LARSEN & TOUBRO

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LARSEN & TOUBRO LIMITED

Regd. Office : L&T House, Ballard Estate, Mumbai 400 001

NOTICE

NOTICE IS HEREBY GIVEN THAT the Sixty-fifth Annual General Meeting of **LARSEN & TOUBRO LIMITED** will be held at **Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020 on Thursday, August 26, 2010 at 3:00 p.m.** to transact the following business :-

1) To consider and adopt the Balance Sheet as at March 31, 2010, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon;

2) To declare a dividend on equity shares;

3) To appoint a Director in place of Mrs. Bhagyam Ramani, who retires by rotation and is eligible for re-appointment;

4) To appoint a Director in place of Mr. Subodh Bhargava, who retires by rotation and is eligible for re-appointment;

5) To appoint a Director in place of Mr. J. P. Nayak, who retires by rotation and is eligible for re-appointment;

6) To appoint a Director in place of Mr. Y. M. Deosthalee, who retires by rotation and is eligible for re-appointment;

7) To appoint a Director in place of Mr. M. M. Chitale, who retires by rotation and is eligible for re-appointment;

8) To appoint a Director in place of Mr. N. Mohan Raj, who retires by rotation and is eligible for re-appointment;

9) To consider and, if thought fit, to pass with or without modification(s), as an **ORDINARY RESOLUTION** the following:

   "RESOLVED THAT pursuant to Section 269 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, approval be and is hereby granted to the re-appointment of Mr. Y. M. Deosthalee, as the Whole-time Director of the Company with effect from March 3, 2010 upto and including September 5, 2011.

   RESOLVED FURTHER THAT Mr. Y. M. Deosthalee, in his capacity as the Whole-time Director, be paid remuneration as may be fixed by the Board, from time to time, within the limits approved by the members as per the details given in the explanatory statement."

10) To consider and, if thought fit, to pass with or without modification(s), as an **ORDINARY RESOLUTION** the following:

   "RESOLVED THAT pursuant to Section 269 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, approval be and is hereby granted to the re-appointment of Mr. M. V. Kotwal, as the Whole-time Director of the Company for a period of five years with effect from August 27, 2010.

   RESOLVED FURTHER THAT Mr. M. V. Kotwal, in his capacity as the Whole-time Director, be paid remuneration as may be fixed by the Board, from time to time, within the limits approved by the members as per the details given in the explanatory statement."

11) To consider and, if thought fit, to pass with or without modification(s), as a **SPECIAL RESOLUTION** the following:

   "RESOLVED THAT subject to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Non-Executive Directors of the Company be paid, in addition to the sitting fees for attending the meetings of the Board or Committees thereof, a commission of an amount not exceeding the limit of 1% of the net profits of the Company per annum in the aggregate as specified in the first proviso to Section 309(4) of the Companies Act, 1956, for a period of five years from the financial year 2010-2011.

   RESOLVED FURTHER THAT the quantum of commission payable to each of the Non-Executive Directors for each year may be decided by the Board as it may deem fit."

12) To consider and, if thought fit, to pass with or without modification(s), as a **SPECIAL RESOLUTION** the following:

   "RESOLVED THAT in supersession of all previous resolutions in this regard and in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, Foreign Exchange Management Act, 1999, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI Regulations'), Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, enabling provisions in the Memorandum and Articles of Association of the Company as also provisions of any other applicable laws, rules and regulations (including any amendments thereto or re-enactments thereof for the time being in force) and subject to such approvals, consents, permissions and sanctions of the Securities and Exchange Board of India (SEBI), Government of India (GOI), Reserve Bank of India (RBI) and all other appropriate and/or concerned authorities, or bodies and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ('Board') (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), the Board be and is hereby authorized to offer , issue and allot in one or more tranches, to Investors whether Indian or Foreign, including Foreign Institutions, Non-Resident Indians, Corporate Bodies, Mutual Funds, Banks, Insurance Companies, Pensions Funds, Individuals or otherwise, whether shareholders of the Company or not, through a public issue and/or on a private placement basis, foreign currency convertible bonds and/or equity shares through depository receipts and/or bonds with share warrants attached including by way of Qualified Institutions Placement ('QIP'), to Qualified Institutional

Buyers ('QIB') in terms of Chapter VIII of the SEBI Regulations, through one or more placements of Equity Shares/Fully Convertible Debentures (FCDs)/Partly Convertible Debentures (PCDs)/Non-Convertible Debentures (NCDs) with warrants or any securities (other than warrants) which are convertible into or exchangeable with equity shares at a later date (hereinafter collectively referred to as "Securities"), secured or unsecured so that the total amount raised through the Securities shall not exceed US$600 mn or INR 2700 crore, if higher (including green shoe option) as the Board may determine and where necessary in consultation with the Lead Managers, Underwriters, Merchant Bankers, Guarantors, Financial and/ or Legal Advisors, Rating Agencies/ Advisors, Depositories, Custodians, Principal Paying/Transfer/Conversion agents, Listing agents, Registrars, Trustees, Auditors, Stabilizing agents and all other Agencies/Advisors.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby also authorised to determine the form, terms and timing of the issue(s), including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, premium amount in issue/ conversion/ exercise/ redemption, rate of interest, redemption period, listings on one or more stock exchanges in India or abroad as the Board may in its absolute discretion deems fit and to make and accept any modifications in the proposals as may be required by the authorities involved in such issue(s) in India and/or abroad, to do all acts, deeds, matters and things and to settle any questions or difficulties that may arise in regard to the issue(s).

RESOLVED FURTHER THAT in case of QIP issue it shall be completed within 12 months from the date of this Annual General Meeting.

RESOLVED FURTHER THAT in case of QIP issue the relevant date for determination of the floor price of the Equity Shares to be issued shall be -

i) in case of allotment of equity shares, the date of meeting in which the Board decides to open the proposed issue.

ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares, as may be determined by the Board.

RESOLVED FURTHER THAT the Equity Shares so issued shall rank pari passu with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT the Equity Shares to be offered and allotted shall be in dematerialized form.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities the Board, be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the terms thereof, for entering into arrangements for managing, underwriting, marketing, listing and trading, to issue placement/offer documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such offer(s) or issue(s) or allotment(s) as it may, in its absolute discretion, deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint Lead Manager(s) in offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc. with Lead Manager(s).

RESOLVED FURTHER THAT the Company do apply for listing of the new Equity Shares as may be issued with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited or any other Stock Exchange(s).

RESOLVED FURTHER THAT the Company do apply to the National Securities Depository Limited and/or Central Depository Services (India) Limited for admission of the above said Equity Shares.

RESOLVED FURTHER THAT the Board be and is hereby authorised to create necessary securities on such of the assets and properties (whether present or future) of the Company in respect of facilities obtained as above and to approve, accept, finalize and execute facilities, sanctions, undertakings, agreements, promissory notes, credit limits and any of the documents and papers in connection with availing of the above facilities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred in such manner as they may deem fit."

13) To appoint Auditors and fix their remuneration and for that purpose to pass with or without modification(s), as a **SPECIAL RESOLUTION** the following:

"RESOLVED THAT the Company's Auditors, M/s Sharp & Tannan, Chartered Accountants (ICAI Registration No. 109982W), who retire but, being eligible, offer themselves for re-appointment, be and are hereby re-appointed as Auditors of the Company including all its branch offices for holding the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at a remuneration of Rs. 90,00,000/- (Rupees Ninety Lac Only) exclusive of service tax, traveling and other out of pocket expenses."

By order of the Board of Directors
For **LARSEN & TOUBRO LIMITED**

N. HARIHARAN
COMPANY SECRETARY

Mumbai, May 17, 2010

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

Notes:

[a] The information required to be provided under the Listing Agreement entered into with various Stock Exchanges, regarding the Directors who are proposed to be appointed/re-appointed and the relative Explanatory Statement pursuant to Section 173[2] of the Companies Act, 1956 in respect of the business under items 9 to 13 set out above are annexed hereto.

[b] A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

[c] The Register of Members and Transfer Books of the Company will be closed from Thursday, August 19, 2010 to Thursday, August 26, 2010 (both days inclusive).

[d] Members are requested to furnish bank details, change of address etc. to Sharepro Services (India) Private Limited at Samhita Warehousing Complex, Bldg. No.13 A B, Gala No. 52 to 56, Near Sakinaka Telephone Exchange, Andheri - Kurla Road, Sakinaka, Mumbai - 400 072, who are the Company's Registrar and Share Transfer Agents so as to reach them latest by Wednesday, August 18, 2010, in order to take note of the same. In respect of members holding shares in electronic mode, the details as would be furnished by the Depositories as at the close of the aforesaid date will be considered by the Company. Hence, Members holding shares in demat mode should update their records at the earliest.

[e] All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

[f] Members/Proxies should bring their attendance slips duly completed for attending the Meeting.

[g] Pursuant to Section 205A(5) of the Companies Act, 1956 the unpaid dividends that are due for transfer to the Investor Education and Protection Fund are as follows:

Dividend No.	Date of Declaration	For the year ended	Due for Transfer on
71	**22.08.2003**	**31.03.2003**	**26.09.2010**
72	**23.09.2004**	**31.03.2004**	**29.10.2011**
73 (Spl.)	**25.10.2004**	**31.03.2005**	**01.12.2011**
74	**26.08.2005**	**31.03.2005**	**01.10.2012**
75	**25.08.2006**	**31.03.2006**	**30.09.2013**
76 (Int.)	**13.03.2007**	**31.03.2007**	**18.04.2014**
77 (Spl.)	**03.07.2007**	**31.03.2008**	**08.08.2014**
78	**24.08.2007**	**31.03.2007**	**29.09.2014**
79	**29.08.2008**	**31.03.2008**	**05.10.2015**
80	**28.08.2009**	**31.03.2009**	**04.10.2016**

Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach the Company/its Registrar, for obtaining payments thereof atleast 20 days before they are due for transfer to the said fund.

[h] **Investor Grievance Redressal:**

The Company has designated an exclusive e-mail id viz. **igrc@lth.ltindia.com** to enable Investors to register their complaints, if any.

EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under Item Nos. 9 to 13 of the accompanying Notice dated May 17, 2010.

Item No. 9 :

The Board of Directors of the Company at its Meeting held on February 26, 2010, re-appointed Mr. Y. M. Deosthalee, as a Whole-time Director of the Company with effect from March 3, 2010 upto and including September 5, 2011, subject to the approval of the members in the Annual General Meeting.

Mr. Y. M. Deosthalee is a qualified Chartered Accountant and holds a degree in law. He joined the Company in 1974 and has been with the Company since then. Through the years, he has held various offices all over the country till he became General Manager (Finance) in the year 1990. While handling the Finance portfolio, he was also in charge of Personnel & Human Resource Development (HRD). In March 1995, he was appointed on the Board of Directors of the Company as Senior Vice President (Finance). He is presently designated as the Chief Financial Officer of the Company.

Mr. Deosthalee was instrumental in setting up L&T Finance Limited, which is one of the leading NBFC's in the country today, engaged in asset backed lending. In the last few years, the Company has expanded its presence in the Financial Services sector. Under Mr. Deosthalee's leadership, the Company has started Infrastructure Project Finance, General Insurance and AMC businesses.

The Company has made a major foray into Infrastructure Project Development through its participation in the Government's Public Private Partnership programme. The Company today has concessions for many Roads, Ports and other assets. Mr. Deosthalee oversees the operations of this business.

Mr. Deosthalee plays an important role in providing strategic direction to Larsen & Toubro Infotech Limited, a subsidiary of the Company, offering software services to global customers. He continues to head the HRD function and was also instrumental in establishing Shared Services Centre in the Company.

Besides the above activities, Mr. Deosthalee is also on the Board of several Subsidiary and Associate companies of the Company.

He is a member of the Takeover Regulation Advisory Committee (TRAC) constituted by Securities and Exchange Board of India (SEBI) to review the SEBI (Substantial Acquisitions of Shares and Takeover) Regulations, 1997 (Takeover Regulations) and to suggest recommendations for amendment to the Takeover Regulations as it considers necessary. Mr. Deosthalee is also the Co-Chairman of FICCI's Committee on Corporate Finance.

Part III, of Schedule XIII of the Companies Act, 1956 provides that the appointment and remuneration of Managing Directors and Whole-time Directors in accordance with Part I and Part II of the Schedule shall be subject to approval by resolution of the shareholders in a General Meeting.

By a Special Resolution passed on September 23, 2004, and amended on August 25, 2006, the shareholders have fixed the maximum limits within which the Board was delegated authority to decide the remuneration of Whole-time Directors of the Company. Pursuant to this, the Board has fixed the remuneration payable to Mr. Y. M. Deosthalee during his tenure as Whole-time Director.

The agreement entered into by the Company with Mr. Y. M. Deosthalee, in respect of his re-appointment as Whole-time Director, contains terms and conditions of his re-appointment including remuneration.

As from March 3, 2010, during the period of this agreement and so long as the Whole-time Director performs his services as per the terms and conditions provided by this agreement, he shall be entitled to the following:

Salary : Rs.6,30,000 (Rupees Six Lakh Thirty Thousand only) per month in the scale of Rs.4,00,000 - Rs.25,000 - Rs.6,00,000 - Rs.30,000 - Rs.7,50,000, with the annual increment due on April 1 every year.

Commission : 0.125% of the profits after tax of the Company for and from the year 2009-10.

Perquisites : Upto Rs.15 lakh per annum including free furnished accommodation or upto Rs.12 lakh excluding free furnished accommodation.

Others : Company's contribution to retirement funds, official use of car / driver and communication facilities for Company's business.

The Resolution at Item No. 9 is proposed for approval of the members for re-appointment of Mr. Y. M. Deosthalee, as the Whole-time Director as contemplated by Part III of Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any.

The Board recommends approval of the re-appointment of Mr. Y. M. Deosthalee, as Whole-time Director of the Company.

Mr. Y. M. Deosthalee, the Whole-time Director of the Company, being the appointee, is interested in the proposed Resolution.

The Agreement entered into with Mr. Y. M. Deosthalee will be open for inspection by members at the Registered Office of the Company on all working days [except Saturday] between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

This explanation together with the accompanying Notice is and should be treated as an abstract of the terms of re-appointment of Mr. Y. M. Deosthalee, as the Whole-time Director of the Company under Section 302 of the Companies Act, 1956.

Item No. 10 :

The Board of Directors of the Company at its Meeting held on May 17, 2010, re-appointed Mr. M. V. Kotwal, as a Whole-time Director of the Company for a period of five years with effect from August 27, 2010 upto and including August 26, 2015, subject to the approval of the members in the Annual General Meeting.

Mr. M. V. Kotwal is a graduate Mechanical Engineer from Sardar Patel College of Engineering, Mumbai. After graduation in Engineering in 1968, he joined the Company at Powai Works, Mumbai, as a junior engineer. After some years of training as a first-line supervisor in Light Fabrication Workshops at Powai, he was selected as part of a small group formed to execute orders for India's Nuclear Power Program. Mr. Kotwal was associated in various capacities with the manufacture of India's first Nuclear Power Reactor (235 MW) as well as all the critical reactor equipment. Starting with planning, he was later responsible for the entire manufacturing operations of Nuclear Power Equipment of the Company.

Mr. Kotwal's next major challenge was to manufacture Rocket Motor Casings for India's Space Research Program. He was given charge of the manufacture of casings for Satellite Launch Vehicles - SLV 3, ASLV as well as PSLV. He was part of a team to select and order some special equipment after visiting a number of companies in the USA.

Mr. Kotwal underwent specialized training in the manufacture of critical Paper Machinery, at the works of M/s Voith-Germany and Cement Machinery at M/s F L Smidth - Denmark. A major expansion of the Company's manufacturing base was undertaken in Hazira. He was part of the team transferred in '86 to Hazira. He was associated with all activities including selection and installation of machinery, recruitment and training of manpower, transfer of manufacturing know-how from Powai and manufacturing activities in the workshops. Today, Hazira Works is recognized as one of the most advanced Heavy Fabrication facilities matching Global standards.

Currently, as a Member of the Board of L&T and Senior Executive Vice President heading the Heavy Engineering Division (HED), Mr. Kotwal is responsible for two Operating Companies - Heavy Equipment & Systems and Shipbuilding. The Heavy Equipment & Systems Operating Company comprises different Strategic Business Units dealing with Domestic as well as International business, covering Equipment & Systems for Refineries, Fertiliser & Chemical Process Plants, Power Plants, Nuclear Power, Defence and Aerospace industries. A number of Workshops & facilities located at Powai, Hazira, Baroda, Vizag, Bangalore, Coimbatore, Talegaon and Oman form part of the Operating Company. The Shipbuilding Operating Company includes an operating shipyard at Hazira and a large new shipyard under construction near Chennai.

