6.67
ii) Cranes above 1000 ton capacity used for construction activity	6.67
iii) Minor plant & machinery of construction activity	20.00
iv) Heavy lift equipment of construction activity	5.00
v) Earthmoving, tunnelling & transmission line equipment (other than employed in heavy construction work)	10.00
vi) Air conditioning and refrigeration equipment	8.33
vii) Laboratory and canteen equipment	12.50
Motor cars	14.14

iii) Depreciation for, additions to/deductions from, owned assets is calculated *pro rata* from/to the month of additions/deductions. Extra shift depreciation is provided on a location basis.

iv) 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.

b) Leased assets

i) Lease transactions entered into prior to April 1, 2001:

Assets given on lease are depreciated over the primary period of the lease. Accordingly, while the statutory depreciation on such assets is provided for on straight line method as per schedule XIV to the Companies Act, 1956, the difference is adjusted through lease equalisation and lease adjustment account.

ii) Lease transactions entered into on or after April 1, 2001:

Assets acquired under finance leases are depreciated on a straight line basis over the lease term. Where there is reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated at the rates prescribed under Schedule XIV to the Companies Act, 1956 or at the higher rates adopted by the Company for similar assets.

8. Intangible assets and amortisation

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

a) Leasehold land: Over the period of lease.

b) Specialised software: Over a period of three years.

c) Lump sum fees for technical know-how: Over a period of six years in case of foreign technology and three years in the case of indigenous technology.

Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

9. Impairment of assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a) the provision for impairment loss, if any, required; or

Schedules forming part of the Accounts (contd.)

b) the reversal, if any, required of impairment loss recognised in previous periods.

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

Recoverable amount is determined:

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

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

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

10. Investments

Long term investments including interests in incorporated jointly controlled entities, are carried at cost, after providing for any diminution in value, if such diminution is of permanent nature. Current investments are carried at lower of cost or market value. The determination of carrying amount of such investments is done on the basis of specific identification. Investments in integrated joint ventures are carried at cost net of adjustments for Company's share in profits or losses as recognised.

11. Inventories

Inventories are valued after providing for obsolescence, as under:

a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value.

b) Work-in-progress

i) Work-in-progress (other than project and construction-related) at lower of cost including related overheads or net realisable value.

ii) Project and construction-related work-in-progress at cost till such time the outcome of the job cannot be ascertained reliably and at realisable value thereafter.

In the case of qualifying assets, cost includes applicable borrowing costs *vide* policy relating to borrowing costs.

c) Finished goods at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods.

d) Property development land at lower of cost or net realisable value.

12. Securities premium account

a) Securities premium includes:

i) The difference between the market value and the consideration received in respect of shares issued pursuant to Stock Appreciation Rights Scheme.

ii) The discount allowed, if any, in respect of shares allotted pursuant to Stock Options Scheme.

b) The following expenses are written off against securities premium account:

i) Expenses incurred on issue of shares.

ii) Expenses (net of tax) incurred on issue of debentures/bonds.

iii) Premium (net of tax) on redemption of debentures/bonds.

13. Borrowing costs

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

14. Employee stock ownership schemes

In respect of stock options granted pursuant to the Company's Stock Options Scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

15. Miscellaneous expenditure

Lump sum compensation paid under Voluntary Retirement-cum-Pension Schemes are amortised over a period of five years or the period till March 31, 2010, whichever is earlier. The future pensions under Voluntary Retirement-cum-Pension Scheme are amortised over the period for which pensions are payable.

16. Foreign currency transactions, foreign operations, forward contracts and derivatives

a) The reporting currency of the Company is the indian rupee.

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

Exchange differences that arise on settlement of monetary items or on reporting at each Balance Sheet date of the Company's monetary items at the closing rate are:

i) adjusted in the cost of fixed assets specifically financed by the borrowings contracted up to March 31, 2004 to which the exchange differences relate

ii) adjusted in the cost of fixed assets specifically financed by borrowings contracted between the period April 1, 2004 to March 31, 2007 and to which the exchange differences relate, provided the assets are acquired from outside India

iii) recognised as income or expense in the period in which they arise, in cases other than (i) and (ii) above.

c) Financial statements of foreign operations comprising jobs contracted prior to April 1, 2004, are translated as follows:

i) Closing inventories at rates prevailing at the end of the year.

ii) Fixed assets as at April 1, 1991 at rates prevailing at the end of the year in which the additions were made. Subsequent additions are at rates prevailing on the dates of the additions. Depreciation is accounted at the same rate at which the assets are translated.

iii) Other assets and liabilities at rates prevailing at the end of the year.

iv) Net revenues at the average rate for the year.

d) Financial statements of foreign operations comprising jobs contracted on or after April 1, 2004, are treated as integral operations and translated as in the same manner as foreign currency transactions, as described above. Exchange differences arising on such translation are recognised as income or expense of the period in which they arise.

e) Forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 ["The Effects of Changes in Foreign Exchange Rates"], Exchange differences arising on such contracts are recognised in the period in which they arise.

Gains and losses arising on account of roll over/cancellation of forward contracts are recognised as income/expense of the period in which such roll over/cancellation takes place.

f) All the other derivative contracts, including forward contracts entered into to hedge foreign currency risks on unexecuted firm commitments and highly probable forecast transactions, are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008 on accounting of derivatives. The Company has adopted Accounting Standard (AS) 30 ["Financial Instruments: Recognition and Measurement"] for accounting of such derivative contracts, not covered under Accounting Standard (AS) 11 ["The Effects of Changes in Foreign Exchange Rates"], as mandated by the ICAI in the aforesaid announcement.

Accordingly, the resultant gains or losses on fair valuation/settlement of the derivative contracts covered under Accounting Standard (AS) 30 ["Financial Instruments: Recognition and Measurement"] are recognised in the Profit and Loss Account or Balance Sheet as the case may be after applying the test of hedge effectiveness. The gains or losses are recognised in the Balance Sheet where the hedge is effective, while the same is recognised in the Profit and Loss Account where the hedge is ineffective. The premium paid/ received on a foreign currency forward contract is accounted as expense/income over the period of the contract.

17. Segment accounting

a) Segment accounting policies

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:

i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment revenue.

ii) Expenses that are directly identifiable with/allocable to 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."

iii) Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income".

iv) Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Company.

v) Segment assets and liabilities include those directly identifiable with the 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. Unallocable assets mainly comprise trade investments in subsidiaries and associate companies that constitute or relate to the portfolio of the Company's core/thrust areas of business such as infrastructure development and software solutions. Unallocable liabilities include mainly loan funds, provisions for employee retirement benefits and proposed dividend.

b) Inter-segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

Schedules forming part of the Accounts (contd.)

18. Taxes on income

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

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

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

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

19. Fringe benefit tax

Fringe benefit tax (FBT) on the employee stock options (ESOPs) is recognised in the Profit and Loss Account when the liability crystalises upon vesting of such stock options. Wherever such FBT liability is borne by the employee, the same is not so recognised.

FBT on all the other expenses, as specified in the Income Tax Act, 1961, is recognised in the Profit and Loss Account when the underlying expenses are incurred.

20. Accounting for interests in joint ventures

Interests in joint ventures are accounted as follows:

Type of joint venture	**Accounting treatment**
Jointly controlled operations	Company's share of revenues, common expenses, assets and liabilities are included in revenues, expenses, assets and liabilities respectively.
Jointly controlled assets	Share of the assets, according to nature of the assets, and share of the liabilities are shown as part of gross block and liabilities respectively. Share of expenses incurred on maintenance of the assets is accounted as expense. Monetary benefits, if any, from use of the assets are reflected as income.
Jointly controlled entities	(a) Integrated joint ventures: (i) Company's share in profits or losses of integrated joint ventures is accounted on determination of the profits or losses by the joint ventures. (ii) Investments in integrated joint ventures are carried at cost net of Company's share in recognised profits or losses. (b) Incorporated jointly controlled entities: (i) Income on investments in incorporated jointly controlled entities is recognised when the right to receive the same is established. (ii) Investment in such joint ventures is carried at cost after providing for any permanent diminution in value.

Joint venture interests accounted as above, other than investments in incorporated jointly controlled entities, are included in the segments to which they relate.

21. Provisions, contingent liabilities and contingent assets

Provisions are recognised 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 recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

(a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;

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

(c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Notes forming part of the Accounts

1. a) Of the equity shares of Rs.2 each comprised in the subscribed and paid-up capital of the Company:
   - i) 9,19,943 *(previous year: 9,19,943)* equity shares were allotted as fully paid-up, pursuant to contracts, without payment being received in cash.
   - ii) 44,96,76,280 *(previous year: 15,70,84,226)* equity shares were issued as bonus shares by way of capitalisation of general reserve: Rs.2.35 crore *(previous year: Rs.2.35 crore)*, securities premium: Rs.87.47 crore *(previous year: Rs.28.97 crore)* and capital redemption reserve: Rs.0.12 crore *(previous year: Rs.0.10 crore)*.
   - iii) 1,48,67,485 *(previous year: 1,40,99,067)* equity shares were allotted as fully paid up on exercise of grants under Employees Stock Ownership Schemes.

   b) Options outstanding as at the end of the year on un-issued share capital:

Particulars	Number of equity shares to be issued as fully paid	
	As at 31-3-2009	*As at 31-3-2008*
Employee stock options granted and outstanding#	2,12,89,375	*90,58,363*

The number of options have been adjusted consequent to bonus issue wherever applicable.

   c) The directors recommend payment of final dividend of Rs.10.50 per equity share of Rs.2 each on the number of shares outstanding as on the record date. Provision for final dividend has been made in the books of account for 58,56,87,862 shares outstanding as at March 31, 2009 amounting to Rs.614.97 crore.

2. Stock option schemes

   a) The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested equally over a period of four years [5 years in the case of Series 2006(A)], subject to the discretion of the management and fulfilment of certain conditions.

   b) The details of the grants under the aforesaid schemes under various series are summarised below:

Sr. no.	Series reference	2000		2002 (A)		2002 (B)		2003 (A)		2003(B)		2006		2006(A)	
		2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*
1	Grant price (prior to bonus issue)-Rupees	7	*7*	7	*7*	7	*7*	35	*35*	35	*35*	1202	*1202*	1202	*1202*
	Grant price (post bonus issue)-Rupees	3.50	-	3.50	-	3.50	-	17.50	-	17.50	-	601	-	601	-
2	Grant dates	1-6-2000		19-4-2002		19-4-2002		23-5-2003 onwards		23-5-2003 onwards		1-9-2006 onwards		1-7-2007 onwards	
3	Vesting commences on	1-6-2001		19-4-2003		19-4-2003		23-5-2004 onwards		23-5-2004 onwards		1-9-2007 onwards		1-7-2008 onwards	
4	Options granted and outstanding at the beginning of the year	8400	*8400*	10750	*10750*	19850	*19850*	15726	*33216*	971468	*1299885*	7036899	*10671500*	995270	-
5	Options lapsed/withdrawn prior to bonus issue	-	-	-	-	-	-	-	-	40481	-	163605	-	180428	-
6	Options granted prior to bonus issue	-	-	-	-	-	-	-	-	340000	-	59600	-	1910970	-
7	Options exercised prior to bonus Issue for which shares are allotted	-	-	-	-	-	-	-	-	118874	-	120756	-	25034	-
8	Options outstanding as on October 3, 2008 prior to bonus issue	8400	-	10750	-	19850	-	15726	-	1152113	-	6812138	-	2700778	-
9	Adjusted options as on October 3, 2008 consequent to bonus issue	16800	-	21500	-	39700	-	31452	-	2304226	-	13624276	-	5401556	-
10	Options lapsed/withdrawn post bonus issue	-	-	-	-	-	-	-	*1276*	50912	*116041*	261900	*3109350*	133664	-
11	Options granted post bonus issue	-	-	-	-	-	-	-	-	153800	*162390*	-	*634670*	646295	*995270*
12	Options exercised post bonus issue for which shares are allotted	-	-	-	-	-	-	-	*9214*	447226	*331766*	37516	*1159921*	19012	-
13	Options exercised & allocated against shares earlier allotted*	-	-	-	-	-	-	-	*7000*	-	*43000*	-	-	-	-
14	Options granted and outstanding at the end of the year	16800	*8400*	21500	*10750*	39700	*19850*	31452	*15726*	1959888	*971468*	13324860	*7036899*	5895175	*995270*
	of which -														
	Options vested	16800	*8400*	21500	*10750*	39700	*19850*	31452	*15726*	226326	*34666*	5321810	*747179*	279136	-
	Options yet to vest	-	-	-	-	-	-	-	-	1733562	*936802*	8003050	*6289720*	5616039	*995270*

*Allocated from the shares returned by former nominee directors in accordance with the consent terms approved by the Hon'ble High Court of Bombay on June 14, 2007.

Notes forming part of the Accounts (contd.)

c) During the year, the Company has recovered Rs.4.80 crore *(previous year: Rs.2.60 crore)* from its subsidiary companies towards the stock options granted to their employees, pursuant to the employee stock option schemes.

3. a) Cash credit facilities including working capital demand loans from banks are secured by hypothecation of stocks, stores and book debts. The total charge on these assets is Rs.1607.84 crore, including on account of bank guarantees as on March 31, 2009.

b) Other loans and advances from banks grouped under unsecured loans include loans availed from banks outside India amounting to Rs.46.23 crore secured by corporate guarantee & project-specific receivables.

4. Terms of redemption of debentures

a) Secured redeemable non-convertible fixed rate debentures (privately placed):

Sr. no.	Face value per debenture (Rs.)	Date of allotment	Amount Rs.crore	Interest	Redeemable at face value
1	10,00,000	December 5, 2008	500	11.45% p.a. payable annually	At the end of 10th year from the date of allotment. The Company has call option to redeem debentures at the end of 5th year from the date of allotment.
2	10,00,000	January 5, 2009	400	9.15% p.a. payable annually	At the end of 10th year from the date of allotment.
Total			**900**		

Security: The debentures are secured by way of a first charge having *pari passu* rights on the immovable property at certain locations and a part of a movable property of a business division, both present and future.

b) Unsecured redeemable non-convertible fixed rate debentures (privately placed):

Sr. no.	Face value per Debenture (Rs.)	Date of allotment	Amount Rs.crore	Interest	Redeemable at face value
1	10,00,000	January 21, 2009	250	9.20% p.a. payable annually	At the end of 3rd year from the date of allotment.
Total			**250**		

5. a) Fixed deposits with scheduled banks as on March 31, 2009 include Rs.40.41 crore *(previous year: Rs.40.41 crore)*, in respect of a claim against the Company. The dispute is since resolved in favour of the Company, and the money has been realised on May 6, 2009.

b) Balances with non-scheduled banks represent the balances with Indian banks classified as non-scheduled banks by the Reserve Bank of India and with all overseas branches of foreign banks. The balances with non-scheduled banks held in:

Rs.crore

Particulars	As at 31-3-2009	*As at 31-3-2008*	Maximum amount outstanding at any time during 2008-2009	*2007-2008*
i) Current accounts				
Abu Dhabi Commercial Bank, Abu Dhabi	3.18	*7.47*	25.55	*17.79*
Abu Dhabi Commercial Bank, UAE	0.41	*20.01*	20.01	*20.01*
Abu Dhabi Islamic Bank. UAE	0.37	*0.02*	1.28	*0.33*
Arab Bank PLC, Amman	0.11	*0.04*	2.48	*0.04*
Arab Bank PLC, Bahrain	3.30	*1.76*	6.54	*1.76*
Arab Bank PLC, Jordan	0.04	*2.48*	2.48	*3.87*
Arab Bank PLC, Doha	1.04	–	8.70	–
Arab Bank PLC, UAE	7.63	–	9.54	–
Bank Muscat	0.04	–	0.04	–
Bank of Baroda (Kenya) Ltd, Kenya	0.28	*0.38*	50.41	*2.39*
Bank of Bhutan	2.30	*2.22*	2.30	*2.22*
Bank of Commerce & Development, Libya	0.38	*0.38*	0.38	*0.38*
Bank of Foreign Trade of Russian Federation (as at 31-3-2009: Rs.nil and *as at 31-3-2008: Rs.39*)	–	–	–	*0.17*
Bank of Nova Scotia, Barbados	–	*0.99*	0.99	*2.56*
Bank Tuanalem, Kazakhstan	–	–	–	*0.01*
Carried forward	19.08	35.75		

Notes forming part of the Accounts (contd.)

Rs.crore

Particulars		As at 31-3-2009	As at 31-3-2008	Maximum amount outstanding at any time during 2008-2009	2007-2008
i)	**Current accounts (contd.)**				
	Brought Forward	19.08	*35.75*		
	Citibank, France	0.12	–	0.12	–
	Citibank, USA	5.23	–	32.91	–
	Citibank, London	0.23	–	0.23	–
	Deutsche Bank, Singapore	–	*0.01*	0.01	*1.15*
	Emirates Bank, UAE	–	*1.17*	1.17	*1.17*
	Emirates Bank International PJSC	14.61	–	14.61	*41.07*
	Hakrin Bank NV, (USD) Surinam	–	*0.01*	–	*0.01*
	Hakrin Bank NV, (Guilder) Surinam	–	–	0.02	*0.02*
	Hongkong & Shanghai Banking Corporation (RMD), China	0.22	*0.26*	0.26	*0.50*
	Hongkong & Shanghai Banking Corporation (USD), China	0.94	*0.37*	0.94	*0.70*
	HSBC Bank Middle East Limited, Abu Dhabi	19.32	*0.03*	28.61	*12.67*
	HSBC Bank Middle East Limited, Dubai	21.98	*0.03*	61.76	*15.72*
	HSBC Bank, Qatar	18.51	–	18.51	–
	HSBC Bank, UK	0.84	–	0.85	–
	HSBC Bank, UAE	8.62	*10.42*	27.44	*10.42*
	Mashreq Bank, Dubai	8.25	*0.01*	13.25	*20.36*
	Mashreq Bank, UAE	4.47	*13.24*	13.24	*13.24*
	Mizuho Bank, Japan	3.55	–	3.55	–
	National Bank of Kuwait, Kuwait	4.09	*10.40*	51.68	*59.56*
	Nepal Investment Bank Ltd., Nepal	0.14	*0.17*	0.17	*0.17*
	Rafidian Bank, Iraq	8.25	*8.25*	8.25	*8.93*
	Standard Chartered Bank, Dubai	–	*0.13*	0.14	*0.81*
	Standard Chartered Bank, Malaysia	0.19	*0.35*	7.74	*9.30*
	Standard Chartered Bank, Qatar	8.45	*2.53*	9.48	*14.58*
	Union National Bank, Abu Dhabi	0.27	*1.81*	1.81	*6.03*
	Uttara Bank Limited, Bangladesh	–	–	–	*0.57*
	ICICI Bank, Canada	0.05	–	0.05	–
	ICICI Bank Eurasia, Moscow	0.38	*0.10*	0.43	*0.10*
	DBS Bank, Singapore	0.01	–	0.01	–
	Total (i)	147.80	*85.04*		
ii)	**Call deposits**				
	Mashreq Bank, Dubai	0.69	*0.69*	0.69	*0.75*
	Bank of Nova Scotia, Barbados	–	–	–	*7.24*
	Total (ii)	0.69	*0.69*		
iii)	**Fixed deposits**				
	Bank of Nova Scotia, Barbados	–	–	–	*7.23*
	Deutsche Bank, Singapore	–	*0.92*	0.92	*1.98*
	Emirates Bank, UAE	–	*7.65*	7.65	7.65
	HSBC Bank Middle East Ltd, Abu Dhabi	–	*1.23*	1.23	10.28
	HSBC Bank Middle East Ltd. Dubai	22.33	*0.30*	26.92	*2.74*
	Mashreq Bank, Dubai	–	*0.70*	2.19	*197.74*
	Mashreq Bank, UAE	–	*4.37*	4.37	*4.37*
	National Bank of Kuwait, Kuwait	–	*14.69*	44.48	*58.75*
	Standard Chartered Bank, Qatar	–	*8.82*	8.82	*8.82*
	Total (iii)	22.33	*38.68*		
	Total (i) + (ii) + (iii)	170.82	*124.41*		

Notes forming part of the Accounts (contd.)

c) Call deposit with Mashreq Bank, Dubai, UAE, of Rs.0.69 crore is subject to an escrow arrangement duly approved by the Reserve Bank of India, whereby the proceeds of the deposit, together with interest thereon, would be applied towards full and final settlement of loan taken from Rafidian Bank, Iraq, which is included under unsecured loans. Once the UN embargo against Iraq is lifted, the settlement would be effected.

6. Loans and advances include:

   i) amount due from an officer of the Company: Rs.nil *(previous year: Rs.nil)*. The maximum amount outstanding at any time during the year was Rs.nil *(previous year: Rs.nil)*.

   ii) rent deposit with whole-time directors: Rs.0.03 crore *(previous year: Rs.0.06 crore)*. The maximum amount outstanding at any time during the year: Rs.0.06 crore *(previous year: Rs.0.07 crore)*.

   iii) amount, including interest accrued, due from the managing director and whole-time directors in respect of housing loan: Rs.0.63 crore *(previous year: Rs.0.73 crore)*. Maximum amount outstanding at any time during the year: Rs.0.73 crore *(previous year: Rs.0.76 crore)*.

7. Sundry creditors - others include Rs.1.13 crore *(previous year: Rs.17.67 crore)*, being contribution received from the employees of the Company and some of its subsidiary & associate companies, on behalf of L&T Employees Welfare Foundation Trust and held on account for it.

8. Sales and service include Rs.117.72 crore *(previous year: Rs.75.10 crore)* for price variations net of liquidated damages in terms of contracts with the customers and shipbuilding subsidy Rs.25.49 crore *(previous year: Rs.29.29 crore).*

9. Disclosures pursuant to Accounting Standard (AS) 7 (Revised) “Construction Contracts”:

Rs.crore

	Particulars	2008-2009	*2007-2008*
i)	Contract revenue recognised for the financial year	27456.22	*18441.11*
ii)	Aggregate amount of contract costs incurred and recognised profits (*less* recognised losses) as at end of the financial year for all contracts in progress as at that date	44032.27	*33037.24*
iii)	Amount of customer advances outstanding for contracts in progress as at end of the financial year	4440.91	*3121.16*
iv)	Retention amounts due from customers for contracts in progress as at end of the financial year	1741.43	*1434.17*

10. Extraordinary items during the year comprise the following:

    i. Gain of Rs.958.74 crore (net of tax of Rs.282.08 crore) on sale of the Company's Ready Mix Concrete business.

    ii. Provision of Rs.186.28 crore in respect of investment in Satyam Computer Services Limited (SCSL) held by the Company as well as by its wholly owned subsidiary, L&T Capital Company Limited (LTCCL). This provision has been made by the Company as a measure of abundant caution and in consonance with its commitment to acquire the investment from LTCCL at book value, as and when such transfer of shares is permitted/takes place. Considering the extraordinary circumstances under which the price of SCSL shares fell in the market, the aforesaid provision has been created based on the principles of "prudence". [see note no.23]

11. Other income for the previous year ended March 31, 2008 included profit on disposal of stake in a subsidiary company amounting to Rs.87.23 crore.

12. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) “Employee Benefits”:

    i. Defined contribution plans: [refer accounting policy no.4b(i)]

    Amount of Rs.62.50 crore *(previous year: Rs.54.15 crore)* is recognised as an expense and included in "staff expenses" (Schedule N) in the Profit and Loss Account.

Notes forming part of the Accounts (contd.)

ii. Defined benefit plans: [refer accounting policy no.4b(ii)]

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

Rs.crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*
A) Present value of defined benefit obligation								
– Wholly funded	272.41	*230.57*	–	–	–	–	1001.10	*903.75*
– Wholly unfunded	0.52	*0.45*	72.40	*58.24*	152.78	*152.44*	–	–
	272.93	*231.02*	72.40	*58.24*	152.78	*152.44*	1001.10	*903.75*
Less: Fair value of plan assets	244.71	*203.42*	–	–	–	–	1017.06	*904.29*
Less: Unrecognised past service costs	–	–	1.43	*1.57*	0.98	*1.09*	–	–
Amount to be recognised as liability or (asset)	28.22	*27.60*	70.97	*56.67*	151.80	*151.35*	(15.96) @	*(0.54) @*
B) Amounts reflected in the Balance Sheet								
Liabilities	28.22	*27.60*	70.97	*56.67*	151.80	*151.35*	14.78	*9.60*
Assets	–	–	–	–	–	–	–	–
Net liability/(asset)	28.22	*27.60*	70.97	*56.67*	151.80	*151.35*	14.78 #	*9.60 #*

b) The amounts recognised in Profit and Loss Account are as follows:

Rs.crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*
1. Current service cost	15.29	*14.16*	3.39	*2.70*	4.55	*3.51*	39.74**	*41.65***
2. Interest cost	19.01	*16.66*	5.06	*3.95*	13.01	*10.07*	77.25	*69.78*
3. Expected return on plan assets	(15.21)	*(11.35)*	–	–	–	–	(78.51)	*(71.01)*
4. Actuarial losses/(gains)	8.56	*7.88*	9.03	*0.41*	5.18	*21.65*	(19.65)	*11.64*
5. Past service cost	–	–	0.14	*5.38*	0.11	*0.11*	–	–
6. Effect of any curtailment or settlement	–	–	–	–	(19.57)	–	–	–
7. Actuarial gain/(loss) not recognised in books	–	–	–	–	–	–	20.91+	*(10.41)*
8. Adjustment for earlier years	–	–	–	–	–	–	–	–
Total included in "staff expenses" (1 to 8)	27.65	*27.35*	17.62	*12.44*	3.28	*35.34*	39.74	*41.65*
Actual return on plan assets	28.34	*17.60*	–	–	–	–	98.16	*59.37*

Notes forming part of the Accounts (contd.)

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

Rs.crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*
Opening balance of the present value of defined benefit obligation	231.02	*203.45*	58.24	*46.36*	152.44	*119.76*	903.75	*827.24*
Add: Current service cost	15.29	*14.16*	3.39	*2.70*	4.55	*3.51*	39.74**	*41.65***
Add: Interest cost	19.01	*16.66*	5.06	*3.96*	13.01	*10.07*	77.25	*69.78*
Add: Contribution by plan participants								
i) Employer	–	–	–	–	–	–	–	–
ii) Employee	–	–	–	–	–	–	70.72	*83.77*
iii) Transfer-in	–	*0.15~*	–	–	–	–	–	–
Add: Actuarial losses	21.69	*14.13*	9.03	*0.41*	5.18	*21.64*	–	–
Less: Benefits paid	(14.08)	*(17.53)##*	(3.32)	*(2.14)*	(2.83)	*(2.54)*	(90.36)	*(118.69)*
Add: Past service cost	–	–	–	*6.95*	–	–	–	–
Less: Effect of any curtailment or settlement	–	–	–	–	(19.57)	–	–	–
Closing balance of the present value of defined benefit obligation	272.93	*231.02*	72.40	*58.24*	152.78	*152.44*	1001.10	*903.75*

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

Rs.crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*
Opening balance of the fair value of the plan assets	203.42	*152.93*	904.29	*839.86*
Add: Expected return on plan assets*	15.21	*11.35*	78.51	*71.01*
Add/(less): Actuarial gains/(losses)	13.13	*6.25*	19.65	*(11.64)*
Add: Contribution by the employer	27.03	*50.27*	34.94	*44.59*
Add: Contribution by plan participants	–	*0.15 ~*	70.03	*79.16*
Less: Benefits paid	(14.08)	*(17.53)##*	(90.36)	*(118.69)*
Add: Business combinations	–	–	–	–
Less: Settlements	–	–	–	–
Closing balance of the plan assets	244.71	*203.42*	1017.06	*904.29*

Notes: The fair value of the plan assets under the trust-managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

* Basis used to determine the overall expected return:

The trust formed by the Company manages the investments of provident funds and gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

The Company expects to fund Rs.27.70 crore *(previous year: Rs.27.15 crore)* towards its gratuity plan and Rs.43.80 crore *(previous year: Rs.44.15 crore)* towards its trust-managed provident fund plan during the year 2009-2010.

@ Asset is not recognised in the Balance Sheet

\# Employer's and employees' contribution (net) for March is paid in April

** Employer's contribution to provident fund

\+ The actual return on plan assets is higher than interest cost, but no credit has been taken to the Profit and Loss Account

~ Amounts transferred from subsidiary companies - Rs.0.15 crore

\## Benefits paid includes an amount of Rs.0.29 crore transferred to subsidiary companies

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

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*
Government of India securities	41%	*39%*	23%	*22%*
State government securities	–	–	13%	*13%*
Corporate bonds	38%	*38%*	5%	*5%*
Equity shares of listed companies	1%	*1%*	–	–
Fixed deposits under special deposit scheme framed by central government for provident funds	14%	*16%*	27%	*30%*
Insurer managed funds	2%	*2%*	–	–
Public sector unit bonds	–	–	32%	*30%*
Others	4%	*4%*	–	–

f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	As at 31-3-2009	*As at 31-3-2008*
1 Discount rate:		
a) Gratuity plan	7.67%	*8.33%*
b) Company pension plan	7.67%	*8.35%*
c) Post-retirement medical benefit plan	7.67%	*8.39%*
2 Expected return on plan assets	7.50%	*7.50%*
3 Annual increase in healthcare costs (see note below)	5.00%	*5.00%*
4 Salary growth rate:		
a) Gratuity plan	6.00%	*6.00%*
b) Company pension plan	7.00%	*7.00%*

5 Attrition rate:

a) For post-retirement medical benefit plan & company pension plan, the attrition rate varies from 2% to 8% (*previous year: 2% to 8%*) for various age groups.

b) For gratuity plan the attrition rate varies from 1% to 7% (*previous year: 1% to 7%*) for various age groups

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

7 The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the Profit and Loss Account as actuarial losses.

8 The obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5% p.a.

9 A one percentage point change in assumed healthcare cost trend rates would have the following effects on the aggregate of the service cost and interest cost and defined benefit obligation:

Rs.crore

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2008-2009	*2007-2008*	2008-2009	*2007-2008*
Effect on the aggregate of the service cost and interest cost	0.74	*0.60*	(1.18)	*(0.99)*
Effect on defined benefit obligation	4.60	*4.00*	(3.76)	*(3.30)*

Notes forming part of the Accounts (contd.)

g) The amounts pertaining to defined benefit plans are as follows:

Rs.crore

Particulars	As at 31-3-2009	*As at 31-3-2008*	*As at 31-3-2007*
1 Post-retirement medical benefit plan (unfunded)			
Defined benefit obligation	70.97	*56.67*	*46.36*
Experience adjustment plan liabilities	1.13	*2.66*	*–*
2 Gratuity plan (funded/unfunded)			
Defined benefit obligation	272.93	*231.02*	*203.45*
Plan assets	244.71	*203.42*	*152.93*
Surplus/(deficit)	(28.22)	*(27.60)*	*(50.52)*
Experience adjustment plan liabilities	8.38	*16.44*	*25.84*
Experience adjustment plan assets	13.71	*(2.92)*	*6.59*
3 Post-retirement pension plan (unfunded)			
Defined benefit obligation	151.80	*151.35*	*118.56*
Experience adjustment plan liabilities	(6.89)	*26.87*	*–*
4 Trust managed provident fund plan (funded)			
Defined benefit obligation	1001.10	*903.75*	*827.24*
Plan assets	1017.06	*904.29*	*839.86*
Surplus/(deficit)	15.96	*0.54*	*12.62*

h) General descriptions of defined benefit plans:

1. Gratuity plan:

   The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A small part of the gratuity plan, which is not material, is unfunded and managed within the Company.

2. Post-retirement medical care plan:

   The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement.

3. Company's pension plan:

   In addition to contribution to state-managed pension plan (EPS scheme), the Company operates a post retirement pension scheme, which is discretionary in nature for certain cadres of employees. The quantum of pension depends on the cadre of the employee at the time of retirement.

4. Trust managed provident fund plan:

   The Company manages provident fund plan through a provident fund trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

13. Uncalled liability on shares partly paid is Rs.66.44 crore net of advance paid against equity commitment *(previous year: Rs.82.63 crore).*

Notes forming part of the Accounts (contd.)

14. Disclosures in respect of joint ventures

a) List of joint ventures

Sr. no.	Name of joint venture	Description of interest/ (description of job)	Proportion of ownership interest	Country of residence
1	L&T-Hochtief Seabird Joint Venture	Integrated joint venture (Construction of breakwater at Karwar)	0.90	India
2	International Metro Civil Contractors	Integrated joint venture (Construction of Delhi metro corridor phase I tunnel project)	0.26	India
3	HCC-L&T Purulia Joint Venture	Integrated joint venture (Construction of pumped storage project)	0.43	India
4	Desbuild-L&T Joint Venture	Integrated joint venture (Renovation of US consulate, Chennai)	0.49	India
5	Bauer-L&T Diaphragm Wall Joint Venture	Integrated joint venture (Construction of diaphragm wall for International Metro Civil Contractors)	0.50	India
6	Larsen & Toubro Limited - Shapoorji Pallonji & Co. Limited Joint Venture (Ebene Cybercity)	Integrated joint venture (Execution of civil & associated works for Ebene Cybercity Project, Mauritius)	0.50	Mauritius
7	Larsen & Toubro Limited - Shapoorji Pallonji & Co. Limited Joint Venture (Les Pailles Exhibition Centre)	Integrated joint venture (Execution of civil & associated works for Les Pailles Exhibition Centre, Mauritius)	0.50	Mauritius
8	L&T-AM Tapovan Joint Venture	Integrated joint venture (Construction of head race tunnel for Tapovan Vishnugad Hydro Electric Project at Chamoli, Uttaranchal)	0.65	India
9	L&T-Shanghai Urban Corporation Group Joint Venture	Jointly controlled entity (Construction of twin tunnel between IGI airport and sector 21 for DMRC)	0.51	India
10	L&T-Eastern Joint Venture	Jointly controlled entity (Construction and maintenance of 295 residential units at Dubai)	0.65	UAE
11	Metro Tunnelling Group	Integrated joint venture (Construction of Delhi metro corridor - phase II tunnel project)	0.26	India
12	L&T-KBL (UJV) Hyderabad	Jointly controlled operation (Investigation, design, supply and erection for lift irrigation system)	–	India
13	L&T-HCC Joint Venture	Jointly controlled operation (Four laning and strengthening of existing two lane sections from 240 Km to 320 Km on NH 2)	–	India
14	Patel-L&T Consortium	Jointly controlled operation (Hydro Electric Project)	–	India
15	L&T-SVEC Joint Venture	Jointly controlled operation (Lift Irrigation Project at Hyderabad)	–	India
16	L&T-KBL-MAYTAS UJV	Jointly controlled operation (Transmission of 735 Mld treated water associated with all civil, electrical & mechanical work at Hyderabad)	–	India
17	Consortium of Samsung Heavy Industries Co. Ltd., Korea and L&T	Jointly controlled operations (Execution of Vasai East Development Project of ONGC Ltd.)	–	India

Notes forming part of the Accounts (contd.)