Part III, of Schedule XIII of the Companies Act, 1956 provides that the appointment and remuneration of Managing Directors and Whole-time Directors in accordance with Part I and Part II of the Schedule, shall be subject to approval by resolution of the shareholders in a general meeting.

By a Special Resolution passed on September 23, 2004, and amended on August 25, 2006, the shareholders have fixed the maximum limits within which the Board was delegated authority to decide the remuneration of Whole-time Directors of the Company. Pursuant to this, the Board has fixed the remuneration payable to Mr. M. V. Kotwal during his tenure as Whole-time Director.

The agreement to be entered into by the Company with Mr. M. V. Kotwal, in respect of his re-appointment as Whole-time Director, would contain terms and conditions of his re-appointment including remuneration.

As from August 27, 2010, during the period of this agreement and so long as the Whole-time Director performs his services as per the terms and conditions provided by this agreement, he shall be entitled to the following:

Salary : Upto Rs.5,50,000 (Rupees Five Lakh Fifty Thousand only) per month in the scale of Rs.4,00,000 - Rs.25,000- Rs.6,00,000- Rs.30,000 - Rs.7,50,000 with annual increment due on April 1 every year.

Commission : 0.1% per annum on Profits After Tax of the Company for and from the year 2010-11.

Perquisites : Upto Rs.12 lakh per annum including free furnished accommodation or upto Rs.9 lakh excluding free furnished accommodation.

Others : Company's contribution to retirement funds, official use of car / driver and communication facilities for Company's business.

The Resolution at Item No. 10 is proposed for approval of the members for re-appointment of Mr. M. V. Kotwal, as the Whole-time Director as contemplated by Part III of Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any.

The Board recommends approval of the re-appointment of Mr. M. V. Kotwal, as Whole-time Director of the Company.

Mr. M. V. Kotwal, the Whole-time Director of the Company, being the appointee, is interested in the proposed Resolution.

The Agreement to be entered into with Mr. M. V. Kotwal will be open for inspection by members at the Registered Office of the Company on all working days [except Saturday] between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.

This explanation together with the accompanying Notice is and should be treated as an abstract of the terms of re-appointment of Mr. M. V. Kotwal, as the Whole-time Director of the Company under Section 302 of the Companies Act, 1956.

Item No. 11 :

Presently, the Non-Executive Directors are paid commission not exceeding Rs. 90 lac per annum in the aggregate in terms of the resolution passed by the shareholders at the Annual General Meeting held on August 26, 2005. The said approval was valid for a period of five years with effect from the financial year 2005-2006.

The roles and responsibilities of Non-Executive Directors have undergone significant changes under Corporate Governance norms and made it more onerous for them, demanding their greater involvement in the supervision of the Company.

The compensation payable to the Non-Executive Directors of companies should be adequate to attract independent professionals to take up these positions. This practice of payment of remuneration to Non-Executive Directors has been adopted by many leading companies in India.

The performance of the Company has also been very buoyant over the past few years.

The Company, as a part of its future growth strategy, intends to enlarge its business in the international markets. It would be in the interest of the Company to also have more expatriate expertise on its Board to build its brand in the international markets.

Hence, approval of the shareholders is sought to enable the Company to make payment of remuneration in the form of commission to Non-Executive Directors, commensurate with their enhanced role and involvement, in any case not exceeding the limit of 1% of the net profits of the Company per annum in the aggregate, as specified in the first proviso to Section 309(4) of the Companies Act, 1956. The quantum of remuneration payable to each of the Non-Executive Directors within the aforesaid limit will be decided by the Board of Directors from year to year. This Resolution will be effective for a period of five years from April 1, 2010.

The Directors recommend passing of the Resolution.

All the Non-Executive Directors are or deemed to be, interested in the Resolution.

Item No. 12 :

The Company, as a part of its future growth strategy aims to emerge as a focused and strong engineering and construction company. The Company would need to invest in expanding its facilities to support a growing order book. Growth in business would also require a larger level of long term working capital. In addition to growing its existing areas of business, the Company plans to enter into and expand its presence in other ventures including infrastructure development projects. The Company may also consider suitable opportunities for inorganic growth.

While it is expected that the internal generation of funds would partially finance this programme and debt raising would be another source of funds, it is thought prudent for the Company to raise a part of the funding requirements for the said purposes as well as for such other corporate purposes as may be permitted under applicable laws through the issue of appropriate securities as defined in the resolution, in Indian or international markets.

It is, therefore, proposed to raise an amount not exceeding US$600 mn or INR 2700 crore, if higher in one or more tranches, on such terms, in such manner, at such price or prices and at such time as may be considered appropriate by the Board, from the various categories of investors in the Indian or international markets as set out in the resolution.

The fund raising programme may be through a mix of equity / equity-linked instruments, as may be appropriate. Members' approval is sought for the issue of securities linked to or convertible into Equity Shares of the Company. Section 81 of the Companies Act, 1956, provides, inter alia, that whenever it is proposed to increase the subscribed capital of a company by allotment of further shares, such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the company in proportion to the capital paid-up on those shares at that date unless the shareholders in a general meeting decide otherwise. The Listing Agreement executed by the Company with the Stock Exchanges also provides that the Company shall, in the first instance, offer all Securities for subscription pro rata to the Shareholders unless the Shareholders in a general meeting decide otherwise. Members' approval is sought for issuing any such instrument as the Company may deem appropriate to parties other than the existing shareholders. Whilst no specific instrument has been identified at this stage, in the event the Company issues any equity linked instrument, the issue will be structured in a manner such that the additional share capital that may be issued would not be more than 5% of the paid-up capital of the Company (as at the date when the Board recommended passing of the Special Resolution). The equity shares, if any, allotted on issue, conversion of Securities or exercise of warrants shall rank in all respects pari passu with the existing Equity Shares of the Company.

The raising of the above resources would be well within the borrowing limit of Rs.2000 crore over and above the aggregate of paid up capital and free reserves of the Company as approved by the Members at the Annual General Meeting of the Company held on 21st August, 1989.

The Company may also opt for issue of securities through Qualified Institutions Placement. A Qualified Institutions Placement (QIP) of the shares of the Company would be less time consuming and more economical.

Accordingly, the Company may issue securities by way of a QIP in terms of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI Regulations'). These securities will be allotted only to Qualified Institutional Buyers (QIBs) as per the SEBI Regulations and there will be no issue to retail individual investors and existing retail shareholders. The resolution proposed is an enabling resolution and the exact price, proportion and timing of the issue of the securities will be decided by the Board based on an analysis of the specific requirements after consulting all concerned. Therefore, the proposal seeks to confer upon Board the absolute discretion to determine the terms of issue in consultation with the Lead Managers to the Issue.

As per Chapter VIII of the SEBI Regulations, an issue of securities on QIP basis shall be made at a price not less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the "relevant date".

The "relevant date" for the above purpose, shall be -

i) in case of allotment of equity shares, the date of meeting in which the Board decides to open the proposed issue

ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares, as may be determined by the Board.

The Stock Exchange for the same purpose is the Bombay Stock Exchange Limited / National Stock Exchange of India Limited.

In accordance with the SEBI Regulations, special resolution of shareholders under Section 81(1A) of the Companies Act, 1956 is required for a QIP Issue. In case of QIP Issuance the special resolution has a validity period of 12 months before which allotments under the authority of said resolution should be completed.

The Board of Directors recommend passing of the Special Resolution.

None of the Directors is in any way concerned or interested in the proposed resolution except to the extent of his/her holding of equity shares in the Company.

Item No. 13 :

Section 224A of the Companies Act, 1956 provides that in the case of a company in which not less than 25% of the subscribed share capital is held whether singly or in any combination, by:

a] a public financial institution or a Government company or Central Government or any State Government, **or**

b] any financial or other institution established by any Provincial or State Act in which a State Government holds not less than 51% of the subscribed share capital, **or**

c] a nationalized bank or an insurance company carrying on general insurance business;

the appointment or re-appointment at each Annual General Meeting of an Auditor or Auditors shall be made by a Special Resolution.

The total share capital held by public financial institutions, nationalized banks and nationalized insurance companies is over 25% of the subscribed share capital of the Company. It is therefore necessary that the re-appointment of Sharp & Tannan, Auditors should be made by a Special Resolution.

The Auditors, have informed us vide letter dated May 13, 2010, that their appointment if made would be within the limits prescribed u/s. 224(1B) of the Companies Act, 1956.

The Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold valid certificate issued by the Peer Review Board of the ICAI.

The Directors recommend the Resolution for approval of the shareholders.

None of the Directors of the Company is concerned or interested in the Resolution.

By order of the Board of Directors
For **LARSEN & TOUBRO LIMITED**

N. HARIHARAN
COMPANY SECRETARY

Mumbai, May 17, 2010

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

(ANNEXURE TO NOTICE DATED MAY 17, 2010)

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

Name of the Director	Mr. J. P. Nayak	Mr. Y. M. Deosthalee	Mr. M. V. Kotwal	Mr. M. M. Chitale
Date of Birth	November 13, 1943	September 6, 1946	October 10, 1948	November 16, 1949
Date of Appointment on the Board	March 3, 1995	March 3, 1995	August 27, 2005	July 6, 2004
Qualifications	Graduate in Mechanical Engineering and Post Graduate Diploma in Production Engineering	B. Com, L.L.B., A.C.A.	B. E. - Mech, University of Mumbai	B.Com, F.C.A.
Expertise	General Management and Manufacturing & Marketing of Construction/Industrial Equipment and Cement	Vast experience in the fields of Finance and Infotech Business; General Management	Vast experience in Heavy Engineering business including manufacture of critical equipment for Nuclear Power and Space Research Program	Vast experience in the field of Finance and Accounts
Directorships held in other public companies (excluding foreign and private companies)	1. Audco India Limited 2. L&T Plastics Machinery Limited 3. Tractor Engineers Limited 4. L&T Strategic Management Limited 5. Ewac Alloys Limited 6. L&T-Komatsu Limited 7.. NAC Infrastructure Equipment Limited 8. L&T Natural Resources Limited	1. L&T Finance Limited 2. L&T Power Development Limited 3. Larsen & Toubro Infotech Limited 4. L&T Infrastructure Finance Company Limited 5. L&T Infrastructure Development Projects Limited 6. L&T General Insurance Company Limited 7. The Dhamra Port Company Limited 8. L&T Capital Holdings Limited 9. L&T Mutual Fund Trustee Limited	-	1. ASREC (India) Limited 2. Ram Ratna Wires Limited 3. Shriram Transport Finance Company Limited 4. ONGC Mangalore Petrochemicals Limited 5. ONGC Petro Additions Limited 6. ITZ Cash Card Limited 7. Essel Propack Limited 8. Foseco India Limited
Chairmanships/ Memberships of committees across public companies	**Chairman** Audit Committee - 1. Tractor Engineers Limited 2. Audco India Limited 3. Ewac Alloys Limited 4. L&T-Komatsu Limited 5. L&T Plastics Machinery Limited **Member** Shareholders'Grievance Committee - 1. Larsen & Toubro Limited	**Chairman** Audit Committee - 1. L&T Finance Limited 2. Larsen & Toubro Infotech Limited 3. The Dhamra Port Company Limited 4. L&T Infrastructure Development Projects Limited 5. L&T Capital Holdings Limited **Member** Audit Committee - 1. L&T General Insurance Company Limited 2. L&T Mutual Fund Trustee Limited	-	**Chairman** Audit Committee - 1. Larsen & Toubro Limited 2. ITZ Cash Card Limited 3. Foseco India Limited **Member** Audit Committee - 1. ASREC (India) Limited 2. Ram Ratna Wires Limited 3. Shriram Transport Finance Company Limited 4. Essel Propack Limited Shareholders'/Investors' Grievance Committee - 1. Foseco India Limited
Shareholding of Non-Executive Directors	Not Applicable	Not Applicable	Not Applicable	550 Shares
Relationships between directors inter-se	Nil	Nil	Nil	Nil

(ANNEXURE TO NOTICE DATED MAY 17, 2010)

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)

Name of the Director	**Mr. N. Mohan Raj**	**Mr. Subodh Bhargava**	**Mrs. Bhagyam Ramani**
Date of Birth	November 29, 1953	March 30, 1942	January 9, 1952
Date of Appointment on the Board	May 29, 2007	July 3, 2007	July 19, 2007
Qualifications	M.A. (Economics)	Mechanical Engineering [University of Roorkee]	M.A. (Economics), Mumbai University
Expertise	Vast experience in the fields of Insurance, Marketing, Investment, Mutual Funds and Administration	Mr. Subodh Bhargava, a Mechanical Engineer is Chairman Emeritus of Eicher Group. He has held and continues to hold many important positions with various Government Committees and in the field of Education with close association in technical and management education in India	Has 30 years of experience in Investment Operations & presently Director and General Manager in charge of Investment & Accounts in GIC
Directorships held in other public companies (excluding foreign and private companies)	1. HEG Limited	1. Wartsila India Limited 2. Tata Communications Limited 3. Tata Steel Limited 4. Samtel Color Limited 5. TRF Limited 6. Carborundum Universal Limited 7. GlaxoSmithKline Consumer Healthcare Limited 8. Batliboi Limited 9. SRF Limited 10. Tata Motors Limited 11. Wireless - TT Info Services Limited	1. General Insurance Corporation of India 2. IDBI Trusteeship Services Limited 3. Agricultural Insurance Company Limited 4. National Stock Exchange of India Limited
Chairmanships /Memberships of committees across public companies	**Member** Audit Committee - 1. Larsen & Toubro Limited 2. HEG Limited	**Chairman** Audit Committee - 1. Samtel Color Limited 2. Carborundum Universal Limited 3. GlaxoSmithKline Consumer Healthcare Limited 4. Tata Steel Limited **Member** Audit Committee - 1. Tata Communications Limited 2. Wartsila India Limited 3. TRF Limited 4. SRF Limited 5. Batliboi Limited	**Member** Audit Committee - 1. Larsen & Toubro Limited Audit & Investment Committee - 1. IDBI Trusteeship Services Limited 2. Agricultural Insurance Company Limited
Shareholding of Non-Executive Directors	*200 Shares	500 Shares	**200 Shares
Relationships between directors inter-se	Nil	Nil	Nil

* held jointly with LIC

** held jointly with GIC

65th
Annual Report
2009-2010

LARSEN & TOUBRO
It's all about Imagineering

Committed to Sustainable Growth

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

LARSEN & TOUBRO
It's all about Imagineering

A. M. Naik
Chairman & Managing Director

Dear Shareholders,

In the year under review, L&T weathered the impact of the global economic slowdown that began in FY08, and whose after effects continued well into FY10. The past year was also characterised by a period of political uncertainty due to the General Elections in the first half of the year, and a prolonged bout of inactivity when orders for infrastructure and hydrocarbon projects were deferred, and customers slowed down their ongoing expansion initiatives. L&T successfully navigated these crosscurrents for the better part of the year, and capitalised on a more conducive environment during the last few months of FY10 when both ordering and execution conditions turned favourable. The ongoing efforts taken during this period have paid off, and your Company has, once again, performed well.

Performance Overview

L&T posted good results on all key parameters during FY10. Despite the relative slow start during the first 9 months of the year, yearly sales registered a growth of 9% due to favourable project execution conditions in the last quarter of FY10. Fresh Order Inflows and the quantum of the Order Book always determine your Company's ability to thrive and grow. Results on both these counts have been significant despite a disappointing business environment in international markets. L&T achieved an impressive 35% growth in Order Inflows for FY10. Consequently, the Order Book position stood at a record Rs 100,239 crore as on end FY10. This gives the Company clear revenue visibility over the next couple of years.

Margins have, yet again, registered an improvement and your Company is hopeful of sustaining margins at a level close to this, despite volatile commodity prices and competition. Aided by cost efficient execution and risk mitigation measures, Profit after Tax at Rs. 4,376 crore grew 26% during the year. Robust operating cash flows were also achieved, supported by improved working capital management across businesses.

The performance of the Subsidiary & Associate companies during the year has also been encouraging. The Group total income for the year reached Rs.43,970 crore while the Group Profit after Tax recorded an impressive Rs.5,451 crore - an increase of 44% year on year.

It gives me pleasure to mention that the Board has recommended a dividend of Rs. 12.50 per equity share on a face value of Rs. 2 per share for the year. The corresponding dividend during the previous fiscal stood at Rs. 10.50 per share.

Preparing for accelerated growth:

The structural changes and growth measures implemented by your Company, even during the turbulent phase of FY09 and FY10, have taken root and are now integral to the organisation.

- **Talent Management:**

  L&T's reputation as a stable employment destination with an unparalleled canvas for professional development has helped the Company draw talented manpower across the board. Robust HR practices – such as differentiated reward systems, stock option plans and career growth opportunities have played their part in attracting and retaining skilled manpower as part of L&T's capability building exercise.

- **Technology:**

  Thrust on technology continues to be a focus area of your Company and it has successfully executed large, technologically complex projects that give it a unique and dominant position in the domestic infrastructure space. The Company continues to forge JVs / alliances with technology majors whenever the need arises. On the product development front, the Electrical & Electronics Division continues to view R&D as a core business driver, and filed 128 patents in 2009-2010, making it the third consecutive financial year in which over 100 patents were filed.

- **Business Integration:**

  L&T constantly seeks to achieve higher levels of vertical integration as a means to strengthen competitive advantage, enhance margins, acquire greater control over business segments and bid for larger, more complex jobs. This has been successfully accomplished in several sectors: in Roads and Urban Infrastructure projects, the Company spans the 'design-build-own' space; in the power sector, L&T straddles the entire value chain of 'design-manufacture-EPC-ownership'; and in upstream oil and gas, your Company has gainfully complemented its complex platform design expertise and modular fabrication facility, with its capability to install platforms at sea. In consonance with these on-going initiatives, corporate management ensures that L&T presents an integrated front to every end-customer.

- **IT in our Business:**

  L&T believes that a strong IT-business connect gives it a competitive edge. The Company constantly seeks to automate business and back-end processes in an effort to seamlessly integrate different parts of the organisation. With all businesses running integrated back-end ERP systems, your Company is focusing on advanced decision support systems to give it an advantage in the marketplace.

- **Capacity Expansion:**

  Over the last couple of years, we have added capacities to meet the increasing volumes of business which the Company hopes to garner. At the Group level, the Company's supercritical power plant manufacturing ventures are being commissioned. A Heavy Engineering facility adjoining the Company's Modular Fabrication facility in Oman was commissioned in FY10. Construction of L&T's Shipbuilding facility cum container port at Kattupalli, near Chennai is underway. The port at Dhamra in Orissa will be soon ready for commissioning, and is expected to provide a fillip to L&T's Developmental (Asset Ownership) business.

Renewable Energy:

In the context of the global focus on clean energy, the Company has embarked on multiple initiatives including projects in Solar Photovoltaic Power and manufacture of engineered large size castings for critical applications in wind power turbines. L&T has also targeted installed capacity of 2000 MW in Hydel Power as a Developer and / or EPC Contractor over the next few years.

Sustainable Development:

Your Company acknowledges its responsibility to safeguard the interest of future generations by implementing initiatives to conserve natural resources and protect environment. We have proactively set targets in these areas in line with Government of India's action plan on climate change.

Our initiatives to train people from the weaker sections of the society and make them employable have been acclaimed by the august industry bodies, such as, FICCI and BCCI. L&T's Sustainability Report 2009 has secured international distinction, emerging as the only entry from Asia, in awards announced by Global Reporting Initiative at Amsterdam.

Economic Scenario:

The Company seeks to exploit opportunities available in the domestic market and is viewed by investors as synonymous to an Infrastructure builder to the nation. While some macro-economic parameters such as high fiscal deficit, inflation, increasing interest rates, rising commodity prices and ripples from the European debt crisis do cause some concern, other vital economic parameters like GDP growth, Index of Industrial Production, Gross Capital Formation, high domestic savings rate, favourable demographic profile, ample liquidity, credit expansion and fiscal consolidation measures are healthy drivers for the economic progress of the country. The overall economic canvas appears to be robust and conducive to the continued growth of L&T during the year ahead.

Outlook:

We are quite hopeful of a healthy growth in Order Inflows during 2010-2011. Sectors which hold promise of growth are:

- ***Infrastructure & Construction***

I. Roads and Railways

The heightened activity in the Roads sector indicates that a spate of concessions is likely to be awarded on BOT basis this year. In the Railways business, L&T sees a diverse basket of opportunity in mass urban transit systems (metro and mono rails), station development, rolling stock manufacturing units for Indian Railways, railway sidings for industrial units, and opportunities in Dedicated Freight Corridor.

II. Water

This is an area that is likely to witness a significant increase in spends considering depleting water tables across the country and your Company hopes to expand its business in areas of bulk transmission, water treatment, desalination plants and waste water management.

III. Urban Infrastructure

The Company sees abundant prospects in 'Design and Build' projects in the areas of Real Estate, Hospitals, Educational Institutes and Hotels.

IV. Mining, Metals & Material Handling

The increased activity in mining, steel, ports and power sectors has given rise to a number of business opportunities which the Company hopes to tap in FY11.

- ***Heavy Engineering***

I. Heavy Industrial Equipment

We continue to be globally respected for design and manufacture of heavy process plant equipment. This business is expected to grow steadily. The heavy fabrication facility set up under a JV in Oman was inaugurated during the year and will manufacture a range of equipment for the hydrocarbon and power sectors to cater to the growing markets in the GCC countries.

II. Nuclear Power

A large ordering of nuclear power projects to the tune of approximately Rs.100,000 crore is scheduled over the next 5 years in India. The Government has announced to install 62,000 MW of nuclear power capacity by 2032, of which 25,000 MW is expected to be added by 2020. This will be partly done through indigenous technology driven reactors for a capacity addition of about 7,000 MW and the balance through technology transfers from countries such as Russia, France and USA. L&T has a substantial role to play in the indigenisation programme through its own manufacturing & EPC capabilities. Towards this, we have signed MoUs with almost all the international nuclear technology suppliers, who have been selected for technology transfer and cooperation in India's nuclear power ambition.

In order to further meet these demands, L&T has set up a Joint Venture with Nuclear Power Corporation of India (NPCIL), to set up a Heavy Forging manufacturing facility at Hazira, Gujarat. We have also created and augmented dedicated nuclear reactors and steam generator manufacturing capacity at Hazira.

While we already have complete solution for Turbine Island and Balance of Plant, we have decided to additionally invest in building our capabilities to be able to execute Nuclear Island, which will enable L&T to build complete Nuclear Plants on a turnkey basis. One of the Board Members has been assigned the task of spearheading this initiative and the Company is confident in playing a significant role in this emerging opportunity.

III. Defence

The Government policy initiative for private sector participation in Defence sector has been slow till date. In order to strengthen India's defence, we hope that changes will happen soon in Government Policy, which will enable L&T to meaningfully participate in the country's defence production program.

- ***Thermal Power***

The Company is fully geared to cope up with the increasing demands in the Power Sector. I am pleased to inform you that the manufacturing facilities for Boilers and Turbines, which the Company had undertaken to construct in Joint Venture with Mitsubishi Heavy Industries of Japan, have started production activities. The remaining factories to manufacture Power Plant Auxiliaries are in an advanced stage of commissioning.

With an average supercritical capacity of approx. 15,000MW expected to be added each year in the country, prospects in the Power Sector seem encouraging and the Company is in readiness to fully harness this potential, backed by its capability to execute complete EPC contracts for power plants.

The large expected addition to the generation capacity is likely to boost demand for augmentation of the T&D network across the country. L&T seeks to capitalise on this boom by leveraging its capabilities and track record in setting up Transmission Lines and Substations. To meet this demand, in addition to the Company's existing two factories, we are in the process of setting up a 3rd Transmission Tower Manufacturing facility in the Eastern part of India.

- ***Hydrocarbon***

India's energy security needs and the expected hydrocarbon prospects in the Middle East are likely to drive large spends in oil and gas exploration, production, refining facilities and petrochemical complexes. Your Company is poised to tap this business potential by exploiting its capabilities to deliver complex Oil and Gas platforms and solutions in both the upstream and mid / downstream spaces.

To cater to the offshore requirements, a state-of-the art heavy lift-cum-pipe lay vessel has been built in Joint Venture with SapuraCrest Petroleum Berhad of Malaysia and has been commissioned.

The Company's 2nd Modular Fabrication Yard at Oman has augmented its capabilities in the upstream sector.

Additionally, to meet the increasing demands in the Hydrocarbon Upstream sector, the Company has undertaken to set up its 3rd Modular Fabrication Yard at Kattupalli, near Chennai which will commence production shortly.

- ***Electrical & Electronics***

After the sluggish growth experienced during the previous year, this business witnessed a healthy turnaround in both growth and profitability in FY10 and is expected to maintain its leadership position in the domestic market in FY11. Our acquisition of medium voltage switchgear company (TAMCO) in Malaysia is doing very well and access to this technology has also helped the Company fill the void in its range of offerings in the Indian market thereby exploiting a larger spectrum of the Indian Switchgear market.

In line with the Company's policy to exit from its non-core businesses, we have sold the Petroleum Dispensing Pumps & Systems Business during the year.

- ***Machinery and Industrial Products***

Having gone through a period of slowdown in the industrial sectors in the recent past, most business units in this Division achieved a healthy recovery in both sales and margin in FY10. The Division expects to register a healthy performance in the coming year with the Construction and Mining machinery business poised for a smart growth.

To meet the increasing demand in the Power Sector, a new plant for manufacture of Specialised Valves has commenced operations in Coimbatore.

The Rubber Machinery facility in China has already gone into production and will help in providing more competitive offerings, while expanding the market reach.

The Company's manufacturing Campus at Kansbahal near Rourkela is undergoing capacity expansion, with the addition of Apron Feeders and Wheel Loaders in its product range.

In addition, to tap the growing opportunities offered by the renewable energy sector, the Company has commissioned a brand new state-of-the-art foundry in Coimbatore for manufacturing Wind Mill Castings.

In keeping with the Company's policy to continually streamline the business portfolio, we have divested our stake in Voith Paper Technology (India) Limited.

- ***IT***

After last two years of slowdown in the IT sector, L&T is hopeful of a healthy growth in its IT business with the industry witnessing a recovery. Leveraging on its global presence, several initiatives have been undertaken to fully exploit this recovery:

I. Achieved good progress in operationalising the IT connect to business in areas such as (a) deploying mobile PDA or phone in the insurance business, (b) improving agility of compliance in the BFSI sector, and (c) increasing efficiencies of investment banking brokerage business

II. Undertaken several steps towards increasing the agility of manufacturing and process industry by interconnecting operations, business processes and product planning layers. Typical examples are 'Digital oil field' for live monitoring of complex offshore operations, 'Prime Plant' offering for reducing meantime between failure in process plants etc

III. Deploying cutting edge technology like cloud computing and natural user interface

IV. Launching the system integration business for large systems like e-governance, railway operations etc in India and the Gulf.

With a progressively larger geographical footprint and expanding client base, the Company is confident that the aforesaid initiatives will yield competitive advantage and commensurate growth in its IT business in the coming years.

- ***Financial Services***

This business has grown appreciably during FY10 and now holds assets in excess of Rs 10,000 crore. All performance metrics are robust and the business is expected to post sound growth in FY11.

We believe that in a growing economy, Financial Services sector will continue to grow, and it is, therefore, necessary to ensure suitable structuring of the business to exploit its full potential. The Company is exploring various options of unlocking value at an appropriate time in the near future.

- ***Developmental Business***

Your Company has been actively building its concessions business over the last few years. With the increase in the number and maturity of concessions in its fold, the Company is in the process of restructuring them into independent verticals like Infrastructure, Realty and Power Development.

The Company will continue to selectively exploit the growing opportunities in all the aforesaid sectors.

- ***International Business***

The sectors of power, hydrocarbon and urban infrastructure hold promise in the international markets. Improved oil prices have enhanced the opportunities in Gulf region. While Middle East and the Far East have yielded results, your Company hopes to exploit opportunities in other geographies as well. The Company is in the process of setting up a new office in Perth, Australia to exploit opportunities in the Hydrocarbon sector and in Johannesburg, South Africa to sell products and undertake projects in the Electrical Sector. We are also looking at possibilities of opening an office in Brazil to sell products and explore opportunities in the Oil & Gas Sector.

In order to give further stimulus to our International Business, we are setting up an organisation at the Corporate level to manage the entire International Marketing Network.

Before I conclude, I would like to thank all L&T-ites for their commitment and urge to excel in their respective spheres of activity which helps the Company to continue to grow each year. I would also like to express my gratitude to my colleagues on the Board, our shareholders, customers and business associates.

We are committed to serving the nation through all our initiatives, while at the same time striving to maximise stakeholder value. We will continue to uphold the faith and trust you have reposed in us.

Thank you,

A.M. Naik

Chairman & Managing Director

Mumbai, May 17, 2010

Contents

L&T's registered office in Mumbai.

65th ANNUAL GENERAL MEETING
AT BIRLA MATUSHRI SABHAGAR
19, MARINE LINES, MUMBAI 400 020
ON THURSDAY, AUGUST 26, 2010
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 (Electrical & 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

A. M. NAIK
CHAIRMAN & MANAGING DIRECTOR

ENGINEERING & CONSTRUCTION

K. V. RANGASWAMI — CONSTRUCTION

OPERATING Cos.

Buildings & Factories
- Institutional & Commercial Buildings
- Residential Projects
- Townships & SEZ
- Airports
- Hotels & Hospitals
- System Housing
- Industrial Plants
- Formwork & Building Products

Infrastructure
- Ports & Harbours
- Bridges
- Roads & Runways
- Metro Transportation
- Hydroelectric
- Nuclear Power
- L&T Rambøll – Engineering Services

Metallurgical, Material Handling & Water
- Minerals & Metals
- Bulk Material Handling
- Water Treatment & Distribution Projects

Electrical Projects
- Transmission Lines
- Substations
- Industrial Electrification & Instrumentation
- Railway Construction

Railway Projects
- Turnkey Solutions
- Mass Transport Systems
- Rolling Stock - Engineering & Manufacturing

K. VENKATARAMANAN — E&C PROJECTS

OPERATING Cos.

Upstream
- Oil & Gas EPC Projects
- Modular Fabrication & Drilling Rigs
- Floating Production Systems
- Installation Services
- Subsea Systems
- L&T Valdel - Engineering Services

Mid & Downstream
- Refineries
- Petrochemical & Fertilizers
- Gas Processing
- L&T Chiyoda - Engineering Services

Process Plant Construction

Pipelines
- EPC - Cross-country Projects & Construction
- L&T-Gulf Pipeline Engineering

A.K. CHHATWANI

OPERATING Co.

Power Development & Construction
- Power Development
- Fuel Source Management
- O&M
- Development & EPC for Alumina Project
- Water Process Technology

RAVI UPPAL

OPERATING Co.

L&T Power Limited
- Coal-based Supercritical Projects
- Gas-based Projects
- Boiler Island
- STG Island
- Boiler Manufacturing Facilities
- Pulverizing Mills (VRM)
- Turbine Manufacturing Facilities
- Heavy Foundry
- HP Piping Manufacturing Facilities
- Axial Fans & Air Preheaters Manufacturing Facilities
- Electrostatic Precipitators Manufacturing Facilities
- Thermal Power Plant Construction
- L&T Sargent & Lundy - Engineering Services

M. V. KOTWAL — HEAVY INDUSTRY

OPERATING Cos.

Heavy Engineering
- Coal Gasifiers & Thermal Plant Equipment
- Fertilizer & Petrochemical Equipment
- Refinery, Cracker Plant and Oil & Gas Equipment
- Weapon Systems
- Nuclear Power Equipment
- Aerospace & Aviation
- Strategic Electronics *Avionics*

Shipbuilding & Marine Systems
- Naval
- Merchant
- Repair & Refit

Heavy Forging Facilities

ELECTRICAL & ELECTRONICS

R. N. MUKHIJA

OPERATING Co.

Electrical & Automation
- Electrical Standard Products
- TAMCO – Medium Voltage Products
- Electrical Systems & Equipment
- Control & Automation
- Metering & Protection Systems

SBU
- Medical Equipment & Systems

MACHINERY & INDUSTRIAL PRODUCTS

J. P. NAYAK

OPERATING Cos.

Industrial Products & Machinery
- Industrial Machinery for Paper, Steel, Bulk Material Handling
- Rubber Processing Machinery
- Plastics Processing Machinery
- Industrial Valves
- Welding Products & Cutting Tools
- Foundry Products
- Heavy Structure Fabrication

Construction Machinery
- Construction & Mining Machinery
- Hydraulic Equipment
- Undercarriage and Material Handling Systems
- Spares & Service

IT & ENGINEERING SERVICES
CIO

V. K. MAGAPU

OPERATING Co.