Sr. no.	Name of joint venture	Description of interest/ (description of job)	Proportion of ownership interest	Country of residence
18	Consortium of Global Industries Offshore LLC, USA and L&T	Jointly controlled operations (Execution of pipeline replacement project of ONGC)	–	India
19	Lurgi L&T KQKS Consortium	Jointly controlled operations (Execution of Melaka Group 3 Lubricant Base Oil Plant for Petronas)	–	Malaysia
20	Consortium of Toyo Engineering Company and L&T	Jointly controlled operations (Execution of Naptha Cracker Associated Unit for IOCL, Panipat)	–	India
21	L&T and Scomi Engineering BHD. Joint Venture	Jointly controlled operations (Implementation of Monorail System in Mumbai)	–	India

Country of incorporation not applicable for the above joint ventures as these are unincorporated joint ventures

b) Financial interest in jointly controlled entities

Rs.crore

Sr. no.	Name of the joint venture	Company's share of				
		Assets	Liabilities	Income	Expenses	Tax
		As at March 31, 2009		For the year 2008-2009		
1	L&T-Valdel Engineering Private Limited	– *(–)*	– *(–)*	– *(4.74)*	– *(3.47)*	– *(0.23)*
2	L&T-Demag Plastics Machinery Limited	– *(51.87)*	– *(46.94)*	43.26 *(52.02)*	46.45 *(61.35)*	0.04 *(-0.83)*
3	L&T-Hochtief Seabird Joint Venture	12.55 *(9.08)*	0.38 *(0.40)*	– *(–)*	0.02 *(0.05)*	– *(–)*
4	International Metro Civil Contractors Joint Venture	12.56 *(11.51)*	3.72 *(4.01)*	0.60 *(1.41)*	1.44 *(1.15)*	–# *(0.09)*
5	HCC-L&T Purulia Joint Venture	6.96 *(7.22)*	4.44 *(4.61)*	0.06 *(0.93)*	0.18 *(5.17)*	–@ *(-0.60)*
6	Desbuild-L&T Joint Venture	0.08 *(0.07)*	–$ *(–)$$*	0.01 *(–)*	–^ *(–)^^*	–* *(–)*
7	Bauer-L&T Diaphragm Wall Joint Venture	–~ *(0.08)*	–** *(–)●*	–□ *(0.01)*	0.02 *(0.01)*	–■ *(–)¤*
8	Larsen & Toubro Limited - Shapoorji Pallonji & Company Limited Joint Venture (Ebene-Cybercity)	3.64 *(3.92)*	3.91 *(3.91)*	– *(0.31)*	0.18 *(–)*	– *(0.10)*
9	Larsen & Toubro Limited - Shapoorji Pallonji & Company Limited Joint Venture (Les Pailles Exhibition Centre)	1.95 *(2.04)*	1.60 *(1.68)*	– *(0.19)*	– *(–)*	– *(0.06)*
10	L&T-AM Tapovan Joint Venture	199.95 *(57.55)*	130.07 *(6.84)*	54.83 *(25.39)*	55.44 *(24.85)*	0.05 *(0.23)*
11	Metro Tunnelling Group Joint Venture	34.93 *(29.74)*	26.68 *(26.30)*	59.65 *(39.34)*	58.10 *(38.95)*	0.58 *(0.16)*
12	L&T-Eastern Joint Venture	152.94 *(81.10)*	141.00 *(78.87)*	246.31 *(9.95)*	236.35 *(9.64)*	– *(0.11)*
13	L&T-Shanghai Urban Corporation Group Joint Venture	69.84 *(15.19)*	56.11 *(15.03)*	70.50 *(0.77)*	68.06 *(0.73)*	0.86 *(0.01)*
	TOTAL	495.40 *(269.37)*	367.91 *(188.59)*	475.22 *(135.06)*	466.24 *(145.37)*	1.53 *(-0.44)*
	Share of net assets/profit after tax in jointly controlled entities	127.49 *(80.78)*		7.45 *(-9.87)*		

Amounts less than Rs.0.01 crore:

Current year: # Rs.3180, @Rs.4945, $Rs.8107, ^Rs.11145, *Rs.5394,. ~Rs.44014, **Rs.43259, □ Rs.58935, ■ Rs.13283,

Previous year: $$(Rs.8258), ^^(Rs.27540), ● (Rs.43259), ¤(Rs.10226)

Notes:

i. Figures in brackets relate to previous year.

ii. Item nos.3 to 13 above are integrated joint ventures/jointly controlled entities

iii. Figures for the current year in respect of L&T-Demag Plastics Machinery Limited (LTDPML) relate to the period up to March 30, 2009. LTDPML has become a subsidiary of the Company on March 31, 2009.

iv. Figures for the previous year in respect of L&T-Valdel Engineering Private Limited relate to the period up to July 3, 2007, from which date it has become a subsidiary of the Company

v. Contingent liabilities, if any, incurred in relation to interests in joint ventures as at March 31, 2009: Rs.nil *(previous year: Rs.nil)*; and share in contingent liabilities incurred jointly with other ventures as at March 31, 2009: Rs.nil *(previous year: Rs.nil)*

vi. Share in contingent liabilities of joint ventures themselves for which the Company is contingently liable as on March 31, 2009: Rs.82.01 crore *(previous year: Rs.45.21 crore)*

vii. Contingent liabilities in respect of liabilities of other ventures of joint ventures as at March 31, 2009: Rs.nil *(previous year: Rs.nil)*

viii. Capital commitments, if any, in relation to interests in joint ventures as at March 31, 2009: Rs.nil *(previous year: Rs.nil)*

15. Loans and advances include:

a) Rs.161 crore *(previous year: Rs.200 crore)* under "advances recoverable in cash or in kind" towards interest free loan to L&T Employees Welfare Foundation Trust to part-finance its acquisition of equity shares in the Company held by Grasim Industries Limited and its subsidiary. The loan is repayable in 9 years commencing from May 2005 with a minimum repayment of Rs.25 crore in a year.

b) Rs.nil *(previous year: Rs.43.33 crore)* net of provisions, being portfolio of financial assets (comprising lease/hire purchase receivables and term loans) purchased from L&T Finance Limited, a subsidiary of the Company, in earlier years.

16. Particulars in respect of loans and advances in the nature of loans as required by the listing agreement:

Rs.crore

Name of the company/firm/director	Balance as at		Maximum outstanding during	
	31-3-2009	*31-3-2008*	**2008-2009**	*2007-2008*
(a) Loans and advances in the nature of loans given to subsidiaries:				
1 Larsen & Toubro Infotech Limited	–	–	24.85	–
2 India Infrastructure Developers Limited	–	–	38.93	*36.33*
3 Bhilai Power Supply Company Limited	7.19	*7.19*	7.19	*7.19*
4 Tractor Engineers Limited	32.85	*5.32*	32.85	*5.32*
5 L&T Finance Limited	–	–	500.00	*800.00*
6 International Seaport Dredging Private Limited	11.83	*10.97*	10.97	*10.97*
7 L&T Capital Company Limited	770.81	*75.00*	770.81	*75.00*
8 L&T Seawoods Private Limited	589.94	–	589.94	–
9 L&T Infrastructure Development Projects Limited	35.00	–	35.00	–
10 L&T-MHI Boilers Private Limited	–	–	10.00	–
11 L&T Infrastructure Finance Co. Limited	–	–	100.00	–
TOTAL	1447.62	*98.48*		
(b) Loans and advances in the nature of loans given to associates:				
1 L&T-Case Equipment Private Limited	5.00	*10.00*	10.00	*15.00*
TOTAL	5.00	*10.00*		
(c) Loans and advances in the nature of loans where repayment schedule is not specified/is beyond 7 years:				
1 India Infrastructure Developers Limited	–	–	–	*36.33*
2 Bhilai Power Supply Company Limited	7.19	*7.19*	7.19	*7.19*
3 L&T Capital Company Limited	770.81	*75.00*	770.81	*75.00*
TOTAL	778.00	*82.19*		
(d) Loans and advances in the nature of loans where interest is not charged or charged below bank rate:				
1 India Infrastructure Developers Limited	–	–	38.93	*36.33*
2 Bhilai Power Supply Company Limited	7.19	*7.19*	7.19	*7.19*
3 L&T Capital Company Limited	770.81	*75.00*	770.81	*75.00*
TOTAL	778.00	*82.19*		

Note: Loans to employees (including directors) under various schemes of the Company (such as housing loan, furniture loan, education loan, etc.) have been considered to be outside the purview of disclosure requirements.

Notes forming part of the Accounts (contd.)

17. Segment reporting:

a) Information about business segments (Information provided in respect of revenue items for the year ended March 31, 2009 and in respect of assets/liabilities as at March 31, 2009 - denoted as "CY" below, previous year denoted as *"PY"*)

i) Primary segments (business segments):

Rs.crore

Particulars	Engineering & Construction		Electrical & Electronics		Machinery & Industrial Products		Others		Elimination		Total	
	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*
Revenue - including excise duty												
External	28192.86	*19178.04*	2655.21	*2598.60*	2437.75	*2386.71*	1039.02	*1178.86*	-	-	34324.84	*25342.21*
Inter-segment	512.26	*311.05*	122.68	*77.30*	37.31	*29.70*	47.68	*128.94*	(719.93)	*(546.99)*	-	-
Total revenue	28705.12	*19489.09*	2777.89	*2675.90*	2475.06	*2416.41*	1086.70	*1307.80*	(719.93)	*(546.99)*	34324.84	*25342.21*
Result												
Segment result	3447.91	*2332.81*	316.68	*398.73*	466.34	*431.01*	51.84	*98.29*	-	-	4282.77	*3260.84*
Less: Inter-segment margins on capital jobs											56.39	*55.04*
											4226.38	*3205.80*
Unallocated corporate income/ (expenditure) [net]											(107.57)	*(12.15)*
Operating profit (PBIT)											4118.81	*3193.65*
Interest expense											(350.22)	*(122.66)*
Interest income											171.82	*84.48*
Profit before tax (PBT)											3940.41	*3155.47*
Provision for current tax											1167.03	*892.79*
Provision for deferred tax											10.44	*19.95*
Provision for fringe benefit tax											53.74	*69.31*
Profit after tax (before extraordinary items)											2709.20	*2173.42*
Profit from extraordinary items											772.46	-
Profit after tax (after extraordinary items)											3481.66	*2173.42*
Other information												
Segment assets	19990.66	*13938.18*	1784.71	*1639.75*	1120.83	*1071.81*	301.60	*573.87*	-	-	23197.80	*17223.61*
Unallocable corporate assets											14095.49	*9936.89*
Total assets											37293.29	*27160.50*
Segment liabilities	13373.47	*9831.01*	538.13	*625.62*	708.09	*633.30*	116.30	*237.77*	-	-	14735.99	*11327.70*
Unallocable corporate liabilities											10097.61	*6277.72*
Total liabilities											24833.60	*17605.42*
Capital expenditure	1702.89	*1181.64*	111.84	*196.09*	73.44	*76.01*	10.46	*60.76*				
Depreciation (including obsolescence, amortisation and impairment) included in segment expense	214.12	*140.71*	30.83	*22.97*	14.34	*10.47*	14.83	*15.01*				
Non-cash expenses other than depreciation included in segment expense	94.05	*48.16*	13.90	*6.79*	10.08	*4.71*	8.23	*5.95*				

Notes forming part of the Accounts (contd.)

ii) Secondary segments (geographical segments):

Rs.crore

Particulars	Domestic		Overseas		Total	
	CY	*PY*	CY	*PY*	CY	*PY*
External revenue by location of customers	27810.59	*21194.68*	6514.25	*4147.53*	34324.84	*25342.21*
Carrying amount of segment assets by location of assets	20757.13	*15627.17*	2440.67	*1596.44*	23197.80	*17223.61*
Cost incurred on acquisition of tangible and intangible fixed assets	1884.18	*1511.66*	14.45	*2.84*	1898.63	*1514.50*

b) Segment reporting: Segment identification, reportable segments and definition of each reportable segment:

i) Primary/secondary segment reporting format:

(a) The risk-return profile of the Company's business is determined predominantly by the nature of its products and services. Accordingly, the business segments constitute the primary segments for disclosure of segment information.

(b) In respect of secondary segment information, the Company has identified its geographical segments as (i) Domestic and (ii) Overseas. The secondary segment information has been disclosed accordingly.

ii) Segment identification:

Business segments have been identified on the basis of the nature of products/services, the risk-return profile of individual businesses, the organisational structure and the internal reporting system of the Company.

iii) Reportable segments:

Reportable segments have been identified as per the criteria specified in Accounting Standard (AS) 17 “Segment Reporting”.

iv) Segment composition:

- **Engineering & Construction Segment** comprises execution of engineering and construction projects in India/abroad to provide solutions in civil, mechanical, electrical and instrumentation engineering (on turnkey basis or otherwise) to core/ infrastructure sectors including railways, shipbuilding and supply of complex plant and equipment to core sectors. The segment capabilities include basic/detailed engineering, equipment fabrication/supply, erection & commissioning, procurement/construction and project management.
- **Electrical & Electronics Segment** comprises manufacture and sale of low and medium voltage switchgear and control gear, custom-built switchboards, petroleum dispensing pumps & systems, electronic energy meters/protection (relays) systems, control & automation products and medical equipment.
- **Machinery & Industrial Products Segment** comprises manufacture and sale of industrial machinery & equipment, marketing of industrial valves, construction equipment and welding/industrial products.
- **Others** include (a) ready mix concrete (b) property development activity and (c) e-engineering services & embedded systems.

18. Disclosure of related parties/related party transactions:

i. List of related parties over which control exists

Sr. no.	Name of the related party	Relationship
1	Tractor Engineers Limited	Wholly owned subsidiary
2	L&T Finance Limited	Wholly owned subsidiary of L&T Capital Holdings Limited
3	L&T Capital Company Limited	Wholly owned subsidiary
4	Larsen & Toubro Infotech Limited	Wholly owned subsidiary
5	Larsen & Toubro Infotech GmbH	Wholly owned subsidiary of Larsen & Toubro Infotech Limited
6	L&T Transportation Infrastructure Limited	Subsidiary of L&T Infrastructure Development Projects Limited #
7	L&T PNG Tollway Private Limited	Subsidiary *
8	Narmada Infrastructure Construction Enterprise Limited	Subsidiary of L&T Infrastructure Development Projects Limited #
9	L&T Western India Tollbridge Limited	Subsidiary of L&T Infrastructure Development Projects Limited #
10	India Infrastructure Developers Limited	Wholly owned subsidiary of L&T Capital Holdings Limited
11	Larsen & Toubro LLC	Subsidiary *
12	Larsen & Toubro International FZE	Wholly owned subsidiary
13	L&T Infrastructure Development Projects Limited	Subsidiary *
14	L&T Infocity Limited	Subsidiary of L&T Urban Infrastructure Limited #
15	Hyderabad International Trade Expositions Limited	Subsidiary of L&T Infocity Limited #
16	Andhra Pradesh Expositions Private Limited	Wholly owned subsidiary of Hyderabad International Trade Expositions Limited

Notes forming part of the Accounts (contd.)

Sr. no.	Name of the related party	Relationship
17	Larsen & Toubro (East Asia) SDN. BHD. (formerly known as L&T-ECC Construction (M) SDN. BHD.)	Subsidiary of Larsen & Toubro International FZE ##
18	Bhilai Power Supply Company Limited	Subsidiary *
19	Larsen & Toubro (Oman) LLC	Subsidiary of Larsen & Toubro International FZE #
20	Raykal Aluminium Company Private Limited	Subsidiary *
21	Cyber Park Development & Construction Limited	Subsidiary of L&T Infrastructure Development Projects Limited #
22	L&T-Sargent & Lundy Limited	Subsidiary *
23	Larsen & Toubro Qatar LLC	Subsidiary of Larsen & Toubro International FZE ##
24	L&T Overseas Projects Nigeria Limited	Subsidiary of Larsen & Toubro International FZE #
25	Chennai Vision Developers Limited	Wholly owned subsidiary of L&T Realty Private Limited
26	Larsen & Toubro Electromech LLC	Subsidiary of Larsen & Toubro International FZE #
27	L&T Infocity Lanka Private Limited	Subsidiary of L&T Infocity Limited #
28	Larsen & Toubro (Wuxi) Electric Company Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
29	International Seaports Pte. Limited	Wholly owned subsidiary
30	International Seaports (India) Private Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
31	L&T Panipat Elevated Corridor Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
32	L&T Tech Park Limited	Subsidiary of L&T Infrastructure Development Projects Limited #
33	L&T Krishnagiri Thopur Toll Road Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
34	L&T Western Andhra Tollways Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
35	L&T Vadodara Bharuch Tollway Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
36	L&T Interstate Road Corridor Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
37	Spectrum Infotech Private Limited	Wholly owned subsidiary
38	L&T Urban Infrastructure Limited	Subsidiary of L&T Infrastructure Development Projects Limited #
39	Larsen & Toubro Infotech Canada Limited (formerly known as Larsen & Toubro Information Technology Canada Limited)	Wholly owned subsidiary of Larsen & Toubro Infotech Limited
40	L&T Infrastructure Finance Company Limited	Wholly owned subsidiary of L&T Capital Holdings Limited
41	L&T Power Limited (formerly known as L&T Power Projects Limited)	Wholly owned subsidiary
42	International Seaport Dredging Limited	Subsidiary **
43	L&T Modular Fabrication Yard LLC, Oman	Subsidiary of Larsen & Toubro International FZE #
44	Larsen & Toubro (Saudi Arabia) LLC	Subsidiary of Larsen & Toubro International FZE #
45	Larsen & Toubro Readymix Concrete Industries LLC	Subsidiary of Larsen & Toubro International FZE ##
46	L&T Infrastructure Development Projects (Lanka) Private Limited	Subsidiary of L&T Infrastructure Development Projects Limited #
47	L&T Electricals Saudi Arabia Company Limited LLC	Subsidiary of Larsen & Toubro International FZE #
48	Larsen & Toubro Kuwait Construction General Contracting Company WLL	Subsidiary of Larsen & Toubro International FZE ##
49	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Subsidiary of Larsen & Toubro International FZE #
50	Larsen & Toubro (Jiangsu) Valve Company Limited	Subsidiary of Larsen & Toubro International FZE #
51	L&T-MHI Boilers Private Limited	Subsidiary of L&T Power Limited #
52	L&T Uttaranchal Hydropower Limited	Wholly owned subsidiary of L&T Power Development Limited
53	L&T Bangalore Airport Hotel Limited	Subsidiary of L&T Urban Infrastructure Limited #
54	L&T-MHI Turbine Generators Private Limited	Subsidiary of L&T Power Limited #

Notes forming part of the Accounts (contd.)

Sr. no.	Name of the related party	Relationship
55	L&T Vision Ventures Limited	Subsidiary of L&T Urban Infrastructure Limited #
56	L&T Phoenix Info Parks Private Limited	Subsidiary of L&T Urban Infrastructure Limited #
57	L&T South City Projects Limited	Subsidiary of L&T Urban Infrastructure Limited #
58	GDA Technologies Inc.	Wholly owned subsidiary of Larsen & Toubro Infotech Limited
59	L&T-Demag Plastics Machinery Limited	Wholly owned subsidiary (w.e.f. March 31, 2009)
60	GDA Technologies Limited	Wholly owned subsidiary of GDA Technologies Inc.
61	CSJ Infrastructure Private Limited	Subsidiary of L&T Urban Infrastructure Limited #
62	L&T Hitech City Limited	Subsidiary of L&T Infocity Limited #
63	L&T-Valdel Engineering Limited	Subsidiary *
64	L&T Arun Excello IT SEZ Private Limited	Subsidiary of L&T Urban Infrastructure Limited #
65	L&T Power Development Limited	Wholly owned subsidiary
66	L&T Shipbuilding Limited	Wholly owned subsidiary
67	L&T Infra & Property Development Private Limited	Wholly owned subsidiary
68	L&T Realty Private Limited	Wholly owned subsidiary
69	L&T Concrete Private Limited	Wholly owned subsidiary
70	L&T Strategic Management Limited	Wholly owned subsidiary
71	L&T General Insurance Company Limited	Wholly owned subsidiary of L&T Finance Limited
72	L&T Gulf Private Limited	Subsidiary *
73	L&T Transco Private Limited	Wholly owned subsidiary
74	Hi-Tech Rock Products & Aggregates Limited	Wholly owned subsidiary
75	L&T Arun Excello Commercial Projects Private Limited	Subsidiary of L&T Urban Infrastructure Limited #
76	Offshore International FZC	Subsidiary of Larsen & Toubro International FZE #
77	Qingdao Larsen & Toubro Trading Company Limited	Wholly owned subsidiary of Larsen & Toubro (Qingdao) Rubber Machinery Company Limited
78	Larsen & Toubro ATCO Saudia LLC	Subsidiary of Larsen & Toubro International FZE ##
79	L&T Realty FZE	Wholly owned subsidiary of L&T Realty Private Limited
80	L&T Seawoods Private Limited	Wholly owned subsidiary
81	L&T Chennai-Tada Tollway Limited	Wholly owned subsidiary of L&T Transco Private Limited
82	L&T Siruseri Property Developers Limited	Wholly owned subsidiary of L&T South City Projects Limited
83	L&T Port Sutrapada Limited	Wholly owned subsidiary of L&T Transco Private Limited
84	Sutrapada SEZ Developers Limited	Wholly owned subsidiary of L&T Transco Private Limited
85	Sutrapada Shipyard Limited	Wholly owned subsidiary of L&T Transco Private Limited
86	L&T Electrical & Automation FZE	Wholly owned subsidiary of Larsen & Toubro International FZE
87	Larsen & Toubro Heavy Engineering LLC	Subsidiary of Larsen & Toubro International FZE #
88	TAMCO Switchgear (Malaysia) SDN. BHD.	Wholly owned subsidiary of Larsen & Toubro International FZE
89	TAMCO Shanghai Switchgear Company Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
90	TAMCO Electrical Industries Australia Pty Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
91	PT TAMCO Indonesia	Wholly owned subsidiary of Larsen & Toubro International FZE
92	L&T Capital Holdings Limited	Subsidiary *
93	L&T Natural Resources Limited	Wholly owned subsidiary
94	L&T Ahmedabad-Maliya Tollway Private Limited	Wholly owned subsidiary
95	L&T Halol-Shamlaji Tollway Private Limited	Wholly owned subsidiary
96	L&T Rajkot-Vadinar Tollway Private Limited	Wholly owned subsidiary
97	L&T Engserve Private Limited	Wholly owned subsidiary

* The Company holds more than one-half in nominal value of the equity share capital
** The Company controls the composition of the Board of Directors
# The Company, together with its subsidiaries, holds more than one-half in nominal value of the equity share capital
The Company, together with its subsidiaries controls the composition of the Board of Directors

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Notes forming part of the Accounts (contd.)

ii. Names of the related parties with whom transactions were carried out during the year and description of relationship:

Subsidiary companies:			
1	Cyber Park Development & Construction Limited	2	Larsen & Toubro (East Asia) SDN. BHD.
3	Larsen & Toubro (Wuxi) Electric Company Limited	4	India Infrastructure Developers Limited
5	L&T Capital Company Limited	6	L&T-Sargent & Lundy Limited
7	L&T Finance Limited	8	L&T Engserve Private Limited
9	L&T Infrastructure Development Projects Limited	10	L&T Infocity Limited
11	L&T Krishnagiri Thopur Toll Road Limited	12	L&T Interstate Road Corridor Limited
13	L&T Panipat Elevated Corridor Limited	14	L&T Arun Excello Commercial Projects Private Limited
15	L&T Tech Park Limited	16	L&T Chennai-Tada Tollway Limited
17	L&T Urban Infrastructure Limited	18	L&T Vadodara Bharuch Tollway Limited
19	L&T Western Andhra Tollways Limited	20	L&T Western India Tollbridge Limited
21	Larsen & Toubro (Oman) LLC	22	Larsen & Toubro Infotech GmbH
23	Larsen & Toubro Infotech Canada Limited	24	Larsen & Toubro International FZE
25	Larsen & Toubro Infotech Limited	26	Raykal Aluminum Company Private Limited
27	Narmada Infrastructure Construction Enterprise Limited	28	Tractor Engineers Limited
29	Larsen & Toubro Saudi Arabia LLC	30	L&T Southcity Projects Limited
31	L&T Modular Fabrication Yard LLC, Oman	32	Larsen & Toubro (Quingdao) Rubber Machinery Company Limited
33	L&T Electrical Saudi Arabia Company Limited, LLC	34	L&T Infrastructure Finance Company Limited
35	L&T Uttaranchal Hydropower Limited	36	L&T Power Limited (formerly known as L&T Power Project Limited)
37	International Seaport Dredging Limited	38	Bhilai Power Supply Company Limited
39	L&T Bangalore Airport Hotel Limited	40	L&T Phoenix Info Parks Private Limited
41	Spectrum Infotech Private Limited	42	Larsen & Toubro Electromech LLC
43	Larsen & Toubro Qatar LLC	44	L&T Seawoods Private Limited
45	Larsen & Toubro LLC	46	Hyderabad International Trade Expositions Limited
47	L&T-Valdel Engineering Limited	48	L&T-MHI Boilers Private Limited
49	Offshore International FZC	50	Larsen & Toubro Readymix Concrete Industries LLC
51	L&T Infrastructure Development Projects (Lanka) Private Limited	52	Larsen & Toubro (Jiangsu) Valve Company Limited
53	Qingdao Larsen & Toubro Trading Company Limited	53	CSJ Infrastructure Private Limited
55	L&T Hitech City Limited	56	L&T Port Sutrapada Limited
57	L&T Vision Ventures Limited	58	L&T Gulf Private Limited
59	L&T Rajkot-Vadinar Tollway Private Limited	60	L&T Natural Resources Limited
61	Tamco Switchgear (Malaysia) SDN. BHD.	62	L&T Power Development Limited
63	L&T Realty Private Limited	64	L&T Shipbuilding Limited
65	L&T Transco Private Limited	66	L&T Ahmedabad-Maliya Tollway Private Limited
67	L&T Halol-Shamlaji Tollway Private Limited	68	GDA Technologies Limited
69	Larsen & Toubro Kuwait Construction General Contracting Company WLL	70	Larsen & Toubro ATCO Saudia LLC
71	L&T Arun Excello IT SEZ Private Limited	72	L&T Heavy Engineering LLC
73	L&T Electrical & Automation FZE	74	L&T-Demag Plastics Machinery Limited.
75	L&T Transportation Infrastructure Limited	76	L&T PNG Tollway Private Limited
77	L&T Overseas Projects Nigeria Limited	78	L&T-MHI Turbine Generators Private Limited
79	L&T Infra & Property Development Private Limited	80	L&T Concrete Private Limited
81	L&T Strategic Management Limited	82	Hi-Tech Rock Products & Aggregates Limited
83	L&T Capital Holdings Limited		

Notes forming part of the Accounts (contd.)

Associate companies:			
1	Audco India Limited	2	EWAC Alloys Limited
3	L&T-Chiyoda Limited	4	L&T-Komatsu Limited
5	L&T-Ramboll Consulting Engineers Limited	6	L&T-Case Equipment Private Limited
7	Voith Paper Technology (India) Limited	8	Salzer Cables Limited
9	International Seaport (Haldia) Private Limited	10	Second Vivekananda Bridge Tollway Co. Limited
11	L&T Arun Excello Realty Private Limited	12	JSK Electricals Private Limited
Joint ventures (other than associates):			
1	International Metro Civil Contractors Joint Venture	2	Bauer-L&T Diaphragm Wall Joint Venture
3	The Dhamra Port Company Limited	4	L&T-Eastern Joint Venture
5	Metro Tunneling Group	6	L&T-Hochtief Seabird Joint Venture
7	Larsen & Toubro Limited-Shapoorji Pallonji & Company Limited Joint Venture (Les Palles Exhibition Centre)	8	Larsen & Toubro Limited-Shapoorji Pallonji & Company Limited Joint Venture (Eben Cybercity)
9	Desbuild-L&T Joint Venture	10	HCC-L&T Purulia Joint Venture
11	L&T-AM Tapovan Joint Venture	12	L&T-Shanghai Urban Corporation Group Joint Venture
13	L&T Bombay Developers Private Limited		
Key management personnel & their relatives:			
1	Mr. A. M. Naik (Chairman & Managing director)	2	Mr. J. P. Nayak (whole-time director) Mrs. Neeta J. Nayak (wife) Mr. Nitin Nayak (son)
3	Mr. Y. M. Deosthalee (whole-time director) Mrs. Leena Y. Deosthalee (wife)	4	Mr. K. Venkataramanan (whole-time director) Mrs.Jyothi Venkataramanan (wife)
5	Mr. R. N. Mukhija (whole-time director) Mrs. Sushma Mukhija (wife) Ms. Debika Ajmani (daughter)	6	Mr. K. V. Rangaswami (whole-time director)
7	Mr. V. K. Magapu (whole-time director)	8	Mr. M. V. Kotwal (whole-time director)

iii. Disclosure of related party transactions:

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2008-2009 Amount	2008-2009 Amounts for major parties	*2007-2008 Amount*	*2007-2008 Amounts for major parties*
1	Purchase of goods & services (including commission paid)				
	Subsidiaries, including:	428.14		*193.88*	
	L&T Finance Limited		60.07		*69.56*
	L&T Modular Fabrication Yard LLC		68.70		*–*
	Tractor Engineers Limited		–		*35.48*
	L&T-Valdel Engineering Limited		43.79		*–*
	Associates & joint ventures, including:	934.96		*1061.06*	
	Audco India Limited		627.65		*821.41*
	EWAC Alloys Limited		126.69		*138.73*
	TOTAL	1363.10		*1254.94*	

Notes forming part of the Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2008-2009 Amount	2008-2009 Amounts for major parties	2007-2008 Amount	2007-2008 Amounts for major parties
2	Sale of goods/power/contract revenue & services				
	Subsidiaries, including:	2179.45		*1349.59*	
	Larsen & Toubro Infotech Limited		–		*152.32*
	L&T Interstate Road Corridor Limited		286.67		*154.53*
	L&T Krishnagiri Thopur Toll Road Private Limited		249.98		*178.17*
	L&T Panipat Elevated Corridor Private Limited		–		*225.48*
	L&T Vadodara Bharuch Tollway Limited		509.60		*204.30*
	Associates & joint ventures, including:	523.54		*69.04*	
	Audco India Limited		–		*12.45*
	L&T Arun Excello Realty Private Limited		–		*25.28*
	L&T-Komatsu Limited		–		*11.83*
	Second Vivekananda Bridge Tollway Company Private Limited		–		*16.05*
	The Dhamra Port Company Limited		457.66		*–*
	TOTAL	2702.99		*1418.63*	
3	Purchase/lease of fixed assets				
	Subsidiaries, including:	215.05		*1.11*	
	India Infrastructure Developers Limited		–		*1.08*
	L&T Finance Limited		187.15		*–*
	Associates & joint ventures, including:	6.23		*20.42*	
	L&T- Case Equipment Private Limited		2.37		*11.13*
	L&T-Komatsu Limited		1.19		*6.86*
	EWAC Alloys Limited		2.67		*2.43*
	TOTAL	221.28		*21.53*	
4	Sale of fixed assets				
	Subsidiaries, including:	0.25		*–*	
	L&T Shipbuilding Limited		0.21		*–*
	L&T Heavy Engineering LLC		0.04		*–*
	TOTAL	0.25		*–*	
5	Subscription to equity and preference shares (including application money paid and investment in joint ventures)				
	Subsidiaries, including:	1758.99		*985.01*	
	L&T Finance Limited		–		*250.00*
	L&T Infrastructure Finance Company Limited		–		*257.00*
	Larsen & Toubro International FZE		533.04		*336.39*
	L&T Capital Holding Limited		1078.59		*–*
	Associates & joint ventures, including:	52.10		*47.94*	
	L&T-Shanghai Urban Corporation Group Joint Venture		13.57		*–*
	L&T-AM Tapovan Joint Venture		19.17		*45.25*
	L&T-Eastern Joint Venture		9.71		*–*
	TOTAL	1811.09		*1032.95*	
6	Purchase of investments				
	Subsidiary:	4.50		*–*	
	L&T Finance Limited		4.50		*–*
	TOTAL	4.50		*–*	

Notes forming part of the Accounts (contd.)

Sr. no.	Nature of transaction/relationship/major parties	2008-2009 Amount	2008-2009 Amounts for major parties	2007-2008 Amount	2007-2008 Amounts for major parties
					Rs.crore
7	Sale of investments				
	Subsidiary:	1051.54		–	
	L&T Capital Holding Limited		1051.54		–
	TOTAL	1051.54		–	
8	Receiving of services from related parties				
	Subsidiaries, including:	17.51		*14.57*	
	Larsen & Toubro Infotech Limited		10.35		*10.99*
	L&T-Sargent and Lundy Limited		3.46		–
	L&T-Valdel Engineering Limited		2.47		–
	Associates & joint ventures including:	8.81		*0.13*	
	L&T-Komatsu Limited		–		*0.13*
	L&T-Chiyoda Limited		7.30		–
	L&T-Ramboll Consulting Engineers Limited		1.38		–
	TOTAL	26.32		*14.70*	
9	Rent paid, including lease rentals under leasing/hire purchase arrangements including loss sharing on equipment finance				
	Subsidiaries, including:	24.98		*17.62*	
	L&T Finance Limited		23.31		*17.35*
	Associates & joint ventures, including:	1.07		*0.87*	
	EWAC Alloys Limited		0.35		*0.33*
	L&T-Komatsu Limited		0.72		*0.53*
	Key management personnel	0.11		*0.13*	
	Relatives of key management personnel	0.14		*0.11*	
	TOTAL	26.30		*18.73*	
10	Charges for deputation of employees to related parties				
	Subsidiaries, including:	59.09		*21.27*	
	L&T-MHI Boilers Private Limited		6.29		–
	Larsen & Toubro Infotech Limited		–		*4.32*
	Offshore International FZC		6.04		*4.82*
	L&T Infrastructure Development Projects Limited		–		*2.26*
	L&T-Valdel Enginnering Limited		13.08		*2.28*
	Associates & joint ventures, including:	26.50		*1.31*	
	EWAC Alloys Limited		2.73		–
	L&T-Case Equipment Private Limited		5.27		–
	Audco India Limited		8.56		–
	L&T-Komatsu Limited		3.37		*0.33*
	L&T-Chiyoda Limited		4.46		*0.10*
	L&T-Ramboll Consulting Engineers Limited		–		*0.11*
	The Dhamra Port Company Limited		–		*0.13*
	TOTAL	85.59		*22.58*	

Notes forming part of the Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2008-2009 Amount	2008-2009 Amounts for major parties	2007-2008 Amount	2007-2008 Amounts for major parties
11	Dividend received				
	Subsidiaries, including:	15.80		*46.91*	
	HPL Cogeneration Limited		–		*28.45*
	Larsen & Toubro Infotech Limited		15.80		*15.64*
	Associates & joint ventures, including:	56.24		*11.50*	
	L&T-Komatsu Limited		28.80		*3.60*
	EWAC Alloys Limited		12.44		*1.45*
	Audco India Limited		9.00		*3.60*
	Voith Paper Technology (India) Limited		6.00		*2.85*
	TOTAL	72.04		*58.41*	
12	Commission received, including those under agency arrangements				
	Subsidiaries, including:	5.88		*0.84*	
	Larsen & Toubro Infotech Limited		–		*0.27*
	L&T Finance Limited		–		*0.23*
	Tractor Engineers Limited		–		*0.33*
	L&T-Demag Plastics Machinery Limited		5.88		–
	Associates & joint ventures, including:	151.47		*207.05*	
	L&T-Komatsu Limited		149.57		*198.52*
	TOTAL	157.35		*207.89*	
13	Rent received, overheads recovered and miscellaneous income				
	Subsidiaries, including:	111.52		*99.91*	
	Larsen & Toubro Infotech Limited		55.21		*42.99*
	Larsen & Toubro (Oman) LLC		48.04		–
	Associates & joint ventures, including:	33.69		*23.52*	
	L&T-Case Equipment Private Limited		5.60		4.54
	Audco India Limited		7.49		*3.63*
	L&T-Chiyoda Limited		3.27		–
	L&T-Komatsu Limited		2.74		–
	Metro Tunneling Group		7.45		–
	TOTAL	145.21		*123.43*	
14	Interest received				
	Subsidiaries, including:	55.59		*10.09*	
	Bhilai Power Supply Company Limited		–		*2.38*
	L&T Seawoods Private Limited		35.93		–
	Associate:	1.01		–	
	L&T-Case Equipment Private Limited		1.01		–
	Key management personnel	0.06		*0.03*	
	TOTAL	56.66		*10.12*	
15	Interest paid				
	Subsidiaries, including:	9.83		*6.62*	
	L&T Finance Limited		8.68		*6.15*
	Associate:	7.77		*2.35*	
	Audco India Limited		7.77		*2.35*
	TOTAL	17.60		*8.97*	

Notes forming part of the Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2008-2009 Amount	2008-2009 Amounts for major parties	*2007-2008 Amount*	*2007-2008 Amounts for major parties*
16	Payment of salaries/perquisites				
	Key management personnel:	56.46		*38.02*	
	A. M. Naik		12.55		*8.39*
	J. P. Nayak		6.39		*4.31*
	Y. M. Deosthalee		7.16		*4.83*
	K. Venkataramanan		7.11		*4.79*
	R. N. Mukhija		7.07		*4.74*
	K. V. Rangaswami		5.21		*3.54*
	V. K. Magapu		5.22		*3.54*
	M. V. Kotwal		5.75		*3.88*
	TOTAL	56.46		*38.02*	

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective period.

iv. Amount due to/from related parties

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2009 Amount	As at 31-3-2009 Amounts for major parties	*As at 31-3-2008 Amount*	*As at 31-3-2008 Amounts for major parties*
1	Accounts receivable				
	Subsidiaries, including:	490.43		*370.69*	
	L&T Electrical Saudi Arabia Company Limited, LLC		51.28		–
	Larsen & Toubro Infotech Limited		63.26		*68.64*
	L&T Uttaranchal Hydropower Limited		55.00		–
	L&T Interstate Road Corridor Limited		–		*74.65*
	L&T Vadodara Bharuch Tollway Limited		83.35		*61.47*
	Associates & joint ventures, including:	110.13		*44.77*	
	L&T Arun Excello Realty Private Limited		17.62		*15.12*
	Second Vivekanand Bridge Tollway Company Private Limited		–		*27.71*
	The Dhamra Port Company Limited		83.43		–
	TOTAL	600.56		*415.46*	
2	Accounts payable (including acceptance & interest accrued)				
	Subsidiaries, including:	213.15		*107.55*	
	Larsen & Toubro Infotech Limited		55.44		*22.41*
	L&T Finance Limited		33.16		*54.87*
	Tractor Engineers Limited		–		*11.09*
	Tamco Switchgear (Malaysia) SDN. BHD.		29.17		–
	Associates & joint ventures, including:	369.08		*298.78*	
	Audco India Limited		267.77		*254.61*
	L&T-Hochtief Seabird Joint Venture		62.86		–
	TOTAL	582.23		*406.33*	

Notes forming part of the Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2009 Amount	As at 31-3-2009 Amounts for major parties	*As at 31-3-2008* Amount	*As at 31-3-2008* Amounts for major parties
3	Loans & advances recoverable				
	Subsidiaries, including:	1704.93		*258.50*	
	Offshore International FZC		–		*30.11*
	L&T Capital Company Limited		770.81		*75.72*
	L&T Finance Limited		–		*48.38*
	L&T Seawoods Private Limited		591.60		–
	Associates & joint ventures, including:	117.76		*43.69*	
	L&T-Case Equipment Private Limited		–		*12.67*
	L&T-Demag Plastics Machinery Limited		–		*12.05*
	L&T-Chiyoda Limited		–		*5.01*
	L&T-AM Tapovan Joint Venture		71.26		*4.67*
	Key management personnel	0.66		*0.79*	
	Relatives of key management personnel	0.10		*0.06*	
	TOTAL	1823.45		*303.04*	
4	Advances against equity contribution				
	Subsidiaries, including:	623.59		*66.35*	
	L&T Shipbuilding Limited		248.50		–
	Larsen & Toubro International FZE		–		*46.19*
	L&T Power Development Limited		–		*20.00*
	L&T Seawoods Private Limited		250.00		–
	TOTAL	623.59		*66.35*	
5	Unsecured loans (including lease finance)				
	Subsidiaries, including:	150.59		*9.02*	
	India Infrastructure Developers Limited		–		*8.50*
	L&T Finance Limited		146.19		–
	TOTAL	150.59		*9.02*	
6	Advances received in the capacity of supplier of goods/services classified as "advances from customers" in the Balance Sheet				
	Subsidiaries, including:	118.29		*180.32*	
	L&T Interstate Road Corridor Limited		–		*26.83*
	L&T Krishnagiri Thopur Toll Road Private Limited		–		*18.92*
	L&T-MHI Turbine Generators Private Limited		25.41		–
	L&T Vadodara Bharuch Tollway Limited		–		*56.50*
	L&T Chennai-Tada Tollway Limited		34.21		–
	L&T Southcity Projects Limited		28.97		*18.24*
	Associates & joint ventures, including:	23.46		*8.89*	
	Second Vivekananda Bridge Tollway Company Private Limited		–		*1.56*
	L&T Arun Excello Realty Private Limited		8.03		*7.33*
	The Dhamra Port Company Limited		15.43		–
	TOTAL	141.75		*189.21*	

Notes forming part of the Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2009 Amount	As at 31-3-2009 Amounts for major parties	*As at 31-3-2008 Amount*	*As at 31-3-2008 Amounts for major parties*
7	Due to whole-time directors				
	Key management personnel:	35.47		*21.96*	
	A. M. Naik		8.45		*5.23*
	J. P. Nayak		4.22		*2.62*
	Y. M. Deosthalee		4.22		*2.62*
	K. Venkataramanan		4.22		*2.61*
	R. N. Mukhija		4.22		*2.61*
	K. V. Rangaswami		3.38		*2.09*
	V. K. Magapu		3.38		*2.09*
	M. V. Kotwal		3.38		*2.09*
	TOTAL	35.47		*21.96*	

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective period.

v. Notes to related party transactions:

a) The Company has a sole selling agreement with L&T-Komatsu Limited (LTK), an associate company, valid for the period of 5 years from October 16, 2006 in line with Government of India (GOI) approval letter dated May 28, 2007. The appointment shall be in effect as long as the joint venture agreement between the parent Company and M/s Komatsu Asia Pacific Pte. Ltd., Singapore (which is a subsidiary of Komatsu Ltd., Japan) remains in force, subject to approval of GOI, under Section 294 AA of the Companies Act, 1956. As per the terms of the agreement, the Company is the exclusive agent of L&T-Komatsu Limited to market LTK machines and provide product support. Pursuant to the aforesaid agreement, LTK is required to pay commission to the Company at specified rates on the sales effected by the Company.

b) The Company has renewed the selling agency agreement from October 1, 2003 with EWAC Alloys Limited (EWAC), an associate company. The agreement shall remain valid until either party gives 12 months' prior written notice to the other for termination. As per the terms of the agreement, the Company is the selling agent authorised to purchase and resell EWAC products in accordance with the prices and other conditions stipulated in the agreement.

c) The Company has a selling agency agreement with L&T-Demag Plastics Machinery Limited (LTDPML), a wholly owned subsidiary. As per the terms of the agreement, the Company is a selling and servicing agent of LTDPML. Pursuant to the aforesaid agreement, LTDPML is required to pay commission to the Company at specified rates on sales effected by the Company.