L&T Infotech IT Services

Verticals
- Manufacturing
- Energy, Oil & Gas & Process Industries
- Product Engineering Services
- Insurance
- Banking & Financial Services

Horizontals
- ERP – SAP, Oracle
- Infrastructure Management Services

SBUs

Integrated Engineering Services
- Mechanical & Mechatronics Services
- Embedded Systems & Software

FINANCE & HR

DEVELOPMENT PROJECTS & FINANCIAL SERVICES

Y. M. DEOSTHALEE

Financial Services
- Infrastructure Finance
- Equipment Finance
- Trade Finance
- Microfinance
- Mutual Funds
- General Insurance

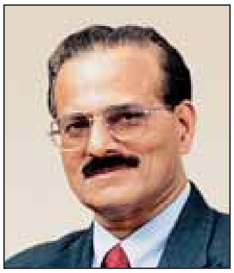
Infrastructure Development Projects
- Roads & Bridges
- Ports & Harbours
- Railways
- Hydro Power Projects
- Transmission Projects
- Water Projects
- Gas Pipelines
- Solar Energy

Urban Infrastructure Development

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

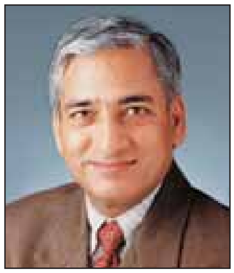
A. M. Naik
Chairman &
Managing Director



J. P. Nayak
President
(Machinery & Industrial Products)

Y. M. Deosthalee
Chief Financial Officer

K. Venkataramanan
President
(Engineering & Construction Projects)



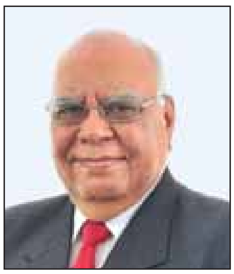
R. N. Mukhija
President
(Electrical & Electronics)

K. V. Rangaswami
President
(Construction)

V. K. Magapu
Senior Executive
Vice President
(IT & Technology Services)

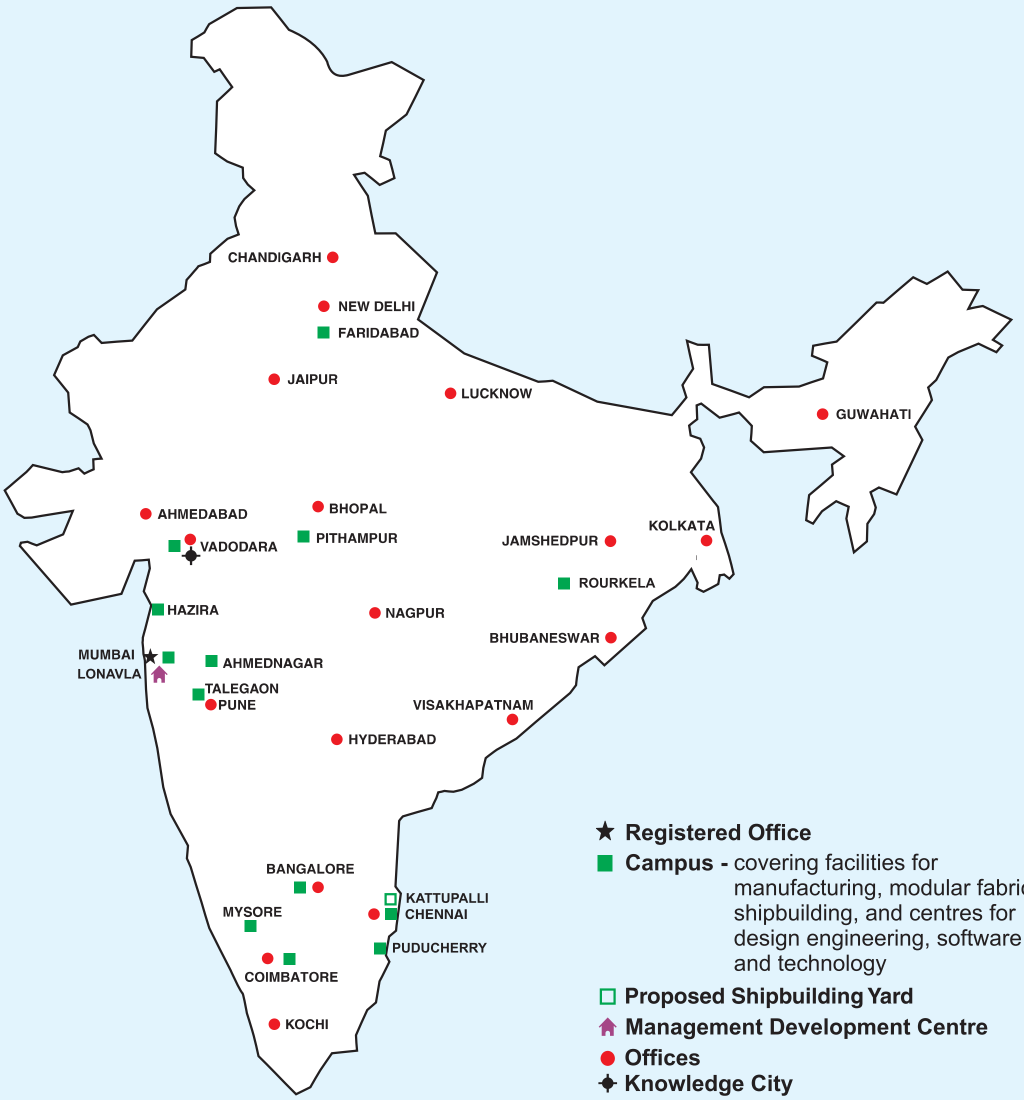
M. V. Kotwal
Senior Executive
Vice President
(Heavy Engineering)

Ravi Uppal
CEO & MD
L&T Power Limited



A. K. Chhatwani
Senior Executive
Vice President
(Power Development)

A Nationwide Network



★ **Registered Office**

■ **Campus -** covering facilities for manufacturing, modular fabrication, shipbuilding, and centres for design engineering, software development and technology

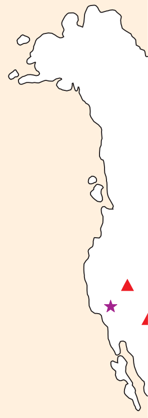
□ **Proposed Shipbuilding Yard**

Management Development Centre

● **Offices**

Knowledge City

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



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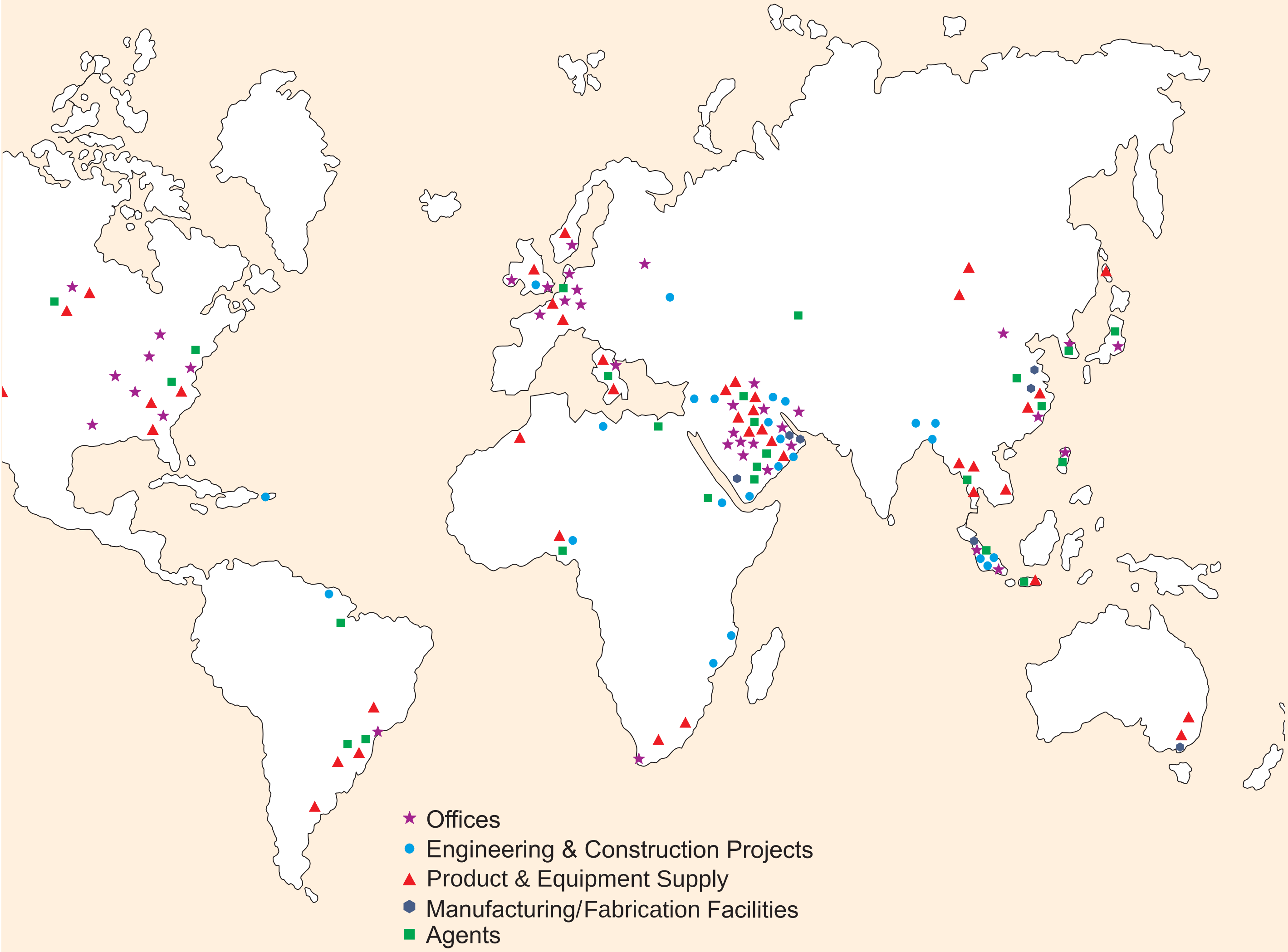
It's all about Imagineering

A Global Presence



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

STANDALONE FINANCIALS-10 YEAR HIGHLIGHTS

Rs.crore

Description	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
Profit and Loss Account										
Gross sales & service	36996	34045	25187	17901	14966	13255	9807	9870	8167	7825
Other income	2385	1032	676	522	519	732	461	302	277	310
Gross revenues	39381	35077	25863	18423	15485	13987	10268	10172	8444	8135
Net sales & service	36675	33647	24855	17567	14735	13050	9561	9360	7726	7390
PBDIT ^^	5726	4662	3403	2245	1480	1115	945	1047	1102	1116
Profit before tax (excluding extraordinary/exceptional items)	4806	3940	3068	1982	1235	933	769	510	401	339
Profit after tax (excluding extraordinary/exceptional items)	3185	2709	2099	1385	863	631	533	433	347	315
Extraordinary items (net of tax)	136	773	–	–	70	–	–	–	–	–
Exceptional items (net of tax)	1055	–	74	18	79	353	–	–	–	–
Profit after tax (PAT)	4376	3482	2173	1403	1012	984	533	433	347	315
Dividend including dividend distribution tax	880^	720^	572	428	349	407	225	211	174	178
Balance Sheet										
Share capital	120	117	58	57	27	26	25	249	249	249
Share application money	25	–	–	–	–	–	–	–	–	–
Reserves	18167	12343	9497	5711	4613	3343	2750	3314	3095	3751
Net worth	18312	12460	9555	5768	4640	3369	2775	3563	3344	4000
Deferred tax liability (net)	77	48	61	40	77	95	114	841	853	–
Loan funds	6801	6556	3584	2078	1454	1859	1324	3176	3463	4263
Capital employed	25190	19064	13200	7886	6171	5323	4213	7580	7660	8263
Net fixed assets	6366	5195	3645	2225	1605	1083	1015	4056	4264	4671
Investments	13705	8264	6922	3104	1920	961	966	1160	918	813
Net working capital (NWC)	5119	5605	2630	2547	2625	3238	2185	2300	2413	2735
Miscellaneous expenditure (to the extent not written-off)	–	–	3	10	21	41	47	64	65	44
Ratios and statistics										
PBDIT incl. other income as % of total income @	15.09	13.44	13.37	12.43	9.75	8.30	9.43	10.84	13.76	14.49
PAT excluding extraordinary/exceptional items as % of total income $	8.39	7.81	8.25	7.67	5.71	4.70	5.32	4.48	4.34	4.09
ROCE % *	15.92	18.52	21.12	20.71	16.70	14.63	14.40	7.65	7.47	7.47
RONW % **	20.73	24.67	28.21	26.84	21.88	21.05	20.66	12.91	9.69	8.18
Gross Debt: Equity ratio	0.37:1	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
NWC as % of gross sales & service	13.84	16.47	10.44	14.23	17.54	24.43	22.28	23.30	30.42	34.95
Current ratio	1.24	1.34	1.19	1.27	1.38	1.58	1.47	1.58	1.81	2.11
Basic earnings per equity share (Rs.) #	73.77	59.50	37.80	25.11	19.02	19.41	10.71	8.71	6.98	6.34
Book value per equity share (Rs.) ##	303.69	212.31	162.95	101.14	83.50	63.48	54.18	69.57	65.13	78.66
No. of equity shareholders	8,14,678	9,31,362	5,78,177	4,28,504	3,27,778	3,23,908	3,65,824	4,90,628	5,09,922	5,13,562
No. of employees	38,785	37,357	31,941	27,191	23,148	19,848	18,996	21,873	22,922	23,988

Figures for the years 2000-2001 to 2002-2003 include demerged cement business.

^^ Profit before depreciation, interest and tax [PBDIT] (excluding extraordinary/exceptional items) and including other income.

^ Includes dividend distribution tax of Rs. 14.77 crore for FY 2009-2010 and Rs.2.69 crore for FY 2008-2009, paid by direct subsidiary companies 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)].

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

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

** RONW [(PAT excluding 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 issue of bonus shares/restructuring during the respective years.

After considering issue of bonus shares/restructuring during the respective years.

CONSOLIDATED FINANCIALS - HIGHLIGHTS

Rs.crore

Description	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Profit and Loss Account									
Gross sales & service	43854	40608	29561	20700	16747	14599	11107	10857	9195
Other income	3051	916	684	1071	577	696	488	267	239
Gross revenues	46905	41524	30245	21771	17324	15295	11595	11124	9434
Net sales & service	43514	40187	29199	20336	16500	14379	10849	10327	8714
PBDIT ^^	7198	5600	4097	3013	1904	1404	1271	1240	1341
Profit before tax (excluding extraordinary/ exceptional items)	5527	4344	3384	2510	1472	1052	921	469	414
Profit attributable to Group shareholders (excluding extraordinary/exceptional items)	3796	3007	2304	1810	1051	697	600	380	290
Extraordinary items (net of tax)	136	773	–	–	70	–	–	–	–
Exceptional items (net of tax and minority interest)	1519	9	21	430	196	353	147	–	–
Profit attributable to Group shareholders	5451	3789	2325	2240	1317	1050	747	380	290
Dividend including dividend distribution tax	880	720	572	428	349	407	225	211	174
Balance Sheet									
Share capital	120	117	58	57	27	26	25	249	249
Share application money	25	–	–	–	–	–	–	–	–
Reserves	20846	13871	10773	6865	4937	3290	2622	2968	2889
Net worth	20991	13988	10831	6922	4964	3316	2647	3217	3138
Minority interest	1087	1058	923	646	107	105	54	50	44
Loan funds	22656	18400	12120	6200	3499	3454	2769	4701	4978
Deferred payment liabilities	1951	1970	196	232	–	–	–	–	–
Deferred tax liability (net)	153	131	122	107	127	138	214	913	928
Capital employed	46838	35547	24192	14107	8697	7013	5684	8881	9088
Net fixed assets	18979	15618	8523	5440	2973	2215	2140	5539	5824
Investments	9928	6805	5552	2478	1676	615	624	528	358
Loans & advances towards financing activities	10935	7110	6161	2410	1012	406	375	323	218
Net working capital (NWC)	6996	6014	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 including other income as % of total income @	16.09	13.63	13.73	14.41	11.32	9.54	11.21	11.70	14.98
PAT excluding extraordinary/exceptional items as % of total income $	8.49	7.32	7.72	8.66	6.25	4.73	5.29	3.59	3.24
ROCE % *	12.68	13.82	16.69	20.74	17.62	14.92	14.01	7.16	6.82
RONW % **	21.75	24.32	26.68	30.71	25.78	23.96	21.24	12.45	9.24
Gross Debt:Equity ratio	1.08:1	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	0.51:1	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	15.95	14.81	13.28	18.17	17.98	25.59	22.49	22.03	28.41
Current ratio	1.29	1.31	1.25	1.36	1.40	1.64	1.50	1.55	1.79
Basic earnings per equity share (Rs.) #	91.90	64.76	40.44	40.10	24.75	20.70	15.01	7.65	5.83
Book value per equity share (Rs.) ##	348.06	238.27	184.31	121.39	89.36	62.44	51.58	61.99	60.82

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

^^ Profit before depreciation, interest and tax [PBDIT] (excluding extraordinary/exceptional items) and including other income.

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

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

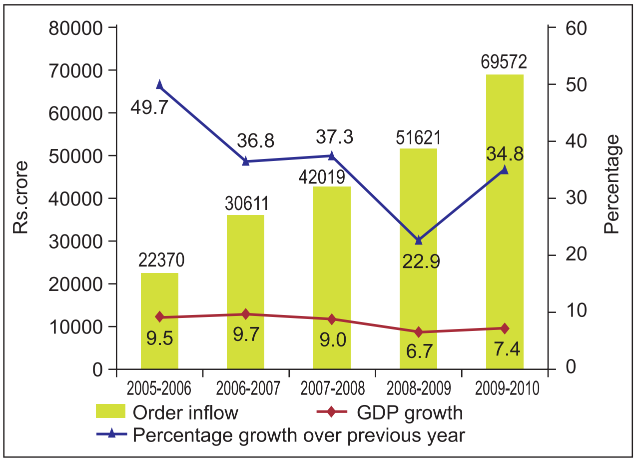
* ROCE [(profit available for appropriation excluding extraordinary/exceptional items+minority interest+interest-tax on interest)/(average capital employed excluding revaluation reserve,miscellaneous expenditure and borrowed funds of financial services business)]

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

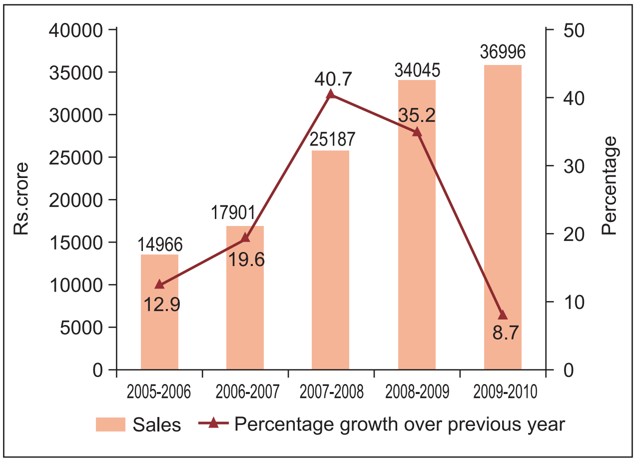
Basic earnings per equity share has been calculated including extraordinary/exceptional items and adjusted for all the years for issue of bonus shares/restructuring during the respective years.

After considering issue of bonus shares/restructuring during the respective years.

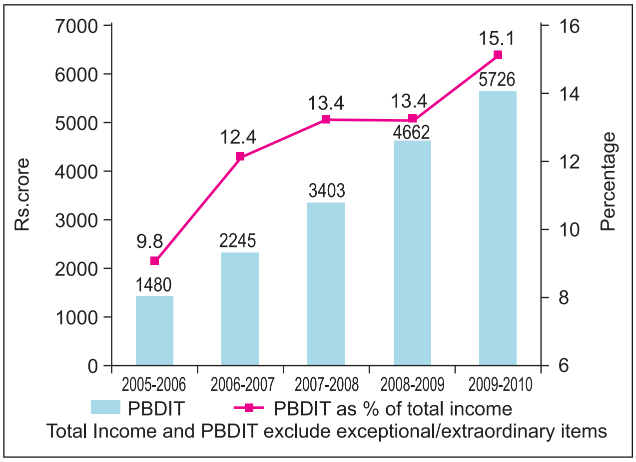
L&T-ORDER INFLOW



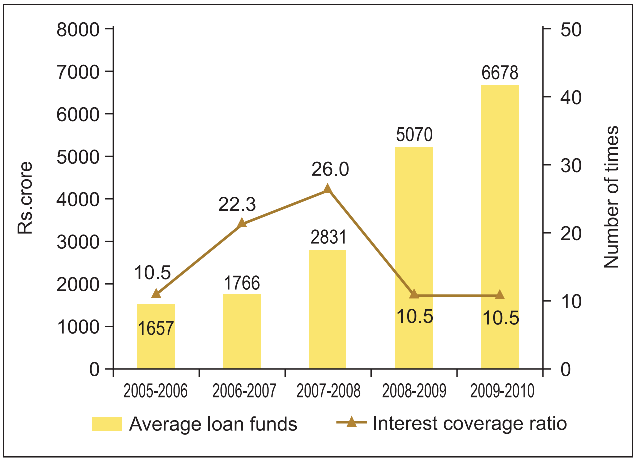
L&T-SALES



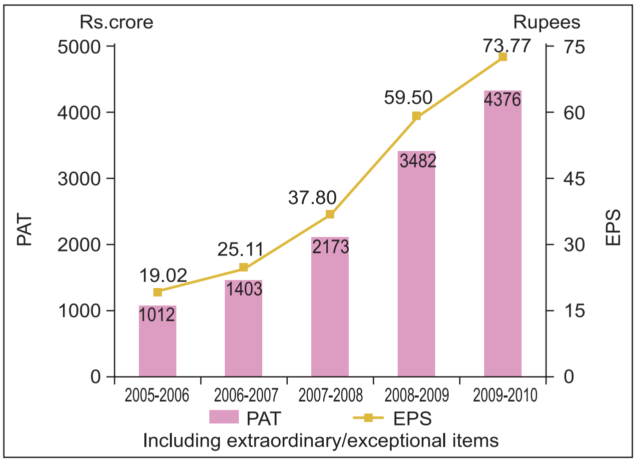
L&T-PBDIT AS % OF TOTAL INCOME



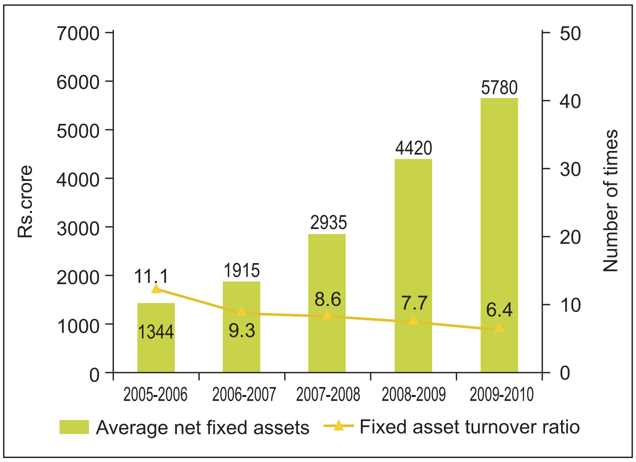
L&T-INTEREST COVERAGE RATIO



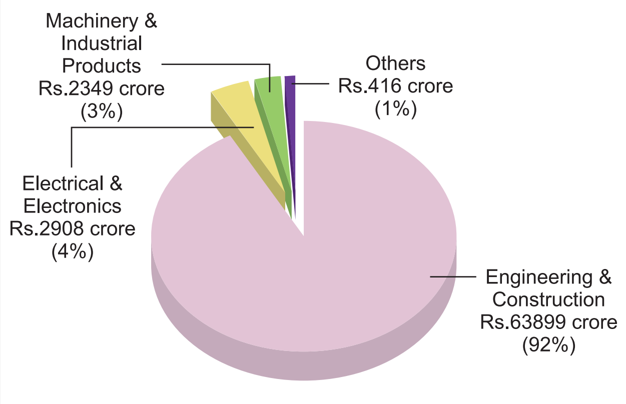
L&T-PAT & EPS



L&T-FIXED ASSET TURNOVER RATIO

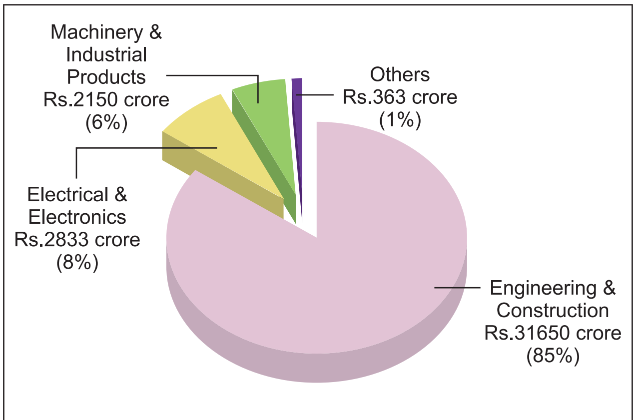


L&T-SEGMENT-WISE ORDER INFLOW 2009-2010



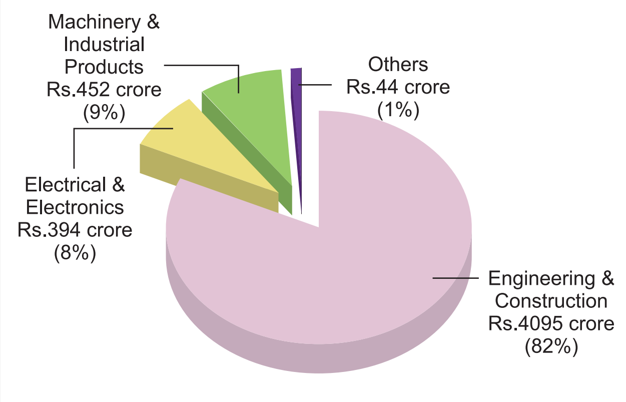
Total order inflow Rs.69572 crore

L&T-SEGMENT-WISE SALES 2009-2010



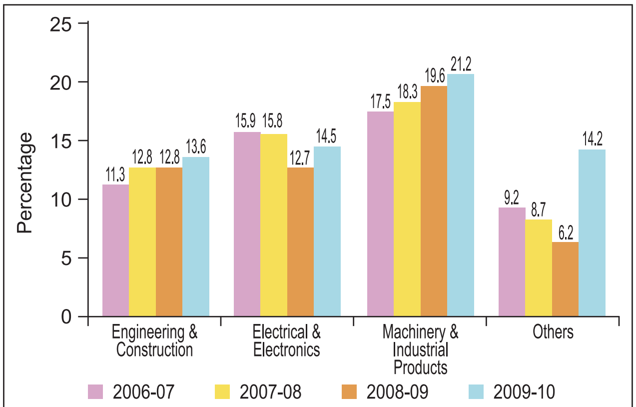
Total customer sales Rs.36996 crore

L&T-SEGMENT-WISE RESULT



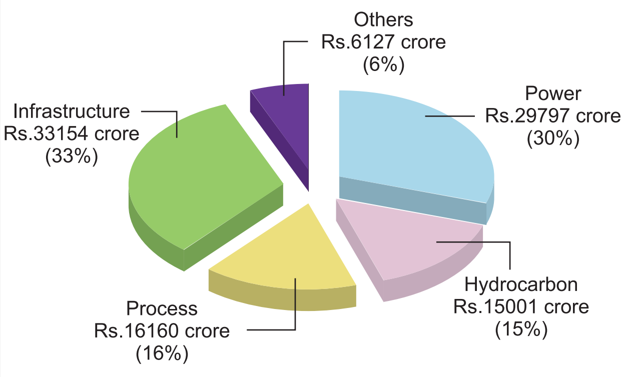
Total segment result Rs.4985 crore

L&T-SEGMENT-WISE EBITDA MARGINS*



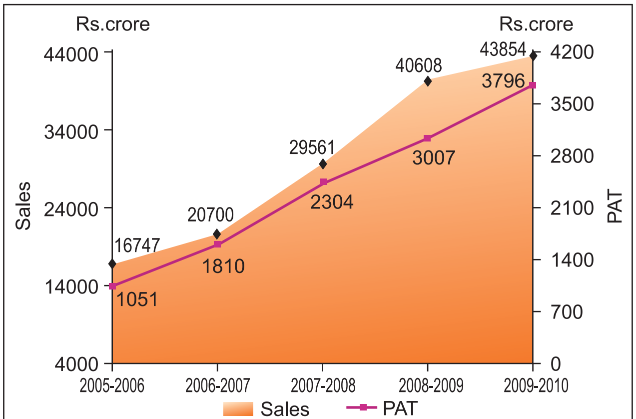
* Earnings before interest, tax, depreciation and amortisation as percentage of gross segment revenue

L&T-SECTOR-WISE ORDER BOOK AS AT MARCH 31, 2010



Total order book Rs.100239 crore

L&T CONSOLIDATED SALES AND PAT



PAT excludes extraordinary/exceptional items

Corporate Sustainability

- because progress is best viewed in 3 D

Sustainability Policy

We are committed to fulfilling our economic, environmental and social responsibilities while conducting business.

We will conserve natural resources, build social equity and achieve sustainable growth, through a culture of trust and caring, to serve all our stakeholders.

A M NAIK

LARSEN & TOUBRO

Corporate Human Resource Policy

We believe that people are our most valuable resource, and play a pivotal role in helping us realize our Vision. We are committed to:

- Acquiring, developing and retaining a pool of high-calibre talent
- Enabling and empowering our employees to be creative and innovative
- Establishing systems and practices for maintaining transparency, fairness and equity
- Creating a culture of continuous learning, competitiveness and excellence through change management
- Respecting ethics, values and good governance

We will protect our environment and uphold in letter and spirit the United Nations Universal Declaration of Human Rights and the fundamental Human Rights Conventions of International Labour Organisation.

A M NAIK

LARSEN & TOUBRO

Corporate Environment, Health & Safety (EHS) Policy

As an integral part of our business philosophy, we are committed to conserving the environment and providing a safe and healthy workplace to our employees and stakeholders. Towards this, we shall:

- Incorporate EHS considerations in all business decisions
- Ensure compliance to statutory and other requirements
- Prevent adverse environmental impacts and occupational health and safety risks
- Conserve natural resources, minimise waste generation and environmental emissions
- Impart structured training for employees and stakeholders for effective EHS performance
- Encourage communication, consultation and collaboration with all the stakeholders

We shall strive for continual improvement in our EHS performance.

A M NAIK

LARSEN & TOUBRO

There are 3 dimensions to progress – the economic, the environmental and the social. It is now widely accepted that success on any one parameter alone would be lopsided, unstable and, in the end, unsustainable. We at L&T have a long tradition of believing and acting on the principle that all three dimensions must go hand in hand.

Building on our rich heritage of fostering development with a human conscience, we have now adopted policies and implemented measures that put us at the vanguard of the sustainability movement within Indian industry. We were among the first corporates to codify policies covering human resources, environment, health and safety. We maintain the highest standards of corporate ethics, with a transparent governance structure, and we contribute significantly to the sustainable growth of our neighbouring communities. We proactively follow the voluntary guidelines on corporate social responsibility issued by the Ministry of Corporate Affairs in December 2009. In fact, L&T was one of the first engineering & construction companies in India to report on Corporate Sustainability performance. These activities are highlighted in the following pages. The full Corporate Sustainability Report can be viewed on www.larsentoubro.com

People - those who so proudly wear the L&T badge, those who belong to the extended family of L&T's supply chain and those who are part of the community around us – are all integral to our future.

Employee Engagement

Our HR programme covers every aspect of an employee's engagement with the company. Opportunities are created to widen their horizons in many ways. Cross-over careers give people the chance to enrich different operational areas with their experience and expertise. Continuous in-house training opportunities – both classroom and online – keep them abreast of the latest trends in their sphere of operation as well as impart the soft skills so crucial for accomplishing goals in a socially complex environment. Occupational health and safety continues to receive focus.

Corporate Wellness

L&T's efforts in promoting workplace wellness and the sustainable enhancement of health and safety standards have received peer recognition. The Confederation of Indian Industry has honoured L&T with its prestigious Corporate Wellness Award for best health practices.