Note: The financial impact of the agreements mentioned at (a) to (c) above has been included in/disclosed vide note no.18(iii) *supra*.

19. Leases:

Where the Company is a lessee:

a) Finance leases:

i. [a] Assets acquired on finance lease mainly comprise plant & machinery, vehicles and personal computers. The leases have a primary period, which is fixed and non-cancellable. In the case of vehicles, the Company has an option to renew the lease for a secondary period. The agreements provide for revision of lease rentals in the event of changes in (a) taxes, if any, leviable on the lease rentals (b) rates of depreciation under the Income Tax Act, 1961 and (c) change in the lessor's cost of borrowings. There are no exceptional/restrictive covenants in the lease agreements.

Notes forming part of the Accounts (contd.)

[b] The minimum lease rentals as at March 31, 2009 and the present value as at March 31, 2009 of minimum lease payments in respect of assets acquired under finance leases are as follows:

Rs.crore

Particulars	Minimum lease payments		Present value of minimum lease payments	
	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*
1. Payable not later than 1 year	42.89	*0.50*	20.90	*0.43*
2. Payable later than 1 year and not later than 5 years	170.65	*0.28*	125.36	*0.27*
3. Payable later than 5 years	–	–	–	–
Total	213.54	*0.78*	146.26	*0.70*
Less: Future finance charges	67.28	*0.08*		
Present value of minimum lease payments	146.26	*0.70*		

ii. Contingent rent recognised/(adjusted) in the Profit and Loss Account in respect of finance leases: Rs.nil *(previous year: Rs.nil)*

b) Operating leases:

i. The Company has taken various residential/commercial premises and plant and machinery under cancellable operating leases. These lease agreements are normally renewed on expiry.

ii. (a) The Company has taken certain assets like cars, technology assets, etc. on non-cancellable operating leases, the future minimum lease payments in respect of which, as at March 31, 2009 are as follows:

Minimum lease payments	*Rs.crore*
1. Payable not later than 1 year	12.02
2. Payable later than 1 year and not later than 5 years	9.03
3. Payable later than 5 years	–
Total	21.05

(b) The lease agreements provide for an option to the Company to renew the lease period at the end of the non-cancellable period. There are no exceptional/restrictive covenants in the lease agreements.

iii. Lease rental expense in respect of operating leases: Rs.41.50 crore *(previous year: Rs.40.91 crore)*

iv. Contingent rent recognised in the Profit and Loss Account: Rs.0.11 crore *(previous year: Rs.0.14 crore)*

20. Provision for current tax includes:

i. Provision for wealth tax Rs.3.37 crore [including Rs.0.98 crore being provision for wealth tax in respect of earlier years] *(previous year: Rs.1.23 crore)*

ii. Rs.53.84 crore being provision for income tax in respect of earlier years *(previous year: provision for income tax of earlier years written back Rs.25.33 crore)*

iii. Rs.2.07 crore in respect of income tax payable outside India *(previous year: Rs.nil)*

iv. Provision for tax on fringe benefits includes credit for excess provision of Rs.0.20 crore pertaining to earlier years, reversed during the year. *(previous year: provision includes Rs.0.79 crore pertaining to earlier years)*

Notes forming part of the Accounts (contd.)

21. Major components of deferred tax liabilities and deferred tax assets:

Rs.crore

Particulars	*Deferred tax liabilities/(assets)* As at 31-3-2008	Charge/(credit) to Profit and Loss Account: ordinary activity	Charge/(credit) to Profit and Loss Account: extraordinary activity	Charge/(credit) to reserves: securities premium account	Charge/(credit) to reserves: hedging reserve	Deferred tax liabilities/(assets) As at 31.3.2009
Deferred tax liabilities:						
Difference between book and tax depreciation	*220.21*	64.49	2.69	–	–	287.39
Gain on derivative transactions to be offered for tax purposes in the year of transfer to Profit and Loss Account	–	–	–	–	121.03	121.03
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to Profit and Loss Account	*24.12*	2.62	–	–	–	26.74
Total	*244.33*	67.11	2.69	–	121.03	435.16
Deferred tax (assets):						
Provision for doubtful debts and advances debited to Profit and Loss Account	*(100.01)*	(45.84)	–	–	–	(145.85)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to Profit and Loss Account	–	–	–	–	(147.06)	(147.06)
Unpaid statutory liabilities/provision for compensated absences debited to Profit and Loss Account	*(48.78)*	(19.34)	–	–	–	(68.12)
Other items giving rise to timing differences	*(34.17)*	8.51	–	–	–	(25.66)
Total	*(182.96)*	(56.67)	–	–	(147.06)	(386.69)
Net deferred tax liability/(assets)	***61.37***	**10.44**	**2.69**	**–**	**(26.03)**	**48.47**
Previous year	*40.19*	*19.95*	–	*1.23*	–	*61.37*

22. Basic and diluted earnings per share [EPS] computed in accordance with Accounting Standard (AS) 20 "Earnings per Share".

Particulars		Before extraordinary items 2008-2009	Before extraordinary items *2007-2008*	After extraordinary items 2008-2009	After extraordinary items *2007-2008*
Basic					
Profit after tax as per the accounts (Rs.crore)	A	2709.20	*2173.42*	3481.66	*2173.42*
Weighted average number of shares outstanding	B	58,51,18,186	*57,50,52,204*	58,51,18,186	*57,50,52,204*
Basic EPS (Rupees)	A/B	**46.30**	***37.80***	**59.50**	***37.80***
Diluted					
Profit after tax as per the accounts (Rs.crore)	A	2709.20	*2173.42*	3481.66	*2173.42*
Add: Interest/exchange difference (gain)/loss on bonds convertible into equity shares (net of tax) (Rs.crore)	B	–	*(21.85)*	–	*(21.85)*
Adjusted profit for diluted earnings per share (Rs.crore)	C=A+B	2709.20	*2151.57*	3481.66	*2151.57*
Weighted average number of shares outstanding	D	58,51,18,186	*57,50,52,204*	58,51,18,186	*57,50,52,204*
Add: Weighted average number of potential equity shares that could arise on conversion of FCCBs	E	–	*24,59,448*	–	*24,59,448*
Add: Weighted average number of potential equity shares on account of employee stock options	F	79,89,615	*1,39,06,732*	79,89,615	*1,39,06,732*
Weighted average number of shares outstanding for Diluted EPS	G=D+E+F	59,31,07,801	*59,14,18,384*	59,31,07,801	*59,14,18,384*
Diluted EPS (Rupees)	C/G	**45.68**	***36.38***	**58.70**	***36.38***

Notes forming part of the Accounts (contd.)

23. Disclosures required by Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions:

Rs.crore

Sr. no.	Particulars	Class of Provisions: Product warranties	Excise duty	Sales tax	Litigation related obligations	Contractual rectification cost-construction contracts	Others	Total
1	Balance as at 1-4-2008	*18.09*	*4.06*	*21.78*	*2.11*	*62.40*	*2.70*	***111.14***
2	Additional provision during the year	6.43	–	20.65	–	128.43	10.31	**165.82**
3	Provision for extraordinary item	–	–	–	–	–	186.28*	**186.28**
4	Provision reversed during the year	8.69	3.96	1.12	2.11	–	11.30	**27.18**
5	Balance as at 31-3-2009 (5 = 1 + 2 + 3 - 4)	**15.83**	**0.10**	**41.31**	**–**	**190.83**	**187.99**	**436.06**

* Refer note no.10

b) Nature of provisions:

i. Product warranties: The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31, 2009 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of two years from the date of Balance Sheet.

ii. Provision for excise duty represents the differential duty liability that is expected to materialise in respect of matters in appeal.

iii. Provision for sales tax represents mainly the differential sales tax liability on account of non-collection of declaration forms for the period prior to 5 years.

iv. Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.

v. Contractual rectification cost represents the estimated cost the Company is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under AS 7 (Revised) "Construction Contracts".

c) Disclosure in respect of contingent liabilities is given as part of Schedule J to the Balance Sheet.

24. a) The expenditure on research and development activities, as certified by the management, is Rs.80.19 crore (including capital expenditure of Rs.5.01 crore) *[previous year: Rs.67.25 crore, including capital expenditure of Rs.6.61 crore]*.

b) An amount of Rs.197.46 crore (net loss) *(previous year: Rs.280.89 crore [net loss])* has been accounted under respective revenue heads in the Profit and Loss Account towards exchange differences arising on foreign currency transactions and forward contracts covered under Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates".

25. In line with the Company's risk management policy, the various financial risks mainly relating to changes in the exchange rates, interest rates and commodity prices are hedged by using a combination of forward contracts, swaps and other derivative contracts, besides the natural hedges.

a) The particulars of derivative contracts entered into for hedging purposes outstanding as at March 31, 2009 are as under:

Rs.crore

Category of derivative instruments	Amount of exposures hedged: As at 31-3-2009	*As at 31-3-2008*
i For hedging foreign currency risks		
a) Forward contracts for receivables including firm commitments and highly probable forecasted transactions	4549.23	*1999.09*
b) Forward contracts for payables including firm commitments and highly probable forecasted transactions	6800.95	*1886.87*
c) Currency swaps	4946.36	*3658.49*
d) Option contracts	108.25	*3595.17*
ii For hedging interest rate risks		
Interest rate swaps	–	*150.00*
iii For hedging commodity price risks		
Commodity futures	12.98	–

Notes forming part of the Accounts (contd.)

b) Unhedged foreign currency exposures as at March 31, 2009 are as under: *Rs.crore*

	Unhedged foreign currency exposures	As at 31-3-2009	*As at 31-3-2008*
i	Receivables, including firm commitments and highly probable forecasted transactions	14047.29	*11000.89*
ii	Payables, including firm commitments and highly probable forecasted transactions	7491.61	*6919.90*

26. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs.764.98 crore *(previous year: Rs.608.16 crore)*.

27. Managerial remuneration

a) Managing and whole-time directors' remuneration: *Rs.crore*

Particulars	2008-2009	*2007-2008*
Salary	5.94	*5.67*
Perquisites	3.87	*2.93*
Commission	35.47	*21.96*
Contribution to provident/superannuation fund	11.18	*7.46*
Total	56.46	*38.02*

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

b) Managerial remuneration and computation of net profit under Section 349 of the Companies Act, 1956.

Rs.crore

Profit before tax before extraordinary items as per Profit and Loss Account			3940.41
Add: Managing and whole-time directors' remuneration and commission		56.46	
Commission paid to non-executive directors		0.90	
Directors' fees		0.22	
Depreciation, obsolescence and amortisation charged to the Accounts	307.30		
Less: Transfer from revaluation reserve	1.31		
		305.99	
Provision for diminution in value of investments	8.12		
Less: Provision no longer required for earlier years	7.75		
		0.37	
Provision for doubtful debts and advances (net)	226.99		
Less: Provisions written-back	72.50		
		154.49	
Provision for foreseeable losses on construction contracts		55.81	
Profit (net) on sale of fixed assets as per Section 349 of the Companies Act, 1956 (net of capital profits)		(1.71)	
			572.53
			4512.94
Less: Profit on sale of fixed assets as per Profit and Loss Account (net)		4.78	
Depreciation and obsolescence as per Section 350 of the Companies Act, 1956		305.99	
			310.77
Net profit as per Section 198 of the Companies Act, 1956			4202.17
Maximum permissible remuneration to whole-time directors under Section 198 of the Companies Act, 1956 @ 10% of the profits computed above			420.22
Restricted as per service agreements to			56.46
Maximum permissible managerial remuneration to non-executive directors under Section 198 of the Companies Act, 1956 @ 1%			42.02
Restricted as per shareholders' approval to			0.90

Notes forming part of the Accounts (contd.)

c) Miscellaneous expenses include provision of Rs.0.90 crore (net) *[previous year: Rs.0.90 crore]* towards commission payable to non-executive directors of the Company, in terms of the special resolution passed at the annual general meeting held on August 26, 2005.

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

Rs.crore

Particulars	2008-2009	*2007-2008*
Audit fees	0.68	*0.50*
Certification work	0.89	*0.88*
Tax audit fees	0.16	*0.18*
Expenses reimbursed	0.16	*0.07*

29. Value of imports (on C.I.F. basis):

Rs.crore

Particulars	2008-2009	*2007-2008*
Raw materials	1208.80	*624.75*
Components and spare parts	2145.65	*1430.39*
Spare parts for sale	398.13	*253.52*
Capital goods	617.23	*198.47*

30. Expenditure in foreign currency:

Rs.crore

Particulars	2008-2009	*2007-2008*
On overseas contracts	2155.49	*1545.01*
Royalty and technical know-how fees	2.36	*3.28*
Interest	100.09	*56.75*
Professional/consultation fees	113.10	*82.04*
Other matters	1142.08	*336.72*

31. Dividends remitted in foreign currency:

Rs.crore

Particulars	2008-2009	*2007-2008*
Dividend for the year ended March 31, 2008 to:		
i. 9 non-resident shareholders on 7,850 shares held by them (*previous year: 7,850 shares*) - on 2-9-2008	0.01	*–*
ii. Custodian of global depositary receipts on 1,09,85,759 shares (*previous year: 94,68,501 shares*) - on 2-9-2008	16.48	*3.44*

32. Earnings in foreign exchange:

Rs.crore

Particulars	2008-2009	*2007-2008*
Export of goods [including Rs.1592.09 crore on FOB basis *(previous year: Rs.1432.49 crore)*]	1651.32	*1446.72*
Construction and project related activities	5196.41	*3611.31*
Export of services	452.61	*577.99*
Commission	38.14	*2.91*
Interest and dividend received	2.98	*17.66*
Other receipts	6.77	*–*

Notes forming part of the Accounts (contd.)

33. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2009. The disclosure pursuant to the said Act is as under:

Rs.crore

Particulars	2008-2009	*2007-2008*
Principal amount due to suppliers under MSMED Act, 2006	9.64	*3.55*
Interest accrued, due to suppliers under MSMED Act on the above amount. and unpaid	0.12	*0.01*
Payment made to suppliers (other than interest) beyond the appointed day during the year	22.09	*9.43*
Interest paid to suppliers under MSMED Act (other than Section 16)	–	–
Interest paid to suppliers under MSMED Act (Section 16)	0.13	*0.06*
Interest due and payable towards suppliers under MSMED Act for payments already made	0.13	*0.06*
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.25	*0.07*

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

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

a) Jointly with L&T Infrastructure Development Projects Limited [a subsidiary of the Company], to the term lenders of its subsidiary companies L&T Transportation Infrastructure Limited (LTTIL):

i. 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 and

ii. 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) In terms of Company's concession agreement with Government of India and Government of Gujarat, not to change the control over L&T Western India Tollbridge Limited [a subsidiary of L&T Infrastructure Development Projects Limited] during the period of the agreement.

c) To the debenture holders of L&T Infrastructure Development Projects Limited [a subsidiary of the Company] and to the lenders of its subsidiaries L&T Panipat Elevated Corridor Private Limited & L&T Krishnagiri Thopur Toll Road Limited, not to dilute Company's shareholding below 51%.

d) To the lender of L&T Offshore International FZC (a subsidiary of the Company), not to pledge or reduce it's shareholding in L&T International FZE (the holding company of L&T Offshore International FZC) below 100% of the issued & allotted share capital.

e) Jointly with L&T-MHI Turbine Generators Private Limited (a subsidiary of L&T Power Limited, which is a wholly owned subsidiary of the Company) and Mitsubishi Heavy Industries Limited (JV partners in L&T-MHI Turbine Generators Private Limited), to Andhra Pradesh Power Development Company Limited (APPDCL) to render unconditional and irrevocable financial support for the successful execution of APPDCL 2x800 MW Power Project - Steam Turbine Generator Package Tender, near Krishnapatnam, Nellore district, Andhra Pradesh.

f) Not to sell or otherwise transfer, deal with or agree to acquire, sell or otherwise transfer or deal with, in any manner the shares of Satyam Computer Services Limited (SCSL), held by the Company or its affiliates, till October 21, 2009 or a date approved by the appropriate authorities which ever is earlier.

35. During the year, the Company transferred at book value the equity investments held by it in the following companies to its wholly-owned subsidiary L&T Capital Holdings Limited,

Sr. no.	Name of the company	Detail of investments		
		No. of equity shares	Face value per share	Amount invested
			Rupees	Rs.crore
1	India Infrastructure Developers Limited	5,60,60,000	10	56.06
2	L&T Finance Limited	18,66,91,500	10	490.98
3	L&T Infrastructure Finance Company Limited	50,00,00,000	10	500.00
4	NAC Infrastructure Equipment Limited	45,00,000	10	4.50

Notes forming part of the Accounts (contd.)

36. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2009.

37. According to the Company, Construction is a service activity and therefore, the same is covered under para 3(ii)(c) of Part II of Schedule VI to the Companies Act, 1956.

38. Details of sales, raw materials and components consumed, capacities & production, inventories and purchase of trading goods:

a) Sales:

Class of goods	Unit	2008-2009		*2007-2008*	
		Quantity	Value	*Quantity*	*Value*
			Rs.crore		*Rs.crore*
Earthmoving and agricultural machinery and spares			417.77		*165.45*
Welding alloys & accessories			194.36		*329.86*
Industrial machinery	Tonnes	13,278	318.36	*16,097*	*283.61*
Nuclear purpose equipment, de-aerators, ultra high pressure vessels including multiwall vessels, high pressure heat exchangers and high pressure heaters in aggregate	Tonnes	110	30.48	*292*	*20.51*
Plant & equipment and modules for nuclear power projects, heavy water projects, nuclear and space research and allied projects, including items for Chemical, Oil & Gas, etc. industries	Tonnes	36,388	3583.79	*29,423*	*2972.09*
Powder metallurgy and industrial products			100.83		*117.68*
Industrial electronic control panels			137.81		*172.40*
Valves and accessories			781.97		*871.66*
Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystalliser plants and pollution control equipment in aggregate	Tonnes	8,187	2358.85	*8,771*	*1178.87*
Switchgear, all types			1071.91		*965.74*
Electro surgical unit and accessories			4.38		*4.49*
Petrol dispensing and metering pumps	Nos.	1,979	37.29	*6,649*	*106.14*
Ship auxiliaries and components of mechanised sailing vessels	Tonnes	60	8.70	*168*	*14.57*
Complete cement making machinery, including rotary kilns and fluxo packers in aggregate	Nos.	Parts for 3 Plants	100.80	*Parts for 2 Plants*	*298.77*
Transmission line tower	Tonnes	22,807	121.63	*42,297*	*195.74*
Steel structural fabrication	Tonnes	13,086	140.75	*7,054*	*75.25*
	Nos.	–	–	*6,93,771*	*18.03*
Rubber processing machinery and accessories	Nos.	240	299.36	*235*	*297.05*
Ultrasound equipment and accessories			11.12		*20.05*
Patient monitoring system and accessories			46.84		*53.70*
Electricity meters			111.93		*144.09*
Ready mix concrete	Cu.m.	20,26,416	605.92	*30,72,870*	*1067.62*
Defence equipment all types			54.60		*55.47*
Others			2274.44		*1541.30*
TOTAL @			12813.89		*10970.14*

@ includes Rs.6933.20 crore of construction & project related activity *(previous year: Rs.4837.29 crore)*

Notes forming part of the Accounts (contd.)

b) Raw materials and components consumed:

i) Class of goods:

Particulars	Unit	2008-2009 Quantity	2008-2009 Value	*2007-2008 Quantity*	*2007-2008 Value*
			Rs.crore		*Rs.crore*
Steel	Tonnes	46,976	207.31	*73,164*	*279.84*
	Metres	16,39,248	209.14	*8,99,498*	*79.99*
	Sq. mtrs.	14,86,147	376.14	*5,23,345*	*352.48*
	Nos./Sets	31,21,882	706.69	*9,33,089*	*478.45*
Non-ferrous metals	Tonnes	2,487	86.29	*3,649*	*112.86*
	Metres	8,18,158	8.92	*7,44,906*	*9.62*
	Sq. mtrs.	2,147	7.80	*1,327*	*5.61*
	Nos.	43,851	13.01	*1,03,841*	*9.10*
Bakelite	Tonnes.	376	4.26	*404*	*5.05*
Cement machinery components			63.30		*112.55*
Nuclear equipment components, including items for Oil & Gas industries, etc. in aggregate			1626.55		*1275.90*
Chemical plant components			1176.84		*671.20*
Switchgear components			782.55		*767.76*
Electronic devices, test & measuring instruments and industrial electronic control panel components			29.57		*137.21*
Metering & protection systems and medical equipment and components			170.14		*203.36*
Industrial machinery components			47.89		*43.68*
Power plant & machinery components			514.67		*316.87*
Others			587.93		*983.56*
TOTAL			6619.00		*5845.09*

ii) Classification of goods:

Particulars	2008-2009 % to total consumption	2008-2009 Value Rs.crore	*2007-2008 % to total consumption*	*2007-2008 Value Rs.crore*
Imported (including through canalising agencies)	44	2935.28	*40*	*2343.24*
Indigenous	56	3683.72	*60*	*3501.85*
TOTAL	100	6619.00	*100*	*5845.09*

Notes forming part of the Accounts (contd.)

c) Capacities & production:

Class of goods	Unit	Licensed capacity	Installed capacity	Actual production
Scrapper, bulldozer, ripper and loader attachments	Nos	250 *(250)*	250 *(250)*	– *(–)*
Road rollers, hot mix plants and other road construction and bridge construction machinery	Nos	150 *(150)*	150 *(150)*	– *(–)*
Dairy machinery and equipment - various items in aggregate	Nos	35,584 *(35,584)*	35,584 *(35,584)*	– *(–)*
Chemical plant and machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystalliser plants and pollution control equipment in aggregate	Tonnes	6,567 *(6,567)*	6,567 *(6,567)*	7,507 *(9,171)*
Equipment for food processing industry	Tonnes	65 *(65)*	65 *(65)*	– *(–)*
Complete cement making machinery, including rotary kilns and fluxo packers in aggregate	Nos	2 *(2)*	2 *(2)*	Parts for 3 plants *(Parts for 2 plants)*
Sugarcane and beet diffusion, beet preparation and beet pulp dehydration plants	Nos	2 *(2)*	2 *(2)*	– *(–)*
Nuclear purpose equipment, de-aerators, ultra high pressure vessels, vessels including multiwall vessels, high pressure heat exchangersand high pressure heaters in aggregate	Tonnes	5,000 *(5,000)*	3,950 *(3,950)*	110 *(292)*
Plant and equipment and modules for nuclear power projects, heavy water projects, nuclear and space research and allied projects, including items for chemical, oil and gas, etc. industries	Tonnes	10,000 *(10,000)*	10,000 *(10,000)*	28,451# *(33,800)#*
Complete high speed bottling plants	Nos	6 *(6)*	6 *(6)*	– *(–)*
Pulp and paper making plants	Tonnes	2,000 *(2,000)*	800 *(800)*	– *(–)*
Suspended particles drying plants	Nos	6 *(6)*	6 *(6)*	– *(–)*
Containers for liquefied gases and chemicals	Nos	Not applicable* *(Not applicable)**	1,000 tonnes carrying capacity *(1,000 tonnes carrying capacity)*	– *(–)*
Steel plant valves	Nos	40 *(40)*	40 *(40)*	– *(–)*
Ship auxiliaries and components of mechanised sailing vessels	Tonnes	1,000 *(1,000)*	1,000 *(1,000)*	60 *(168)*
Rubber processing machinery	Nos	109 *(109)*	109 *(109)*	244 *(232)*
Switchgear, all types	Nos	26,78,500$ *(26,78,500)$*	31,74,750 *(31,74,750)*	58,98,474 *(50,42,105)*
Miscellaneous electrical items	Nos	10,49,100 *(10,49,100)*	10,39,100 *(10,39,100)*	– *(–)*
Petrol dispensing and metering pumps	Nos	4,800 *(4,800)*	4,800 *(4,800)*	1,882 *(6,757)*
Press tools, jigs, fixtures, dies for pressure castings, moulds for plastic injection and bakelite	Rs.Lakh/Nos	Rs.220 lakh@ *(Rs.220 lakh)@*	Rs.330 lakh *(Rs.295 lakh)*	510 nos *(370 nos)*
Industrial machinery	Tonnes	12,000 *(12,000)*	12,000 *(12,000)*	13,278 *(16,169)*

Notes forming part of the Accounts (contd.)

c) Capacities & production (contd.)

Class of goods	Unit	Licensed capacity	Installed capacity	Actual production
Industrial electronic control panels	Nos	2,500 *(2,500)*	2,500 *(2,500)*	410 *(638)*
Electronic devices	Nos	30,000 *(30,000)*	30,000 *(30,000)*	– *(9,248)*
Electro surgical unit and accessories	Nos	Not applicable * *(Not applicable) **	1,250 *(1,250)*	341 *(452)*
Ultrasound equipment and accessories	Nos	Not applicable * *(Not applicable) **	1,000 *(1,000)*	312 *(519)*
Patient monitoring system and accessories	Nos	Not applicable * *(Not applicable) **	7,000 *(7,000)*	6,239 *(6,603)*
Relays	Nos	Not applicable * *(Not applicable) **	60,000 *(60,000)*	34,363 *(55,222)*
Control & relay panels	Nos	Not applicable * *(Not applicable) **	100 *(100)*	– *(–)*
Electricity meters	Nos	Not applicable * *(Not applicable) **	7,00,000 *(7,00,000)*	6,16,426 *(5,83,540)*
Transmission line tower	Tonnes	90,000 *(51,000)*	90,000 *(51,000)*	86,355 *(62,804)*
Steel structural fabrication	Metric Tonnes	12,000 *(12,000)*	12,000 *(12,000)*	30,018 *(45,852)*
Steel re-rolling	Tonnes	40,000 *(40,000)*	40,000 *(40,000)*	32,453 *(31,506)*
Ready mix concrete	M3	– *(53,58,400)*	– *(53,58,400)*	21,50,002 *(34,65,306)*
Defence equipment. all types	Nos	3,971 *(3,971)*	3,971 *(3,971)*	915 parts thereof *(274 parts thereof)*
Parts for aircraft and other metal products	No.	1,00,000 *(–)*	1,00,000 *(–)*	– *(–)*
Parts and accessories for prime movers, boilers, steam generating plants and nuclear reactor	Nos	25,000 *(–)*	25,000 *(–)*	– *(–)*
Commercial ships	Nos	– *(–)*	2 *(2)*	– *(–)*

Figures in brackets pertain to previous year.

* Licensing not applicable. Installed capacity is based on one of the following:

1. Entrepreneur's memoranda filed with Government of India, Ministry of Industry, New Delhi;
2. Registration with the Directorate General of Technical Development;
3. Approval obtained from the Government of India, Ministry of Industry, New Delhi;
4. Agreement with Government of India, Ministry of Petroleum & Natural Gas.

@ Excludes Rs.200 lakh in respect of memorandum no.1322/SIA/IMO/92 dated 27-3-1992 of which capacity of Rs.75 lakh has been installed.

$ Excludes 6,96,250 nos. in respect of memoranda nos.924/SIA/IMO/91 and 922/SIA/IMO/91 dated 11-9-1991 of which capacity of 4,96,250 nos. has been installed.

\# Includes production from external sources

Notes forming part of the Accounts (contd.)

d) Inventories:

Class of goods	Unit	As at 31-3-2009 Quantity	As at 31-3-2009 Value	*As at 31-3-2008 Quantity*	*As at 31-3-2008 Value*	*As at 31-3-2007 Quantity*	*As at 31-3-2007 Value*
			Rs.crore		*Rs.crore*		*Rs.crore*
Electronic, medical and other instruments, accessories and spares	–	–	–	*–*	*–*	*–*	*0.17*
Industrial machinery	Tonnes	253	1.08	*253*	*3.52*	*221*	*4.49*
Switchgear, all types			132.66		*130.54*		*120.03*
Complete cement making machinery, including rotary kilns and fluxo packers in aggregate	Nos	–	–	*Parts for 2 Plants*	*0.47*	*Parts for 2 Plants*	*38.40*
Patient monitoring systems and accessories			5.08		*9.43*		*7.07*
Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystalliser plants and pollution control equipment in aggregate	Tonnes	152	495.71	*152*	*444.45*	*152*	*568.94*
Industrial electronic control panels			–		*0.01*		*0.04*
Spares for earthmoving and agricultural machinery			74.91		*57.30*		*38.49*
Nuclear purpose equipment, deaerators, ultra high pressure vessels including multiwall vessels, high pressure heat exchangers and high pressure heaters in aggregate			159.24		*129.91*		*96.48*
Ultrasound equipment and accessories			5.90		*6.09*		*6.13*
Powder metallurgy and industrial products			10.29		*10.56*		*8.18*
Petrol dispensing and metering pumps	Nos	184	2.28	*281*	*2.92*	*173*	*4.74*
Valves and accessories			5.82		*5.16*		*2.56*
Earthmoving machinery, including bulldozers, dumpers, scrappers, loaders, vibratory compactors and drag lines (excluding walking drag lines)			25.14		*18.23*		*6.22*
Welding alloys and accessories			14.61		*21.62*		*16.56*
Electronic test & measuring instruments			–		*–*		*0.49*
Plant and equipment and modules for nuclear power projects, heavy water projects, nuclear and space research and allied projects including items for Chemical, Oil & Gas, etc. industries			2843.83		*1813.85*		*1386.27*
Defence equipment, all types			283.18		*665.93*		*–*
Commercial Ships			399.99		*191.17*		*–*
Ship auxiliaries and components of mechanised sailing vessels			62.16		*39.70*		*–*
Others			700.68		*227.07*		*530.82*
Total @			5222.56		*3777.93*		*2836.08*

@ includes Rs.4880.02 crore shown as construction-related WIP in current year *(previous year: Rs.3456.55 crore)*

Notes forming part of the Accounts (contd.)

e) Purchases of trading goods:

Rs.crore

Class of goods	2008-2009	*2007-2008*
Earthmoving and agricultural machinery and spares	325.50	*240.51*
Welding alloys and accessories	120.53	*127.77*
Valves and accessories	603.26	*764.03*
Electronic, medical & other instruments, accessories and spares	469.95	*284.13*
Powder metallurgy and industrial products	68.54	*71.48*
Others	90.91	*138.18*
Total	1678.69	*1626.10*

Notes:

(a) The installed capacities are as certified by managing/whole-time directors, on which the auditors have placed reliance.

(b) In terms of note 3 to para 3 of Part II of Schedule VI, items like spare parts and accessories are given without quantities in respect of sales, purchases and stocks.

(c) Quantitative figures for sales are after exclusion of inter-divisional transfers, capitalisation/captive consumption, samples, etc.

39. Miscellaneous expenses include donations aggregating to Rs.4.70 crore made during the year to political parties as follows: Akhil Bharatiya Congress Committee: Rs.2.25 crore, Bharatiya Janata Party: Rs.2.00 crore and Shiv Sena Madhyavarti Karyalaya: Rs.0.45 crore.

40. Certain elements of operational income of business segments forming a part of segment results used to be hitherto categorised as a part of 'other income' in the Profit and Loss Account. During the current year the same have been regrouped under 'other operational income' in the Profit and Loss Account to reflect the proper classification.

41. Interest income, has been shown separately as a part of 'other income' during current year.

42. Figures for the previous year have been regrouped/reclassified wherever necessary.

Notes forming part of the Accounts (contd.)

43. Balance Sheet abstract and Company's general business profile

I. Registration details

Registration no. L99999MH1946PLC004768 State Code 11

Balance Sheet date 31 03 2009
Date Month Year

II. Capital raised during the year (Amount in Rs.thousands) @

Public issue	Rights issue
NIL	NIL
Bonus issue	Private placement
585184	NIL

@ The Company also raised capital during the year by way of allotment of shares under Employee Stock Ownership Schemes amounting to Rs.1537 Thousands

III. Position of mobilisation and deployment of funds (amount in Rs.thousands)

	Total liabilities	Total assets
	194508760	194508760
Sources of funds	Paid-up capital	Reserves & surplus*
	1171376	123425531

* Including employees stock options outstanding Rs.2356655 thousands.

	Secured loans	Unsecured loans
	11023794	54536433
	Deferred tax liabilities	
	4351626	
Application of funds	Net fixed assets and net intangible assets	Investments
	51945956	82637209
	Net current assets	Deferred tax assets
	56056067	3866906
	Misc. expenditure	Accumulated losses
	2622	NIL

IV. Performance of Company (Amount in Rs.Thousands)

	Turnover (Including other income)		Total expenditure
	346797338		307393262
+ –	Profit/loss before tax before extraordinary items @	+ –	Profit/loss after tax @ $
+	39404076	+	34816549

@ Includes Company's share in profit of integrated joint ventures Rs.106819 thousands (net of tax).

$ Includes extraordinary items Rs.7724613 thousands [net of tax] (see note no.10)

Basic earnings per share after extraordinary items in Rupees #	Dividend rate%
59.50	525

\# Basic earnings per share before extraordinary items - Rs.46.30

V. Generic names of three principal products/services of the Company (as per monetory terms)

Item code no. (ITC code)	NA
Product description	Construction and project related activity.
Item code no. (ITC code)	847989.02
Product description	Plant and equipment and modules for nuclear power projects, heavy water projects, nuclear and space research and allied projects including items for chemical, oil and gas, etc. industries.
Item code no. (ITC code)	847989.02
Product description	Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystalliser plants and pollution control equipment in aggregate.

Signature to Schedules A to Q and Notes

A. M. NAIK
Chairman & Managing Director

As per our report attached

SHARP & TANNAN
Chartered Accountants
by the hand of
F. M. KOBLA
Partner
Membership No.15882
Mumbai, May 28, 2009

Y. M. DEOSTHALEE   S. RAJGOPAL   M. M. CHITALE

N. MOHAN RAJ   BHAGYAM RAMANI   A. K. JAIN

N. HARIHARAN
Company Secretary

Directors

Mumbai, May 28, 2009

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

Name of the subsidiary company Financial year of the subsidiary company ended on	L&T Finance Limited 31-3-2009	Larsen & Toubro Infotech Limited 31-3-2009	Larsen & Toubro (Oman) LLC 31-12-2008	India Infrastructure Developers Limited 31-3-2009	L&T Infocity Limited 31-3-2009	Larsen & Toubro International FZE 31-12-2008	Larsen & Toubro Infotech Canada Limited 31-3-2009
Number of shares in the subsidiary company held by Larsen & Toubro Limited at the above date -							
- Equity shares	NIL	3,00,00,000	NIL	NIL	NIL	1,616	NIL
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
The extent of interest in subsidiary companies of Larsen & Toubro Limited as at the above date	99.99%	100.00%	65.00%	99.99%	53.17%	100.00%	100.00%
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	15.80	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	30.55	143.91	3.26	NIL	5.28	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	98.82	246.33	36.91	3.32	25.04	(302.48)	2.03
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	234.92	450.68	48.79	(13.09)	81.37	(81.07)	0.39
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	76	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Name of the subsidiary company Financial year of the subsidiary company ended on	Narmada Infrastructure Construction Enterprise Limited 31-3-2009	L&T Transportation Infrastructure Limited 31-3-2009	L&T-Sargent & Lundy Limited 31-3-2009	Larsen & Toubro (East Asia) SDN.BHD 31-12-2008	L&T Western India Tollbridge Limited 31-3-2009	L&T Infrastructure Development Projects Limited 31-3-2009	Larsen & Toubro (Wuxi) Electric Company Limited 31-12-2008
Number of shares in the subsidiary company held by Larsen & Toubro Limited at the above date -							
- Equity shares	1,26,48,507	1,08,64,000	27,52,129	NIL	1,39,50,007	19,30,31,352	NIL
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding company's interest in subsidiary company	79.65%	79.65%	50.00%	30.00%	79.65%	79.65%	100.00%
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	1.31	0.03	1.08	1.95	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	13.50	6.77	5.22	0.15	2.40	8.63	1.11
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	13.36	3.06	3.40	0.03	7.16	131.10	(2.38)
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies (contd.)

Name of the subsidiary company / Financial year of the subsidiary company ended on	Cyber Park Development & Construction Limited 31-3-2009	L&T Capital Company Limited 31-3-2009	Larsen & Toubro Infotech, GmbH 31-3-2009	Hyderabad International Trade Expositions Limited 31-3-2009	Tractor Engineers Limited 31-3-2009	Larsen & Toubro Qatar LLC 31-12-2008	Larsen & Toubro LLC 31-12-2008
Number of shares in the subsidiary company held by Larsen & Toubro Limited at the above date -							
- Equity shares	NIL	2,20,00,000	NIL	NIL	68,000	NIL	50,000
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding company's interest in subsidiary company	30.47%	100.00%	100.00%	30.90%	100.00%	49.00%	100.00%
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	0.55	NIL	NIL	2.38	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	3.39	3.50	1.84	(0.25)	(23.80)	(0.43)	0.62
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	4.33	8.34	5.14	(1.22)	24.17	(10.38)	0.48
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Name of the subsidiary company / Financial year of the subsidiary company ended on	International Seaports (India) Private Limited 31-3-2009	International Seaports Pte. Limited 31-12-2008	L&T Panipat Elevated Corridor Limited 31-3-2009	L&T Tech Park Limited 31-3-2009	L&T Krishnagiri Thopur Toll Road Limited 31-3-2009	L&T Western Andhra Tollways Limited 31-3-2009	L&T Vadodara Bharuch Tollway Limited 31-3-2009
Number of shares in the subsidiary company held by Larsen & Toubro Limited at the above date -							
- Equity shares	NIL	18,15,000	NIL	NIL	NIL	NIL	NIL
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding company's interest in subsidiary company	79.65%	100.00%	79.65%	30.47%	79.65%	79.65%	79.65%
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	(0.01)	NIL	(24.73)	(0.58)	(4.37)	(1.48)	0.19
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	(0.74)	(2.45)	NIL	0.27	NIL	NIL	NIL
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies (contd.)

Name of the subsidiary company Financial year of the subsidiary company ended on	L&T Interstate Road Corridor Limited 31-3-2009	Spectrum Infotech Private Limited 31-3-2009	L&T Urban Infrastructure Limited 31-3-2009	L&T Infocity Lanka Private Limited 31-3-2009	L&T Overseas Projects Nigeria Limited 31-12-2008	L&T Infrastructure Development Projects Lanka (Private) Limited 31-3-2009	L&T Infrastructure Finance Company Limited 31-3-2009
Number of shares in the subsidiary company held by Larsen & Toubro Limited at the above date -							
- Equity shares	NIL	4,40,000	NIL	NIL	NIL	NIL	NIL
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding company's interest in subsidiary company	79.65%	100.00%	59.74%	27.65%	100.00%	75.67%	99.99%
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	(0.10)	1.68	3.59	0.23	(0.17)	NIL	76.45
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	0.93	(1.68)	0.45	NIL	NIL	50.15
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Name of the subsidiary company Financial year of the subsidiary company ended on	L&T Power Limited 31-3-2009	International Seaport Dredging Limited 31-3-2009	L&T Modular Fabrication Yard LLC 31-12-2008	Larsen & Toubro Saudi Arabia LLC 31-12-2008	Larsen & Toubro Readymix Concrete Industries LLC 31-12-2008	Larsen & Toubro (Jiangsu) Valve Company Limited 31-12-2008	L&T Electricals Saudi Arabia Company Limited, LLC 31-3-2009
Number of shares in the subsidiary company held by Larsen & Toubro Limited at the above date -							
- Equity shares	5,13,01,000	30,805	NIL	NIL	NIL	NIL	NIL
- Preference shares	NIL	9,420	NIL	NIL	NIL	NIL	NIL
Holding company's interest in subsidiary company	100.00%	46.02%	65.00%	100.00%	49.00%	69.70%	75.00%
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	(0.54)	(27.15)	0.45	(4.52)	7.44	(2.93)	(0.29)
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	7.43	(3.19)	(50.37)	(3.68)	(3.15)	(0.14)
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies (contd.)

Name of the subsidiary Company / Financial year of the subsidiary company ended on	Larsen & Toubro Kuwait Construction General Contracting Company, WLL 31-12-2008	Larsen &Toubro (Qingdao) Rubber Machinery Company Limited 31-12-2008	L&T-MHI Boilers Private Limited 31-3-2009	L&T Uttaranchal Hydropower Limited 31-3-2009	L&T Bangalore Airport Hotel Limited 31-3-2009	L&T-Valdel Engineering Limited 31-3-2009	L&T Vision Ventures Limited 31-3-2009
Number of shares in the subsidiary Company held by Larsen & Toubro Limited at the above date -							
- Equity shares	NIL	NIL	NIL	NIL	NIL	12,44,500	NIL
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding Company's interest in subsidiary Company	49.00%	95.00%	51.00%	100.00%	44.21%	95.00%	40.62%
The net aggregate of profits, less losses, of the subsidiary Company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	2.49	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	(1.22)	0.23	(10.81)	(0.76)	(0.02)	14.82	(0.03)
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	(0.32)	(0.30)	NIL	NIL	NIL	0.81	NIL
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009 Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary Company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Name of the subsidiary Company / Financial year of the subsidiary company ended on	L&T Phoenix Info Parks Private Limited 31-3-2009	Larsen & Toubro Electromech LLC 31-12-2008	GDA Technologies Inc. 31-3-2009	GDA Technologies Limited 31-3-2009	L&T Power Development Limited 31-3-2009	Larsen & Toubro ATCO Saudi LLC 31-12-2008	L&T Arun Excello Commercial Projects Private Limited 31-3-2009
Number of shares in the subsidiary Company held by Larsen & Toubro Limited at the above date -							
- Equity shares	NIL	NIL	NIL	NIL	8,60,00,000	NIL	NIL
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding Company's interest in subsidiary Company	30.47%	65.00%	100.00%	100.00%	100.00%	49.00%	30.47%
The net aggregate of profits, less losses, of the subsidiary Company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	(0.44)	8.20	(6.96)	3.07	(3.40)	(2.03)	(0.01)
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	(0.01)	5.00	(35.99)	52.01	(2.53)	NIL	NIL
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009 Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary Company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies (contd.)

Name of the subsidiary Company Financial year of the subsidiary company ended on	L&T-Gulf Private Limited 31-3-2009	L&T Hitech City Limited 31-3-2009	HI-Tech Rock Products & Aggregates Limited 31-3-2009	L&T-MHI Turbine Generators Private Limited 31-3-2009	L&T Arun Excello IT SEZ Private Limited 31-3-2009	L&T Shipbuilding Limited 31-3-2009	L&T Concrete Private Limited 31-3-2009
Number of shares in the subsidiary Company held by Larsen & Toubro Limited at the above date -							
- Equity shares	12,50,005	NIL	50,000	NIL	NIL	50,000	10,000
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding Company's interest in subsidiary Company	50.00%	39.34%	100.00%	51.00%	30.47%	100.00%	100.00%
The net aggregate of profits, less losses, of the subsidiary Company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	(0.02)	(0.18)	(0.10)	(2.28)	(0.10)	(2.18)	(0.002)
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary Company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Name of the subsidiary Company Financial year of the subsidiary company ended on	L&T Transco Private Limited 31-3-2009	L&T Realty Private Limited 31-3-2009	L&T Strategic Management Limited 31-3-2009	L&T Infra & Property Development Private Limited 31-3-2009	Qingdao Larsen & Toubro Trading Company Limited 31-12-2008	Chennai Vision Developers Private Limited 31-3-2009	L&T Engserve Private Limited 31-3-2009
Number of shares in the subsidiary Company held by Larsen & Toubro Limited at the above date -							
- Equity shares	10,000	4,71,60,700	50,000	10,000	NIL	NIL	10,000
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding Company's interest in subsidiary Company	100.00%	100.00%	100.00%	100.00%	95.00%	100.00%	100.00%
The net aggregate of profits, less losses, of the subsidiary Company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	(5.22)	(3.57)	(0.004)	(0.002)	0.04	(0.004)	(0.004)
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	(0.05)	NIL	NIL
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary Company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies (contd.)

Name of the subsidiary Company Financial year of the subsidiary company ended on	Andhra Pradesh Expositions Private Limited 31-3-2009	Raykal Aluminium Company Private Limited 31-3-2009	L&T South City Projects Limited 31-3-2009	L&T General Insurance Company Limited 31-3-2009	L&T Siruseri Property Developers Limited 31-3-2009	L&T Chennai -Tada Tollway Limited 31-3-2009	L&T Seawoods Private Limited 31-3-2009
Number of shares in the subsidiary Company held by Larsen & Toubro Limited at the above date -							
- Equity shares	NIL	40,000	NIL	NIL	NIL	100	10,000
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding Company's interest in subsidiary Company	30.90%	80.00%	30.47%	100.00%	30.47%	100.00%	100.00%
The net aggregate of profits, less losses, of the subsidiary Company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	(0.0002)	(0.45)	(0.02)	(0.77)	(0.001)	(0.16)	(1.77)
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary Company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Name of the subsidiary Company Financial year of the subsidiary company ended on	L&T Realty FZE 31-12-2008	Offshore International FZC 31-12-2008	L&T Natural Resources Limited 31-3-2009	L&T Capital Holdings Limited 31-3-2009	L&T Electrical & Automation FZE 31-12-2008	Larsen & Toubro Heavy Engineering LLC 31-12-2008	TAMCO Switchgear (Malaysia) SDN. BHD 31-12-2008
Number of shares in the subsidiary Company held by Larsen & Toubro Limited at the above date -							
- Equity shares	NIL	NIL	50,000	20,49,795	NIL	NIL	NIL
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding Company's interest in subsidiary Company	100.00%	60.00%	100.00%	99.99%	100.00%	70.00%	100.00%
The net aggregate of profits, less losses, of the subsidiary Company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	0.04	(4.98)	(1.76)	(0.02)	3.44	(2.67)	7.49
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary Company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies (contd.)

Name of the subsidiary Company Financial year of the subsidiary company ended on	Tamco Shanghai Switchgear Co. Limted 31-12-2008	Tamco Electrical Industries Australia Pty Limted 31-12-2008	PT TAMCO Indonesia 31-12-2008	L&T-Demag Plastics Machinery Limited 31-3-2009	L&T PNG Tollway Private Limited 31-3-2009	Sutrapada SEZ Developers Limited 31-3-2009	Sutrapada Shipyard Limited 31-3-2009
Number of shares in the subsidiary Company held by Larsen & Toubro Limited at the above date -							
- Equity shares	NIL	NIL	NIL	1,60,00,00	2,600	NIL	NIL
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Holding Company's interest in subsidiary Company	100.00%	100.00%	99.00%	100.00%	74.00%	100.00%	100.00%
The net aggregate of profits, less losses, of the subsidiary Company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2009 and December 31, 2008	10.42	1.17	(18.74)	NIL	(0.05)	(0.002)	(0.002)
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009							
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2009							
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary Company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Name of the subsidiary Company Financial year of the subsidiary company ended on	L&T Port Sutrapada Limited 31-3-2009	CSJ Infrastructure Private Limited 31-3-2009	Bhilai Power Supply Company Limited 31-3-2009	L&T Ahmedabad-Maliya Tollway Private Limited 31-3-2009	L&T Halol-Shamlaji Tollway Private Limited 31-3-2009	L&T Rajkot-Vadinar Tollway Private Limited 31-3-2009
Number of shares in the subsidiary company held by Larsen & Toubro Limited at the above date -						
- Equity shares	NIL	NIL	49,950	10,10,000	10,10,000	10,10,000
- Preference shares	NIL	NIL	NIL	NIL	NIL	NIL
Holding company's interest in subsidiary company	100.00%	41.82%	99.90%	100.00%	100.00%	100.00%
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of Larsen & Toubro Limited:	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore
(i) Dealt with in the accounts of Larsen & Toubro Limited amounted to:						
(a) for the subsidiary's financial year ended 31.03.2009 and 31.12.2008	NIL	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Limited amounted to:						
(a) for the subsidiary's financial year ended March 31.03.2009 and 31.03.2008	(0.07)	(0.20)	NIL	(0.05)	(0.06)	(0.05)
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Limited	NIL	NIL	NIL	NIL	NIL	NIL
Changes in the interest of Larsen & Toubro Limited between the end of the subsidiary's financial year and March 31, 2009						
Number of shares acquired	NIL	NIL	NIL	NIL	NIL	NIL
Material changes between the end of the subsidiary's financial year and 31.03.2009						
(i) Fixed assets (net additions)	NIL	NIL	NIL	NIL	NIL	NIL
(ii) Investments	NIL	NIL	NIL	NIL	NIL	NIL
(iii) Moneys lent by the subsidiary	NIL	NIL	NIL	NIL	NIL	NIL
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NIL	NIL	NIL	NIL	NIL	NIL

A. M. NAIK
Chairman & Managing Director

Y. M. DEOSTHALEE　S. RAJGOPAL　M. M. CHITALE

N. MOHAN RAJ　BHAGYAM RAMANI　A. K. JAIN

N. HARIHARAN
Company Secretary

Directors

Mumbai, May 28, 2009　*Mumbai, May 28,2009*

Information on subsidiary companies
(for the financial year or as on, as the case may be)

Sr. no.	Particulars	L&T Finance Limited	Larsen & Toubro Infotech Limited	Larsen & Toubro (Oman) LLC	India Infrastructure Developers Limited	L&T Infocity Limited	Larsen & Toubro International FZE	Larsen & Toubro Infotech Canada Limited
	Financial year ending on	31-3-2009	31-3-2009	31-12-2008	31-3-2009	31-3-2009	31-12-2008	31-3-2009
	Currency			Omani Riyal			USD	Canadian Dollar
	Exchange rate on the last day of financial year			126.5200			48.7100	40.5250
1	Share capital (including share application money pending allotment)	211.69	15.84	4.57	56.06	27.00	1,015.53	0.0004
2	Reserves	633.77	553.78	176.37	(9.78)	200.15	(257.87)	2.36
3	Liabilities	4,693.09	638.22	941.54	0.04	316.57	237.10	6.75
4	Total liabilities	5,538.55	1,207.84	1,122.48	46.32	543.72	994.76	9.11
5	Total assets	5,538.55	1,207.84	1,122.48	46.32	543.72	994.76	9.11
6	Investments (details on pages 184 to 191)	7.01	222.91	-	44.35	30.68	592.64	-
7	Turnover	830.28	1,975.36	1,490.76	1.63	195.53	(103.39)	25.04
8	Profit before taxation	145.36	289.43	64.54	3.32	69.37	(302.48)	3.04
9	Provision for taxation	46.53	24.61	7.75	-	15.95	-	1.01
10	Profit after taxation	98.83	264.82	56.79	3.32	53.42	(302.48)	2.03
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Sr. no.	Particulars	Narmada Infrastructure Construction Enterprise Limited	L&T Transportation Infrastructure Limited	L&T-Sargent & Lundy Limited	Larsen & Toubro (East Asia) SDN.BHD.	L&T Western India Tollbridge Limited	L&T Infrastructure Development Projects Limited	Larsen & Toubro (Wuxi) Electric Company Limited
	Financial year ending on	31-3-2009	31-3-2009	31-3-2009	31-12-2008	31-3-2009	31-3-2009	31-12-2008
	Currency				Malaysian Ringitt			Chinese Yuan Renminbi
	Exchange rate on the last day of financial year				14.1075			7.2929
1	Share capital (including share application money pending allotment)	47.35	41.40	5.50	0.86	13.95	298.37	24.61
2	Reserves	33.73	12.34	15.34	0.90	12.00	811.31	(0.37)
3	Liabilities	63.46	157.67	26.01	28.96	0.68	254.79	8.46
4	Total liabilities	144.54	211.41	46.85	30.72	26.63	1,364.47	32.70
5	Total assets	144.54	211.41	46.85	30.72	26.63	1,364.47	32.70
6	Investments (details on pages 184 to 191)	-	-	18.22	-	-	1,112.11	-
7	Turnover	37.75	33.68	62.74	115.00	11.31	38.40	30.20
8	Profit before taxation	19.09	15.72	16.50	0.57	3.36	12.03	1.11
9	Provision for taxation	2.14	7.22	6.07	0.06	0.35	1.20	-
10	Profit after taxation	16.95	8.50	10.43	0.51	3.01	10.83	1.11
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Sr. no.	Particulars	Cyber Park Development & Construction Limited	L&T Capital Company Limited	Larsen & Toubro Infotech, GmbH	Hyderabad International Trade Expositions Limited	Tractor Engineers Limited	Larsen & Toubro Qatar LLC	Larsen & Toubro LLC
	Financial year ending on	31-3-2009	31-3-2009	31-3-2009	31-3-2009	31-3-2009	31-12-2008	31-12-2008
	Currency			Euro			Qatari Riyal	USD
	Exchange rate on the last day of financial year			67.4400			13.3825	48.7100
1	Share capital (including share application money pending allotment)	1.00	22.00	0.11	17.01	6.80	0.24	0.24
2	Reserves	25.34	11.84	6.98	(4.77)	19.16	(16.65)	1.31
3	Liabilities	23.16	776.96	10.06	35.88	153.26	47.29	23.50
4	Total liabilities	49.50	810.80	17.15	48.12	179.22	30.88	25.05
5	Total assets	49.50	810.80	17.15	48.12	179.22	30.88	25.05
6	Investments (details on pages 184 to 191)	-	798.13	-	0.01	0.01	0.13	-
7	Turnover	48.42	6.38	52.12	9.90	167.35	4.14	26.18
8	Profit before taxation	15.68	5.18	2.06	0.06	(23.92)	(0.88)	0.94
9	Provision for taxation	4.54	1.68	0.22	0.87	(0.12)	-	0.32
10	Profit after taxation	11.14	3.50	1.84	(0.81)	(23.80)	(0.88)	0.62
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Information on subsidiary companies
(for the financial year or as on, as the case may be) (contd.)

Sr. no.	Particulars	International Seaports (India) Private Limited	International Seaports Pte. Limited	L&T Panipat Elevated Corridor Limited	L&T Tech Park Limited	L&T Krishnagiri Thopur Toll Road Limited	L&T Western Andhra Tollways Limited	L&T Vadodara Bharuch Tollway Limited
	Financial year ending on	**31-3-2009**	**15-11-2007**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**
	Currency		**Singapore Dollar**					
	Exchange rate on the last day of financial year		**29.0725**					
1	Share capital (including share application money pending allotment)	2.50	7.85	84.30	28.50	78.75	56.50	43.50
2	Reserves	(3.90)	(7.83)	(31.05)	4.51	(5.49)	43.09	0.24
3	Liabilities	1.43	-	691.84	87.65	815.06	280.63	1,308.59
4	Total liabilities	0.03	0.02	745.09	120.66	888.32	380.22	1,352.33
5	Total assets	0.03	0.02	745.09	120.66	888.32	380.22	1,352.33
6	Investments (details on pages 184 to 191)	-	-	-	-	-	-	-
7	Turnover	-	-	25.76	17.14	9.41	1.53	0.35
8	Profit before taxation	(0.01)	-	(31.03)	0.04	(5.48)	(1.85)	0.29
9	Provision for taxation	-	-	0.02	1.93	0.01	-	0.05
10	Profit after taxation	(0.01)	-	(31.05)	(1.89)	(5.49)	(1.85)	0.24
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T Interstate Road Corridor Limited	Spectrum Infotech Private Limited	L&T Urban Infrastructure Limited	L&T Infocity Lanka Private Limited	L&T Overseas Projects Nigeria Limited	L&T Infrastructure Development Projects Lanka (Private) Limited	L&T Infrastructure Finance Company Limited
	Financial year ending on	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-12-2008**	**31-3-2009**	**31-3-2009**
	Currency				**Sri Lankan Rupees**	**Nigerian Naira**	**Sri Lankan Rupees**	
	Exchange rate on the last day of financial year				**0.4534**	**0.3604**	**0.4534**	
1	Share capital (including share application money pending allotment)	54.12	0.44	488.85	8.07	0.33	57.23	500.00
2	Reserves	(0.12)	4.47	11.45	2.66	(0.16)	1.74	126.61
3	Liabilities	660.43	6.88	164.68	18.95	0.02	32.62	1,783.18
4	Total liabilities	714.43	11.79	664.98	29.68	0.19	91.59	2,409.79
5	Total assets	714.43	11.79	664.98	29.68	0.19	91.59	2,409.79
6	Investments (details on pages 184 to 191)	-	-	466.68	-	-	-	115.00
7	Turnover	0.09	8.68	13.50	5.01	0.01	-	295.99
8	Profit before taxation	0.03	2.57	7.31	1.11	(0.17)	-	113.97
9	Provision for taxation	0.15	0.89	1.29	0.29	-	-	37.51
10	Profit after taxation	(0.12)	1.68	6.02	0.82	(0.17)	-	76.46
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T Power Limited	International Seaport Dredging Limited	L&T Modular Fabrication Yard LLC	Larsen & Toubro Saudi Arabia LLC	Larsen & Toubro Readymix Concrete Industries LLC	Larsen & Toubro (Jiangsu) Valve Company Limited	L&T Electricals Saudi Arabia Company Limited, LLC
	Financial year ending on	**31-3-2009**	**31-3-2009**	**31-12-2008**	**31-12-2008**	**31-12-2008**	**31-12-2008**	**31-3-2009**
	Currency			**Omani Riyal**	**Saudi Riyal**	**UAE Dirham**	**Chinese Yuan Renminbi**	**Saudi Riyal**
	Exchange rate on the last day of financial year			**126.5200**	**12.9875**	**13.2625**	**7.2929**	**13.5225**
1	Share capital (including share application money pending allotment)	102.49	85.41	10.48	4.64	1.27	36.91	22.29
2	Reserves	(0.54)	(48.30)	(2.76)	(172.14)	8.06	(0.65)	1.48
3	Liabilities	0.18	372.71	139.64	179.52	103.22	21.26	59.92
4	Total liabilities	102.13	409.82	147.36	12.02	112.55	57.52	83.69
5	Total assets	102.13	409.82	147.36	12.02	112.55	57.52	83.69
6	Investments (details on pages 184 to 191)	102.10	-	-	-	-	-	-
7	Turnover	-	329.35	102.92	5.11	132.10	28.30	33.44
8	Profit before taxation	(0.54)	(58.71)	0.69	(4.52)	15.18	(4.20)	(0.38)
9	Provision for taxation	-	0.29	-	-	-	-	-
10	Profit after taxation	(0.54)	(59.00)	0.69	(4.52)	15.18	(4.20)	(0.38)
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Information on subsidiary companies
(for the financial year or as on, as the case may be) (contd.)

Sr. no.	Particulars	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Larsen &Toubro (Qingdao) Rubber Machinery Company Limited	L&T-MHI Boilers Private Limited	L&T Uttaranchal Hydropower Limited	L&T Bangalore Airport Hotel Limited	L&T-Valdel Engineering Limited	L&T Vision Ventures Limited
	Financial year ending on	**31-12-2008**	**31-12-2008**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**
	Currency	**Kuwaiti Dinar**	**Chinese Yuan Renminbi**					
	Exchange rate on the last day of financial year	**176.9025**	**7.2929**					
1	Share capital (including share application money pending allotment)	32.02	26.84	100.10	48.05	72.00	1.31	9.60
2	Reserves	(0.15)	7.11	(21.20)	(0.76)	(0.04)	23.16	(0.08)
3	Liabilities	8.42	48.81	11.92	95.37	117.17	23.03	0.98
4	Total liabilities	40.29	82.76	90.82	142.66	189.13	47.50	10.50
5	Total assets	40.29	82.76	90.82	142.66	189.13	47.50	10.50
6	Investments (details on pages 184 to 191)	-	0.54	23.02	-	-	19.75	-
7	Turnover	7.71	25.80	0.68	0.64	0.41	72.46	-
8	Profit before taxation	(2.49)	0.24	(21.12)	(0.68)	0.08	19.97	(0.07)
9	Provision for taxation	-	-	0.08	0.08	0.12	4.36	-
10	Profit after taxation	(2.49)	0.24	(21.20)	(0.76)	(0.04)	15.61	(0.07)
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T Phoenix Info Parks Private Limited	Larsen & Toubro Electromech LLC	GDA Technologies Inc.	GDA Technologies Limited	L&T Power Development Limited	Larsen & Toubro ATCO Saudi LLC	L&T Arun Excello Commercial Projects Private Limited
	Financial year ending on	**31-3-2009**	**31-12-2008**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-12-2008**	**31-3-2009**
	Currency		**Omani Riyal**	**USD**			**Saudi Riyal**	
	Exchange rate on the last day of financial year		**126.5200**	**50.7200**			**12.9875**	
1	Share capital (including share application money pending allotment)	63.02	3.56	5.15	0.17	101.00	1.08	0.96
2	Reserves	(1.47)	22.29	(32.14)	27.62	(5.93)	(4.45)	37.10
3	Liabilities	195.96	173.92	53.22	6.33	15.05	7.84	37.71
4	Total liabilities	257.51	199.77	26.23	34.12	110.12	4.47	75.77
5	Total assets	257.51	199.77	26.23	34.12	110.12	4.47	75.77
6	Investments (details on pages 184 to 191)	-	-	0.38	-	79.12	-	-
7	Turnover	19.52	327.87	60.34	23.72	-	0.97	-
8	Profit before taxation	2.70	24.85	(6.96)	2.96	(3.40)	(3.09)	(0.02)
9	Provision for taxation	4.13	2.75	-	(0.12)	-	-	0.02
10	Profit after taxation	(1.43)	22.10	(6.96)	3.08	(3.40)	(3.09)	(0.04)
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T-Gulf Private Limited	L&T Hitech City Limited	HI-Tech Rock Products & Aggregates Limited	L&T-MHI Turbine Generators Private Limited	L&T Arun Excello IT SEZ Private Limited	L&T Shipbuilding Limited	L&T Concrete Private Limited
	Financial year ending on	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**
	Currency							
	Exchange rate on the last day of financial year							
1	Share capital (including share application money pending allotment)	2.50	19.23	0.05	100.10	18.37	248.55	0.01
2	Reserves	(0.04)	(0.45)	(0.10)	(4.46)	83.78	(2.18)	-
3	Liabilities	3.45	34.39	0.10	126.88	135.28	19.34	-
4	Total liabilities	5.91	53.17	0.05	222.52	237.43	265.71	0.01
5	Total assets	5.91	53.17	0.05	222.52	237.43	265.71	0.01
6	Investments (details on pages 184 to 191)	-	-	-	18.46	-	-	-
7	Turnover	6.69	0.01	-	6.76	1.03	-	-
8	Profit before taxation	0.05	(0.44)	(0.10)	(4.43)	(0.30)	(2.11)	-
9	Provision for taxation	0.09	0.01	-	0.03	0.01	0.07	-
10	Profit after taxation	(0.04)	(0.45)	(0.10)	(4.46)	(0.31)	(2.18)	-
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Information on subsidiary companies (for the financial year or as on, as the case may be) (contd.)

Sr. no.	Particulars	L&T Transco Private Limited	L&T Realty Private Limited	L&T Strategic Management Limited	L&T Infra & Property Development Private Limited	Qingdao Larsen & Toubro Trading Company Limited	Chennai Vision Developers Private Limited	L&T Engserve Private Limited
	Financial year ending on	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-12-2008**	**31-3-2009**	**31-3-2009**
	Currency					**Chinese Yuan Renminbi**		
	Exchange rate on the last day of financial year					**7.2929**		
1	Share capital (including share application money pending allotment)	50.31	47.16	0.05	0.01	0.54	0.01	0.01
2	Reserves	(5.22)	(3.57)	-	-	0.16	-	-
3	Liabilities	1.51	3.96	-	-	4.97	-	0.07
4	Total liabilities	46.60	47.55	0.05	0.01	5.67	0.01	0.08
5	Total assets	46.60	47.55	0.05	0.01	5.67	0.01	0.08
6	Investments (details on pages 184 to 191)	45.40	0.17	-	-	-	-	-
7	Turnover	-	-	-	-	7.79	-	-
8	Profit before taxation	(5.21)	(3.49)	-	-	0.04	-	-
9	Provision for taxation	0.01	0.08	-	-	-	-	-
10	Profit after taxation	(5.22)	(3.57)	-	-	0.04	-	-
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Sr. no.	Particulars	Andhra Pradesh Expositions Private Limited	Raykal Aluminium Company Private Limited	L&T South City Projects Limited	L&T General Insurance Company Limited	L&T Siruseri Property Developers Limited	L&T Chennai-Tada Tollway Limited	L&T Seawoods Private Limited
	Financial year ending on	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**
	Currency							
	Exchange rate on the last day of financial year							
1	Share capital (including share application money pending allotment)	0.01	1.27	56.48	0.05	0.05	42.00	250.01
2	Reserves	-	(0.56)	75.77	(0.77)	-	(0.16)	(1.77)
3	Liabilities	0.02	0.22	126.74	0.77	-	0.16	1,680.20
4	Total liabilities	0.03	0.93	258.99	0.05	0.05	42.00	1,928.44
5	Total assets	0.03	0.93	258.99	0.05	0.05	42.00	1,928.44
6	Investments (details on pages 184 to 191)	-	-	0.05	-	-	-	-
7	Turnover	-	-	1.45	-	-	0.09	-
8	Profit before taxation	-	(0.56)	(0.06)	(0.77)	-	(0.15)	(1.74)
9	Provision for taxation	-	-	0.01	-	-	0.01	0.03
10	Profit after taxation	-	(0.56)	(0.07)	(0.77)	-	(0.16)	(1.77)
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T Realty FZE	Offshore International FZC	L&T Natural Resources Limited	L&T Capital Holdings Limited	L&T Electrical & Automation FZE	Larsen & Toubro Heavy Engineering LLC	TAMCO Switchgear (Malaysia) SDN. BHD
	Financial year ending on	**31-12-2008**	**31-12-2008**	**31-3-2009**	**31-3-2009**	**31-12-2008**	**31-12-2008**	**31-12-2008**
	Currency	**UAE Dirham**	**USD**			**UAE Dirham**	**Omani Riyal**	**Malaysian Ringitt**
	Exchange rate on the last day of financial year	**13.2625**	**48.7100**			**13.2625**	**126.5200**	**14.1075**
1	Share capital (including share application money pending allotment)	16.26	0.27	0.05	1,078.59	1.09	39.71	119.18
2	Reserves	3.88	(9.48)	(1.76)	(0.02)	3.90	(1.04)	38.84
3	Liabilities	0.01	448.35	2.90	0.01	22.61	47.97	296.32
4	Total liabilities	20.15	439.14	1.19	1,078.58	27.60	86.64	454.34
5	Total assets	20.15	439.14	1.19	1,078.58	27.60	86.64	454.34
6	Investments (details on pages 184 to 191)	-	-	-	1,076.54	-	-	-
7	Turnover	-	-	-	0.03	27.79	-	458.62
8	Profit before taxation	0.04	(8.31)	(1.76)	(0.02)	3.44	(3.81)	26.09
9	Provision for taxation	-	-	-	-	-	-	10.00
10	Profit after taxation	0.04	(8.31)	(1.76)	(0.02)	3.44	(3.81)	16.09
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Information on subsidiary companies
(for the financial year or as on, as the case may be) (contd.)

Sr. no.	Particulars	Tamco Shanghai Switchgear Co. Limted	Tamco Electrical Industries Australia Pty Limted	PT TAMCO Indonesia	L&T - Demag Plastics Machinery Limited	L&T PNG Tollway Private Limited	Sutrapada SEZ Developers Limited	Sutrapada Shipyard Limited
	Financial year ending on	**31-12-2008**	**31-12-2008**	**31-12-2008**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**
	Currency	**Chinese Yuan Renminbi**	**Australian Dollar**	**Indonesian Rupiah**				
	Exchange rate on the last day of financial year	**7.2929**	**33.7250**	**0.0045**				
1	Share capital (including share application money pending allotment)	26.97	45.20	0.22	16.00	0.01	0.05	0.05
2	Reserves	19.11	(53.03)	(34.72)	(6.20)	(0.06)	-	-
3	Liabilities	51.84	28.26	46.48	72.07	0.37	-	-
4	Total liabilities	97.92	20.43	11.98	81.87	0.32	0.05	0.05
5	Total assets	97.92	20.43	11.98	81.87	0.32	0.05	0.05
6	Investments (details on pages 184 to 191)	-	-	-	-	-	-	-
7	Turnover	59.43	20.12	24.78	86.51	-	-	-
8	Profit before taxation	(6.57)	(5.49)	(10.66)	(6.39)	(0.06)	-	-
9	Provision for taxation	-	-	-	0.08	-	-	-
10	Profit after taxation	(6.57)	(5.49)	(10.66)	(6.47)	(0.06)	-	-
11	Proposed dividend - equity	-	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T Port Sutrapada Limited	CSJ Infrastructure Private Limited	Bhilai Power Supply Company Limited	L&T Ahmedabad - Maliya Tollway Private Limited	L&T Halol - Shamlaji Tollway Private Limited	L&T Rajkot - Vadinar Tollway Private Limited
	Financial year ending on	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**	**31-3-2009**
	Currency						
	Exchange rate on the last day of financial year						
1	Share capital (including share application money pending allotment)	3.50	45.89	0.05	1.02	1.02	1.02
2	Reserves	(0.07)	127.86	-	(0.05)	(0.06)	(0.05)
3	Liabilities	0.02	350.81	8.81	0.06	0.08	0.05
4	Total liabilities	3.45	524.56	8.86	1.03	1.04	1.02
5	Total assets	3.45	524.56	8.86	1.03	1.04	1.02
6	Investments (details on pages 184 to 191)	-	-	-	-	-	-
7	Turnover	-	-	-	0.01	0.01	0.01
8	Profit before taxation	(0.06)	(0.45)	-	(0.05)	(0.05)	(0.05)
9	Provision for taxation	0.01	0.02	-	-	0.01	-
10	Profit after taxation	(0.07)	(0.47)	-	(0.05)	(0.06)	(0.05)
11	Proposed dividend - equity	-	-	-	-	-	-
12	Proposed dividend - preference	-	-	-	-	-	-

A. M. NAIK
Chairman & Managing Director
Mumbai, May 28, 2009

Annexure to information on subsidiary companies

Details of investments as at 31-03-2009/31-12-2008

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
L&T Finance Limited				
Long term investment (at cost):				
Government securities:				
12% National Saving Certificates 2002 (Rs.4000)	40	100	–	Unquoted
Subsidiary companies:				
Fully paid equity shares:				
L&T General Insurance Company Limited	50,000	10	0.05	Unquoted
Current investment:				
Fully paid equity shares:				
Metropoli Overseas Limited	99,400	10	0.15	Unquoted
Anil Chemicals and Industries Limited	40,000	10	0.08	Unquoted
Elque Polyesters Limited	1,94,300	10	0.19	Unquoted
Monnet Industries Limited	18,800	10	0.08	Unquoted
Intergrated Digital Info Services Limited	3,83,334	10	0.12	Quoted
ABB Limited	12,002	2	0.72	Quoted
Areva T&D India Limited	25,912	2	0.56	Quoted
Axis Bank Limited	15,000	10	0.87	Quoted
Bharat Heavy Electrical Limited	3,500	10	0.50	Quoted
Gujarat NRE Coke Limited	2,35,500	10	0.70	Quoted
Infosys Technologies Limited	7,700	5	1.04	Quoted
Jaiprakash Associates Limited	1,20,000	2	0.83	Quoted
Kotak Mahindra Bank Limited	30,000	10	1.14	Quoted
Suzlon Energy Limited	1,65,000	2	0.79	Quoted
Unitech Limited	2,60,000	2	0.86	Quoted
Others:				
LTF Securitisation Trust 2002 (Rs.1000)	100	10	–	Unquoted
SUB - TOTAL			**8.68**	
Less: Provision for diminution in value of investments			1.67	
TOTAL			**7.01**	
Larsen & Toubro Infotech Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
Larsen & Toubro Infotech GmbH	1	Euro 25,000	0.11	Unquoted
Larsen & Toubro Infotech Canada Limited	100	CAD 1 each	0.66	Unquoted
GDA Technologies Inc. USA, (at no par Value)	10	–	120.32	Unquoted
Current investment:				
Liquid funds:				
Birla Cash Plus - Institutional Premium - Growth	15,72,076	10	2.15	Unquoted
Birla Sun Life Savings Funds Institutional - Growth	97,76,604	10	15.79	Unquoted
ICICI Prudential Institutional Liquid Plan - Super Institutional - Growth	39,02,984	10	5.00	Unquoted
ICICI Prudential Flexible Income Plan - Growth	85,66,494	10	13.70	Unquoted
UTI Liquid Cash Plan Institutional - Growth Option	7,769	1000	1.05	Unquoted