Care extends beyond careers. L&T encourages all-round growth of its people as well as their families. Trained counsellors help them tide over life's crises. Personality development is enhanced through classes ranging from transactional analysis to interpersonal relationships. An engineering institute has been set up exclusively for the

THRUST AREAS	ACTIVITIES
Education	Constructing schools and classrooms, providing teaching aids, conducting enrichment activities, setting up computer and science laboratories and supporting pre-school centres. Establishing vocational training institutes.
Employee volunteering	Initiatives include blood donation, rallying support during natural calamities, fund-raising, imparting knowledge to youth.
Mother & child health	Conducting health check-up camps in collaboration with other organizations for women and children, setting up health centres focusing on reproductive health for the underprivileged sections, camps on cataract, anemia, health awareness, malnutrition mitigation, etc.

children of employees. Although the nature of our project, product and service offerings has resulted in a male-dominated workforce, the number of women employees is steadily increasing. Fostered by the spirit of professionalism and acceptance by male colleagues, and aided by facilities like crèches at major locations, women are enabled to make a positive contribution to the Company's growth.

L&T views training as a sustainability tool.

L&T's Management Development Centre is in rapid expansion mode - to keep pace with the growth of the Company and the challenges thrown up by the emerging business environment.

Social Initiatives

In the same spirit of viewing progress in all its dimensions, at L&T, we view social responsibilities as an extension of our people initiatives. Working closely with community leaders and local NGOs to assess pressing community needs, we undertake long-term programmes in health, education and vocational training. Health measures include immunization, mother and child care, periodic health camps, and HIV/AIDS prevention. Educational and vocational programmes focus on building self-sustenance and minimizing dependence. We also minimize adverse social impact at project sites. Through the L&T Charitable Trust, we reach out to rural communities at remote locations.

Vocational Training

It is accepted that rapid economic growth will expand job opportunities for India's youth. But in our view, this alone is unlikely to resolve the problems facing the country's growing population. As we see it, the malaise at the heart of our socio-economic set up is not unemployment but unemployability. To remedy this calls for solutions of a different kind. We on our part have done our bit by initiating and facilitating the training of youth. Here again, we chose the less privileged as our core target group. (The paradox of circumstances making the rich richer and the poor poorer applies to education as well: the qualified seek and secure super specialized training while the unqualified find themselves pushed further behind in the race). We therefore see the vocational training imparted by the Larsen & Toubro Charitable Trust and our role in several Construction Skills Training Institutes (CSTI) as critical in helping society and in sustaining industry.

L&T'S GREEN SPECTRUM

Projects & Products that are helping industry go green

Ultra-low sulphur diesel reactor *L&T is one of the few companies in India with the advanced manufacturing capability to design, engineer and manufacture equipment that meets the demands of clean fuel technology.*

Nuclear Power Plant *It is widely acknowledged that the answer to balancing the need for energy with the need for growth is to opt for nuclear power. L&T has developed the capability to supply critical equipment and build complete nuclear power plants.*

Industry vis a vis the Environment

At L&T, we do not regard the earth and industry in adversarial roles. Indeed, our whole concept of sustainability is built upon the premise that an industry which is responsible and conscientious can answer the energy intensive needs of growth without compromising the earth or its future. But clearly, today's problems cannot be resolved if we continue to apply yesterday's solutions. That is why L&T keeps itself abreast of the latest developments in technology to apply the most advanced solutions to today's needs. We constantly seek newer, more eco-sensitive and more efficient answers. Featured below is a selective representation of 'green-enablers' – products and systems offered by L&T which are helping industry save energy, reduce carbon emissions, and help preserve the environment.

We are committed to incorporating eco-efficiency into the core of our business operations.We are also proactively monitoring how our operations interact with the environment and intervene wherever it is required to implement measures that reduce or mitigate any potential adverse impacts.

This year we have looked at ways to:

- Minimise energy consumption
- Follow lean manufacturing practices
- Design for minimizing waste
- Conserve water resources
- Propagate 'Green Buildings'.

Together with all our stakeholders, we are confident that the colour of tomorrow will continue to be green.

ENERGY CONSERVATION INITIATIVES

Initiatives/Interventions	Total Energy Conserved during FY 2008-2009 (GJ)
Process redesign	3,328
Optimisation / operational control & efficiency	6,869
Conversion and retrofitting of equipment	6,682
Change to CFL lamps	396
Change in maintenance / operation schedule	151
Rationalisation of lighting patterns	3,051
Others	56

The products shown here are only an indicative selection of our multiple offerings that contribute to a greener tomorrow. Our main plant equipment, which in a super critical power plant can reduce CO^2 emissions from 2.5% to 5%, are featured elsewhere in the publication.

DHDS Units *L&T is one of the few companies in India with the capability to set up diesel hydro de-sulphurisation (or clean fuel) projects. L&T executed several of such projects around the country - milestones on our sustainability journey.*

L&T manufactures India's widest range of electrical and electronic equipment for control and distribution of power. Part of this range are intelligent systems that enable users to manage and conserve energy.

The Environment – a hot button issue

Every aspect of environmental protection receives close and continuing attention – energy conservation, water management, material efficiency….

Carbon Footprint mapping

The management mantra – 'You cannot manage what you don't measure' is especially relevant for the environment. L&T carried out carbon footprint mapping of its facilities, caused by direct, indirect factors and travel emissions.

Energy Consumption

There are two dimensions to computation of energy consumption – direct and indirect energy consumption. L&T has achieved reductions on both fronts. In 2009, direct energy consumption was reduced by 11.75 per cent. Indirect energy consumption was reduced by 10.98 per cent.

'A watt saved is 3 watts generated'

At L&T, we recognise that small steps go a long way in conserving energy. We are therefore promoting an energy conscious culture among all employees.

Renewable Energy

Around 13 per cent of L&T's electricity requirement is sourced through wind energy. Solar energy is being tapped at campuses in Powai, Hazira and Mahape.

Emissions

L&T has achieved a decline in the emission of Green House Gases on indirect emission by 16.15 per cent and in direct emission by 7.25 per cent.

Water Management

Virtually every water outlet across L&T's campuses – coolers, water fountains, washrooms and basins – carry graphic messages urging minimal usage. The results have been encouraging. The company has set for itself a target of reducing per capita water consumption by 10 per cent. All L&T campuses are targeting a zero discharge goal.

The Technology Block at Hazira (above) was awarded the Platinum certification under the internationally recognised LEED (Leadership in Energy & Environmental Design) programme. L&T's Engineering Design & Research Centre at Chennai (below) secured a silver rating.

Material Efficiency

Use of material is inescapable in business, but the critical difference lies in the attitude of responsibility with which material is sourced, used and replenished. We are working with our supplier and contractors to achieve a greener footprint and minimize the chances of accidental waste. The concept of 'Reuse, Recycle, Recover' is being communicated to all our constituents.

Corporate Sustainability at L&T is not prescriptive but participative – it is not a set of rules that have been laid down by the management but rather a responsibility that is shared by all. The concepts of reducing waste, protecting the environment and contributing to social good therefore find ready champions across the company.

Directors' Report

The Directors have pleasure in presenting their Annual Report and Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

	2009-2010 Rs. crore	*2008-2009 Rs. crore*
Profit before depreciation and tax	6,295.27	*4,246.40*
Less : Depreciation and amortization	415.90	*307.30*
	5,879.37	*3,939.10*
Add : Transfer from Revaluation Reserve	1.30	*1.31*
Profit before Tax and extraordinary items	5,880.67	*3,940.41*
Less : Provision for Tax	1,640.87	*1,231.21*
Profit after Tax (before extraordinary items)	4,239.80	*2,709.20*
Gain on extraordinary items (net of tax)	135.72	*772.46*
Profit after Tax and extraordinary items	4,375.52	*3,481.66*
Add: Balance brought forward from previous year	100.50	*104.31*
Less: Dividend paid for the previous year (including dividend distribution tax)	2.39	*0.33*
Balance available for disposal which the Directors appropriate as follows:	4,473.63	*3,585.64*
Debenture Redemption Reserve	43.34	*43.34*
Proposed Dividend	752.75	*614.97*
Dividend Tax	110.25	*101.83*
General Reserve	3,460.00	*2,725.00*
	4,366.34	*3,485.14*
Balance to be carried forward	107.29	*100.50*
Dividend		
The Directors recommend payment of dividend of Rs. 12.50 per equity share of Rs. 2/- each on 60,21,95,408 shares	752.75	*614.97*

YEAR IN RETROSPECT

The gross sales and other income for the financial year under review were Rs. 39,381 crore as against Rs. 35,077 crore for the previous financial year registering an increase of 12%. The Profit before tax and extraordinary items (after interest and depreciation charges) of Rs. 5,881 crore and the Profit after tax (before extraordinary items) of Rs. 4,240 crore for the financial year under review as against Rs. 3,940 crore and Rs. 2,709 crore respectively for the previous financial year, improved by 49% and 57% respectively.

DIVIDEND

The Directors recommend payment of dividend of Rs. 12.50 per equity share of Rs. 2/- each.

Equity Shares that may be allotted on exercise of Options granted under the Employee Stock Option Schemes as also on conversion of outstanding Foreign Currency Convertible Bonds (FCCBs) 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, 2010, 96.58% of the Company's total paid-up Capital representing 58,16,17,239 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 52,20,861 equity shares upon exercise of stock options by the eligible employees under the Employee Stock Option Schemes.

During the year under review, the Company raised Rs. 1,873 crore in India through the Qualified Institutions Placement route for general corporate purposes. The Company also issued unsecured Foreign Currency Convertible Bonds (FCCBs) of USD 200 million to international investors. The FCCBs are convertible into equity shares of the Company, and if not converted, are repayable at the end of 5 years. The FCCBs were issued to finance capital expenditure, investment in overseas subsidiaries and overseas acquisitions. For the same purposes, the Company also raised a 3 year foreign currency loan of JPY 1.809 billion (USD 20 million). During the year, the Company repaid a long term Rupee loan of Rs. 85 crore.

CAPITAL EXPENDITURE

As at March 31, 2010, the gross tangible and intangible assets, including leased assets, stood at Rs. 8,164.29 crore and the net tangible and intangible assets, including leased assets, at Rs. 6,365.76 crore. Additions during the year amounted to Rs. 1,604.25 crore.

DEPOSITS

38 Deposits totalling Rs. 0.04 crore which were due for repayment on or before March 31, 2010 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

The Company sends letters to all shareholders whose dividends are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made in co-ordination with the Registrar to locate the shareholders who have not claimed their dues.

During the year, the Company has transferred a sum of Rs. 78,78,362 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 was Rs. 8,09,04,801 as on March 31, 2010.

SUBSIDIARY COMPANIES

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

- 137 equity shares of Dhs. 550,500 each in Larsen & Toubro International FZE for Rs. 97.58 crores at par.

- 10,21,91,000 equity shares of Rs. 10 each in L&T Power Limited at par.
- 9,50,00,000 equity shares of 10 each in L&T Power Development Limited at par.
- 12,50,005 equity shares of Rs. 10 each in L&T-Gulf Private Limited at par.
- 2,19,80,400 equity shares of Rs. 10 each in PNG Tollway Private Limited at par.
- 10,000 equity shares of Rs. 10 each in L&T EmSyS Private Limited for a consideration of Re. 1.
- 50,000 equity shares of Rs. 10 each in L&T Technologies Limited at par.
- 135,15,41,591 equity shares of Rs. 10 each in L&T Capital Holdings Limited at par.
- 11,10,00,000 equity shares of Rs. 10 each in L&T Special Steels and Heavy Forgings Private Limited at par.
- 6,42,55,100 equity shares of Rs. 10 each in L&T Halol-Shamlaji Tollway Private Limited at par.
- 5,40,05,100 equity shares of Rs. 10 each in L&T Rajkot-Vadinar Tollway Private Limited at par.
- 6,20,05,100 equity shares of Rs. 10 each in L&T Ahmedabad-Maliya Tollway Private Limited at par.
- 10,000 equity shares of Rs. 10 each in L&T Aviation Services Private Limited at par.
- 2,90,00,000 equity shares of Rs. 10 each in L&T General Insurance Company Limited at par.
- 2,600 equity shares of Rs. 10 each in L&T Samakhiali Gandhidham Tollway Company Private Limited at par.
- 1,12,50,000 equity shares of Rs. 10 each in L&T Infrastructure Development Projects Limited for a consideration of Rs. 245 crore purchased from IDF.
- Further contribution of Rs. 1.25 per share & premium of Rs. 131.25 per share on 22,50,000 partly paid-up equity shares in Larsen & Toubro Infotech Limited amounting to Rs. 29.81 crore. With this contribution, these shares have become fully paid-up with paid-up value Rs. 5/- and premium of Rs. 524.995 per share.

During the year, International Seaport Dredging Limited issued to the Company 9,420 equity shares of Rs. 10,000 each in in lieu of the 9,420 preference shares of Rs. 10,000 each and 10,000 equity shares of Rs. 10,000 each in lieu of an ICD of Rs. 10 crores.

The Company subsequently sold 10,298 equity shares of Rs. 10,000 each in International Seaport Dredging Limited for a consideration of Rs. 10.30 crore.

The Company sold 15,00,000 shares representing 50% stake in Voith Paper Technology (India) Limited on September 30, 2009 for a consideration of Euro 10 million (Rs. 69.56 crore).

The Company sold 10,000 equity shares of Rs. 10 each in L&T Aviation Services Private Limited at par to L&T Capital Holdings Limited.

The Company's subsidiary International Seaports Pte. Ltd., Singapore has been liquidated during the year.

During the year under review, the Company also accepted the buy-back offers of the following companies:

- 65,500 equity shares of Rs. 10 each in L&T-Valdel Engineering Limited for Rs. 2.10 crore. L&T-Valdel Engineering Limited has now become a wholly owned subsidiary of the Company.
- 1,18,370 equity shares of Rs. 100 each in AUDCO India Limited for Rs. 27.22 crore.

The Company has applied for exemption from annexing the Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of the Subsidiary companies as required under Section 212(8) of the Companies Act, 1956 and the same is awaited.

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 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.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

By complying with the provisions of the Companies Act and Clause 49 of the Listing Agreement, the Company is complying with major clauses of the Corporate Governance Voluntary Guidelines, 2009.

We have reported in Annexure "C" to the Directors' Report - Corporate Governance, the extent of our compliance of the Corporate Governance Voluntary Guidelines, 2009 under the following heads:

1. Nomination & Remuneration Committee
2. Other Information
3. Audit Committee
4. General Shareholders' Information

CORPORATE SOCIAL RESPONSIBILITY VOLUNTARY GUIDELINES

The Ministry of Corporate Affairs has released a set of voluntary guidelines on Corporate Social Responsibility (CSR) in December 2009. The Company is proactively practicing the guidelines laid down. The Company has been one of the first engineering and construction companies in India to publish its report on Corporate Sustainability.

Some of the activities carried out by the Company as a part of its CSR initiatives are briefly described on page 87 of the Annual Report. A broad note on the subject is featured on pages 16 to 20. The detailed Corporate Sustainability Report is also available on the Company's website www.larsentoubro.com.

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, 2010 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;

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

v. that the Company has adequate internal systems and controls in place to ensure compliance of laws applicable to the Company.

DIRECTORS

Mrs. Bhagyam Ramani, Mr. Subodh Bhargava, Mr. J. P. Nayak, Mr. Y. M. Desothalee, Mr. M. M. Chitale and Mr. N. Mohan Raj 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 (S&T), 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.

S&T has submitted the Peer Review certificate dated May 6, 2009 issued to them by Institute of Chartered Accountants of India (ICAI).

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 17, 2010

The Company has since received from Central Government exemption under Section 212 vide letter no. 47/386/2010-CL-III dated June 23, 2010. Accordingly, 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. As required by the said letter, we have given the information on subsidiary companies in this Annual Report. 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.

The Company has since received from Central Government, vide its order No. 46/54/2010-CL-III dated May 18, 2010, exemption for the financial year ended on March 31, 2010 in respect of disclosure of 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 where the values of the individual items in each category are less than 10% of the total value of the category.

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 equipment and systems

- Replacement of GLS incandescent / conventional FTL lamps with Compact Fluorescent Lamps (CFL) and metal halide lamps in various offices, workshops and plants.
- Use of Solar power in various offices 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.
- Replacement of high rating induction motors with low rating motors to conserve energy.
- Energy savings by installing real time clocks to control operation of centralized A/C plant compressors.
- Use of Variable Frequency Drive (VFD) for various applications such as welding positioned, tank rotators, EOT cranes, 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, etc. saving energy.
- Use of energy saving devices like human sensors, presence sensors, time switches, zone controlled AC, auto hibernation for PC's, low emission films on glass doors and windows etc. to reduce energy consumption.
- Stopping air leakages, installing new air solenoid valves in air line to control air combustion, etc.
- Replacement of Chuck drives with the latest energy efficient drives, procurement of new high efficiency welding inverter based welding machines.