Annexure to information on subsidiary companies

Details of investments as at 31-03-2009/31-12-2008

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
Larsen & Toubro Infotech Limited *(contd.)*				
UTI Money Market Fund - Growth Plan	21,82,958	10	5.35	Unquoted
UTI Treasury Advantage Fund (Institutional Plan) - Growth Option	73,512	1000	8.50	Unquoted
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	58,23,512	10	10.93	Unquoted
Income funds:				
Birla Sun Life Income Plus - Growth	5,00,572	10	1.98	Unquoted
HDFC Income Fund - Growth	9,92,585	10	1.99	Unquoted
Short term plans:				
HDFC Short Term Plan - Growth	27,84,428	10	4.58	Unquoted
Fixed maturity plans:				
Birla Sun Life FTP - INSTL - Series BD - Growth	28,03,647	10	2.80	Unquoted
ICICI Purdential FMP Series 41-19 Months	20,00,000	10	2.00	Unquoted
ICICI Prudential Internal Fund Annual Internal Plan - I Institutional Cumulative	27,53,885	10	3.00	Unquoted
Principal Pnb Fixed Maturity Plan (FMP 50:385 Days Series IX - Aug 08 - Institutional Growth Plan)	30,00,000	10	3.00	Unquoted
TATA Fixed Horizon Fund Series 18 Scheme C - Institutional Plan - Growth	50,00,000	10	5.00	Unquoted
Templeton Fixed Horizon Fund Series IX - Plan A - Growth	30,00,000	10	3.00	Unquoted
Templeton Fixed Horizon Fund Series IX - Plan B - Growth	50,00,000	10	5.00	Unquoted
UTI Fixed Term Income Fund Series IV - Plan VII (May/8 - 12 Months) - Institutional Growth Plan	50,00,000	10	5.00	Unquoted
UTI - Fixed Term Income Fund Series VI (13 Months) - Growth Plan	20,00,000	10	2.00	Unquoted
TOTAL			**222.91**	
India Infrastructure Developers Limited				
Current investment:				
Liquid funds:				
Birla Sunlife Cash Plus - Institutional Premium - Growth	3,15,35,087	14.06	44.35	Unquoted
TOTAL			**44.35**	
L&T Infocity Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
Hyderabad International Trade Exposition Limited	98,84,994	10	9.88	Unquoted
L&T Infocity Lanka Private Limited	91,00,000	Sri Lankan Rs.10	4.23	Unquoted
L&T Hitech City Limited	1,42,30,770	10	14.23	Unquoted
Associate Company:				
Fully paid equity shares:				
Vizag IT Park Limited	23,40,000	10	2.34	Unquoted
TOTAL			**30.68**	

Annexure to information on subsidiary companies

Details of investments as at 31-03-2009/31-12-2008

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
Larsen & Toubro International FZE (as at 31-12-2008)				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
Larsen & Toubro Saudi Arabia LLC	3,800	Saudi Riyal 1000 each	–	Unquoted
Larsen & Toubro Electromech LLC	1,95,000	Omani Riyal 1 each	3.31	Unquoted
Larsen & Toubro (Oman) LLC	2,36,786	Omani Riyal 1 each	8.55	Unquoted
Larsen & Toubro Qatar LLC	98	Qatari Riyal 1000 each	0.14	Unquoted
Larsen & Toubro (East Asia) SDN.BHD	2,25,000	Malaysian Ringitt 1 each	0.01	Unquoted
Larsen &Toubro Overseas Projects Nigeria Limited	99,99,998	Naira 1 each	0.34	Unquoted
Larsen & Toubro Modular Fabrication Yard LLC	6,50,000	Omani Riyal	8.24	Unquoted
Larsen & Toubro Kuwait Construction General Contracting Company WLL	980	Kuwaiti Dinar 1000 each	16.63	Unquoted
L&T - Electricals Saudi Arabia Company Limited	13,500	Saudi Riyal 1000 each	17.54	Unquoted
Larsen & Toubro Readymix Concrete Industries LLC	490	AED 1000 each	0.65	Unquoted
Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	–	Aggregating to USD 5,700,000	27.76	Unquoted
Larsen & Toubro (Jiangsu) Valve Company Limited		Aggregating to Chinese Renminbi 44,800,000	27.68	Unquoted
Offshore International FZC	150	AED 1000 each	0.20	Unquoted
Larsen & Toubro ATCO Saudia LLC		Equity share of USD 131,655	0.64	Unquoted
Larsen & Toubro Heavy Engineering LLC		Equity share of USD 273,104	1.33	Unquoted
L&T Electrical & Automation FZE	1	Equity Share of AED 1,000,000	1.33	Unquoted
PT TAMCO Indonesia	2,47,500	Indonesian Rupiah 2010 each	24.88	Unquoted
Tamco Electrical Industries Australia Pty Limited	1,35,00,000	Australian Dollar 1 each	25.14	Unquoted
Tamco Shanghai Switchgear Co. Limited		Aggregating to USD 10,350,563	50.42	Unquoted
TAMCO Switchgear (Malaysia) SDN. BHD	10,00,00,000	Malaysian Ringitt 1 each	344.98	Unquoted
Larsen & Toubro (Wuxi) Electric Company Limited		Aggregating to USD 6,080,217	29.62	Unquoted
Associate companies:				
Fully paid equity shares:				
L&T - Camp Facilities LLC		Aggregating to US Dollar 667,164	3.25	Unquoted
TOTAL			**592.64**	
L&T-Sargent and Lundy Limited				
Current investments:				
Mutual fund:				
Birla Sun Life - Qtly Interval - Series7 - Dividend Payout - FMP(3)	3,00,000	10	0.30	Unquoted
Birla Sun Life - Liquid Plus Institutional - FN Dividend - Reinvestment	9,58,693	10	5.59	Unquoted
Birla Cash Plus - Institutional - Fortnightly Dividend - Payout	13,82,208	10	1.50	Unquoted
TATA Fixed Income Portfolio Fund Scheme B2	34,248	10	0.03	Unquoted
HDFC Income Fund	17,33,884	10	2.00	Unquoted
Reliance Money Manager Fund	37,604	1000	3.79	Unquoted
HDFC CMF Treasury Advantage	29,97,190	10	3.01	Unquoted
TATA Liquid Super High Institutional	17,398	1000	2.00	Unquoted
TOTAL			**18.22**	

Annexure to information on subsidiary companies

Details of investments as at 31-03-2009/31-12-2008

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
L&T Infrastructure Development Projects Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
L&T Transportation Infrastructure Limited	3,05,36,000	10	53.14	Unquoted
Narmada Infrastructure Construction Enterprise Limited	3,47,01,500	10	63.90	Unquoted
L&T Interstate Road Corridor Limited	5,41,17,164	10	54.12	Unquoted
L&T Krishnagiri Thopur Toll Road Limited	7,87,50,000	10	78.75	Unquoted
L&T Panipat Elevated Corridor Limited	8,43,00,000	10	84.30	Unquoted
L&T Vadodara Bharuch Tollway Limited	4,35,00,000	10	43.50	Unquoted
L&T Western Andhra Tollways Limited	5,65,00,000	10	56.50	Unquoted
L&T Urban Infrastructure Limited	7,50,00,000	10	75.00	Unquoted
L&T Infrastructure Development Projects Lanka (Private) Limited	3,50,00,020	Srilankan Rs.10	15.72	Unquoted
International Seaports (India) Private Limited (Rs.45)	25,00,560	10	–	Unquoted
Fully paid preference shares:				
L&T Urban Infrastructure Limited	29,16,35,500	10	291.64	Unquoted
Associate company:				
Fully paid equity shares:				
International Seaports Haldia (Private) Limited	98,30,000	10	9.83	Unquoted
Second Vivekananda Bridge Tollway Company Private Limited	3,23,50,000	10	32.35	Unquoted
Ennore Tank Terminals Private Limited	1,17,65,000	10	11.77	Unquoted
Fully paid preference shares:				
Second Vivekananda Bridge Tollway Company Private Limited	1,00,00,000	10	10.00	Unquoted
Jointly controlled entity:				
Fully paid equity shares:				
The Dhamra Port Company Limited	15,85,59,066	10	158.56	Unquoted
Other companies:				
Fully paid equity shares:				
Bangalore International Airport Limited	6,53,82,000	10	65.38	Unquoted
SICAL Iron Ore Terminals Limited	71,50,000	10	7.15	Unquoted
Current investment:				
Bonds:				
Rural Electrification Corporation Limited - 5.25% NCR taxable Bonds	500	10000	0.50	Unquoted
TOTAL			**1112.11**	
L&T Capital Company Limited				
Long term investment (at cost):				
Fully paid equity shares:				
Aplab Limited	1,48,580	10	1.28	Quoted
Astra Microwave Products Limited	53,00,030	2	23.00	Quoted
The Federal Bank Limited	79,95,619	10	123.76	Quoted
NIIT Technologies Limited	29,20,000	10	31.87	Quoted
Genus Power Infrastructure Limited	19,471	10	0.48	Quoted
Jyoti Limited	5,59,437	10	6.04	Quoted

Annexure to information on subsidiary companies

Details of investments as at 31-03-2009/31-12-2008

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
L&T Capital Company Limited *(contd.)*				
Kalindee Rail Nirman (Engineers) Limited	16,72,496	10	19.75	Quoted
Satyam Computer Services Limited	3,02,12,750	2	480.41	Quoted
Salzer Electronics Limited	9,15,808	10	8.88	Quoted
Catholic Syrian Bank Limited	7,19,677		18.81	Unquoted
TNJ Moduletech Private Limited	8,00,000	10	0.80	Unquoted
Salzer Cables Limited	74,48,000	10	7.45	Unquoted
Rangsons Electronics Limited	10,65,000	5	0.53	Unquoted
Feedback Ventures Private Limited	37,90,000	10	37.90	Unquoted
BSCPL Infrastructure Limited [formerly B. Seenaiah & Company (Projects) Limited]	3,05,808	10	35.05	Unquoted
JSK Electricals Private Limited	21,20,040	10	2.12	
TOTAL			**798.13**	

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
Hyderabad International Trade Expositions Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
Andhra Pradesh Expositions Private Limited	10,000	10	0.01	Unquoted
TOTAL			**0.01**	

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
Tractor Engineers Limited				
Long term investment (at cost):				
Fully paid equity shares:				
Larsen & Toubro Saudi Arabia LLC (Rs.17,478)	200	SAR - 1000 each	–	Unquoted
Larsen & Toubro LLC	2,500	USD - 1 each	0.01	Unquoted
TOTAL			**0.01**	

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
Larsen & Toubro Qatar LLC (as at 31-12-2008)				
Long term investment (at cost):				
Joint venture:				
Larsen & Toubro Qatar & HBK Contracting Co. WLL - JV	100	QTR 100000	0.13	Unquoted
TOTAL			**0.13**	

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
L&T Urban Infrastructure Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
L&T Infocity Limited	2,40,30,000	10	16.02	Unquoted
L&T Phoenix Infoparks Private Limited	2,55,00,000	10	25.50	Unquoted
Cyber Park Development & Construction Limited	5,10,000	10	0.51	Unquoted
L&T Tech Park Limited	1,17,30,000	10	11.73	Unquoted
L&T South City Projects Limited	2,88,02,880	10	70.53	Unquoted
L&T Bangalore Airport Hotel Limited	5,32,80,000	10	53.28	Unquoted
L&T Vision Ventures Limited	33,995	10	0.03	Unquoted
CSJ Infrastructure Private Limited	3,21,23,000	10	160.46	Unquoted

Annexure to information on subsidiary companies

Details of investments as at 31-03-2009/31-12-2008

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
L&T Urban Infrastructure Limited *(contd.)*				
L&T Arun Excello Commercial Projects Private Limited	4,89,600	10	12.94	Unquoted
Arun Excello Infrastructue Private Limited	93,67,347	10	71.92	Unquoted
Fully paid preference shares:				
L&T Tech Park Limited	28,05,000	10	5.61	Unquoted
Associate company:				
Fully paid equity shares:				
L&T Cross Roads Private Limited	90,00,000	10	9.00	Unquoted
L&T Arun Excello Realty Private Limited	3,16,800	10	29.14	Unquoted
Joint controlled entity:				
Fully paid equity shares:				
L&T Bombay Developers Private Limited (Rs.50,000)	5,000	10	0.01	Unquoted
TOTAL			**466.68**	
L&T Infrastructure Finance Company Limited				
Long term investment (at cost):				
BSCPL Infrastructure Limited [formerly B. Seenaiah & Company (Projects) Limited]	2,18,150	10	25.00	Unquoted
Current investments:				
Mutual fund:				
Birla Sun Life - Cash Plus - Institutional Premium - Growth	1,77,76,261	10	25.00	Unquoted
Birla Sun Life - Savings Fund Institutional - Growth	2,40,47,566	10	40.00	Unquoted
IDFC Cash Fund - Super Institutional Plan C - Growth	2,33,44,414	10	25.00	Unquoted
TOTAL			**115.00**	
L&T Power Limited (formerly L&T Power Projects Limited)				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
L&T-MHI Boilers Private Limited	5,10,51,000	10	51.05	Unquoted
L&T-MHI Turbine Generators Private Limited	5,10,51,000	10	51.05	Unquoted
TOTAL			**102.10**	
Larsen & Toubro (Qingdao) Rubber Machinery Company Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
Qingdao Larsen & Toubro Trading Company Limited			0.54	Unquoted
TOTAL			**0.54**	
L&T-MHI Boilers Private Limited				
Current investments:				
Mutual fund:				
HDFC Cash Management Fund (Treasury Plan)	1,19,82,544	19	23.02	Unquoted
TOTAL			**23.02**	

Annexure to information on subsidiary companies

Details of investments as at 31-03-2009/31-12-2008

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
L&T-Valdel Engineering Limited				
Current investments:				
Mutual fund:				
DSP Tiger Fund Growth	44,692	10	0.11	Unquoted
HSBC MIP Savings Plan	4,54,852	10	0.49	Unquoted
J P Morgan India Equity Fund	1,46,699	10	0.09	Unquoted
Tata Balanced Fund	99,101	10	0.29	Unquoted
Tata Infrastructure Fund	80,156	10	0.14	Unquoted
Birla Short Term Fund	42,05,025	10	4.29	Unquoted
Birla Sunlife Liquid Plus Installment Growth	10,257	10	0.02	Unquoted
HDFC Cash Management Fund	84,24,144	10	8.44	Unquoted
ICICI Prudential Flexible Income Plan	20,16,390	10	2.13	Unquoted
IDFC Money Manager Fund	37,23,607	10	3.75	Unquoted
TOTAL			**19.75**	
GDA Technologies Inc.				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
GDA Technologies Limited	1,67,234	10	0.18	Unquoted
Current investment:				
Fully paid equity shares:				
Arkados	1,50,000	12	0.19	Unquoted
Citirix System	114	1090	0.01	Quoted
TOTAL			**0.38**	
L&T Power Development Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
L&T Uttaranchal Hydro Power Limited	4,80,49,994	10	48.05	Unquoted
Other companies:				
Fully paid equity shares:				
Everest Power Private Limited	10,00,000	10	10.02	Unquoted
Konaseema Gas Power Limited	2,10,00,000	10	21.05	Unquoted
TOTAL			**79.12**	
L&T-MHI Turbine Generators Private Limited				
Current investments:				
Mutual fund				
UTI Liquid Fund Cash Plan (Dividend Reinvestment)	96,05,836	19.2148	18.46	Unquoted
TOTAL			**18.46**	

Annexure to information on subsidiary companies

Details of investments as at 31-03-2009/31-12-2008

Name of the company	No. of shares/ units/bonds	Face value (Rupees)	Book-value (Rs.crore)	Quoted/ unquoted
L&T Transco Private Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
L&T Port Sutrapada Limited	33,00,000	10	3.30	Unquoted
Sutrapada SEZ Developers Limited	50,000	10	0.05	Unquoted
L&T Chennai-Tada Tollway Limited	4,19,99,900	10	42.00	Unquoted
Sutrapada Shipyard Limited	50,000	10	0.05	Unquoted
Associate company:				
Fully paid equity shares:				
L&T PNG Tollway Private Limited	4,800	10	0.0048	Unquoted
TOTAL			**45.40**	
L&T Realty Private Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
L&T Realty FZE	1	AED - 150,000	0.16	Unquoted
Chennai Vision Developers Private Limited	10,000	10	0.01	Unquoted
TOTAL			**0.17**	
L&T South City Projects Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
L&T Siruseri Property Development Limited	50,000	10	0.05	Unquoted
TOTAL			**0.05**	
L&T Capital Holdings Limited				
Long term investment (at cost):				
Subsidiary companies:				
Fully paid equity shares:				
L&T Finance Limited	18,66,91,500	10	490.98	Unquoted
L&T Infrastructure Finance Company Limited	50,00,00,000	10	500.00	Unquoted
India Infrastructure Developers Limited	5,60,60,000	10	56.06	Unquoted
Associate company:				
Fully paid equity shares:				
NAC Infrastructure Equipment Limited	45,00,000	10	4.50	Unquoted
Share application money pending allotment:				
L&T Finance Limited			25.00	–
TOTAL			**1076.54**	

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Consolidated Financial Statements 2008-2009

Auditors' report to the Board of Directors of Larsen & Toubro Limited on consolidated financial statements

We have examined the attached Consolidated Balance Sheet of Larsen & Toubro Limited and its subsidiaries, associates and joint ventures (the L&T Group) as at March 31, 2009 and also the Consolidated Profit and Loss Account and the Consolidated 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on 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 management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

In respect of the financial statements of certain subsidiaries, associates and joint ventures, we did not carry out the audit. These financial statements have been audited/reviewed by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, associates and joint ventures is based solely on the reports of the other auditors. The details of assets and revenues in respect of these subsidiaries and joint ventures and the net carrying cost of investment and current year/period share of profit or loss in respect of these associates, to the extent to which they are reflected in the consolidated financial statements are given below:

Audited by other auditors:

			Rs.crore
		Total assets	**Total revenues**
A	Indian subsidiaries	6398.85	486.96
B	Foreign subsidiaries	1966.58	3378.38
C	Joint ventures	608.76	375.95
		Net carrying cost of investment	**Current year/period share of profit/(loss)**
D	Associates	105.07	8.75

We further report that in respect of certain subsidiaries, associates and joint ventures, we did not carry out the audit. These financial statements have been certified by management and have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, associates and joint ventures, are based solely on these certified financial statements.

Since the financial statements for the financial year ended March 31, 2009, which were compiled by management of these companies, were not audited, any adjustments to their balances could have consequential effects on the attached consolidated financial statements. However, the size of these subsidiaries, associates and joint ventures, in the consolidated position is not significant in relative terms. The details of assets and revenues in respect of these subsidiaries and joint ventures and the net carrying cost of investment and current year/period share of profit or loss in respect of these associates, to the extent to which they are reflected in the consolidated financial statements are given below:

Certified by management:

			Rs.crore
		Total assets	**Total revenues**
A	Indian subsidiaries	158.58	329.35
B	Foreign subsidiaries	0.03	-
C	Joint ventures	7.13	-
		Net carrying cost of investment	**Current year/period share of profit/(loss)**
D	Associates	68.13	(13.54)

We report that, the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21, 'Consolidated Financial Statements', (AS) 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' and (AS) 27, 'Financial Reporting of Interests in Joint Ventures' notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited/certified financial statements of the L&T Group included in the consolidated financial statements.

We report that on the basis of the information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the L&T Group, we are of the opinion that the said consolidated financial statements, read together with significant accounting policies in Schedule Q and notes appearing thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Consolidated Balance Sheet, of the state of affairs of the L&T Group as at March 31, 2009;

b) in the case of the Consolidated Profit and Loss Account of the consolidated results of operations of the L&T Group for the year ended on that date; and

c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the L&T Group for the year ended on that date.

SHARP AND TANNAN
Chartered Accountants
by the hand of

F. M. KOBLA
Partner
Membership No.15882

Mumbai, May 28, 2009

Consolidated Balance Sheet as at March 31, 2009

	Schedule		As at 31-3-2009		*As at 31-3-2008*	
			Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
SOURCES OF FUNDS:						
SHAREHOLDERS' FUNDS:						
Share capital	**A**		117.14		*58.47*	
Reserves and surplus	**B**		13598.09		*10628.33*	
Employee stock option outstanding		511.47				
(previous year: Rs.317.97 crore)						
Less: Deferred employee compensation expense		239.00				
(previous year: Rs.173.66 crore)			272.47		*144.31*	
				13987.70		*10831.11*
Minority interest				1058.58		*922.62*
LOAN FUNDS:						
Secured loans	**C**		10494.94		*6560.14*	
Unsecured loans	**D**		7905.01		*5559.77*	
				18399.95		*12119.91*
Deferred payment liabilities				1970.09		*196.02*
Deferred tax liabilities [see note no.24]				541.12		*327.04*
TOTAL				35957.44		*24396.70*
APPLICATION OF FUNDS:						
Fixed assets						
Tangible assets	**E (i)**					
Gross block			9125.00		*7090.04*	
Less: Depreciation and impairment			2338.65		*1870.88*	
Net block			6786.35		*5219.16*	
Less: Lease adjustment			239.36		*239.36*	
			6546.99		*4979.80*	
Capital work-in-progress			2936.83		*1311.47*	
				9483.82		*6291.27*
Intangible assets	**E (ii)**					
Gross block			3336.88		*783.68*	
Less: Amortisation and impairment			471.67		*293.16*	
Net block			2865.21		*490.52*	
Capital work-in-progress			3240.09		*1741.60*	
				6105.30		*2232.12*
Fixed assets held for sale				0.08		*0.08*
(at lower of cost or estimated realisable value)						
Investments	**F**			6805.40		*5552.28*
Loans and advances towards financing activities	**G (i)**			7109.94		*6160.46*
Deferred tax assets [see note no.24]				410.29		*205.32*
Current assets, loans and advances:	**G (ii)**					
Inventories			7105.78		*5019.00*	
Sundry debtors			11643.53		*8234.36*	
Cash and bank balances			1459.04		*1560.78*	
Other current assets			68.22		*38.62*	
Loans and advances			6621.31		*4768.44*	
			26897.88		*19621.20*	
Less: Current liabilities and provisions:	**H**					
Liabilities			17538.13		*13457.96*	
Provisions			3317.42		*2236.61*	
			20855.55		*15694.57*	
Net current assets				6042.33		*3926.63*
Miscellaneous expenditure	**I**			0.28		*28.54*
(to the extent not written-off or adjusted)						
TOTAL				35957.44		*24396.70*
CONTINGENT LIABILITIES	**J**					
SIGNIFICANT ACCOUNTING POLICIES	**Q**					

(For notes forming part of the consolidated accounts see page nos.217 to 242)

A. M. NAIK
Chairman & Managing Director

As per our report attached

SHARP & TANNAN
Chartered Accountants
by the hand of
F. M. KOBLA
Partner
Membership No.15882
Mumbai, May 28, 2009

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE   S. RAJGOPAL   M. M. CHITALE
N. MOHAN RAJ   BHAGYAM RAMANI   A. K. JAIN

Directors

Mumbai, May 28, 2009

Consolidated Profit and Loss Account for the year ended March 31, 2009

	Schedule	2008-2009 Rs.crore	2008-2009 Rs.crore	2007-2008 Rs.crore	2007-2008 Rs.crore
INCOME:					
Sales & service (gross)	K	40607.87		29561.11	
Less: Excise duty		420.87		362.61	
Sales & service (net)			40187.00		29198.50
Other operational income	L (i)		292.87		258.35
Other income	L (ii)		591.96		425.15
			41071.83		29882.00
EXPENDITURE:					
Manufacturing, construction and operating expenses	M	30212.84		22002.90	
Staff expenses	N	2666.04		2049.43	
Sales, administration and other expenses	O	2666.82		1709.62	
Interest expenses and brokerage	P	461.96		203.11	
Depreciation and obsolescence of tangible assets		537.54		408.78	
Amortisation and impairment of intangible assets		192.09		102.99	
		36737.29		26476.83	
Less: Overheads charged to fixed assets		24.48		11.42	
			36712.81		26465.41
Profit before transfer from revaluation reserve			4359.02		3416.59
Add: Transfer from revaluation reserve			1.31		2.03
Profit before tax before extraordinary items			4360.33		3418.62
Provision for current taxes [see note no.23(a)]		1328.35		1039.27	
Provision for deferred tax [see note no.24]		35.36		31.74	
Provision for tax on fringe benefits [see note no.23(b)]		61.16		76.11	
			1424.87		1147.12
Profit after tax before extraordinary items			2935.46		2271.50
Less: Additional tax on dividend distributed/proposed by subsidiary companies (including proportionate share in respect of incorporated joint ventures)			0.80		13.68
			2934.66		2257.82
Add: Share in profit/(loss) (net) of associate companies			50.90		135.83
			2985.56		2393.65
Add/(less): Minority interest in (income)/losses			31.44		(68.29)
Profit after minority interest before extraordinary items			3017.00		2325.36
Gain/(loss) on extraordinary items (net of tax) [see note no.13]			772.46		–
Profit attributable to Group shareholders			3789.46		2325.36
Less: Dividend paid for the previous year		0.28		0.66	
Additional tax on dividend paid for the previous year (net)		0.05		0.11	
			0.33		0.77
Profit available for appropriation			3789.13		2324.59
Less: Transfer to reserve u/s 45 IC of the RBI Act, 1934			35.27		33.20
Transfer to tonnage tax reserve			1.10		–
Transfer to reserve u/s 36(1)(viii) of the Income Tax Act, 1961			2.03		1.77
Transfer to debenture redemption reserve			43.34		–
Profit available for distribution			3707.39		2289.62
Interim dividend			–		56.83
Proposed final dividend			614.97		438.49
Additional tax on dividend			104.52		76.26
Balance carried to Balance Sheet			2987.90		1718.04
Basic earnings per equity share before extraordinary items (Rupees)	[see note no.20]		51.56		40.44
Diluted earnings per equity share before extraordinary items (Rupees)	[see note no.20]		50.87		38.95
Basic earnings per equity share after extraordinary items (Rupees)	[see note no.20]		64.76		40.44
Diluted earnings per equity share after extraordinary items (Rupees)	[see note no.20]		63.89		38.95
Face value per equity share (Rupees)	[see note no.20]		2.00		2.00
SIGNIFICANT ACCOUNTING POLICIES	Q				

(For notes forming part of the consolidated accounts see page nos.217 to 242)

A. M. NAIK
Chairman & Managing Director

As per our report attached

SHARP & TANNAN
Chartered Accountants
by the hand of
F. M. KOBLA
Partner
Membership No.15882
Mumbai, May 28, 2009

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE | S. RAJGOPAL | M. M. CHITALE
N. MOHAN RAJ | BHAGYAM RAMANI | A. K. JAIN

Directors

Mumbai, May 28, 2009

Consolidated Cash Flow Statement for the year ended March 31, 2009

		2008-2009	*2007-2008*
		Rs.crore	*Rs.crore*
A.	**Cash flow from operating activities:**		
	Profit before tax (excluding minority interest and extraordinary items)	4360.33	*3418.62*
	Adjustments for:		
	Dividend received	(289.09)	*(152.10)*
	Depreciation (including obsolescence), amortisation and impairment	728.32	*509.74*
	Lease equalisation	–	*21.70*
	Exchange difference on items grouped under financing activity	374.35	*222.18*
	Interest expense	461.96	*203.11*
	Interest income	(136.01)	*(113.56)*
	(Profit)/loss on sale of fixed assets (net)	(5.46)	*(20.21)*
	(Profit)/loss on sale of investments (net)	(106.97)	*(117.35)*
	Employee stock option - discount forming part of staff expenses	174.79	*101.12*
	Provision/(reversal) for diminution in value of investments	9.62	*22.56*
	Operating profit before working capital changes	5571.84	*4095.81*
	Adjustments for:		
	(Increase)/decrease in trade and other receivables	(5078.63)	*(6793.86)*
	(Increase)/decrease in inventories	(1947.85)	*(1347.35)*
	(Increase)/decrease in miscellaneous expenditure	28.26	*(11.42)*
	Increase/(decrease) in trade payables and customer advances	3072.66	*3985.55*
	Cash generated from operations	1646.28	*(71.27)*
	Direct taxes refund/(paid) (net)	(1150.32)	*(1167.95)*
	Net Cash (used in)/from operating activities	495.96	*(1239.22)*
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(5477.59)	*(3959.14)*
	Sale of fixed assets	97.10	*336.93*
	Purchase of long term investments	(878.22)	*(236.55)*
	Sale of long term investments	264.26	*79.44*
	(Purchase)/sale of current investments (net)	(550.22)	*(3041.77)*
	Loans/deposits made with associates companies and third parties (net)	106.27	*33.59*
	Advance towards equity commitment	(0.69)	*(10.68)*
	Interest received	106.41	*109.23*
	Dividend received from associates	57.95	*12.98*
	Dividend received from other investments	289.09	*152.10*
	Consideration received on disposal of subsidiaries	166.66	*–*
	Consideration paid on acquisition of subsidiaries	(412.93)	*(84.85)*
	Cash & cash equivalents acquired pursuant to acquisition of subsidiaries	34.39	*3.77*
	Cash & cash equivalents discharged pursuant to disposal of a subsidiary	(0.51)	*(10.39)*
	Cash (used in)/from investing activities (before extraordinary items)	(6198.03)	*(6615.34)*
	Extraordinary items		
	Cash received (net of expenses) on sale/transfer of Ready Mix Concrete business (net of tax of Rs.279.37 crore)	1121.37	*–*
	Cash & cash equivalents discharged pursuant to disposal of Ready Mix Concrete business ...	(0.23)	*–*
	Net Cash (used in)/from investing activities (after extraordinary items)	(5076.89)	*(6615.34)*
C.	**Cash flow from financing activities:**		
	Proceeds from issue of share capital including shares under ESOP schemes	23.04	*1701.58*
	Proceeds from long term borrowings	5201.74	*4168.48*
	Repayment of long term borrowings	(523.54)	*(622.67)*
	(Repayments)/proceeds from other borrowings (net)	675.05	*2584.21*
	Payment (to)/from minority interest	146.15	*177.15*
	Loans from associate/joint venture companies (net of repayments)	20.00	*–*
	Dividends paid	(438.77)	*(114.14)*
	Additional tax on dividend	(70.56)	*(35.51)*
	Interest paid	(553.92)	*(161.78)*
	Net cash (used in)/from financing activities	4479.19	*7697.32*
Net (decrease)/increase in cash and cash equivalents (A + B + C)	... ...	(101.74)	*(157.24)*
Cash and cash equivalents at beginning of the year	... ...	1560.78	*1718.02*
Cash and cash equivalents at end of the year	... ...	1459.04	*1560.78*

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
2. Purchase of fixed assets includes movement of capital work-in-progress during the year.
3. Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of Rs.25.64 crore *(previous year: unrealised gain of Rs.0.43 crore)* on account of translation of foreign currency bank balances.
4. For cash and cash equivalents not available for immediate use as on the Balance Sheet date, see note no.11(a) and (b) of notes forming part of consolidated accounts.
5. Previous year's figures have been regrouped/reclassified wherever applicable.

A. M. NAIK
Chairman & Managing Director

As per our report attached

SHARP & TANNAN
Chartered Accountants
by the hand of
F. M. KOBLA
Partner
Membership No.15882
Mumbai, May 28, 2009

Y. M. DEOSTHALEE   S. RAJGOPAL   M. M. CHITALE

N. MOHAN RAJ   BHAGYAM RAMANI   A. K. JAIN

N. HARIHARAN
Company Secretary

Directors

Mumbai, May 28, 2009

Schedules forming part of the Consolidated Accounts

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule A				
Share capital:				
Authorised:				
162,50,00,000 equity shares of Rs.2 each (*previous year: 1,62,50,00,000 equity shares of Rs.2 each*)		325.00		*325.00*
Issued:				
58,56,87,862 equity shares of Rs.2 each (*previous year: 29,23,27,390 equity shares of Rs.2 each*)		117.14		*58.47*
Subscribed and paid-up:				
58,56,87,862 equity shares of Rs.2 each [see note no.6] (*previous year: 29,23,27,390 equity shares of Rs.2 each*)		117.14		*58.47*
		117.14		*58.47*

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule B				
Reserves and surplus:				
Revaluation reserve:				
As per last Balance Sheet	25.90		*27.93*	
Addition during the year	7.52		*–*	
Less: Transferred to Profit and Loss Account	1.31		*2.03*	
		32.11		*25.90*
Capital redemption reserve:				
As per last Balance Sheet	3.16		*3.16*	
Less: Utilised for issue of bonus shares	0.02		*–*	
		3.14		*3.16*
Capital reserve:				
As per last Balance Sheet	10.81		*10.67*	
Addition during the year	35.80		*0.14*	
		46.61		*10.81*
Capital reserve on consolidation:				
As per last Balance Sheet	15.98		*16.52*	
Deduction during the year	0.28		*0.54*	
		15.70		*15.98*
Reserve u/s 45 IC of the RBI Act, 1934:				
As per last Balance Sheet	75.75		*42.55*	
Add: Transferred from Profit and Loss Account	35.27		*33.20*	
		111.02		*75.75*
Debenture redemption reserve:				
Created during the year		43.34		*–*
Securities premium account:				
As per last Balance Sheet	4187.26		*2066.16*	
Addition during the year	69.62		*2135.14*	
	4256.88		*4201.30*	
Less: Utilised for issue of bonus shares	58.50		*–*	
Transfer to retained earnings	0.01		*1.80*	
Share issue expenses	–		*14.64*	
(Reversal)/write-back of provision made in previous year	(0.92)		*(2.40)*	
		4199.29		*4187.26*
Carried forward		4451.21		*4318.86*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule B (contd.)				
Brought forward		4451.21		*4318.86*
Foreign projects reserve:				
As per last Balance Sheet	10.83		*19.19*	
Less: Transferred to retained earnings	3.00		*8.36*	
		7.83		*10.83*
Housing projects reserve:				
As per last Balance Sheet	3.98		*7.96*	
Less: Transferred to retained earnings	2.25		*3.98*	
		1.73		*3.98*
Tonnage tax reserve:				
As per last Balance Sheet	0.99		*0.99*	
Add: Transferred from Profit and Loss Account	1.10		*–*	
		2.09		*0.99*
Foreign currency translation reserve:				
As per last Balance Sheet	(11.24)		*(6.55)*	
Addition/(deduction) during the year	123.92		*(4.69)*	
		112.68		*(11.24)*
Reserve u/s 36(1)(viii) of Income Tax Act, 1961:				
As per last Balance Sheet	1.77		*–*	
Add: Transferred from Profit and Loss Account	2.03		*1.77*	
		3.80		*1.77*
Hedging reserve (net of tax):				
As per last Balance Sheet	(4.85)		*–*	
Addition during the year	(282.40)		*(4.85)*	
Deduction during the year	4.85		*–*	
		(282.40)		*(4.85)*
Retained earnings:				
As per last Balance Sheet	6307.99		*4596.91*	
Less: Adjustments pertaining to deferred tax liabilities (net)	–		*21.10*	
	6307.99		*4575.81*	
Add: Transferred from:				
Foreign projects reserve	3.00		*8.36*	
Housing projects reserve	2.25		*3.98*	
Securities premium account	0.01		*1.80*	
Profit and Loss Account	2987.90		*1718.04*	
		9301.15		*6307.99*
		13598.09		*10628.33*

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule C				
Secured loans:				
Redeemable non-convertible fixed rate debentures		1700.00		*1047.00*
Redeemable non-convertible floating rate debentures		200.00		*–*
Loans from banks:				
Cash credits/working capital demand loans	3615.00		*2775.76*	
Other loans	4084.24		*2300.69*	
Interest accrued and due	1.98		*0.05*	
		7701.22		*5076.50*
Loans from financial institutions		893.72		*436.64*
		10494.94		*6560.14*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule D				
Unsecured loans:				
Redeemable non-convertible fixed rate debentures		400.00		*100.00*
Redeemable non-convertible floating rate debentures		35.00		–
Fixed deposits		0.01		*0.01*
Short term loans and advances:				
From banks	2145.09		*1666.77*	
From others	25.33		*26.22*	
Lease finance	0.46		*0.25*	
Sales tax deferment loan	18.89		*15.16*	
Commercial paper	640.00		*900.00*	
		2829.77		*2608.40*
Other loans and advances:				
From banks	4377.37		*2542.50*	
Lease finance	0.54		*0.15*	
Sales tax deferment loan	101.14		*121.10*	
From others	161.18		*187.61*	
		4640.23		*2851.36*
		7905.01		*5559.77*

Schedule E (i)

Fixed Assets - Tangible:

Particulars	Cost/valuation					Depreciation					Impairment	Book value	
	As at 1-4-2008	Transfer on business combination	Additions	Deductions	As at 31-3-2009	*Up to 31-3-2008*	Transfer on business combination	For the year	Deductions	Up to 31-3-2009	As at 31-3-2009	As at 31-3-2009	*As at 31-3-2008*
	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	*Rs.crore*	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	*Rs.crore*
OWNED ASSETS:													
Land-freehold	*772.98*	7.45	88.89	6.23	863.09	-	-	-	-	-	-	863.09	*772.98*
Ships	*190.10*	-	73.59	-	263.69	*35.96*	-	19.05	-	55.01	-	208.68	*154.12*
Buildings	*1117.30*	52.21	238.24	4.33	1403.42	*184.19*	5.65	37.25	0.38	226.71	-	1176.71	*960.17*
Railway sidings	*0.25*	-	-	-	0.25	*0.25*	-	-	-	0.25	-	-	-
Plant and machinery	*3443.45*	92.45	1686.03	268.66	4953.27	*1134.05*	66.13	361.47	51.38	1510.27	-	3443.00	*2255.01*
Furniture and fixtures	*277.14*	5.76	65.16	19.45	328.61	*120.59*	3.92	37.40	17.03	144.88	-	183.73	*153.74*
Vehicles	*133.27*	4.55	66.88	16.32	188.38	*73.30*	3.52	21.92	8.73	90.01	-	98.37	*55.80*
Aircraft	*9.26*	-	-	-	9.26	*7.47*	-	0.52	-	7.99	-	1.27	*1.78*
Owned assets given on operating lease													
Plant and machinery	*785.40*	-	33.56	254.76	564.20	*262.77*	-	35.66	74.54	223.89	6.93	333.38	*509.55*
Buildings	*347.44*	-	104.51	24.93	427.02	*19.08*	-	8.03	1.51	25.60	-	401.42	*283.19*
Vehicles	*113.64*	-	30.22	24.65	119.21	*41.50*	-	17.41	15.82	43.09	-	76.12	*72.14*
Lease adjustment	-	-	-	-	-	-	-	-	-	-	-	(239.36)	*(239.36)*
Owned assets (sub total - A)	*7190.23*	162.42	2387.08	619.33	9120.40	*1879.16*	79.22	538.71	169.39	2327.70	6.93	6546.41	*4979.12*
LEASED ASSETS:													
Assets taken under finance lease:													
Plant and machinery	*4.23*	-	0.01	0.57	3.67	*3.24*	-	0.39	0.54	3.09	-	0.58	*0.64*
Vehicles	*1.10*	-	-	0.17	0.93	*1.06*	-	0.02	0.15	0.93	-	-	*0.04*
Asset taken under finance lease (sub total - B)	*5.33*	-	0.01	0.74	4.60	*4.30*	-	0.41	0.69	4.02	-	0.58	*0.68*
Total (A+B)	*7195.56*	162.42	2387.09	620.07	9125.00	*1883.46*	79.22	539.12	170.08	2331.72	6.93	6546.99	*4979.80*
Previous year	*5547.68*	*124.62*	*1985.06*	*567.32*	*7090.04*	*1713.44*	*1.42*	*404.69*	*255.60*	*1863.95*	*6.93*		
Add: Capital work-in-progress												2936.83	*1311.47*
												9483.82	*6291.27*

Schedules forming part of the Consolidated Accounts (contd.)

Schedule E (ii)

Fixed Assets - Intangible:

Particulars	Cost/valuation					Amortisation					Impairment	Book value	
	As at 1-4-2008	Transfer on business combination	Additions	Deductions	As at 31-3-2009	*Up to 31-3-2008*	Transfer on business combination	For the year	Deductions	Up to 31-3-2009	As at 31-3-2009	As at 31-3-2009	*As at 31-3-2008*
	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	*Rs.crore*	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	Rs.crore	*Rs.crore*
Goodwill on consolidation	*251.69*	-	216.23	-	467.92	*26.85*	-	40.09	-	66.94	42.00	358.98	*224.12*
Land-leasehold	*95.63*	8.92	247.51	4.94	347.12	*7.60*	0.24	3.43	0.23	11.04	-	336.08	*80.45*
Specialised softwares	*134.58*	0.21	74.57	13.28	196.08	*92.79*	0.20	32.62	13.28	112.33	-	83.75	*41.59*
Lumpsum fees for technical knowhow	*20.61*	1.89	6.50	0.57	28.43	*9.53*	1.02	7.01	0.57	16.99	-	11.44	*10.86*
Toll collection rights	*288.46*	-	2000.98	-	2289.44	*154.98*	-	63.55	-	218.53	-	2070.91	*133.50*
Trade marks	*1.50*	1.50	4.89	-	7.89	*1.50*	1.50	0.84	-	3.84	-	4.05	-
Total	*792.47*	12.52	2550.68	18.79	3336.88	*293.25*	2.96	147.54	14.08	429.67	42.00	2865.21	*490.52*
Previous year	*553.26*	*1.84*	*239.02*	*10.44*	*783.68*	*190.99*	*1.15*	*101.92*	*1.62*	*292.44*	*0.72*		
Add: Capital work-in-progress												3240.09	*1741.60*
												6105.30	*2232.12*

Notes:

1 (i) In respect of tangible assets, opening gross block includes Rs.105.52 crore and opening accumulated depreciation includes Rs.19.51 crore on account of exchange differences on translation of value of assets in respect of non integral foreign operations.

(ii) In respect of intangible assets, opening gross block includes Rs.8.79 crore and opening accumulated amortisation includes Rs.0.81 crore on account of exchange differences on translation of value of assets in respect of non integral foreign operations.

2 Cost/Valuation of:

(i) Freehold land includes Rs.19.42 crore for which conveyance is yet to be completed.

(ii) Leasehold land includes:

(a) Rs.2.63 crore for land taken at Mysore on lease from KIADB vide agreement dated May 5, 2006. The lease agreement is for a period of six years, with extension of 3 years, at the end of which sale deed would be executed, on fulfilment of certain conditions by the Company.

(b) Rs.15.25 crore for land taken on Lease from Maharashtra Airport Development Company Limited for a period of 99 years with effect from June 01,2008 vide agreement dated June 20, 2008 for developing IT Infrastructure facilities.

(c) Rs.0.22 crore for land taken at Hubli on lease from KIADB vide agreement dated December 8, 2005. The lease agreement is for a period of six years, at the end of which sale deed would be executed, on fulfilment of certain conditions by the Company.

3 Cost/Valuation of buildings includes ownership accommodation:

(i) (a) in various co-operative societies and apartments and shop-owners' associations: Rs.96.86 crore, including 2325 shares of Rs.50 each, 207 shares of Rs.100 each and 1 share of Rs.250.

(b) in proposed co-operative societies Rs.17.29 crore.

(ii) of Rs.4.39 crore in respect of which the deed of conveyance is yet to be executed.

(iii) of Rs.8.45 crore representing undivided share in a property at a certain location.

4 Cost/Valuation of buildings includes Rs.46.57 crore for building constructed on lease hold land 90.36 acres (20 acres since surrendered) on a 66 years lease agreement entered with National Academy of Construction (NAC) dated October 1, 2005, yet to be registered with appropriate authority.

5 Additions during the year and capital work-in-progress include Rs.197.77 crore being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 on "Borrowing Costs"

6 Depreciation for the year on tangible assets include obsolescence Rs.1.38 crore *(previous year: Rs.3.88 crore)* and on intangible assets Rs.41.28 crore *(previous year: Rs.nil)* on account of impairment loss.

7 Capital work-in-progress - tangible assets includes advances Rs.683.68 crore (*previous year: Rs.356.07 crore*). Capital work-in-progress - intangible assets includes advances Rs.nil (*previous year: Rs.1.40 crore*) and Rs.1.74 crore (*previous year: Rs.nil*) on account of expenditure incurred on exploration and evaluation of potential mineral reserves.

8 The Company had revalued as at October 1,1984 some of its land, buildings, plant and machinery and railway sidings at replacement/ market value which resulted in a net increase of Rs.108.05 crore. One of the subsidiaries has revalued land during the year, based on an estimated market valuation recommended by an external valuer as at March 31, 2008 which resulted in the net increase of Rs.24.69 crore.

9 Owned assets given on operating lease have been presented separately under tangible assets schedule as per Accounting Standard (AS) 19 on "Leases".

Schedules forming part of the Consolidated Accounts (contd.)

		As at 31-3-2009		*As at 31-3-2008*	
		Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule F					
Investments (at cost, unless otherwise specified):					
Long term investments:					
Government and trust securities			0.50		*6.39*
Investment in associates: [see note below]					
Fully paid equity shares of associate companies		220.78		*242.75*	
Fully paid preference shares of associate companies		10.00		*10.00*	
		230.78		*252.75*	
Add/(deduct):					
Accumulated share in profit/(loss) of the associate companies at the beginning of the year		351.64		*228.79*	
Adjustment pursuant to disposal of stake in associates		(23.04)		*–*	
		559.38		*481.54*	
Add/(deduct):					
Share in profit/(loss) (net) of associate companies - current year		50.90		*135.83*	
Commitment to fresh infusion of equity		3.16		*3.16*	
Dividend received from associate companies during the year		(57.95)		*(12.98)*	
Unrealised profits in respect of transactions with associate companies		(71.17)		*(69.71)*	
Provision for diminution in value		(0.56)		*(0.56)*	
			483.76		537.28
Other fully paid equity shares			1102.27		*211.79*
Bonds			0.50		*225.68*
Mutual funds			–		*0.04*
			1587.03		*981.18*
Current investments:					
Government and trust securities (*previous year: Rs.186.47 crore*)	–				
Less: Provision for diminution in value (*previous year: Rs.4.02 crore*)	–				
		–		*182.45*	
Other fully paid equity shares (*previous year: Rs.0.62 crore*)	8.66				
Less: Provision for diminution in value *(previous year: Rs.0.50 crore)*	1.67				
		6.99		*0.12*	
Bonds *(previous year: Rs.59.20 crore)*	258.46				
Less: Provision for diminution in value (*previous year: Rs.1.85 crore)*	4.36				
		254.10		*57.35*	
Mutual funds *(previous year: Rs.4354.53 crore)*	3604.14				
Less: Provision for diminution in value *(previous year: Rs.23.35 crore)*	3.84				
		3600.30		*4331.18*	
Investment other securities short term		1356.98		*–*	
			5218.37		*4571.10*
			6805.40		*5552.28*

Note: Investments in associates include goodwill of Rs.35.71 crore (*previous year: Rs.44.73 crore*), net of cumulative amortisation of Rs.6.21 crore (*previous year: Rs.5.71 crore*) and is net of capital reserve of Rs.0.01 crore (*previous year: Rs.nil*)

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule G (i)				
Loans and advances towards financing activities				
Secured loans:				
Considered good:				
Loans against pledge of shares and securities		364.17		*318.95*
Infrastructure loans		2267.29		*1833.18*
Considered doubtful:				
Infrastructure loans	7.70		–	
Less: Provision for non performing assets	7.70		–	
		–		–
Unsecured loans:				
Considered good:				
Bills discounted		219.97		*230.94*
Other loans		4258.51		*3761.12*
Advance towards lease capital assets		–		*16.27*
Considered doubtful:				
Other loans	8.08		*3.54*	
Less: Provision for non performing assets	8.08		*3.54*	
		–		–
		7109.94		*6160.46*

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule G (ii)				
Current assets, loans and advances:				
Current Assets:				
Inventories:				
Stock-in-trade, at cost or net realisable value whichever is lower:				
Raw materials	557.06		*367.15*	
Components	343.91		*265.13*	
Construction materials	118.83		*69.04*	
Stores, spare parts and loose tools	116.23		*116.34*	
Finished goods	464.65		*349.60*	
Property development land	323.85		*203.22*	
Completed property	9.75		*0.09*	
	1934.28		*1370.57*	
Work-in-Progress:				
Manufacturing work-in-progress at cost or net realisable value whichever is lower	566.26		*464.30*	
Construction and project related work-in-progress				
At cost	1831.07		*1839.35*	
At estimated realisable value on sale	22437.29		*16052.73*	
	24268.36		*17892.08*	
Less: Progress bills raised	19664.24		*14710.31*	
Due from customers	4604.12		*3181.77*	
Total work-in-progress	5170.38		*3646.07*	
Stock on hire:	1.12		*2.36*	
		7105.78		*5019.00*
Carried forward		7105.78		*5019.00*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2009		*As at 31-3-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule G (ii) (contd.)				
Brought forward		7105.78		*5019.00*
Sundry debtors:				
Unsecured:				
Debts outstanding for more than 6 months				
Considered good	2421.82		*1830.54*	
Considered doubtful	442.18		*291.39*	
	2864.00		*2121.93*	
Other debts:				
Considered good	9221.71		*6403.82*	
	12085.71		*8525.75*	
Less: Provision for doubtful debts	442.18		*291.39*	
		11643.53		*8234.36*
Cash and bank balances:				
Cash on hand	11.42		*11.15*	
Cheques on hand	285.24		*273.61*	
Balances with scheduled banks:				
on current accounts	472.10		*755.14*	
on fixed deposits including interest accrued thereon [see note no.11(a)]	284.82		*313.76*	
on margin money deposit accounts	19.33		*9.25*	
Balances with non-scheduled banks [see note no.11(b)]	386.13		*197.87*	
		1459.04		*1560.78*
Other current assets:				
Interest accrued on investments	17.05		*14.40*	
Others	51.17		*24.22*	
		68.22		*38.62*
Loans and advances:				
Secured, considered good:				
Loans against mortgage of house property	21.93		*24.94*	
Unsecured:				
Considered good:				
Associate companies				
Advances recoverable	26.29		*15.37*	
Advances towards equity commitment				
Others	0.69		*10.68*	
Inter-corporate deposits				
Associate companies	5.00		*10.00*	
Others	5.86		*58.92*	
Advances recoverable in cash or in kind [see note no.16]	6522.47		*4619.52*	
Balance with customs, port trust, etc.	37.27		*27.01*	
Lease receivables	1.80		*2.00*	
Considered doubtful:				
Deferred credit against sale of ships	21.09		*16.69*	
Advances recoverable in cash or in kind	63.86		*29.07*	
	6706.26		*4814.20*	
Less: Provision for doubtful loans and advances	84.95		*45.76*	
		6621.31		*4768.44*
		26897.88		*19621.20*

Schedules forming part of the Consolidated Accounts (contd.)

		As at 31-3-2009		*As at 31-3-2008*	
		Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule H					
Current liabilities and provisions:					
Liabilities:					
Acceptances			58.54		*68.42*
Sundry creditors:					
Due to: Micro and small enterprises		11.28		*4.38*	
Others [see note no.10]		8898.31		*6944.49*	
			8909.59		*6948.87*
Due to customers:					
Progress bills raised		27575.35		*20216.22*	
Less: Construction and project related work-in-progress					
At cost *(previous year: Rs.1053.49 crore)*	1939.22				
At estimated realisable value *(previous year: Rs.16447.45 crore)*	22553.07				
		24492.29		*17500.94*	
			3083.06		*2715.28*
Advances from customers			5355.74		*3634.24*
Items covered by Investor Education and Protection Fund					
Unpaid dividend		10.33		*9.61*	
Unpaid matured deposits		0.13		*0.23*	
Unpaid matured debentures/bonds		0.15		*1.58*	
Interest accrued on bonds		0.02		*0.03*	
			10.63		*11.45*
Due to directors			36.37		*22.86*
Interest accrued but not due on loans			84.20		*56.80*
Pension payable under Voluntary Retirement-cum-Pension Scheme			–		*0.04*
			17538.13		*13457.96*
Provisions for:					
Current taxes		1570.89		*1057.95*	
Tax on fringe benefits		61.36		*78.67*	
Proposed dividend		614.97		*438.49*	
Additional tax on dividend		104.52		*69.71*	
Gratuity		0.93		*0.75*	
Compensated absences		292.11		*250.29*	
Employee pension schemes		151.81		*151.35*	
Post-retirement medical benefit plan		74.40		*58.74*	
Long service awards		8.36		*17.40*	
Other provisions [see note no.21]		438.07		*113.26*	
			3317.42		*2236.61*
			20855.55		*15694.57*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
Schedule I		
Miscellaneous expenditure (to the extent not written off or adjusted)		
Voluntary Retirement-cum-Pension Schemes/Voluntary Retirement Schemes	0.28	*3.13*
Preliminary expenses	–	*25.41*
	0.28	*28.54*

	As at 31-3-2009 Rs.crore	*As at 31-3-2008 Rs.crore*
Schedule J		
Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts	199.94	*117.07*
(b) Sales-tax liability that may arise in respect of matters in appeal	82.99	*223.46*
(c) Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company in WRIT	15.30	*13.03*
(d) Customs duty demands against which the Group has filed appeals before appellate authorities which are pending disposal.	0.54	*–*
(e) Income-tax liability (including interest and penalty) that may arise in respect of which the Company is in appeal	102.24	*40.95*
(f) Guarantees given on behalf of associate companies	–	*10.00*

Notes:

1. The Company does not expect any reimbursements in respect of the above contingent liabilities.
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (e) above pending resolution of the arbitration/appellate proceedings.
3. In respect of matters at (f), the cash outflows, if any, could generally occur during the next three years, being the period over which the validity of the guarantees extends except in a few cases where the cash outflows, if any, could occur.

	2008-2009 Rs.crore	*2007-2008 Rs.crore*
Schedule K		
Sales & service:		
Manufacturing, trading and property development activity	6811.46	*6493.76*
Construction and project related activity	29824.12	*20030.30*
Software development products and services	2068.74	*1671.72*
Income from financing activity/annuity based projects	1124.81	*638.02*
Facilitating charges for power plant	–	*121.14*
Toll collection and related activity	97.24	*60.54*
Servicing	293.64	*219.98*
Commission	210.37	*221.66*
Engineering and service fees	177.49	*103.99*
	40607.87	*29561.11*

Schedules forming part of the Consolidated Accounts (contd.)

	2008-2009 Rs.crore	*2007-2008 Rs.crore*
Schedule L (i)		
Other operational income:		
Equipment and property rentals	93.65	*113.11*
Technical fees	3.29	*4.57*
Property maintenance recoveries	13.33	*10.47*
Facility management income	4.67	*6.59*
Consultancy income	0.25	*2.20*
Parking recoveries	3.68	*1.63*
Profit on sale of fixed assets (net)	3.23	*19.06*
Miscellaneous income	170.77	*100.72*
	292.87	*258.35*

	2008-2009		*2007-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule L (ii)				
Other income:				
Interest income:				
Interest received on inter-corporate deposits from associate companies, customers and others	58.03		*74.29*	
Income from long term investments:				
Interest on debentures, bonds and Government securities	12.71		*27.79*	
Income from current investment:				
Interest on debentures, bonds and Government securities	65.27		*11.48*	
		136.01		*113.56*
Dividend Income:				
From long term investments:				
Trade investments	11.81		–	
Other investments	0.30		*2.42*	
		12.11		*2.42*
Dividend income from current investments		276.98		*149.68*
Lease rental income		10.93		*9.48*
Profit on sale of long term investments (net) [see note no.15(a)]		12.70		*61.62*
Profit on sale of current investments (net)		94.27		*55.73*
Profit on sale of fixed assets (net)		2.23		*1.15*
Miscellaneous income		38.50		*31.51*
Provision no longer required written back		8.23		–
		591.96		*425.15*

Schedules forming part of the Consolidated Accounts (contd.)

	2008-2009		2007-2008	
	Rs.crore	Rs.crore	Rs.crore	Rs.crore
Schedule M				
Manufacturing, construction and operating expenses:				
Materials consumed:				
Raw materials and components	7242.64		6374.82	
Construction materials	8446.23		5968.37	
	15688.87		12343.19	
Less: Scrap sales	69.78		73.26	
		15619.09		12269.93
Purchase of trading goods		1644.52		1630.20
(Increase)/decrease in manufacturing and trading stocks:				
Closing stock:				
Finished goods	464.65		349.60	
Work-in-progress	1535.29		1402.31	
	1999.94		1751.91	
Less: Opening stock:				
Finished goods (Including stock of Rs.10.19 crore acquired on acquisition of subsidiaries)	359.79		264.43	
Work-in-progress (Including stock of Rs.3.50 crore acquired on acquisition of subsidiaries)	1405.81		704.92	
	1765.60		969.35	
		(234.34)		(782.56)
Sub-contracting charges		7667.78		4961.64
Stores, spares and tools		1070.32		777.08
Excise duty		(5.22)		1.56
Power and fuel		555.92		426.30
Royalty and technical know-how fees		24.49		13.04
Packing and forwarding		123.65		86.12
Hire charges - plant and machinery and others		407.59		290.85
Engineering, professional, technical and consultancy fees		418.72		325.97
Insurance		81.23		80.16
Rent		136.60		70.44
Rates and taxes		34.89		22.32
Travelling and conveyance		284.83		211.82
Repairs to plant and machinery		53.55		58.22
Repairs to buildings		12.14		10.84
General repairs and maintenance		102.31		79.82
Interest and other financing charges		637.68		363.37
Software development expenses		1257.35		865.79
Cost of built up technology park space and property development land:				
Opening stock				
Work-in-progress	128.21		125.24	
Completed property	0.09		6.16	
Property development land	203.22		128.13	
	331.52		259.53	
Add: Expenses on construction during the year	309.62		177.38	
	641.14		436.91	
Less: Internal capitalisation during the year	12.87		6.28	
	628.27		430.63	
Less: Closing stock				
Work-in-progress	174.58		128.21	
Completed property	9.75		0.09	
Property development land	323.85		203.22	
	508.18		331.52	
		120.09		99.11
Other expenses		199.65		140.88
		30212.84		22002.90

Schedules forming part of the Consolidated Accounts (contd.)

	2008-2009		*2007-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule N				
Staff expenses:				
Salaries, wages and bonus		2148.62		*1598.84*
Contribution to and provision for:				
Provident fund and pension fund	74.94		*63.51*	
Superannuation/employee pension schemes	46.79		*71.83*	
Gratuity funds	32.37		*30.96*	
Compensated absences/leave encashment	30.21		*1.87*	
		184.31		*168.17*
Welfare and other expenses		333.11		*282.42*
		2666.04		*2049.43*

	2008-2009		*2007-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule O				
Sales, administration and other expenses:				
Power and fuel		33.63		*21.30*
Packing and forwarding		203.33		*200.25*
Professional fees		186.59		*127.97*
Insurance		25.37		*20.93*
Rent		174.19		*124.63*
Rates and taxes		62.24		*55.78*
Travelling and conveyance		327.68		*248.22*
Repairs to buildings		18.78		*26.20*
General repairs and maintenance		128.63		*105.20*
Directors' fees		0.33		*0.29*
Telephone, postage and telegrams		110.06		*90.49*
Advertising and publicity		66.98		*61.62*
Stationery and printing		45.03		*36.70*
Commission:				
Distributors and agents	43.58		*33.25*	
Others	11.50		*9.36*	
		55.08		*42.61*
Bank charges		78.78		*59.23*
Miscellaneous expenses [see note no.15 (b)]		624.73		*276.14*
Bad debts and advances written off	87.08		*46.10*	
Less: Provision for doubtful debts and advances written back	75.34		*45.28*	
		11.74		*0.82*
Discount on sales		45.60		*47.43*
Provision for doubtful debts, advances and non-performing assets (net)		264.69		*101.80*
Provision for foreseeable losses on construction contracts		55.65		*24.46*
Provision for diminution in value of investments (net)		9.62		*22.56*
Other provisions [see note no.21]		138.09		*14.99*
		2666.82		*1709.62*

	2008-2009		*2007-2008*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule P				
Interest expenses and brokerage:				
Debentures and fixed loans		322.26		*112.21*
Others		139.70		*90.90*
		461.96		*203.11*

Schedules forming part of the Consolidated Accounts (contd.)

SCHEDULE Q

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] except for the revaluation of certain fixed assets, and 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 escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.

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

The accounts of Indian subsidiaries, joint ventures and associates have been prepared in compliance with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government, and those of the foreign subsidiaries, joint ventures and associates have been prepared in compliance with the local laws and applicable accounting standards. Necessary adjustments for differences in the accounting policies, wherever applicable, have been made in the consolidated financial statements.

2. **Revenue recognition**

Revenue is recognised based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

a) **Sales and service**

i) Sales and service include excise duty and adjustments made towards liquidated damages and price variation wherever applicable.

ii) Revenue from sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.

iii) Revenue from property development activity is recognised when all significant risks and rewards of ownership in the land and/or building are transferred to the customer and a reasonable expectation of collection of the sale consideration from the customer exists.

iv) Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:

a) Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer.

b) Fixed price contracts received up to March 31, 2003: Contract revenue is recognised by applying percentage of completion to the contract value. Percentage of completion is determined as follows:

i) in the case of item rate contracts, as a proportion of the progress billing to contract value; and

ii) in the case of other contracts, as a proportion of the cost incurred-to-date to the total estimated cost.

c) Fixed price contracts received on or after April 1, 2003: Contract revenue is recognised by adding the aggregate cost and proportionate margin using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred-to-date to the total estimated contract cost.

Full provision is made for any loss in the period in which it is foreseen.

v) Revenues from construction/project related activity and contracts executed in joint ventures under work-sharing arrangement [being jointly controlled operations, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"], is recognised on the same basis as similar contracts independently executed by the Company.

vi) Revenue from software development is recognised based on software developed or time spent in person hours or person weeks, and billed to customers as per the terms of specific contracts.

vii) Income from hire purchase and lease transactions is accounted on accrual basis, pro-rata for the period, at the rates implicit in the transaction. Income from bill discounting, advisory and syndication services and other financing activities is accounted on accrual basis.

viii) Facilitation earnings are recognised based on the availability of the facilities for generation of electricity and steam.

ix) Revenue relatable to construction services rendered in connection with Build-Operate-Transfer (BOT) projects undertaken by the group is recognised during the period of construction using percentage of completion method. Revenue relatable to toll collections of such projects from users of facilities are accounted when the amount is due and recovery is certain. Licence fees for way-side amenities are accounted on accrual basis. Revenue from annuity based projects is recognised in the Profit and Loss Account over the concession period of the respective projects based on the implicit rate of return embedded in the projected cash flows. Such income is duly adjusted for any variation in the amount and timing of the cash flows in the period in which such variation occurs.

x) Revenue from service related activities is recognised using the proportionate completion method or completed service contract method.

xi) Commission income is recognised as and when the terms of the contract are fulfilled.

xii) Revenue from engineering and service fees is recognised as per the terms of the contract.

xiii) Government subsidy related to shipbuilding contracts is recognised on a prudent basis in the Profit and Loss Account as revenue from operations in proportion to work completed when there is reasonable assurance that the conditions for the grant of subsidy will be fulfilled.

b) Profit/loss on contracts executed by integrated joint ventures under profit-sharing arrangement [being jointly controlled entities, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"] is accounted as and when the same is determined by the joint venture. Revenue from services rendered to such joint ventures is accounted on accrual basis.

c) Other operational income represents income earned from the activities incidental to the operations of the business segments and is recognised on rendering of related services as per the terms of the contract.

d) Interest income is accrued at applicable interest rate.

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

3. Principles of consolidation

a) The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.

b) Investments in associate companies have been accounted for, by using the equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition change in the Company's share of net assets of the associate.

c) The Company's interests in joint ventures are consolidated as follows:

Type of Joint Venture	**Accounting treatment**
Jointly Controlled Operations	Company's share of revenues, common expenses, assets and liabilities are included in revenues, expenses, assets and liabilities respectively.
Jointly Controlled Assets	Share of the assets, and share of the liabilities are shown as part of gross block and liabilities respectively according to their nature. Share of expenses incurred on maintenance of the assets is accounted as expense. Monetary benefits, if any, from use of the assets are reflected as income.
Jointly Controlled Entities	The Company's interest in jointly controlled entities are consolidated on a line-by line basis by adding together the book values of assets, liabilities, income and expenses, after eliminating the unrealised profits/losses on intra group transactions.

Joint venture interests accounted as above are included in the segments to which they relate.

4. Research and development

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

5. Employee benefits

a) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia, are recognised in the period in which the employee renders the related service.

Schedules forming part of the Consolidated Accounts (contd.)

b) Post-employment benefits

i) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii) Defined benefit plans: The employees gratuity fund schemes, post-retirement medical care schemes, pension scheme and provident fund scheme managed by trust are the Company's defined benefit plans. Wherever applicable, the present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises 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 recognised immediately in the Profit and Loss Account.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on the net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight line basis over the average period until the benefits become vested.

c) Long term employee benefits

The obligation for long term employee benefits such as long term compensated absences, long service award, etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

d) Termination benefits

Termination benefits such as compensation under Voluntary Retirement-cum-Pension Scheme is amortised over a defined period. The defined period of amortisation is five years or the period till March 31, 2010, whichever is earlier.

6. Fixed assets

Fixed assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation, accumulated amortisation and cumulative impairment. Fixed asset which were revalued as on October 1, 1984 are stated at the values determined by the valuers less accumulated depreciation, accumulated amortisation and cumulative impairment. Assets acquired on hire purchase basis are stated at their cash values. Specific know-how fees paid, if any, relating to plant and machinery is treated as part of cost thereof.

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

Own manufactured assets are capitalised at cost including an appropriate share of overheads.

(Also refer to policy on leases, borrowing costs, impairment of assets and foreign currency transactions, *infra*)

7. Leases

a) Lease transactions entered into prior to April 1, 2001:

Assets leased out are stated at original cost. Lease equalisation adjustment is the difference between capital recovery included in the lease rentals and depreciation provided in the books of account.

Lease rentals in respect of assets acquired under leases are charged to Profit and Loss Account.

b) Lease transactions entered into on or after April 1, 2001:

i) Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

ii) Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

iii) Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

iv) Assets leased out under operating leases are capitalised. Rental income is recognised on accrual basis over the lease term.

v) Initial direct costs relating to assets given on finance leases are charged to Profit and Loss Account.

(Also refer to policy on depreciation, *infra*)

8. Depreciation

a) Indian companies

i) Owned assets

a) Revalued assets:

Depreciation is provided for based on the straight line method on the values and at the rates given by the valuers. The difference between depreciation provided based on revalued amount and that on historical cost is transferred from revaluation reserve to Profit and Loss Account.

b) Assets carried at historical cost:

Depreciation on assets carried at historical cost is provided on the written down value basis on assets acquired up to March 31, 1968 (at the rates prescribed under Schedule XIV to the Companies Act, 1956) and on the straight line basis on assets acquired subsequently (at the rates prevailing at the time of their acquisition) on assets acquired up to September 30, 1987. For the assets acquired thereafter, depreciation is provided at the rates prescribed under Schedule XIV to the Companies Act, 1956 or at higher rates in line with the estimated useful lives of the assets.

c) Depreciation for additions to/deductions from owned assets is calculated pro rata from/to the month of additions/deductions. Extra shift depreciation is provided on a location basis.

d) 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.

ii) Leased assets

a) Lease transactions entered into prior to April 1, 2001:

Assets given on lease are depreciated over the primary period of the lease. Accordingly, while the statutory depreciation on such assets is provided for on the straight line basis as per Schedule XIV to the Companies Act, 1956, the difference is adjusted through lease equalisation and lease adjustment account.

b) Lease transactions entered into on or after April 1, 2001:

Assets acquired under finance leases are depreciated on a straight line method over the lease term. Where there is reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated at the rates prescribed under Schedule XIV to the Companies Act, 1956 or at the higher rates adopted by the Company for similar assets.

b) Foreign companies

Depreciation has been provided by the foreign companies on methods and at the rates required/permissible by the local laws so as to write off the assets over their useful life.

9. Intangible assets and amortisation

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

a) Leasehold land: over the period of lease.

b) Specialised software: Over a period of three years.

c) Lump sum fees for technical know-how: Over a period of six years in case of foreign technology and three years in the case of indigenous technology.

d) Trade marks over a period of five years.

e) Toll collection rights obtained in consideration for rendering construction services represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (BOT) projects undertaken by the group. Toll collection rights are capitalised as intangible asset upon completion of the project at the cumulative construction costs including related margins (refer accounting policy on revenue recognition above) plus obligation towards negative grants payable to NHAI, if any. Till the completion of the project, the same is recognised as capital work-in-progress. Toll collection rights are amortised over the period of rights given under the concession agreement.

Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

Goodwill represents the difference between the Group's share in the net worth of a subsidiary or an associate or a joint venture, and the cost of acquisition at each point of time of making the investment in the subsidiary or the associate or the joint venture. For this

Schedules forming part of the Consolidated Accounts (contd.)

purpose, the Group's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents negative goodwill arising on consolidation.

Goodwill arising out of acquisition of equity stake in a subsidiary, an associate or a joint venture is amortised in equal amounts over a period of ten years from the date of first acquisition. In the event of cessation of operations of a subsidiary, associate or joint venture, the unamortised goodwill is written off fully.

Exploration and evaluation expenditure incurred for potential mineral reserves is recognised and reported as part of "capital work-in-progress" under "intangible assets" when such costs are expected to be either recouped in full through successful exploration and development of the area of interest or alternatively, by its sale; or when exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically available reserves and active and significant operations in relation to the area are continuing or are planned for the future. Exploration assets are re-assessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met. All other exploration and evaluation expenditure is recognised as expense in the period in which it is incurred.

10. Impairment of assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a) the provision for impairment loss, if any, required ; or

b) the reversal, if any, required of impairment loss recognised in previous periods.

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

Recoverable amount is determined:

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

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

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

11. Investments

Long term investments (other than associates) are carried at cost, after providing for any diminution in value, to recognise a decline "other than temporary" in nature. Current investments are carried at lower of cost or market value. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment. Investment in associate companies is accounted using the "equity method" as stated in para 3(b) above.

12. Inventories

Inventories are valued after providing for obsolescence, as under:

a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value.

b) Work-in-progress

i) Work-in-progress (other than project and construction related) at lower of cost including related overheads or net realisable value.

ii) Project and construction related work-in-progress at cost till such time the outcome of the job cannot be ascertained reliably and at realisable value thereafter.

In the case of qualifying assets, cost includes applicable borrowing costs vide policy relating to borrowing costs.

c) Finished goods at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/ payable on such goods.

d) Property development land at lower of cost or net realisable value.

e) Completed property is valued at lower of cost or net realisable value.

13. Government grant

Grants received from National Highway Authority of India (NHAI) in the nature of "promoter contribution" are credited to "capital reserve".

Schedules forming part of the Consolidated Accounts (contd.)

14. Securities premium account

a) Securities premium includes:

i) The difference between the market value and the consideration received in respect of shares issued pursuant to Stock Appreciation Rights Scheme.

ii) The discount allowed, if any, in respect of shares allotted pursuant to Stock Options Scheme.

b) The following expenses are written off against securities premium account:

i) Expenses incurred on issue of shares.

ii) Expenses (net of tax) incurred on issue of debentures/bonds.

iii) Premium (net of tax) on redemption of debentures/bonds.

15. Borrowing costs

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

16. Employee stock ownership schemes

In respect of stock options granted pursuant to the Company's Employee Stock Options Schemes, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

17. Miscellaneous expenditure

Lump sum compensation paid under Voluntary Retirement-cum-Pension Schemes are amortised over a period of five years or the period till March 31, 2010, whichever is earlier. The future pensions under Voluntary Retirement-cum-Pension Scheme are amortised over the period for which pensions are payable.

18. Foreign currency transactions, foreign operations, forward contracts and derivatives

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

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

Exchange differences that arise on settlement of monetary items or on reporting at each Balance Sheet date of the Company's monetary items at the closing rate are:

i) adjusted in the cost of fixed assets specifically financed by the borrowings contracted upto March 31, 2004 to which the exchange differences relate.

ii) adjusted in the cost of fixed assets specifically financed by borrowings contracted between the period April 1, 2004 to March 31, 2007 and to which the exchange differences relate, provided the assets are acquired from outside India.

iii) recognised as income or expense in the period in which they arise, in cases other than (i) and (ii) above.

c) Financial statements of foreign operations comprising jobs contracted prior to April 1, 2004, are translated as follows:

i) Closing inventories at rates prevailing at the end of the year.

ii) Fixed Assets as at April 1, 1991 at rates prevailing at the end of the year in which the additions were made. Subsequent additions are at rates prevailing on the dates of the additions. Depreciation is accounted at the same rate at which the assets are translated.

iii) Other assets and liabilities at rates prevailing at the end of the year.

iv) Net revenues at the average rate for the year.

d) Financial statements of foreign operations comprising jobs contracted on or after April 1, 2004, are treated as integral operations and translated as in the same manner as foreign currency transactions, as described above. Exchange differences arising on such translation are recognised as income or expense of the period in which they arise.

e) Financial statements of overseas non-integral operations are translated as under:

i) Assets and liabilities at the rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.

ii) Revenues and expenses at yearly average exchange rates prevailing during the year.

Schedules forming part of the Consolidated Accounts (contd.)

Exchange differences arising on translation of non integral foreign operations are accumulated in the foreign currency translation reserve until the disposal of such operations.

f) Forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates". Exchange differences arising on such contracts are recognised in the period in which they arise.

Gains and losses arising on account of roll over/cancellation of forward contracts are recognised as income/expense of the period in which such roll over/cancellation takes place.

g) All the other derivative contracts, including forward contracts entered into to hedge foreign currency risks on unexecuted firm commitments and highly probable forecast transactions, are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008 on accounting of derivatives. The Company has adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" for accounting of such derivative contracts, not covered under Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates", as mandated by the ICAI in the aforesaid announcement.

Accordingly, the resultant gains or losses on fair valuation/settlement of the derivative contracts covered under Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" are recognised in the Profit and Loss Account or Balance Sheet as the case may be after applying the test of hedge effectiveness. The gains or losses are recognised in the Balance Sheet where the hedge is effective, while the same is recognised in the Profit and Loss Account where the hedge is ineffective. The premium paid/received on a foreign currency forward contract is accounted as expense/income over the period of the contract.

19. Segment Accounting

a) Segment accounting policies

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:

i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not allocable to segments are included under "unallocable corporate expenditure."

iii) Income which relates to the Group as a whole and not allocable to segments is included in "unallocable corporate income".

iv) Segment Result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Group.

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment. Unallocable assets mainly comprise trade investments in associate companies. Unallocable liabilities include mainly loan funds, provisions for employee retirement benefits and proposed dividend.

b) Inter-segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

20. Taxes on income

a) Indian companies:

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

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

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

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

b) Foreign companies:

Foreign companies recognise tax liabilities and assets in accordance with the applicable local laws.

21. Fringe benefit tax

Fringe benefit tax (FBT) on the Employee Stock Options (ESOPs) is recognised in the Profit and Loss Account when the liability crystalises upon vesting of such stock options. Wherever such FBT liability is borne by the employee, the same is not so recognised.

FBT on all other expenses, as specified in Income Tax Act, 1961, is recognised in the Profit and Loss Account when the underlying expenses are incurred.