- Replacement of Air Circulator with the latest energy efficient Almonard make Air Circulator.
- Replacement of preheating burners with new designed ST5 burners resulting in reduction of Gas consumption.
- Conversion of Electrical Furnace / LSR / ISR with energy efficient PNG Gas Fired Furnace.
- Procurement of energy efficient Fronious welding machine & Pre-heat & Post heat panels for PNG gas control.
- Modification of portable electrical ovens with digital temperature controller to reduce power consumption.
- Implementation of 'Powerman' software for online energy monitoring of energy parameters.
- Consumer wise monitoring of consumption on pro-rata basis against performance indicators.
- Monitoring system to track excess consumption and other related parameters.
- Conducting Energy Audit of ESP & ESE business as well as Faridabad and Baroda campus through Bureau of Energy Efficiency (BEE) certified external agency for possible suggestions on optimizing energy consumption.
- Installations of Auto-operations (Timer control) for Forced Draft Ventilation System & A/c plant.
- Efficiency enhancement programme for Forced Draft Ventilation plants- regular filter cleaning, scheduled preventive maintenance, optimum damper setting, etc.
- Installation of 'desuperheaters' in Chillers.
- Thermo conductive booster for improvement in split & package AC performance.
- Close monitoring of AC plants- setting optimum temperatures, controlled usage etc.
- Operating computers in Power saver mode.
- Creating awareness on global warming by showing a Documentary film "An Inconvenient Truth" & Energy awareness rally.
- Celebration of "Earth Hour" to create awareness of climate change.
- Initiation of carbon footprint mapping at Hazira, Faridabad, Baroda & Powai. The action plan for reducing GHG is under preparation.
- Replacement of DG sets (with GSEB power) from MFF Jetty operations, resulting in optimization of costs.
- Replacement of capacitors with high frequency electronic ballast at MFF tower lights.
- Installation of APFC (automatic power factor controller) panels in the power circuit at MFF thus improving its power factor and enabling MFF to claim rebate in energy bills.
- Reducing weld groove angle throughout pile fabrication work for MHN project resulting in direct cost & energy saving.
- Replacement of older ACs with energy efficient star rated ACs.
- Use of wind power in offices in Chennai, wheeled from remote wind farms in Tamilnadu.
- Use of solar power packs in construction sites to offset diesel consumption.
- Use of VFD's in operating large winches
- Introduction of VVVF Drives in the place of conventional type starter panels in new cranes and Transfer trolleys installed in new galvanizing plant. (VVVF Drives present in Long travel and hoist operation in all 5 EOT cranes and in all the four motorised transfer trolley)
- Conversion of Slip ring Motor - Rotor resistance starter system to squirrel cage induction motor with VVVF drive system in two areas in existing crane.
- Replacement of old Motors used in Long travel applications in Raw material yard EOT Cranes to Energy efficient type motors (Siemens make).
- Fixing transparent sheets in between AC sheet in Roof of shop floor to improve indoor illumination as well as reducing indoor lights 'ON' time.
- Implementation of Lighting Circuit Energy Savers for Main Lighting Distribution Board.
- Achieving Power Factor of 0.99 (by adding APFC panel) and maintained the Demand at optimum level in spite of raise in loads.
- Enhancement of Capacitor Bank capacity to improve power factor.
- Various initiatives taken to reduce the fuel consumption include:
  - Special Additives added in Fuel for Complete Combustion.
  - Improved Preheating of Fuel.
  - Frequent Cleaning & Monitoring of Burners, Valves, Nozzles & Strainers.
  - Increased throughput (Production Enhancement).
- Solar Lighting at Canteen & Security Building.
- Conversion of Pin-Bush type coupling with Tyre coupling which lead to reduced failures and reduced Motor's initial power consumption.
- Conversion of dual insulator type current collectors of EOT Cranes into single insulator type, and modification of current collectors thus reducing total weight and enhancing life of bus bar.
- Replacing conventional Diaphragm operated timer (BCH make) in EOT Cranes to Electronic timer (Telemechanique make), keeping control operation accurate and low power consuming.

2 ***Improving energy effectiveness / efficiency of Manufacturing Processes***

- Fitment of VFD's for EOT cranes.
- Optimization of the operation of higher cfm compressors resulting in energy saving.
- Use of Dual track Induction melting process for optimum sharing of power between two furnace crucibles resulting in energy saving and higher productivity.
- Automatic switch off facility for dust extraction systems and connected equipment when idle for more than 10 minutes.

- Centralized on / off control for compressors which will operate the compressors based on air consumption.
- Installation of furnaces with capture hood to avoid heat loss resulting in energy saving.
- Installation of mechanical reclamation system for furan sand recovery.
- Use of Turbo ventilators to extract heat in the non air-conditioned areas of factory / office buildings.
- Electrode in vacuum sealed packing to eliminate baking.
- Design & Development of 200 MT & 300 MT Tank Rotator with Anti drift Mechanism.
- Use of energy efficient Robotic weld overlay for Filter Vessel & Spud welding machine.
- Implementation of Data Logger for Welding Equipment for capturing the actual welding parameters.
- Use of energy efficient internal firing arrangement for SR Furnace & Ceramic blanket on ground for LEMF furnaces.
- Use of energy efficient Local Stress Relieve (LSR) technique for 300 mm thick Cr-Mo-V Reactors, Tandem (two wire) SAW PQR using Lincoln AC/DC Power Wave Machine & 150 wide ESSC Strip overlay on thick walled CrMoV reactors.
- Design and development of Portable Flame cutting machine for Nozzle Cutout.
- Development & implementation of energy efficient Twin-Torch GMAW for stiffener rings to shell joint in Torpedo Weapon Complex, Square butt SAW process for dissimilar base metal thickness (14 mm # 30 mm) & GMAW-P process for Square-Butt joint type in Project P-26.
- Development of energy efficient hydraulic tube expansion process for thickness tube sheet & portable pipe beveling machine.

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

- Replacement of shop floor overhead light with Metal halide light fittings.
- Replacement of existing conventional centralized AC Plant with split air-conditioner units.
- Installation of solar water heater in Transit houses.
- Fitment of VFD's for EOT cranes.
- Thermal reclamation system implementation work in progress to achieve 98% furan sand recovery.
- LPG Bullet & distribution system installation in progress to replace usage of diesel with LPG for ladle pre-heating.
- Procurement of Natural Gas based Converter Kit for Diesel Fired 1250 KVA Generators.
- Preparation of Wind Power Proposal for Maharashtra, Tamilnadu and Gujarat.
- Use of Sky shade Solar Light Pipe Fittings for Receiving Store and other Areas.
- Procurement of Energy Efficient Flux Baking Ovens.
- SR Furnace Revamping / Modification to improve Combustion Efficiency.
- Use of LED Light Fittings in place of MH Light Fittings.
- Development of SS Electrodes in Vacuum Sealed Pack by EWAC.
- Use of lighting energy saver.
- Procurement of additional Inverter based welding machines instead of rectifiers for shops.
- Use of interlock flux recovery units with welding machines.
- Modification in Autoclave machine cooling system.
- Bio gas generation plant from canteen waste at Ranoli Works.
- Use of turbo ventilators in shops.
- Use of timer in welding m/c to avoid continuous idle running

(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, reduction in carbon dioxide emissions & 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; Coal characterization and study of Gasification Technologies / application; 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 (Gas Dehydration and Gas Sweetening Units); Capability development for in-house process engineering of Process Gas Compressor modules; Fertilizer plant revamp, Hydrogen, Ammonia and Methanol plants; Refractory engineering for chemical plant equipment.

- **Material Science & Corrosion Engineering**
  Composites with functional properties, nano-materials for strategic applications, eco-friendly corrosion inhibitors, welding of heavy thick duplex stainless steels for oil and gas applications and surface engineering of metals and non-metals.

- **Thermal Engineering**
  Dynamic simulation of captive power plant; CFD analysis of industrial machinery and systems (such as three phase separators); Capability development in Once through Steam Generator and Super Critical Boiler technology.

- **Rotating Machinery**
  Product design / development for Coal Pulverizers of Super Critical Boilers; Performance testing and commissioning of turbo-machinery for Hydrocarbon (Oil & Gas) application; Advanced engineering studies in Vibration and Acoustics for machinery and piping.
- **Mechanical Engineering**
  Design solutions for products through advanced Finite Element analysis; Seismic analysis of onshore buried pipeline; Development of structural design aspects of Waste Heat Recovery Exchangers for offshore platforms; Development of design capability for Cofferdam; Development of capability to analyze structural integrity of ship structures for Airbag Launch, Development of system / configuration for proper functioning of bellows in complex equipment; Development of capability for design of piping system for wind tunnel application; Development of capability to check integrity of Subsea pipeline spool; Experimental Stress measurements on HLPV during lift test and for other industry critical equipments during load / pressure tests.
- **Ocean Engineering**
  Capability development for structural design solution for Gas Compressor Modules; Capability development for structural analysis of non-grouted Jackets; Capability development for Hydrostatic stability analysis for Jack-up rigs; Design analysis and optimization of complex offshore structures; Capability development for structural design for Heli-deck satisfying ABS and CAP 432 requirements.
- **Water Technologies**
  Design and detailing of water & wastewater, recycling & reuse and zero liquid discharge systems including sea water / brackish water desalination, membrane bioreactor, sequential batch reactor, upflow anaerobic sludge blanket reactor and other advanced treatment technologies; Conducting lab scale pilot plant studies, treatability studies and analytical studies for water & wastewater.
- Development and trial testing of Road Miller and Primary Mobile Crushing Plant (electric drive).
- Rubber Processing Machinery such as 130” Mechanical Tyre Curing Press for curing Off-The-Road tyres, 46”Hydraulic Tyre Curing Press-Tie Rod Design for curing high accuracy radial tyres, Radial Tyre Building Machine for LCV tyres, 104”/91” Slide back Mechanical Press for maintaining accuracy and life of Segmented mould operators and 46” Hydraulic Tyre Curing Press-Frame Design for high performance passenger car radial tyres.
- Design & development of Equipment for Construction & Road Sector such as Wheel Loader with 2 Cu.m bucket capacity, Tipper Body of 18 Cu.m size for Mining Trucks, 20 Ton Vibratory Soil Compactor.
- All-Electric Plastic Injection Moulding Machine - 105 Ton Class.
- Weapon Launch & Control Systems (Structures, mechanisms, drives, controls).
- Development of Futuristic Combat Vehicles.
- Development of Ship Platform Management Systems.
- Development of Missile / Airframe Components.
- Development of steam generator design for Nuclear power plant.
- Development of welding Simulation Technology.
- Development of Waste Heat Recovery Boiler for Nitric acid plant.
- Development of High Speed CFRP Tubes.
- Development of Flexible Composite Seals for Brahmos Vertical Launcher.
- Development of CFRP liner for Missiles sections.
- Development of Heat shield for launch vehicles.
- Development of core technologies for Hypersonic Wind Tunnel Systems.
- Development of new products / product ranges of Air Circuit Breakers, Moulded Case Circuit Breakers, Miniature Circuit Breakers, Contactors, Relays Switch-Disconnector-Fuses and Change-Over devices.
- Blume & Redecker Automatic coil winding machine for coil manufacturing at Ahmednagar Switchgear Works.
- Induction brazing machine in component & finishing shop at Ahmednagar Switchgear Works.
- Fully automatic test benches for product testing at Ahmednagar. Switchgear Works with test data acquisition.
- 160 T Mechanical and 200 T Hydraulic presses
- Conveyor based assembly line for Manual Air Circuit Breakers.
- 50 kA Short Circuit test bench with fixtures.
- Microprocessor based controller on battery operated vehicles.
- Contactor magnet manufacturing process optimized & throughput time reduced by implementing High speed lamination blanking at 650 strokes per minute.
- Triple action riveting.
- Single pass grinding.
- Bar-coding implemented on all products.
- Modular devices sub-assembly automation for better productivity & improved quality.
- Multi-cavity hot runner mould for better material utilization & cycle-time reduction.
- Eight-cavity moulding for Miniature Circuit Breaker housing and cover established with cold manifold & sprue with auto degating.
- Vision system to arrest possible discrepancies in respect of product packing for Air Circuit Breakers.
- “Contact-less Measurement” technique in Test benches for integration of “Over Travel” measurement of Contactors during routine testing.
- Indigenisation of Medium Voltage Switchgear Products.
- Development of Intelligent Motor Protection Relays.
- New Design of Low Voltage Motor Control Centres.
- Power Management System.
- Terminal Automation System.

- Toll Management System.
- Highway Traffic Management System.
- Indigenization of Medium Voltage Drive Transformer.
- New metering data acquisition solution which finds its application in Restructured Accelerated Power Development Reforms Program (R-APDRP).
- A common protocol which enables communication feature in the meters.
- Indigenous improved NIBP module, new SpO2 module and Predictive Temperature module were developed to achieve technology independence & cost effectiveness for the monitoring products.
- Concrete paver blocks without cement.
- Innovative panels with light weight concrete.
- High performance, high strength and self flow concrete.
- Rapid assessment of cement quality.
- Automatic vibro compaction for roads.
- Application of high end PMBs (Polymer Modified Bitumen) for extreme traffic loads on runways.
- Application of recycled materials & construction technology in pavements.
- Application of Genetic Algorithm in reinforced concrete design.
- RFID's applications stores management.
- Development of LIMS - Laboratory information management system as per NABL standards for Construction laboratories.
- Establishment of Transmission line research and testing station.
- Design, analysis and optimization of narrow base multicircuit tower.
- In-house development of advance software for transmission line tower analysis and design.
- Development of GIS based application for transmission line projects.
- Advance analytical techniques for design and detailing of transmission tower with sub-bracing pattern.
- Capability development for in-house engineering of Photovoltaic and Concentrated Solar power plants.
- Design and optimization of complex structure for Photovoltaic and Concentrated Solar power plant.
- Development of tracking system for Photovoltaic based power plant.
- Experimental analysis for performance study of Photovoltaic based roof top grid connected system.
- Process simulation, design solutions and optimization for E&C projects involving refinery, fertiliser and chemical plants. Refractory solutions for high-temperature equipment in process plants.
- Successful testing / commissioning of plants and equipment in various E&C projects, through multi-disciplinary technology support.
- Material evaluation / characterization; selection of alternative materials; failure analysis support; preservation and corrosion protection of critical equipment.
- Successful simulation of captive power plant. Design/ optimization of thermal systems.
- Design upgradation and optimization of coal pulverizers; Failure analysis / trouble-shooting of rotary kiln drives in cement projects. Successful conduct of acceptance testing of turbo-machinery for offshore applications.
- Development of in-house capability for analyzing flow-induced vibration and acoustic vibration in oil & gas piping systems.
- 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.
- Development of in-house expertise in high-end engineering analysis (e.g., advanced FEA, CFD, Dynamic Simulation, Acoustic Mapping, Rotor Dynamics, Non-Linear Analysis, seismic analysis of buried pipeline etc.).
- Eco-friendly building components
- Improvements in roads & runways infrastructure
- Recycled use of asphalt pavements.
- Cost reduction in terms of economical design.
- Easy identification and retrieval of stocks of materials.
- Automated testing facilities
- Optimization of transmission line tower weight and reduction of footprints of foundation.
- Process design and optimization of CSP plant.
- Development of capability for in-house engineering of solar PV and CSP plant.

2. **Benefits derived as a result of above R&D:**
   - Increased our Product Range coupled with Technology upgradations and cost reduction and it has resulted in making our equipment offering more contemporary and competitive. The R&D efforts have boosted our capabilities to offer custom-made equipment and have fetched us orders in stiff international competition.
   - Able to quickly offer new products for Rubber Processing for varied requirements and position our products well against offerings by global players.
   - Created and implemented procedures using PLM for Top-down design of Mobile Equipment by 3D Modelling, Design validation & analysis of complete equipment using ANSYS and Hypermesh and Process for deriving target specifications for Mobile Construction / Mining equipment and Industrial Machinery. This initiative offers tremendous business opportunity as and when it is decided to launch new products.
   - Indigenization & development of products for Indian defence sector
   - Savings in Foreign Exchange
   - Increased offerings from L&T meeting the expectations of Indian customer both technically as well as commercially
   - Introduction of new products with a focus on achieving global acceptance, enhancing safety and user convenience, environment friendly features, built-

in intelligence and communication capability and conformance to latest Indian and International standards include:

- U-Power Omega range of Air Circuit Breaker; this range won the best product award in ELECRAMA 2010.
- Supernova range of Controlgear products with 'space saving/ design and enhanced customer convenience.
- In the patient monitoring range, Planet-10, Planet-20, Planet-30, Star 50N, Planet 50N, Skyline M, Skyline 55 V1and ECG recorder - Orion
- In Surgical Diathermy Maestro Plus 100, a dual output machine
- Launching of two new platforms for single-phase and four new platforms for poly-phase meters.