22. Provisions, contingent liabilities and contingent assets

Provisions are recognised 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 recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, 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;

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Notes forming part of the Consolidated Accounts

1. Basis of preparation

   a) The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures", as specified in the Companies (Accounting Standards) Rules, 2006. The CFS comprises the financial statements of Larsen & Toubro Limited (L&T), its subsidiaries, associates and joint ventures. Reference in these notes to L&T, Company, Parent Company, Companies or Group shall mean to include Larsen & Toubro Limited or any of its subsidiaries, associates and joint ventures, unless otherwise stated.

   b) The notes and significant policies to the CFS are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

2. The list of subsidiaries, associates and joint ventures included in the consolidated financial statements are as under:-

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2009		*As at 31-3-2008*	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	*Proportion of ownership interest (%)*	*Proportion of voting power held (%)*
	Indian subsidiaries					
1	Tractor Engineers Limited	India	100.00	100.00	*100.00*	*100.00*
2	Bhilai Power Supply Company Limited	India	99.90	99.90	*99.90*	*99.90*
3	L&T-Sargent & Lundy Limited	India	50.00009	50.00009	*50.00009*	*50.00009*
4	Spectrum Infotech Private Limited	India	100.00	100.00	*100.00*	*100.00*
5	L&T Infrastructure Finance Company Limited	India	99.99	99.99	*100.00*	*100.00*
6	International Seaport Dredging Limited*	India	46.02	46.02	*51.00*	*51.00*
7	L&T-Valdel Engineering Limited	India	95.00	95.00	*95.00*	*95.00*
8	India Infrastructure Developers Limited	India	99.99	99.99	*100.00*	*100.00*
9	L&T Shipbuilding Limited	India	100.00	100.00	*100.00*	*100.00*
10	L&T Infra & Property Development Private Limited	India	100.00	100.00	*100.00*	*100.00*
11	L&T Concrete Private Limited	India	100.00	100.00	*100.00*	*100.00*
12	L&T Strategic Management Limited	India	100.00	100.00	*100.00*	*100.00*
13	L&T Transco Private Limited	India	100.00	100.00	*100.00*	*100.00*
14	L&T Chennai - Tada Tollway Limited	India	100.00	100.00	*100.00*	*100.00*
15	HI-Tech Rock Products & Aggregates Limited	India	100.00	100.00	*100.00*	*100.00*
16	L&T Seawoods Private Limited	India	100.00	100.00	*100.00*	*100.00*
17	L&T Realty Private Limited	India	100.00	100.00	*100.00*	*100.00*
18	L&T-Gulf Private Limited	India	50.0002	50.0002	*50.0002*	*50.0002*
19	L&T Power Limited (formerly known as L&T Power Projects Limited)	India	100.00	100.00	*100.00*	*100.00*
20	L&T-MHI Boilers Private Limited	India	51.00	51.00	*51.00*	*51.00*
21	L&T-MHI Turbine Generators Private Limited	India	51.00	51.00	*51.00*	*51.00*
22	Larsen & Toubro Infotech Limited	India	100.00	100.00	*100.00*	*100.00*
23	GDA Technologies Limited	India	100.00	100.00	*100.00*	*100.00*
24	GDA Systems Private Limited @	India	–	–	*100.00*	*100.00*
25	L&T Finance Limited	India	99.99	99.99	*100.00*	*100.00*
26	L&T Capital Company Limited	India	100.00	100.00	*100.00*	*100.00*
27	L&T General Insurance Company Limited	India	100.00	100.00	*100.00*	*100.00*
28	L&T Power Development Limited	India	100.00	100.00	*100.00*	*100.00*
29	Raykal Aluminium Company Private Limited	India	80.00	80.00	*80.00*	*80.00*
30	L&T Uttaranchal Hydropower Limited	India	100.00	100.00	*100.00*	*100.00*

Notes forming part of the Consolidated Accounts (contd.)

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2009 Proportion of ownership interest (%)	As at 31-3-2009 Proportion of voting power held (%)	*As at 31-3-2008 Proportion of ownership interest (%)*	*As at 31-3-2008 Proportion of voting power held (%)*
	Indian subsidiaries (contd.)					
31	L&T Infrastructure Development Projects Limited	India	79.65	79.65	*79.65*	*79.65*
32	L&T Panipat Elevated Corridor Limited	India	79.65	79.65	*79.65*	*79.65*
33	Narmada Infrastructure Construction Enterprise Limited	India	79.65	79.65	*79.65*	*79.65*
34	L&T Krishnagiri Thopur Toll Road Limited	India	79.65	79.65	*79.65*	*79.65*
35	L&T Western Andhra Tollways Limited	India	79.65	79.65	*79.65*	*79.65*
36	L&T Vadodara Bharuch Tollway Limited	India	79.65	79.65	*79.65*	*79.65*
37	L&T Transportation Infrastructure Limited	India	79.65	79.65	*79.65*	*79.65*
38	L&T Western India Tollbridge Limited	India	79.65	79.65	*79.65*	*79.65*
39	L&T Interstate Road Corridor Limited	India	79.65	79.65	*79.65*	*79.65*
40	International Seaports (India) Private Limited	India	79.65	79.65	*79.65*	*79.65*
41	L&T Urban Infrastructure Limited	India	59.74	59.74	*59.74*	*59.74*
42	L&T South City Projects Limited	India	30.47	30.47	*30.47*	*30.47*
43	L&T Siruseri Property Developers Limited	India	30.47	30.47	*30.47*	*30.47*
44	Cyber Park Development & Construction Limited	India	30.47	30.47	*30.47*	*30.47*
45	L&T Vision Ventures Limited	India	40.62	40.62	*40.62*	*40.62*
46	L&T Tech Park Limited	India	30.47	30.47	*30.47*	*30.47*
47	L&T Phoenix Infoparks Private Limited	India	30.47	30.47	*30.47*	*30.47*
48	L&T Bangalore Airport Hotel Limited	India	44.21	44.21	*44.21*	*44.21*
49	CSJ Infrastructure Private Limited	India	41.82	41.82	*41.82*	*41.82*
50	L&T Arun Excello Commercial Projects Private Limited	India	30.47	30.47	*30.47*	*30.47*
51	L&T Arun Excello IT SEZ Private Limited	India	30.47	30.47	*30.47*	*30.47*
52	L&T Infocity Limited	India	53.17	53.17	*53.17*	*53.17*
53	L&T Hitech City Limited	India	39.34	39.34	*39.34*	*39.34*
54	Hyderabad International Trade Expositions Limited	India	30.90	30.90	*28.55*	*28.55*
55	Andhra Pradesh Expositions Private Limited	India	30.90	30.90	*28.55*	*28.55*
56	L&T Capital Holdings Limited	India	99.99	99.99	–	–
57	L&T Port Sutrapada Limited	India	100.00	100.00	–	–
58	Sutrapada SEZ Developers Limited	India	100.00	100.00	–	–
59	Sutrapada Shipyard Limited	India	100.00	100.00	–	–
60	L&T PNG Tollway Private Limited	India	74.00	74.00	–	–
61	Chennai Vision Developers Private Limited	India	100.00	100.00	–	–
62	L&T Ahmedabad-Maliya Tollway Private Limited	India	100.00	100.00	–	–
63	L&T Halol-Shamlaji Tollway Private Limited	India	100.00	100.00	–	–
64	L&T Rajkot-Vadinar Tollway Private Limited	India	100.00	100.00	–	–
65	L&T Engserve Private Limited	India	100.00	100.00	–	–
66	L&T Natural Resources Limited	India	100.00	100.00	–	–
67	L&T-Demag Plastics Machinery Limited #	India	100.00	100.00	–	–

* The Parent Company controls the composition of board of directors.

@ The Company was merged with GDA Technologies Limited w.e.f. April 1, 2008.

\# Till March 30, 2009, the Company was a jointly controlled entity (Indian joint venture).

Notes forming part of the Consolidated Accounts (contd.)

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2009 Proportion of ownership interest (%)	As at 31-3-2009 Proportion of voting power held (%)	*As at 31-3-2008 Proportion of ownership interest (%)*	*As at 31-3-2008 Proportion of voting power held (%)*
	Foreign subsidiaries					
1	Larsen & Toubro LLC	USA	100.00	100.00	*100.00*	*100.00*
2	L&T Realty FZE	UAE	100.00	100.00	*100.00*	*100.00*
3	Larsen & Toubro Infotech, GmbH	Germany	100.00	100.00	*100.00*	*100.00*
4	Larsen & Toubro Infotech Canada Limited (formerly known as Larsen & Toubro Information Technology Canada Limited)	Canada	100.00	100.00	*100.00*	*100.00*
5	GDA Technologies Inc.	USA	100.00	100.00	*100.00*	*100.00*
6	International Seaports Pte Limited**	Singapore	100.00	100.00	*100.00*	*100.00*
7	Larsen & Toubro International FZE	UAE	100.00	100.00	*100.00*	*100.00*
8	Larsen & Toubro (Oman) LLC	Sultanate of Oman	65.00	65.00	*65.00*	*65.00*
9	Larsen & Toubro Electromech LLC	Sultanate of Oman	65.00	65.00	*65.00*	*65.00*
10	L&T Modular Fabrication Yard LLC	Sultanate of Oman	65.00	65.00	*65.00*	*65.00*
11	Larsen & Toubro (East Asia) SDN.BHD ## (formerly known as L&T-ECC Construction (M) SDN. BHD.)	Malaysia	30.00	100.00	*30.00*	*100.00*
12	Larsen & Toubro Qatar LLC ##	Qatar	49.00	100.00	*49.00*	*100.00*
13	L&T Overseas Projects Nigeria Limited	Nigeria	100.00	100.00	*100.00*	*100.00*
14	L&T Electricals Saudi Arabia Company Limited, LLC	Saudi Arabia	75.00	75.00	*75.00*	*75.00*
15	Larsen & Toubro Kuwait Construction General Contracting Company, WLL ##	Kuwait	49.00	75.00	*49.00*	*75.00*
16	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	China	95.00	95.00	*95.00*	*95.00*
17	Qingdao Larsen & Toubro Trading Company Limited	China	95.00	95.00	*95.00*	*95.00*
18	Larsen & Toubro (Jiangsu) Valve Company Limited	China	69.70	69.70	*69.70*	*69.70*
19	Larsen & Toubro Readymix Concrete Industries LLC ##	UAE	49.00	75.00	*49.00*	*75.00*
20	Larsen & Toubro Saudi Arabia LLC	Saudi Arabia	100.00	100.00	*100.00*	*100.00*
21	Larsen & Toubro (Wuxi) Electric Company Limited	China	100.00	100.00	*100.00*	*100.00*
22	Larsen & Toubro ATCO Saudia LLC ##	Saudi Arabia	49.00	75.00	*49.00*	*75.00*
23	Offshore International FZC	UAE	60.00	60.00	*60.00*	*60.00*
24	L&T Infrastructure Development Projects Lanka (Private) Limited	Sri Lanka	75.67	75.67	*75.67*	*75.67*
25	L&T Infocity Lanka Private Limited	Sri Lanka	27.65	27.65	*27.65*	*27.65*
26	L&T Electrical & Automation FZE	UAE	100.00	100.00	–	–
27	Tamco Switchgear (Malaysia) SDN BHD	Malaysia	100.00	100.00	–	–
28	Tamco Shanghai Switchgear Co. Ltd.	China	100.00	100.00	–	–
29	Tamco Electrical Industries Australia Pty Ltd.	Australia	100.00	100.00	–	–
30	PT Tamco Indonesia	Indonesia	99.00	100.00	–	–
31	Larsen & Toubro Heavy Engineering LLC	Sultanate of Oman	70.00	70.00	–	–

** The Company is under liquidation.

The Parent Company, together with its subsidiaries controls the composition of board of directors.

Notes forming part of the Consolidated Accounts (contd.)

Sr. no.	Name of associate company	Country of incorporation	As at 31-3-2009 Proportion of ownership interest (%)	As at 31-3-2009 Proportion of voting power held (%)	*As at 31-3-2008 Proportion of ownership interest (%)*	*As at 31-3-2008 Proportion of voting power held (%)*
1	L&T-Komatsu Limited	India	50.00	50.00	*50.00*	*50.00*
2	Audco India Limited	India	50.00	50.00	*50.00*	*50.00*
3	EWAC Alloys Limited	India	50.00	50.00	*50.00*	*50.00*
4	L&T-Case Equipment Private Limited	India	50.00	50.00	*50.00*	*50.00*
5	Voith Paper Technology (India) Limited	India	50.00	50.00	*50.00*	*50.00*
6	International Seaport (Haldia) Private Limited	India	17.77	17.77	*17.77*	*17.77*
7	L&T-Chiyoda Limited	India	50.00	50.00	*50.00*	*50.00*
8	L&T-Ramboll Consulting Engineers Limited	India	50.00	50.00	*50.00*	*50.00*
9	L&T-Crossroads Private Limited	India	29.87	29.87	*29.87*	*29.87*
10	NAC Infrastructure Equipment Limited	India	31.03	31.03	*31.03*	*31.03*
11	Second Vivekananda Bridge Tollway Company Private Limited	India	26.55	26.55	*26.55*	*26.55*
12	Gujarat Leather Industries Limited**	India	50.00	50.00	*50.00*	*50.00*
13	Ennore Tank Terminals Private Limited	India	20.71	20.71	*20.71*	*20.71*
14	Vizag IT Park Limited	India	13.82	13.82	*13.82*	*13.82*
15	Larsen & Toubro Qatar & HBK Contracting LLC***	Qatar	24.50	24.50	*24.50*	*24.50*
16	TNJ Moduletech Private Limited	India	40.00	40.00	*40.00*	*40.00*
17	L&T Camp Facilities LLC	UAE	49.00	49.00	*49.00*	*49.00*
18	L&T Arun Excello Realty Private Limited	India	19.71	19.71	*19.71*	*19.71*
19	Feedback Ventures Limited	India	26.00	26.00	*26.00*	*26.00*
20	Salzer Cables Limited	India	48.21	48.21	*48.21*	*48.21*
21	JSK Electricals Private Limited	India	26.00	26.00	–	–

** The Company is under liquidation.

*** Accounts have been consolidated for 15 months period ended March 31, 2009.

Sr. no.	Name of joint venture	Country of residence	As at 31-3-2009 Proportion of ownership interest (%)	*As at 31-3-2008 Proportion of ownership interest(%)*
	Jointly controlled entities - Indian joint ventures			
1	L&T-AM Tapovan Joint Venture	India	65.00	*65.00*
2	International Metro Civil Contractors	India	26.00	*26.00*
3	Desbuild-L&T Joint Venture	India	49.00	*49.00*
4	HCC-L&T Purulia Joint Venture	India	43.00	*43.00*
5	Bauer-L&T Diaphragm Wall Joint Venture	India	50.00	*50.00*
6	Metro Tunneling Group	India	26.00	*26.00*
7	L&T-Hochtief Seabird Joint Venture	India	90.00	*90.00*
8	L&T-Shanghai Urban Corporation Group Joint Venture	India	51.00	*51.00*
9	The Dhamra Port Company Limited	India	39.83	*39.83*
10	L&T Bombay Developers Private Limited	India	29.87	*29.87*

Notes forming part of the Consolidated Accounts (contd.)

Sr. no.	Name of joint venture (Contd.)	Country of residence	As at 31-3-2009 Proportion of ownership interest (%)	*As at 31-3-2008 Proportion of ownership interest(%)*
	Jointly controlled entities - foreign joint ventures			
11	L&T-Eastern Joint Venture	UAE	65.00	*65.00*
12	Larsen & Toubro Limited - Shapoorji Pallonji & Company Limited Joint Venture (Les Pailles Exhibition Centre, Mauritius)	Mauritius	50.00	*50.00*
13	Larsen & Toubro Limited - Shapoorji Pallonji & Company Limited Joint Venture (Ebene Cybercity Project, Mauritius)	Mauritius	50.00	*50.00*
	Jointly controlled operations - indian joint ventures			
14	L&T-HCC Joint Venture	India	–	–
15	Patel-L&T Consortium	India	–	–
16	Consortium of Samsung Heavy Industries Co. Ltd., Korea and L&T	India	–	–
17	Consortium of Global Industries Offshore LLC, USA and L&T	India	–	–
18	L&T-KBL (UJV) Hyderabad	India	–	–
19	Consortium of Toyo Engineering Company and L&T	India	–	–
20	L&T-SVEC Joint Venture	India	–	–
21	L&T-KBL - MAYTAS UJV	India	–	–
22	L&T and Scomi Engineering BHD. Joint Venture	India	–	–
	Jointly controlled operations - foreign joint venture			
23	Lurgi L&T KQKS Consortium	Malaysia	–	–

3. During the year ended March 31, 2009, an amount of Rs.44.28 crore was amortised from goodwill arising on acquisition of subsidiary and associate companies. *(previous year: Rs.23.10 crore*)

4. a) Reserves shown in the consolidated Balance Sheet represent the Group's share in the respective reserves of subsidiaries and proportionate reserves of joint ventures. Reserve attributable to minority stakeholders is reported as part of minority interest in the consolidated Balance Sheet. Retained earnings comprise Group's share in general reserve and Profit and Loss Account.

   b) During the year ended March 31, 2009, preliminary expenses of Rs.25.41 crore pertaining to earlier years were written off to Profit and Loss Account.

   c) During the year ended March 31, 2009, the Company has adopted the policy of recognising interest income in respect of annuity projects (undertaken on BOT basis) as "income from annuity based project" based on the implicit rate of return embedded in the committed cash flows under the concession agreement. Accordingly, the borrowing cost incurred in respect of such projects is recognised as an expense in the year in which it is incurred. As a result, the profit before tax for the year is higher by Rs.63.09 crore (net of interest expense of Rs.18.18 crore).

5. The effect of acquisition/disposal of stake in subsidiaries during the year on the consolidated financial statements is as under:

Rs.crore

	Name of subsidiary companies	Effect on Group profit/(loss) after minority interest	Net assets as at 31-3- 2009
a)	**Acquisitions:**		
	L&T Capital Holdings Limited	(0.02)	1078.58
	L&T PNG Tollway Private Limited	(0.05)	(0.05)
	Chennai Vision Developers Limited	–	0.01
	L&T Ahmedabad-Maliya Tollway Private Limited	(0.05)	0.96
	L&T Halol-Shamlaji Tollway Private Limited	(0.06)	0.96
	L&T Rajkot-Vadinar Tollway Private Limited	(0.05)	0.96
	L&T Engserve Private Limited	–	0.01
	L&T Natural Resources Limited	(1.76)	(1.71)
	Carried forward	(1.99)	1079.72

Rs.crore

Name of subsidiary companies	Effect on Group profit/(loss) after minority Interest	Net assets as at 31-3-2009
Acquisitions: (contd.)		
Brought forward	(1.99)	1079.72
L&T Electrical & Automation FZE	7.68	9.85
Larsen & Toubro Heavy Engineering LLC	(4.17)	49.23
Tamco Switchgear (Malaysia) SDN BHD	43.31	330.08
Tamco Shanghai Switchgear Co., Ltd.	(0.96)	65.22
Tamco Electrical Industries Australia Pty Ltd.	(5.48)	15.55
PT Tamco Indonesia	(8.45)	(15.47)
L&T-Demag Plastics Machinery Limited	(3.24)	5.00
Sutrapada SEZ Developers Limited	–	0.05
Sutrapada Shipyard Limited	–	0.05
L&T Port Sutrapada Limited	(0.07)	3.43
Total	**26.63**	**1542.71**

b) **Disposals:**

L&T Infocity Infrastructure Limited	0.34	10.35
Total	**0.34**	**10.35**

6. a) Of the equity shares of Rs.2 each comprised in the subscribed and paid-up capital of the Company:

i) 9,19,943 (*previous year: 9,19,943*) equity shares were allotted as fully paid up, pursuant to contracts, without payment being received in cash.

ii) 44,96,76,280 (*previous year: 15,70,84,226*) equity shares were issued as bonus shares by way of capitalisation of general reserve: Rs.2.35 crore (*previous year: Rs.2.35 crore*), securities premium: Rs.87.47 crore (*previous year: Rs.28.97 crore*) and capital redemption reserve: Rs.0.12 crore *(previous year: Rs.0.10 crore)*.

iii) 1,48,67,485 (*previous year: 1,40,99,067*) equity shares were allotted as fully paid up on exercise of grants under Employees Stock Ownership Schemes.

b) Options outstanding as at the end of the year on un-issued share capital:

Particulars	Number of equity shares to be issued as fully paid	
	As at 31-3-2009	*As at 31-3-2008*
Employee stock options granted and outstanding#	2,12,89,375	*90,58,363*

The number of options have been adjusted consequent to bonus issue wherever applicable.

c) The Directors recommend payment of final dividend of Rs.10.50 per equity share of Rs.2 each on the number of shares outstanding as on the record date. Provision for final dividend has been made in the books of account for 58,56,87,862 shares outstanding as at March 31, 2009 amounting to Rs.614.97 crore.

7. Stock Ownership Schemes of Parent Company:

a) The grant of options to the employees under the Stock Option Schemes is on the basis of their performance and other eligibility criteria. The options are vested equally over a period of four years [5 years in the case of Series 2006(A)], subject to the discretion of the management and fulfilment of certain conditions.

Notes forming part of the Consolidated Accounts (contd.)

b) The details of the grants under the aforesaid Schemes under various series are summarised below:

Sr. no.	Series reference	2000		2002 (A)		2002 (B)		2003 (A)		2003(B)		2006		2006(A)	
		2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*
1	Grant price (prior to bonus issue)- Rupees	7	*7*	7	*7*	7	*7*	35	*35*	35	*35*	1202	*1202*	1202	*1202*
	Grant price (post bonus issue)- Rupees	3.50	-	3.50	-	3.50	-	17.50	-	17.50	-	601	-	601	-
2	Grant dates	1-6-2000		19-4-2002		19-4-2002		23-5-2003 onwards		23-5-2003 onwards		1-9-2006 onwards		1-7-2007 onwards	
3	Vesting commences on	1-6-2001		19-4-2003		19-4-2003		23-5-2004 onwards		23-5-2004 onwards		1-9-2007 onwards		1-7-2008 onwards	
4	Options granted and outstanding at the beginning of the year	8400	*8400*	10750	*10750*	19850	*19850*	15726	*33216*	971468	*1299885*	7036899	*10671500*	995270	-
5	Options lapsed/withdrawn prior to bonus issue	-	-	-	-	-	-	-	-	40481	-	163605	-	180428	-
6	Options granted prior to bonus issue	-	-	-	-	-	-	-	-	340000	-	59600	-	1910970	-
7	Options exercised prior to bonus issue for which shares are allotted	-	-	-	-	-	-	-	-	118874	-	120756	-	25034	-
8	Options outstanding as on October 3, 2008 prior to bonus issue	8400	-	10750	-	19850	-	15726	-	1152113	-	6812138	-	2700778	-
9	Adjusted options as on October 3, 2008 consequent to bonus issue	16800	-	21500	-	39700	-	31452	-	2304226	-	13624276	-	5401556	-
10	Options lapsed/withdrawn post bonus issue	-	-	-	-	-	-	-	*1276*	50912	*116041*	261900	*3109350*	133664	-
11	Options granted post bonus issue	-	-	-	-	-	-	-	-	153800	*162390*	-	*634670*	646295	*995270*
12	Options exercised post bonus issue for which shares are allotted	-	-	-	-	-	-	-	*9214*	447226	*331766*	37516	*1159921*	19012	-
13	Options exercised & allocated against shares earlier allotted*	-	-	-	-	-	-	-	*7000*	-	*43000*	-	-	-	-
14	Options granted and outstanding at the end of the year	16800	*8400*	21500	*10750*	39700	*19850*	31452	*15726*	1959888	*971468*	13324860	*7036899*	5895175	*995270*
	of which -														
	Options vested	16800	*8400*	21500	*10750*	39700	*19850*	31452	*15726*	226326	*34666*	5321810	*747179*	279136	-
	Options yet to vest	-	-	-	-	-	-	-	-	1733562	*936802*	8003050	*6289720*	5616039	*995270*

*Allocated from the shares returned by former nominee directors in accordance with the consent terms approved by the Hon'ble High Court of Bombay on June 14, 2007.

c) During the year, the Company has recovered Rs.4.80 crore (*previous year: Rs.2.60 crore*) from its subsidiary companies towards the stock options granted to employees of the subsidiary companies, pursuant to the Employee Stock Option Schemes.

8. Stock Ownership Schemes of subsidiary companies:

a) Employee Stock Ownership Scheme (ESOS)

Under the Employee Stock Ownership Scheme (ESOS), 25,31,159 options are outstanding as at March 31, 2009. The grant of options to the employees under ESOS is on the basis of their performance and other eligibility criteria. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs.5 each.

All vested options can be exercised on the first exercise date as may be determined by the Compensation Committee prior to date of IPO. The details of the grants under the aforesaid scheme are summarised below:-

ESOP series	I, II & III		IV - XVI		XVII-XVIII	
	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*
1 Grant price (Rupees)	25		10		10	
2 Options granted and outstanding at the beginning of the year	391653	*391653*	2102770	*2002433*	–	–
3 Options granted during the year	–	–	–	*124450*	61250	–
4 Options cancelled/lapsed during the year	–	–	24514	*24113*	–	–
5 Options exercised and shares allotted during the year	–	–	–	–	–	–
6 Options granted and outstanding at the end of the year of which -	391653	*391653*	2078256	*2102770*	61250	–
Options vested	391653	*391653*	970917	*970917*	–	–
Options yet to vest	–	–	1107339	*1131853*	61250	–

b) Employees Stock Ownership Scheme - 2006 U.S. Stock Option Sub-Plan (Sub-Plan)

The Company had instituted the Employees Stock Ownership Scheme - 2006 U.S. Stock Option Sub-Plan for the employees and directors of its subsidiary in USA. The grant of options to the employees under this Sub-Plan is on the basis of their performance and other eligibility criteria. The term of option shall be 5 years from the date of grant. The options are vested over a period of five years, subject to fulfilment of certain conditions specified in the respective option agreement. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs.5 each at an exercise price of USD 12 (equivalent to Rs.530) per share. Under the said plan, options granted and outstanding as at the end of the year are 1,36,500, of which, 50,211 options have been vested while 86,289 options remain unvested.

c) Employees Stock Options granted and outstanding as at the end of the year on unissued share capital represent options 26,67,659 (*previous year: 26,30,923*).

9. Loans and advances include:

i) rent deposit with whole-time directors: Rs.0.03 crore *(previous year: Rs.0.06 crore)*. The maximum amount outstanding at any time during the year Rs.0.06 crore *(previous year: Rs.0.07 crore)*.

ii) amount, including interest accrued, due from the managing director and whole-time directors in respect of housing loan: Rs.0.63 crore *(previous year: Rs.0.73 crore)*. Maximum amount outstanding at any time during the year: Rs.0.73 crore *(previous year: Rs.0.76 crore)*.

10. Sundry creditors-others include:

a. Rs.1.13 crore *(previous year: Rs.17.67 crore)*, being contribution received from the employees of the Company and some of its subsidiary & associate companies, on behalf of L&T Employees Welfare Foundation Trust and held on account for it.

b. Advance of Rs.11.77 crore received from M/s. JRE Tank Terminals Private Limited under an agreement dated August 24, 2007 towards sale of 1,17,65,000 equity shares of Rs.10 each in M/s. Ennore Tank Terrminals Private Limited to be transferred as follows :

i. Maximum 15% of shares upon completion of construction of the terminal and

ii. Balance shares upon completion of 3 calendar years from the date of commencement of commercial operations.

Notes forming part of the Consolidated Accounts (contd.)

c. Down payment of Rs.3.19 crore for sale of the Company's entire investment in International Seaports (Haldia) Private Limited (ISPH) of 98,30,000 equity shares of Rs.10 each, to Energy Investment Limited, UAE and International Lighterage Limited, Mauritius vide agreements for share sale dated December 30, 2008. Certain conditions precedent to agreement for share sale remains to be fulfilled. The sale will, therefore, recognised in the year in which all such conditions are satisfied.

d. Advance of Rs.7.16 crore received from M/s Sical Logistics Limited under an agreement for share sale and purchase dated December 17, 2008 with M/s Sical Logistics Limited for sale of the Company's stake in M/s Sical Iron Ore Terminals Limited. Accordingly, 71,50,000 equity shares of Rs.10 each held by the Company and further shares, if any, subscribed to by the Company will be sold at cost. The sale will be subject to completion of 3 years from the date of commencement of commercial operations of Sical Iron Ore Terminals Private Limited under the license agreement dated September 23, 2006 with Ennore Port Limited.

11. a) Fixed deposits with scheduled banks as on March 31, 2009 include Rs.40.41 crore *(previous year: Rs.40.41 crore)* in respect of a claim against the Company. The dispute is since resolved in favour of the Company, and the money has been realised on May 6, 2009.

b) Balance with non scheduled banks include an amount of Rs.0.69 crore *(previous year: Rs.0.69 crore)*, which is subject to an escrow arrangement duly approved by the Reserve Bank of India, whereby the proceeds of the deposit, together with interest thereon, would be applied towards full and final settlement of loan taken from Rafidian Bank, Iraq, which is included under unsecured loans. Once the UN embargo against Iraq is lifted, the settlement would be effected.

12. Sales and service include Rs.117.72 crore *(previous year: Rs.75.10 crore)* for price variations net of liquidated damages in terms of contracts with the customers and shipbuilding subsidy Rs.25.49 crore *(previous year: Rs.29.29 crore)*.

13. Extraordinary items during the year comprise the following:

i. Gain of Rs.958.74 crore (net of tax of Rs.282.08 crore) on sale of the Company's Ready Mix Concrete business.

ii. Provision of Rs.186.28 crore in respect of investment in Satyam Computer Services Limited (SCSL) held by the Company. This provision has been made by the Company as a measure of abundant caution. Considering the extraordinary circumstances under which the price of SCSL shares fell in the market, the aforesaid provision has been created based on the principles of "prudence". (Refer note no.21)

14. Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts":

Rs.crore

Particulars	2008-2009	*2007-2008*
i) Contract revenue recognised for the financial year	29824.12	*20030.30*
ii) Aggregate amount of contract costs incurred and recognised profits (*less* recognised losses) as at end of financial year for all contracts in progress as at that date	48760.65	*35393.02*
iii) Amount of customer advances outstanding for contracts in progress as at end of financial year	4610.60	*3275.72*
iv) Retention amounts due from customers for contracts in progress as at end of financial year	2136.09	*1533.88*

15. a) Other income for the year ended March 31, 2009 includes a gain of Rs.16.59 crore (net) *(previous year: Rs.34.31 crore)* recognised on divestment/dilution of the group's stake in four *(previous year one)* of its subsidiaries.

b) An amount of Rs.323.49 crore (net loss) *(previous year: Rs.270.23 crore [net loss])* has been accounted under respective revenue heads in the Profit and Loss Account towards exchange differences arising on foreign currency transactions and forward contracts covered under Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates".

16. Advances recoverable in cash or in kind includes Rs.161.00 crore *(previous year: Rs.200.00 crore)* towards interest free loan to L&T Employees Welfare Foundation Trust to part-finance its acquisition of equity shares in the company held by Grasim Industries Limited and its subsidiary. The loan is repayable in 9 years commencing from May 2005 with a minimum repayment of Rs.25.00 crore in a year.

17. Segment reporting:

a) Information about business segments (information provided in respect of revenue items for the year ended March 31, 2009 and in respect of assets/liabilities as at March 31, 2009 - denoted as "CY" below, previous year denoted as *"PY"*).

Notes forming part of the Consolidated Accounts (contd.)

i) Primary segments (business segments):

Rs.crore

Particulars	Engineering & Construction		Electrical & Electronics		Machinery & Industrial Products		Financial Services		Developmental Projects		Others		Elimination		Total	
	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*
Revenue-including excise duty																
External	30537.94	*20679.14*	3231.29	*2496.92*	2663.27	*2653.59*	1031.52	*642.64*	530.55	*294.28*	2906.17	*3052.89*	-	-	40900.74	*29819.46*
Inter-segment	975.13	*403.10*	149.39	*170.56*	41.89	*33.00*	94.49	*115.58*	14.83	*10.51*	80.45	*128.94*	(1356.18)	*(861.69)*	-	-
Total revenue	31513.07	*21082.24*	3380.68	*2667.48*	2705.16	*2686.59*	1126.01	*758.22*	545.38	*304.79*	2986.62	*3181.83*	(1356.18)	*(861.69)*	40900.74	*29819.46*
Result																
Segment result	3442.81	*2064.19*	352.95	*398.21*	451.86	*422.73*	228.07	*246.87*	108.35	*158.91*	354.07	*387.41*	-	-	4938.11	*3678.32*
Less: Inter-segment margin on capital jobs															126.20	*53.20*
															4811.91	*3625.12*
Unallocated corporate income/ (expenditure) (net)															(125.63)	*(116.95)*
Operating Profit (PBIT)															4686.28	*3508.17*
Interest expense															(461.96)	*(203.11)*
Interest income															136.01	*113.56*
Profit before tax (PBT)															4360.33	*3418.62*
Provision for current tax															1328.35	*1039.27*
Provision for deferred tax															35.36	*31.74*
Provision for fringe benefit tax															61.16	*76.11*
Profit after tax (before extraordinary items)															2935.46	*2271.50*
Profit from extraordinary items															772.46	-
Profit after tax (after extraordinary items)															3707.92	*2271.50*
Segment assets	22777.57	*15658.81*	2585.69	*1631.26*	1494.06	*1353.96*	7717.40	*6746.90*	9497.42	*4335.00*	1733.80	*1625.05*	-	-	45805.94	*31350.98*
Unallocable corporate assets															11007.05	*8740.29*
Total assets															56812.99	*40091.27*
Segment liabilities	14729.40	*10748.48*	784.13	*621.71*	789.84	*710.14*	6389.37	*5687.78*	2548.00	*738.48*	517.24	*247.22*	-	-	25757.98	*18753.81*
Unallocable corporate liabilities															16008.73	*9583.73*
Total liabilities															41766.71	*28337.54*
Capital expenditure	2698.35	*1490.14*	354.32	*209.88*	97.24	*113.47*	152.37	*97.71*	4424.32	*537.47*	171.90	*188.60*				
Depreciation (including obsolescence amortisation and impairment) included in segment expense	363.78	*205.86*	60.80	*24.62*	21.83	*16.19*	58.61	*79.37*	87.28	*66.24*	79.49	*83.60*				
Non-cash expenses other than depreciation included in segment expense	139.43	*61.76*	13.90	*6.19*	10.58	*8.48*	0.76	*0.80*	-	-	8.35	*8.66*				

Rs.crore

Particulars	Domestic		Overseas		Total	
	CY	*PY*	CY	*PY*	CY	*PY*
External Revenue by location of customers	28857.21	*22296.14*	12043.53	*7523.32*	40900.74	*29819.46*
Carrying amount of Segment Assets by location of assets	39296.19	*27609.34*	6509.75	*3741.64*	45805.94	*31350.98*
Cost incurred on acquisition of tangible and intangible fixed assets	7352.33	*2198.43*	546.17	*438.84*	7898.50	*2637.27*

Notes forming part of the Consolidated Accounts (contd.)

b) Segment reporting: segment identification, reportable segments and definition of each reportable segment:

i) Primary/secondary segment reporting format:

a) The risk-return profile of the Company's business is determined predominantly by the nature of its products and services. Accordingly, the business segments constitute the primary segments for disclosure of segment information.

b) In respect of secondary segment information, the Company has identified its geographical segments as (i) domestic and (ii) overseas. The secondary segment information has been disclosed accordingly.

ii) Segment identification:

Business segments have been identified on the basis of the nature of products/services, the risk-return profile of individual businesses, the organisational structure and the internal reporting system of the Company.

iii) Reportable segments:

Reportable segments have been identified as per the criteria specified in Accounting Standard (AS) 17 "Segment Reporting" as specified in the Companies (Accounting Standards) Rules, 2006.

iv) Segment composition:

- **Engineering & Construction Segment** comprises execution of engineering and construction projects to provide solutions in civil, mechanical, electrical and instrumentation engineering (on turnkey basis or otherwise) to core/infrastructure sectors including railways, shipbuilding and supply of complex plant and equipment to core sectors. The segment capabilities include basic/detailed engineering, equipment fabrication/supply, erection & commissioning, procurement/construction and project management.
- **Electrical & Electronics Segment** comprises manufacture and/or sale of low & medium voltage switchgear and control gear, custom-built switchboards, petroleum dispensing pumps & systems, electronic energy meters/protection (relays) systems, control & automation products and medical equipment.
- **Machinery & Industrial Products Segment** comprises manufacture and sale of industrial machinery & equipment, manufacturing & sale of industrial valves, construction equipment and welding/industrial products, manufacture and sale of undercarriage assemblies.
- **Financial Services Segment** comprises corporate finance, equipment finance, infrastructure financing and related advisory services.
- **Developmental Projects** comprises development, operation and maintenance of basic infrastructure projects, toll collection, development of urban infrastructure and providing related advisory services.
- **Others** include ready mix concrete, e-engineering services and embedded systems, power development, information technology services and mining.

18. Disclosure of related parties/related party transactions:

i. Names of the related parties with whom transactions were carried out during the year and description of relationship:

Associate companies:			
1	Audco India Limited	2	EWAC Alloys Limited
3	L&T-Chiyoda Limited	4	L&T-Komatsu Limited
5	L&T-Ramboll Consulting Engineers Limited	6	L&T-Case Equipment Private Limited
7	Voith Paper Technology (India) Limited	8	Salzer Cables Limited
9	International Seaport (Haldia) Private Limited	10	Second Vivekananda Bridge Tollway Company Private Limited
11	L&T Arun Excello Realty Private Limited	12	L&T Camp Facilities LLC
13	L&T-Crossroads Private Limited	14	NAC Infrastructure Equipment Limited
15	TNJ Moduletech Private Limited	16	Vizag IT Park Limited
17	Feedback Ventures Limited	18	JSK Electricals Private Limited
19	Ennore Tank Terminals Private Limited		

Notes forming part of the Consolidated Accounts (contd.)

Joint ventures (other than associates):			
1	International Metro Civil Contractors Joint Venture	2	Bauer-L&T Diaphragm Wall Joint Venture
3	The Dhamra Port Company Limited	4	L&T - Eastern Joint Venture
5	Metro Tunnelling Group	6	L&T Hochtief Seabird Joint Venture
7	Larsen & Toubro Limited-Shapoorji Pallonji & Company Limited Joint Venture (Les Palles Exhibition Centre)	8	Larsen & Toubro Limited-Shapoorji Pallonji & Company Limited Joint Venture (Ebene Cybercity Project)
9	Desbuild-L&T Joint Venture	10	HCC L&T Purulia Joint Venture
11	L&T-AM Tapovan Joint Venture	12	L&T- Shanghai Urban Corporation Group Joint Venture

Key management personnel & their relatives:			
1	Mr. A. M. Naik, (Chairman & Managing director)	2	Mr. J. P. Nayak (whole-time director) Mrs. Neeta J. Nayak (wife) Mr. Nitin Nayak (son)
3	Mr. Y. M. Deosthalee (whole-time director) Mrs. Leena Y. Deosthalee (wife)	4	Mr. K. Venkataramanan (whole-time director) Mrs. Jyothi Venkataramanan (wife)
5	Mr. R. N. Mukhija (whole-time director) Mrs. Sushma Mukhija (wife) Ms. Debika Ajmani (daughter)	6	Mr. K. V. Rangaswami (whole-time director)
7	Mr. V. K. Magapu (whole-time director)	8	Mr. M. V. Kotwal (whole-time director)

ii. Disclosure of related party transactions:

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2008-2009 Amount	2008-2009 Amounts for major parties	*2007-2008 Amount*	*2007-2008 Amounts for major parties*
1	Purchase of goods & services (including commission paid)				
	Associates & joint ventures, including:	935.15		*1063.43*	
	Audco India Limited		627.65		*821.41*
	EWAC Alloys Limited		126.69		*138.88*
	Total	935.15		*1063.43*	
2	Sale of goods/power/contract revenue & services				
	Associates & joint ventures, including:	725.15		*85.13*	
	Audco India Limited		–		*12.45*
	L&T Arun Excello Realty Private Limited		–		*25.28*
	L&T-Komatsu Limited		–		*21.02*
	Second Vivekananda Bridge Tollway Company Private Limited		–		*16.05*
	The Dhamra Port Company Limited		659.27		*–*
	Total	725.15		*85.13*	
3	Purchase/lease of fixed assets				
	Associates & joint ventures, including:	6.23		*20.42*	
	L&T-Case Equipment Private Limited		2.37		*11.13*
	L&T-Komatsu Limited		1.19		*6.86*
	EWAC Alloys Limited		2.68		*2.43*
	Total	6.23		*20.42*	

Notes forming part of the Consolidated Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2008-2009 Amount	2008-2009 Amounts for major parties	*2007-2008 Amount*	*2007-2008 Amounts for major parties*
4	Subscription to equity and preference shares (including application money paid and investment in joint ventures)				
	Associates & joint ventures, including:	89.21		*169.17*	
	L&T Arun Excello Realty Private Limited		–		*29.14*
	L&T-Shanghai Urban Corporation Group		13.57		–
	Feedback Ventures Limited		–		*37.90*
	The Dhamra Port Company Limited		35.00		*30.00*
	L&T-AM Tapovan Joint Venture		19.17		*45.25*
	L&T-Eastern Joint Venture		9.71		–
	Total	89.21		*169.17*	
5	Receiving of services from related parties				
	Associates & joint ventures, including:	8.81		*0.13*	
	L&T-Komatsu Limited		–		*0.13*
	L&T-Chiyoda Limited		7.30		–
	L&T-Ramboll Consulting Engineers Limited		1.38		–
	Total	8.81		*0.13*	
6	Rent paid, including lease rentals under leasing/hire purchase arrangements including loss sharing on equipment finance				
	Associates & joint ventures, including:	1.07		*0.87*	
	EWAC Alloys Limited		0.35		*0.33*
	L&T-Komatsu Limited		0.72		*0.53*
	Key management personnel	0.11		*0.13*	
	Relatives of key management personnel	0.14		*0.11*	
	Total	1.32		*1.11*	
7	Charges for deputation of employees to related parties				
	Associates & joint ventures, including:	26.50		*1.31*	
	EWAC Alloys Limited		2.73		–
	L&T-Case Equipment Private Limited		5.27		–
	Audco India Limited		8.56		–
	L&T-Komatsu Limited		3.37		*0.33*
	L&T-Chiyoda Limited		4.46		*0.10*
	L&T-Ramboll Consulting Engineers Limited		–		*0.11*
	The Dhamra Port Company Limited		–		*0.13*
	Total	26.50		*1.31*	
8	Dividend received				
	Associates & joint ventures, including:	57.95		*12.98*	
	L&T-Komatsu Limited		28.80		*3.60*
	EWAC Alloys Limited		12.44		*1.45*
	Audco India Limited		9.00		*3.60*
	International Seaports (Haldia) Private Limited		–		*1.47*
	Voith Paper Technology (India) Limited		6.00		*2.85*
	Total	57.95		*12.98*	

Notes forming part of the Consolidated Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2008-2009		*2007-2008*	
		Amount	Amounts for major parties	*Amount*	*Amounts for major parties*
9	Commission received, including those under agency arrangements				
	Associates & joint ventures, including:	151.47		*207.05*	
	L&T-Komatsu Limited		149.57		*198.52*
	Total	151.47		*207.05*	
10	Rent received, overheads recovered and miscellaneous income				
	Associates & joint ventures, including:	60.19		*24.95*	
	L&T-Case Equipment Private Limited		10.87		*4.61*
	Audco India Limited		16.05		*3.63*
	L&T-Chiyoda Limited		7.73		*6.92*
	L&T-Komatsu Limited		6.11		–
	Metro Tuneling Group		7.45		–
	Total	60.19		*24.95*	
11	Interest received				
	Associates & joint ventures, including:	1.01		*1.30*	
	L&T-Case Equipment Private Limited		1.01		–
	L&T-Demag Plastic Machinery Limited		–		*1.30*
	Key management personnel	0.07		*0.03*	
	Total	1.08		*1.33*	
12	Interest paid				
	Associate:	7.77		*2.35*	
	Audco India Limited		7.77		*2.35*
	Total	7.77		*2.35*	
13	Payment of salaries/perquisites				
	Key management personnel:	56.46		*38.02*	
	A. M. Naik		12.55		*8.39*
	J. P. Nayak		6.39		*4.31*
	Y. M. Deosthalee		7.16		*4.83*
	K. Venkataramanan		7.11		*4.79*
	R. N. Mukhija		7.07		*4.74*
	K. V. Rangaswami		5.21		*3.54*
	V. K. Magapu		5.22		*3.54*
	M. V. Kotwal		5.75		*3.88*
	Total	56.46		*38.02*	

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective period.

Notes forming part of the Consolidated Accounts (contd.)

iii. Amount due to/from related parties

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2009 Amount	As at 31-3-2009 Amounts for major parties	*As at 31-3-2008 Amount*	*As at 31-3-2008 Amounts for major parties*
1	Accounts receivable				
	Associates & joint ventures, including:	209.87		*58.27*	
	L&T Arun Excello Realty Private Limited		–		*15.12*
	Second Vivekanand Bridge Tollway Company Private Limited		–		*27.71*
	The Dhamra Port Company Limited		183.16		*11.29*
	Total	209.87		*58.27*	
2	Accounts payable (including acceptance & interest accrued)				
	Associates & joint ventures, including:	368.17		*383.17*	
	Audco India Limited		267.77		*254.61*
	L&T-Hochtief Seabird Joint Venture		62.86		*65.90*
	Total	368.17		*383.17*	
3	Loans & advances recoverable				
	Associates & joint ventures, including:	118.54		*105.55*	
	L&T-Case Equipment Private Limited		–		*12.67*
	L&T-Demag Plastics Machinery Limited		–		*12.05*
	L&T-AM Tapovan Joint Venture		71.26		*55.07*
	Key management personnel	0.66		*0.79*	
	Relatives of key management personnel	0.10		*0.06*	
	Total	119.30		*106.40*	
4	Unsecured loans (including lease finance)				
	Joint venture:	20.00		*–*	
	Metro Tunneling Group		20.00		*–*
	Total	20.00		*–*	
5	Advances received in the capacity of supplier of goods/services classified as "advances from customers" in the Balance Sheet				
	Associates & joint ventures, including:	23.46		*8.89*	
	Second Vivekananda Bridge Tollway Company Private Limited		–		*1.56*
	L&T Arun Excello Realty Private Limited		8.03		*7.33*
	The Dhamra Port Company Limited		15.43		*–*
	Total	23.46		*8.89*	
6	Due to whole-time directors				
	Key management personnel:	35.47		*21.96*	
	A. M. Naik		8.45		*5.23*
	J. P. Nayak		4.22		*2.62*
	Y. M. Deosthalee		4.22		*2.62*
	K. Venkataramanan		4.22		*2.61*
	R. N. Mukhija		4.22		*2.61*
	K. V. Rangaswami		3.38		*2.09*
	V. K. Magapu		3.38		*2.09*
	M. V. Kotwal		3.38		*2.09*
	Total	35.47		*21.96*	

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective period.

Notes forming part of the Consolidated Accounts (contd.)

iv. Notes to related party transactions:

a) The Company has a sole selling agreement with L&T- Komatsu Limited (LTK), an associate company, valid for the period of 5 years from October 16, 2006 in line with Government of India (GOI) approval letter dated May 28, 2007. The appointment shall be in effect as long as the joint venture agreement between the Parent Company and M/s Komatsu Asia Pacific Pte. Ltd., Singapore (which is a subsidiary of Komatsu Ltd., Japan) remains in force, subject to approval of GOI, under section 294 AA of the Companies Act, 1956. As per the terms of the agreement, the Company is the exclusive agent of L&T-Komatsu Limited to market LTK machines and provide product support. Pursuant to the aforesaid agreement, LTK is required to pay commission to the Company at specified rates on the sales effected by the Company.

b) The Company has renewed the selling agency agreement from October 1, 2003 with EWAC Alloys Limited (EWAC), an associate company. The agreement shall remain valid until either party gives 12 months' prior written notice to the other for termination. As per the terms of the agreement, the Company is the selling agent authorised to purchase and resell EWAC products in accordance with the prices and other conditions stipulated in the agreement.

c) The Company has a selling agency agreement with L&T-Demag Plastics Machinery Limited (LTDPML), a wholly owned subsidiary. As per the terms of the agreement, the Company is a selling and servicing agent of LTDPML. Pursuant to the aforesaid agreement, LTDPML is required to pay commission to the Company at specified rates on sales effected by the Company.

Note: The financial impact of the agreements mentioned at (a) to (c) above has been included in/disclosed vide note no.18(ii) *supra*.

19. Leases:

i) Where the Company is a lessor:

a) The Company has given on finance leases certain items of plant and machinery. The leases have a primary period that is fixed and non-cancellable and a secondary period. There are no exceptional/restrictive covenants in the lease agreement.

b) The total gross investment in these leases as on March 31, 2009 and the present value of minimum lease payments receivable as on March 31, 2009 is as under:

	Particulars	*Rs.crore*
1.	Receivable not later than 1 year	3.67
2.	Receivable later than 1 year and not later than 5 years	3.33
3.	Receivable later than 5 years	–
	Gross investment in lease (1+2+3)	7.00
	Less: Unearned finance income	0.78
	Present value of receivables	6.22

c) In respect of one of the leases referred to in (a) above, the lease receivables were recorded at the inception, at the present value of minimum lease payments, and subsequently securitised.

ii) Where the Company is a lessee:

a) Finance leases:

i) Assets acquired on finance lease mainly comprise plant & machinery, vehicles and personal computers. The leases have a primary period, which is fixed and non-cancellable. In the case of vehicles, the Company has an option to renew the lease for a secondary period. The agreements provide for revision of lease rentals in the event of changes in (a) taxes, if any, leviable on the lease rentals (b) rates of depreciation under the Income tax Act, 1961 and (c) change in the lessor's cost of borrowings. There are no exceptional/restrictive covenants in the lease agreements.

ii) The minimum lease rentals as at March 31, 2009 and the present value as at March 31, 2009 of minimum lease payments in respect of assets acquired under finance leases are as follows:

Rs.crore

	Particulars	Minimum lease payments		Present value of minimum lease payments	
		As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*
1.	Payable not later than 1 year	0.50	*0.27*	0.46	*0.25*
2.	Payable later than 1 year and not later than 5 years	0.60	*0.18*	0.54	*0.16*
3.	Payable later than 5 years	–	–	–	–
	Total	1.10	*0.45*	1.00	*0.41*
	Less: Future finance charges	0.10	*0.04*		
	Present value of minimum lease payments	1.00	*0.41*		

Notes forming part of the Consolidated Accounts (contd.)

iii) Contingent rent recognised/(adjusted) in the Profit and Loss Account in respect of finance leases: Rs.nil (*previous year: Rs.0.02 crore*)

b) Operating leases:

i. The Company has taken various residential/commercial premises and plant and machinery under cancellable operating leases. These lease agreements are normally renewed on expiry.

ii. [a] The Company has taken certain assets on non-cancellable operating leases, the future minimum lease payments in respect of which, as at March 31, 2009 are as follows:

	Minimum Lease Payments	*Rs.crore*
1.	Payable not later than 1 year	18.34
2.	Payable later than 1 year and not later than 5 years	19.83
3.	Payable later than 5 years	2.10
	Total	40.27

[b] The lease agreements provide for an option to the Company to renew the lease period at the end of the non-cancellable period. There are no exceptional/restrictive covenants in the lease agreements.

iii. Lease rental expense in respect of operating leases: Rs.50.33 crore (*previous year: Rs.39.81 crore*)

20. Basic and Diluted Earnings per share ["EPS"] computed in accordance with Accounting Standard (AS) 20 "Earnings per Share":

Particulars		**Before extraordinary items**		**After extraordinary items**	
		2008-2009	*2007-2008*	2008-2009	*2007-2008*
Basic					
Profit after tax as per accounts (Rs.crore)	A	3017.00	*2325.36*	3789.46	*2325.36*
Weighted average number of shares outstanding	B	58,51,18,186	*57,50,52,204*	58,51,18,186	*57,50,52,204*
Basic EPS (Rupees)	A/B	**51.56**	***40.44***	**64.76**	***40.44***
Diluted					
Profit after tax as per accounts (Rs.crore)	A	3017.00	*2325.36*	3789.46	*2325.36*
Add: Interest/exchange difference (gain)/loss on bonds convertible into equity shares (net of tax) (Rs.crore)	B	–	*(21.85)*	–	*(21.85)*
Adjusted profit for diluted earnings per share (Rs.crore)	C=A+B	3017.00	*2303.51*	3789.46	*2303.51*
Weighted average number of shares outstanding	D	58,51,18,186	*57,50,52,204*	58,51,18,186	*57,50,52,204*
Add: Weighted average number of potential equity shares that could arise on conversion of FCCBs	E	–	*24,59,448*	–	*24,59,448*
Add: Weighted average number of potential equity shares on account of employee stock options	F	79,89,615	*1,39,06,732*	79,89,615	*1,39,06,732*
Weighted average number of shares outstanding for diluted EPS	G=D+E+F	59,31,07,801	*59,14,18,384*	59,31,07,801	*59,14,18,384*
Diluted EPS (Rupees)	C/G	**50.87**	***38.95***	**63.89**	***38.95***

Notes forming part of the Consolidated Accounts (contd.)

21. Disclosures required by Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions:

Rs.crore

Sr. no.	Particulars	Class of Provisions						
		Product Warranties	Excise Duty	Sales Tax	Litigation related obligations	Contractual rectification cost- Construction contracts	Others	Total
1	Balance as at 1-4-2008	*19.14*	*4.06*	*22.18*	*2.11*	*62.40*	*3.37*	***113.26***
2	Additional provision during the year	8.33	–	20.65	–	128.43	8.84	**166.25**
3	Effect of business combination	0.44	–	–	–	–	–	**0.44**
4	Provision for extraordinary item*	–	–	–	–	–	186.28	**186.28**
5	Provision reversed during the year	9.67	3.96	1.12	2.11	–	11.30	**28.16**
6	Balance as at 31-3-2009 (6 = 1 + 2 + 3 + 4 - 5)	**18.24**	**0.10**	**41.71**	**–**	**190.83**	**187.19**	**438.07**

* Refer note no.13

b) Nature of provisions:

i. Product warranties: The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31, 2009 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of two years from the date of Balance Sheet.

ii. Provision for excise duty represents the differential duty liability that is expected to materialise in respect of matters in appeal.

iii. Provision for sales tax represents mainly the differential sales tax liability on account of non-collection of declaration forms for the period prior to 5 years.

iv. Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.

v. Contractual rectification cost represents the estimated cost the Company is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under Accounting Standard (AS) 7 "Construction Contracts".

c) Disclosures in respect of contingent liabilities are given as part of Schedule J to the Balance Sheet.

22. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs.4350.85 crore *(previous year: Rs.3644.58 crore)*.

23. a) Provision for current tax includes:

i) Provision for wealth tax Rs.3.37 crore (including Rs.0.98 crore being provision for wealth tax in respect of earlier years) *(previous year: Rs.1.23 crore)*

ii) Rs.53.94 crore being provision for income tax in respect of earlier years *(previous year: reversal of provision of Rs.25.33 crore)*

iii) Credit for Minimum Alternative Tax (MAT) entitlement Rs.18.59 crore *(previous year: Rs.7.57 crore)* under section 115JB of the Income Tax Act, 1961.

iv) Rs.2.07 crore in respect of income tax payable outside India *(previous year: Rs.nil)*

v) Rs.0.50 crore being provision for income tax in respect of a subsidiary which was sold during the year.

b) Provision for tax on fringe benefits includes credit for excess provision of Rs.0.20 crore pertaining to earlier years, reversed during the year.

24. a) Computation of cumulative deferred tax asset/liabilities has not been made in respect of certain foreign subsidiaries of the Group. In the opinion of management, the impact is not material.

Notes forming part of the Consolidated Accounts (contd.)

b) Major Components of deferred tax liabilities and deferred tax assets:

Rs.crore

Particulars	*Deferred tax liabilities/ (assets) 31-3-2008*	Charge/(credit) to Profit and Loss Account		Effect due to acquisition/ disposal	Charge/(credit) to reserves				Deferred tax liabilities/ (assets) 31-3-2009
		Ordinary activity	Extra-ordinary activity		Retained earnings	Translation reserve	Hedging reserve	Securities premium account	
Deferred tax liabilities:									
Difference between book and tax depreciation	*291.74*	78.84	2.69	(2.67)	–	(0.08)	–	–	370.52
Gain on derivative transactions to be offered for tax purposes in the year of transfer to Profit and Loss Account	–	–	–	–	–	–	121.03	–	121.03
Disputed statutory liabilities paid and claimed as deduction for tax purpose but not debited to Profit and Loss Account	*24.25*	2.49	–	–	–	–	–	–	26.74
Others	*11.05*	11.78	–	–	–	–	–	–	22.83
Total	*327.04*	93.11	2.69	(2.67)	–	(0.08)	121.03	–	541.12
Deferred tax (assets):									
Provision for doubtful debts and advances debited to Profit and Loss account	*(104.28)*	(52.81)	–	–	–	–	–	–	(157.09)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to Profit and Loss Account	–	–	–	–	–	–	(147.06)	–	(147.06)
Unpaid statutory liabilities/provision for compensated absences debited to Profit and Loss Account	*(49.29)*	(19.53)	–	–	–	–	–	–	(68.82)
Unabsorbed depreciation/brought forward business losses	*(14.99)*	6.54	–	–	–	–	–	–	(8.45)
Other items giving rise to timing difference	*(36.76)*	8.05	–	(0.16)	–	–	–	–	(28.87)
Total	*(205.32)*	(57.75)	–	(0.16)	–	–	(147.06)	–	(410.29)
Net deferred tax liability/(assets)	***121.72***	**35.36**	**2.69**	**(2.83)**	**–**	**(0.08)**	**(26.03)**	**–**	**130.83**
Previous year	*107.41*	*31.74*	*–*	*(39.74)*	*21.10*	*(0.02)*	*–*	*1.23*	*121.72*

25. a) The Group has undertaken various projects on Build-Operate-Transfer (BOT) basis as per the concession agreements with the government authorities. Under the agreements the concession period for toll collection or annuity payments ranges from 15 to 32 years. At the end of the said concession period, the entire facilities are transferred to the concerned government authorities.

b) The aggregate amount of revenues and profits before tax (net) recognised during the year in respect of construction services related to Build-Operate-Transfer (BOT) projects is Rs.1320.32 crore and Rs.8.29 crore respectively [refer accounting policy disclosed in Schedule 'Q' vide para 2(a)(ix)]

c) Loans and advances include Rs.550.31 crore *(previous year: Rs.232.84 crore)* being cumulative construction costs incurred including related margins in respect of Build-Operate-Transfer (BOT) projects.

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

a) Jointly with L&T Infrastructure Development Projects Limited (a subsidiary of the Company), to the term lenders of its subsidiary companies L&T Transportation Infrastructure Limited (LTTIL):

i. 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 and

ii. 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) In terms of Company's concession agreement with Government of India and Government of Gujarat, not to change the control over L&T Western India Tollbridge Limited (a subsidiary of L&T Infrastructure Development Projects Limited) during the period of the Agreement.

c) To the debenture holders of L&T Infrastructure Development Projects Limited (a subsidiary of the Company) and to the lenders of its subsidiaries L&T Panipat Elevated Corridor Private Limited and L&T Krishnagiri Thopur Toll Road Limited, not to dilute Company's shareholding below 51%.

d) To the lender of L&T Offshore International FZC (a subsidiary of the Company), not to pledge or reduce its shareholding in L&T International FZE (the Holding Company of L&T Offshore International FZC) below 100% of the issued & allotted share capital.

e) Jointly with L&T-MHI Turbine Generators Private Limited (a subsidiary of L&T Power Limited, which is a wholly owned subsidiary of the Company) and Mitsubishi Heavy Industries Limited (JV partners in L&T-MHI Turbine Generators Private Limited), to Andhra Pradesh Power Development Company Limited (APPDCL) to render unconditional and irrevocable financial support for the successful execution of APPDCL 2x800 MW Power Project - Steam Turbine Generator Package Tender, near Krishnapatnam, Nellore District, Andhra Pradesh.

f) Not to sell or otherwise transfer, deal with or agree to acquire, sell or otherwise transfer or deal with, in any manner the shares of Satyam Computer Services Limited (SCSL), held by the Company till October 21, 2009 or a date approved by the appropriate authorities whichever is earlier.

27. L&T Infrastructure Development Projects Limited (LTIDPL), a subsidiary of the Parent Company

i. has pledged its investment in the equity shares of Second Vivekananda Bridge Tollway Company Private Limited (SVBTC) of Rs.32.35 crore to the lenders as security for term loans sanctioned by them to SVBTC.

ii. has given an undertaking to the term lenders of SVBTC to subscribe to quasi equity of the Company to the extent of Rs.10 crore. Accordingly, the Company has subscribed in cumulative redeemable convertible preference shares to the extent of Rs.10 crore.

iii. has entered into agreements with the lenders to Bangalore International Airport Limited (BIAL) for pledge and non-disposal of shares held by it in BIAL amounting to Rs.19.61 crores.

iv. has pledged its investment in the equity shares of The Dhamra Port Company Limited (DPCL) of Rs.80.87 crores.

v. has given the following undertakings jointly with Pacific Alliance Stradec Group Infrastructure Company LLC and SVBTC to the term lenders of SVBTC:

a) not to reduce the joint shareholding below 51% during construction period and for 3 years following Commercial Operations Date and below 26% during the balance remaining operations period.

vi. has given the following undertakings jointly with Tata Steel Limited and DPCL to the term lenders of DPCL:

a) to meet the cost overrun to the extent of 10% of the project cost and

b) not to reduce the joint share holding below 51% upto the Commercial Operations Date and below 26% during the balance remaining operations period.

vii. has given the undertaking to the term lenders of Narmada Infrastructure Construction Enterprise Limited (NICE) to facilitate the borrower (NICE) to discharge its debt obligation to the extent the loan funds have been placed with LTIDPL and its Group Companies.

viii. has pledged its investment in the equity shares of the followings subsidiary companies to the lenders of term loan of the respective companies.

Rs.crore

Sr. no.	Name of the subsidiary companies	As at 31-3-2009	*As at 31-3-2008*
1	L&T Panipat Elevated Corridor Limited	42.99	*17.11*
2	L&T Krishnagiri Thopur Toll Road Limited	40.16	*13.32*
3	L&T Western Andhra Tollway Limited	28.81	*8.21*
4	L&T Vadodara Bharuch Tollway Limited	22.18	*22.16*
5	L&T Interstate Road Corridor Limited	27.60	*14.82*

Notes forming part of the Consolidated Accounts (contd.)

The Company has also given the following undertaking, to the term lenders of the aforesaid subsidiary companies:

a) not to reduce its shareholding in the said subsidiary companies below 51% upto a period of 3 years after commercial operation date and below 26% till final settlement date.

b) to meet the cost overrun to the extent of 5% of the project cost.

c) in the case of L&T Vadodara Bharuch Tollway Limited: to provide financial support to the borrower to meet shortfall, if any, in meeting the debt repayment after receipt of termination payment from National Highways Authority of India, in the event of a termination of the concession agreement pursuant to occurrence of the concessionarie event of default or any force majeure event as stated in the said concession agreement.

28. In terms of provisions of sub-section 1A of section 115O of the Income Tax Act, 1961, dividend distribution tax payable by the Company, is net of dividend distribution tax paid by its subsidiary company Larsen & Toubro Infotech Limited, amounting to Rs.2.69 crore, related to dividend of Rs.15.80 crore declared by them. Accordingly, the additional tax on dividend includes Rs.2.69 crore paid by the aforesaid subsidiary company.

29. In line with the Company's risk management policy, the various financial risks mainly relating to changes in the exchange rates, interest rates and commodity prices are hedged by using a combination of forward contracts, swaps and other derivative contracts, besides the natural hedges.

a) The particulars of derivative contracts entered into for hedging purposes outstanding as at March 31, 2009 are as under:

Rs.crore

Category of derivative instruments	Amount of exposures hedged	
	As at 31-3-2009	*As at 31-3-2008*
i) For hedging foreign currency risks		
a) Forward contracts for receivables including firm commitments and highly probable forecasted transactions	4607.57	*3004.48*
b) Forward contracts for payables including firm commitments and highly probable forecasted transactions	7059.34	*2086.69*
c) Currency swaps	4996.36	*3858.49*
d) Option contracts	1203.80	*4983.70*
ii) For hedging interest rate risks		
Interest rate swaps	125.00	*350.00*
iii) For hedging commodity price risks		
Commodity futures	12.98	–

b) Unhedged foreign currency exposures as at March 31, 2009 are as under:

Rs.crore

Unhedged foreign currency exposures	As at 31-3-2009	*As at 31-3-2008*
i) Receivables, including firm commitments and highly probable forecasted transactions	19213.48	*14668.08*
ii) Payables, including firm commitments and highly probable forecasted transactions	12573.50	*10264.39*

Notes forming part of the Consolidated Accounts (contd.)

30. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits":

i. Defined contribution plans: [refer accounting policy no.5b(i)]

Amount of Rs.70.73 crore (*previous year: Rs.56.16 crore*) is recognised as an expense and included in "staff expenses" (Schedule N) in the Profit and Loss Account.

ii. Defined benefit plans: [refer accounting policy no.5b(ii)]

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

Rs.crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*
A) Amounts to be recognised in Balance Sheet								
Present Value of defined benefit obligation								
- Wholly funded	289.74	*243.33*	-	-	-	-	1127.81	*1014.16*
- Wholly unfunded	0.93	*0.75*	75.83	*60.31*	152.79	*152.44*	-	-
	290.67	*244.08*	75.83	*60.31*	152.79	*152.44*	1127.81	*1014.16*
Less: Fair value of plan assets	255.06	*213.22*	-	-	-	-	1151.80	*1014.85*
Less: Unrecognised past service costs	-	-	1.43	*1.57*	0.98	*1.09*	-	-
Amount to be recognised as liability or (asset)	35.61	*30.86*	74.40	*58.74*	151.81	*151.35*	(23.99)@	*(0.69)@*
B) Amounts reflected in the Balance Sheet								
Liabilities	35.61	*30.86*	74.40	*58.74*	151.81	*151.35*	17.45	*11.44*
Assets	-	-	-	-	-	-	-	-
Net liability/(asset)	35.61	*30.86*	74.40	*58.74*	151.81	*151.35*	17.45#	*11.44#*

b) The amounts recognised in Profit and Loss Account are as follows:

Rs.crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-Managed provident fund plan	
	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*	2008-2009	*2007-2008*
1. Current service cost	18.86	*17.43*	4.12	*2.75*	4.55	*3.51*	44.87**	*48.72***
2. Interest cost	20.11	*17.44*	5.30	*4.04*	13.02	*10.07*	87.44	*78.28*
3. Expected return on plan assets	(16.04)	*(12.09)*	-	-	-	-	(88.86)	*(79.72)*
4. Actuarial losses/(gains)	9.46	*8.09*	9.44	*1.36*	5.18	21.65	(24.11)	*12.36*
5. Past service cost	-	-	0.13	*5.45*	0.11	0.11	-	-
6. Effect of any curtailment or settlement	-	-	-	-	(19.57)	-	-	-
7. Adjustment for earlier years	0.05	*0.05*	-	-	-	-	-	-
8. Actuarial (loss)/gain not recognised in books	-	-	-	-	-	-	25.53+	*(10.92)*
9. Excess provisions	-	*0.07*	-	-	-	-	-	-
10. Amount capitalised out of the above	(0.07)	*(0.04)*	-	-	-	-	-	-
Total included in "staff expenses" (1 to 10)	32.37	*30.95*	18.99	*13.60*	3.29	*35.34*	44.87	*48.72*
Actual return on plan assets	29.09	*18.58*	-	-	-	-	81.60	*67.36*

Notes forming part of the Consolidated Accounts (contd.)

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

Rs.crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*
Opening balance of the present value of defined benefit obligation	244.08	*212.63*	60.31	*47.09*	152.44	*119.76*	1014.16	*933.74*
Add: Current service cost	18.86	*17.43*	4.12	*2.75*	4.55	*3.51*	44.87**	-
Add: Interest cost	20.11	*17.44*	5.30	*4.04*	13.02	*10.07*	87.44	*78.28*
Add: Contribution by plan participants								
i) Employer	-	-	-	-	-	-	-	*48.72***
ii) Employee	-	-	-	-	-	-	88.34	*98.32*
Add: Actuarial losses	22.51	*14.58*	9.44	*1.36*	5.18	*21.64*	-	-
Less: Benefits paid	(15.51)	*(18.47)*	(3.34)	*(2.16)*	(2.83)	*(2.54)*	(102.14)	*(126.97)*
Add: Past service cost	-	-	-	*7.02*	-	-	-	-
Add: Liabilities assumed in an amalgamation/ acquisition	0.32	*0.12*	-	-	-	-	-	-
Add/(less): Adjustment for earlier years	0.30	*0.35*	-	*0.21*	-	-	(4.86)	*(17.93)*
Less: Effect of any curtailment or settlement	-	-	-	-	(19.57)	-	-	-
Closing balance of the present value of defined benefit obligation	290.67	*244.08*	75.83	*60.31*	152.79	*152.44*	1127.81	*1014.16*

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

Rs.crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*
Opening balance of the fair value of the plan assets	213.22	*160.33*	1014.85	*947.84*
Add: Expected return on plan assets*	16.04	*12.09*	88.86	*79.72*
Add/(less): Actuarial gains/(losses)	13.05	*6.49*	24.11	*(12.36)*
Add: Contribution by the employer	27.91	*52.21*	44.24	*47.79*
Add: Contribution by plan participants	-	-	87.02	*97.16*
Less: Benefits paid	(15.51)	*(18.47)*	(102.14)	*(126.97)*
Add: Business combinations/acquisitions	0.33	*0.13*	-	-
Add/(less): Adjustments for earlier years	0.02	*0.44*	(5.14)	*(18.33)*
Closing balance of the plan assets	255.06	*213.22*	1151.80	*1014.85*

Note: The fair value of the plan assets under the trust-managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

* Basis used to determine the overall expected return:

The Trust formed by the Company manages the investments of provident funds and gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

The Company expect to fund Rs.33.38 crore (*previous year: Rs.30.11 crore*) towards its gratuity plan and Rs.63.01 (*previous year: Rs.51.64 crore*) towards its trust-managed provident fund plan during the year 2009-2010.

@ Asset is not recognised in the Balance Sheet

Employer's and employees' contribution (net) for March is paid in April

** Employer's contribution to provident fund

\+ The actual return on plan assets is higher than interest cost, but no credit has been taken to the Profit and Loss Account

Notes forming part of the Consolidated Accounts (contd.)

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

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31-3-2009	*As at 31-3-2008*	As at 31-3-2009	*As at 31-3-2008*
Government of India Securities	41%	*39%*	23%	*22%*
State Government Securities	–	–	13%	*13%*
Corporate Bonds	38%	*38%*	5%	*5%*
Equity Shares of Listed Companies	1%	*1%*	–	–
Fixed Deposits under Special Deposit Scheme framed by Central Government				
for Provident Funds	14%	*16%*	27%	*30%*
Insurer Managed Funds	2%	*2%*	–	–
Public Sector Unit Bonds	–	–	32%	*30%*
Others	4%	*4%*	–	–

f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	As at 31-3-2009	*As at 31-3-2008*
1 Discount rate:		
a) Gratuity plan	7.67%	*8.33%*
b) Company pension plan	7.67%	*8.35%*
c) Post-retirement medical benefit plan	7.67%	*8.39%*
2 Expected return on plan assets	7.50%	*7.50%*
3 Annual increase in healthcare costs (see note below)	5.00%	*5.00%*
4 Salary growth rate:		
a) Gratuity plan	6.00%	*6.00%*
b) Company pension plan	7.00%	*7.00%*

5 Attrition rate:

a) For post-retirement medical benefit plan & company pension plan, the attrition rate varies from 2% to 8% (*previous year: 2% to 8%*) for various age groups.

b) For gratuity plan the attrition rate varies from 1% to 7% *(previous year: 1% to 7%)* for various age groups.

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

7 The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation on cumulative basis is recognised immediately in the Profit and Loss Account as actuarial losses.

8 The obligation of the company under the post-retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5% p.a.

9 A one percentage point change in assumed healthcare cost trend rates would have the following effects on the aggregate of the service cost and interest cost and defined benefit obligation:

Rs.crore

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2008-2009	*2007-2008*	2008-2009	*2007-2008*
Effect on the aggregate of the service cost and interest cost	0.88	*0.60*	(1.19)	*(0.99)*
Effect on defined benefit obligation	5.08	*4.00*	(3.80)	*(3.30)*

Notes forming part of the Consolidated Accounts (contd.)

g) The amounts pertaining to defined benefit plans are as follows:

Rs.crore

	Particulars	As at 31-3-2009	*As at 31-3-2008*	*As at 31-3-2007*
1	Post-retirement medical benefit plan (unfunded)			
	Defined benefit obligation	74.40	*58.74*	*47.09*
	Experience adjustment plan liabilities	1.13	*2.66*	–
2	Gratuity plan (funded/unfunded)			
	Defined benefit obligation	290.67	*244.08*	*212.63*
	Plan assets	255.06	*213.22*	*160.33*
	Surplus/(deficit)	(35.61)	*(30.86)*	*(52.30)*
	Experience adjustment plan liabilities	8.38	*16.44*	*25.84*
	Experience adjustment plan assets	13.71	*(2.92)*	*6.59*
3	Post-retirement pension plan (unfunded)			
	Defined benefit obligation	151.81	*151.35*	*118.56*
	Experience adjustment plan liabilities	(6.89)	*26.87*	–
4	Trust managed provident fund plan (funded)			
	Defined benefit obligation	1127.81	*1014.16*	*933.74*
	Plan assets	1151.80	*1014.85*	*947.84*
	Surplus/(deficit)	23.99	*0.69*	*14.10*

h) General descriptions of defined benefit plans:

1. Gratuity plan:

   The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A small part of the gratuity plan, which is not material, is unfunded and managed within the Company.

2. Post-retirement medical benefit plan:

   The Post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement.

3. Company's pension plan:

   In addition to contribution to State-Managed Pension Plan (EPS scheme), the Company operates a post retirement pension scheme, which is discretionary in nature for certain cadres of employees. The quantum of pension depends on the cadre of the employee at the time of retirement.

4. Trust-managed provident fund plan:

   The Company manages provident fund plan through a Provident Fund Trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

Notes forming part of the Consolidated Accounts (contd.)

31. Miscellaneous expenses include donations aggregating to Rs.4.70 crore made during the year to political parties as follows: Akhil Bharatiya Congress Committee: Rs.2.25 crore, Bharatiya Janata Party: Rs.2.00 crore and Shiv Sena Madhyavarti Karyalaya: Rs.0.45 crore.
32. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2009.
33. Certain elements of operational income of business segments forming a part of segment results used to be hitherto categorised as a part of 'other income' in the Profit and Loss Account. During the current year the same have been regrouped under "other operational income" in the Profit and Loss Account to reflect the proper classification.
34. Interest income, has been shown separately as a part of "other income" during current year.
35. Figures for the previous year have been regrouped/reclassified wherever necessary.

A. M. NAIK
Chairman & Managing Director

As per our report attached

SHARP & TANNAN
Chartered Accountants
by the hand of
F. M. KOBLA
Partner
Membership No.15882
Mumbai, May 28, 2009

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE

N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN

Directors

Mumbai, May 28, 2009

ATTENDANCE SLIP

LARSEN & TOUBRO LIMITED

It's all about Imagineering

Registered Office:
L&T House, Ballard Estate, Mumbai - 400 001.

ANNUAL GENERAL MEETING - AUGUST 28, 2009 AT 3.00 P.M.

DP. Id	
Client Id/ Folio No.	
No. of Shares	

NAME & ADDRESS OF THE REGISTERED SHAREHOLDER

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020 on **Friday, August 28, 2009**.

SIGNATURE

Note: Please complete this and hand it over at the entrance of the hall.

LARSEN & TOUBRO LIMITED

It's all about Imagineering

Registered Office:
L&T House, Ballard Estate, Mumbai - 400 001.

FORM OF PROXY

ANNUAL GENERAL MEETING - AUGUST 28, 2009 AT 3.00 P.M.

I/We ....

of .... in the district of...being a member/members of

LARSEN & TOUBRO LIMITED hereby appoint ....

of .... in the district of .... or failing him

.... of .... in the district of ....

as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on **Friday, August 28, 2009** and at any adjournment thereof.

Signed this .... day of ....2009.

DP. Id	
Client Id/ Folio No.	
No. of Shares	

Signature .... Affix a 15 paise Revenue Stamp ....

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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