- Improvement in speed of construction.

3. Future Plan of Action:

- Plans on anvil for development of new / upgraded products in Surface Miner product line.
- Plans to develop certain specific new products / upgrade existing products for Rubber Processing with focus on energy / cost savings and development of Hydro-Mechanical Presses for Truck and Bus Radial segment as the trend is towards radialisation in these segments by all Tyre majors.
- Plans to work on expanding product range in Wheel Loaders and All- Electric Plastic Injection Moulding Machine.
- Creating & implementing Test protocol and field testing for Mobile construction / mining Equipment to simulate functional requirement / field conditions.
- Development of new / upgraded products in defence equipments.
- Complete the product offerings in Medium Voltage range by introducing more products.
- Increase the product range in protection systems and solutions.
- Development of Cement Automation Package.
- Development of Electronic Tolling System.
- Development of Tank Farm Management System.
- Local assembly of Medium Voltage Inverters.
- Process technology for coal gasification.
- Design / simulation of Hydrogen, Ammonia processes and Pre Reformer & Auto Thermal Reformers.
- Design / Simulation of On-shore oil & 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.
- Technology Analysis of Super Critical Boilers
- Design and analysis of critical machinery in Jack-up Drilling Rigs.
- Study on sealing technology for turbo-machinery.
- Application of Reliability, Availability & Maintainability (RAM) studies in process plants.
- 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.
- Recycle, Reuse and Zero-discharge Technologies.
- Dynamic Simulation of Gas Compressors.
- Solar Thermal Power Plants.
- Development of high early strength concrete for faster construction.
- Development of Sandwich Panel Construction.
- Development of Cold Mix Design.
- Improvements in mass housing.
- Piled raft foundation.
- Foundations with geo cells.
- Quick assessment of geotechnical details.
- Mechanised construction of Industrial Flooring systems.
- Bench Marking of site labs to NABL Standards.
- Improvement of bored cast -in-situ piles.
- IT enablement in construction projects.
- Development of EHV transmission line tower using tubular and cold formed section.
- Development of techniques for improving current carrying capacity of transmission line using high capacity conductor.
- Development of software for design and optimization of transmission tower foundation.
- Development and performance study of solar power collector structure.
- Design, analysis and optimization of solar power plant based on CSP technologies.
- Development of tracking system for CSP structure.
- Design and development of control and monitoring system for solar farms

4. Expenditure on R&D:

Rs. crore

	2009-2010	*2008-2009*
(a) Capital	5.56	*5.01*
(b) Recurring	85.98	*75.18*
(c) Total	91.54	*80.19*
(d) Total R&D expenditure as a percentage of total turnover	0.25%	*0.24%*

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. **Efforts in brief made towards technology absorption, adaptation and innovation:**
   - Adaptation of emission controlled diesel engine for Surface Miner.
   - Adaptation of crushing technology for various applications.
   - Magma software for metal flow analysis - gives metal flow stream into the mold, impact of metal flow, possible causes of rejection during metal flow resulting minimum trial runs during development of new items.
   - Evaluated imported equipment designs / technologies and implemented the state-of-the-art technology through indigenous developments along with alternative materials / components.
   - Interaction with external agencies / internal customers / suppliers for exposure to the latest products / designs, manufacturing technologies, processes, analytical techniques and engineering protocols.
   - Indigenization of membrane wall panels for Shell Coal Gasifiers.
   - Qualified by Sasol for CTL (Coal to Liquid) & GTL (Gas to Liquid) Reactors.
   - Qualified for supplying Lurgi Gasifiers which are used first time in India for Jindal's DRI project.
   - 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, Heavy Weight Torpedo Launchers, Universal Vertical Missile launchers, Multi Barrel Rocket Launcher System.
   - Safety Systems for SIL 3 applications from HIMA Germany.
   - Distributed Control System for Power Plant Applications.
   - Automatic Fare Collection System for Metro Rail Projects.
   - 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.
2. **Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.:**
   - Better fuel efficiency in the operation of Surface Miner with emission controlled diesel engine and less air pollution.
   - Indigenised various components for Rubber Processing Machinery by designing, developing specifications and adapting to Indian conditions.
   - Consequent to the establishment of facilities for design & development of new products, there is a reduced dependence on external sources for technology required towards new products and upgrading existing products.
   - Indigenisation (import substitution) & development of products for Indian defence sector
   - Expansion of product range and export opportunities.
   - Product improvement.
   - Increase in know-how within the country.
   - Absorption of Application knowhow.
   - Successful simulation / optimization of process design and engineering for various E&C projects (Refinery, Oil & Gas, fertilizer and chemical plants).
   - Appropriate refractory design for high-temperature applications.
   - Energy conservation using optimal heat exchanger network analysis and configuration.
   - Building capability for Dynamic Simulation of Power Plants.
   - Successful selection and characterization of materials for critical applications and implementation of suitable preservation / corrosion protection techniques.
   - Development of modeling capability for stack emission predictions using dispersion studies.
   - Development of optimized design for Coal Pulverizers.
   - Establishment of in-house capability for advanced engineering studies in vibration and acoustic.
   - Development of expertise in performance testing of critical turbo-machinery.
   - 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.
   - 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.
   - Big potential for Lurgi Gasifiers as these are suitable for Indian coals.
   - Now, we are in the league of world's top three companies who can supply CTL & GTL Reactors.

3. **Information regarding technology imported during the last 5 years**

S. No.	Technology Imported	Year of Import	Status
a)	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):

E&C (Projects) Division's track record in International market stretches from Isthmus of Malaysia to the endless dunes of the Middle East and Africa. Looking at the enormous business potential in the Middle East region, the Headquarter for Gulf operations is set up in Sharjah, the third largest emirate of the United Arab Emirates. The Division is well established in GCC Countries and is "Qualified" by major Oil & Gas Clients. It has executed various projects for key clients including Saudi Aramco, Saudi Kayan / SABIC, Petronas, KNPC, KOC, KAFCO, Qatar Petroleum, Pearl GTL Qatar, ADNOC Group of Companies, Maersk Oil Qatar, Oman Gas Company, Emirates National Oil Company etc. Over the last few years E&C (Projects) Division bagged a number of prestigious orders in the Gulf. E&C (Projects) Division has actively contributed towards clean environment through execution of Clean Fuel projects such as Motor Spirit Quality Upgradation, Diesel Hydro Treating, Hydrogen & Sulphur Block Projects.

The cost of oil production by OPEC is far lower than what is produced elsewhere and thus has an advantage over other producers such as Canada & Brazil. GCC countries are seeking to develop gas fields due to rising demand from the power and water (desalinated) sectors. Iran and Qatar have major gas deposits. Substantial business prospects in the Hydrocarbon segment, estimated to be in excess of USD 85 billion, exist in GCC Countries. 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.

As far as Engineering Construction & Contracts Division (ECC) is concerned, the Electrical and Gulf Projects Operating Company (E&GP OC) continues to focus on GCC Countries for Construction business. The year 2009-2010 was an extremely challenging year. Inordinate delay / deferment of projects by clients affected the order inflow. However, L&T's Global Foot Print coupled with project execution capabilities helped the E&GP OC in securing certain prestigious orders in Qatar, UAE and Oman in the Power Transmission and Distribution Sector. The E&GP OC emerged as a market leader for the Power Transmission and Distribution (PTD) business in Oman and substantially improved its market share in UAE & Qatar. PTD business reported significant increase in both revenue and profitability. The PTD Business has gained momentum and notice inviting tenders for lot of new projects are being announced.

The Construction Industry continues to witness slowdown and was very sluggish during the last financial year. The property market in Dubai was very badly affected by the economic meltdown. Even the Dubai Government could not bail out the property developers and faced a severe liquidity crisis and had to finally seek the support of neighboring country, Abudhabi to bail them out. The Abudhabi Government, though flushed with funds, is adopting a cautious approach which can be seen by the delayed announcement of new projects due to adverse market trend.

The economic recession coupled with severe liquidity crisis has dented the growth of the Construction Sector in the Financial Year 2009-2010. The unprecedented volatility in commodity prices is forcing the client to defer launching of new projects to take advantage of falling prices. However, even under difficult period the E&GP OC has fared better than most of its competitors mainly due to its exposure to diverse client profile and geographies. The reinforced thrust to re-enter Saudi, Kuwait and geographical expansion to South Africa is expected to yield good results in the years to come. Focusing our attention on PTD Business and penetration into the Middle East market is expected to provide lots of opportunities to sustain the growth momentum.

Heavy Engineering Division (HED):

HED continues to take a number of initiatives to enhance export growth. In the last financial year, exports accounted for 60% of total sales in HED.

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

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

China remains to be a major market for HED products.

Orders for supply of Shell Gasifiers have been bagged in Vietnam & Australia. Almost all the materials (except for Titanium & high thickness tube-sheets) for the feed heating equipment for Super Critical Power Plants are being sourced locally.

A new territory was opened in Vietnam for Urea Plant and Australia for Ammonia Plant equipment.

HED has been exploring opportunities for export of Defence, Nuclear Power & Aerospace equipment as well. Orders have been received from Israeli Aerospace Industries as key Offset Partner in the areas of Weapon Systems, Radars and Aerospace. The Defence Business is also interacting with major international players in the defence industry for technology tie ups and indigenous manufacturing.

Impressed with our performance on Indian order, Lurgi SA has shown great interest in taking quotes from us for other gasification projects.

Our 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 (EBG):

Electrical Standard Products (ESP) has bagged orders to supply to Alfanar and Iskara in Gulf Co-operation Council (GCC). ESP has also supplied products to other premium projects in GCC such as Pinancle Towers and Hotel Novotel in Dubai. However, much slower than expected recovery of GCC remains a concern for this business.

For Electrical Systems & Equipment (ESE) business, projects in Saudi Arabia are being delayed. However, definite signs of revival are seen. Large-size oil & gas projects are showing positive signs of recovery. Investments in Power Distribution, Water management continue and ESE expects good business from these sectors.

The Control & Automation Business Unit (C&A) operates as a Turnkey Automation System Integrator in India, the Middle East & North Africa market in Cement, Metal, Oil & Gas, Utility, and Infrastructure verticals. This business unit exports engineered control and automation solutions to the Middle East countries etc.

Metering & Protection Systems (MPS) has participated in tenders in Bangladesh. This business will also explore the business opportunities in Indonesia in the near future.

EBG filed 128 patents in 2009-10. This is third consecutive financial year of achieving 100+ patents filing.

Manufacturing & Industrial Products Division (MIPD):

The economic slow-down greatly impacted Valve Business in 2009-10 as the investment plans of many projects were either deferred or dropped. Valves Business Unit (VBU) plans to increase the market reach to leverage the approvals from Oil majors and forge the alliances in new markets such as South America, South Korea, Iran, North Africa, etc. The thrust on upstream market through value added product offerings is expected to yield results in the coming years. VBU is also focusing on Power sector including overseas nuclear plants to offer high pressure and custom built valves. With the new manufacturing plant at Coimbatore gearing up for N&NPT stamps from ASME, the Unit is well placed for growth in this sector.

During 2009-10, there was a drop in Industrial machinery exports from Kansbahal primarily due to effect of economic downturn and cautious approach of international customers. However, there was a significant increase in Deemed exports through supply of Multi Layer Packaging Coated Board Machine to Century Pulp & Paper. The year also saw increased inflow of orders from the international market for Kansbahal. Geographies such as GCC countries, Africa, SE-Asean nations offer good opportunities in the coming years for the Crusher business. Kansbahal has opportunities to provide Pulp & Paper equipment to Voith as supplies for its global requirements.

Rubber Machinery Business Unit (LTM BU) has been continuously working on development of new market in exports. During the year, the Unit has been successful in obtaining a significant order from a new customer in Japan for supply of Tyre Curing Press.

The following initiatives have been taken by the Company

- 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 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 programs including flagship Capability & Leadership Development (CALD) programs for catering to the training and development needs of employees.

Total foreign exchange used and earned:

Rs.Crore

	2009-2010	*2008-2009*
Foreign Exchange earned	6,866.21	*7,348.23*
Foreign Exchange saved / deemed exports	1,510.05	*92.31*
Total	8,376.26	*7,440.54*
Foreign Exchange used	9,158.88	*7,899.42*

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:

		ESOP SERIES					
	Particulars (1)	**SAR-1999** (2)	**2000** (3)	**2002-A** (4)	**2002-B** (5)	**2003-A** (6)	**2003-B** (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	5,250	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

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

(I) Employee Stock Ownership Scheme-1999-2003

A. PRE RESTRUCTURE (Contd.)

	Particulars	ESOP SERIES					
		SAR-1999	**2000**	**2002-A**	**2002-B**	**2003-A**	**2003-B**
	(1)	(2)	(3)	(4)	(5)	(6)	(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.

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

(I) Employee Stock Ownership Scheme-1999-2003

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.

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

(I) Employee Stock Ownership Scheme-1999-2003

C. POST RESTRUCTURE (POST BONUS ISSUE 2006 – PRE 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	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 2007-08 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 former Directors in accordance with the consent terms approved by the Hon'ble High Court of Bombay on June 14, 2007.

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.

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

C. POST RESTRUCTURE (POST 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) (2) Options granted post Bonus Issue (Equity shares of Rs.2/- each)	Nil	16,800	21,500	39,700	31,452	23,04,226 3,18,100 26,22,326
(b)	The pricing formula (Adjusted grant price per share)	Rs.3.50				Rs.17.50	
(c)	Options vested (adjusted on Bonus Issue) Add: vested post Bonus Issue Total	Nil – Nil	16,800 – 16,800	21,500 – 21,500	39,700 – 39,700	31,452 – 31,452	1,63,926 13,31,074 14,95,000
(d)	Options exercised	Nil	Nil	Nil	Nil	Nil	13,94,812
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of Rs.2/- each)	Nil	Nil	Nil	Nil	Nil	13,94,812
(f)	Options lapsed	Nil	Nil	Nil	Nil	Nil	1,02,534
(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.2,44,09,210/-
(i)	Total Number of Options in force - Vested Unvested Total	Nil Nil Nil	16,800 Nil 16,800	21,500 Nil 21,500	39,700 Nil 39,700	31,452 Nil 31,452	85,644 10,39,336 11,24,980
(j)	Employee-wise details of Options granted	Please refer to Part A (j)					

The number of Options exercised and shares arising as a result of exercise of Options shown in (d) and (e) above include 49,000 Options exercised in March 2010 for which shares were allotted on April 1, 2010. The money realised by exercise of Options shown in (h) includes the corresponding application money of Rs. 8,57,500/-.

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

A. PRE BONUS ISSUE 2008:

		ESOP SERIES	
	Particulars (1)	**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	6,94,270	29,06,240
	(Equity shares of Rs.2/- each)		
(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	34,54,385
	(Equity shares of Rs.2/- each)	1,36,24,276	88,55,941
(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	77,85,535	13,86,875
	Total	91,79,811	14,16,563
(d)	Options exercised	41,86,060	6,12,599
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of Rs.2/- each)	41,86,060	6,12,599

<table>
<tr><td colspan="4">Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999
(II) Employee Stock Option Scheme - 2006</td></tr>
<tr><td colspan="4">B. POST BONUS ISSUE 2008 (Contd.)</td></tr>
<tr><td rowspan="2"></td><td rowspan="2">Particulars
(1)</td><td colspan="2">ESOP SERIES</td></tr>
<tr><td>2006
(2)</td><td>2006-A
(3)</td></tr>
<tr><td>(f)</td><td>Options lapsed and/or withdrawn</td><td>5,98,241</td><td>7,66,734</td></tr>
<tr><td>(g)</td><td>Variation of terms of Options</td><td>Nil</td><td>Nil</td></tr>
<tr><td>(h)</td><td>Money realised by exercise of Options</td><td>251,58,22,060</td><td>36,81,71,999</td></tr>
<tr><td>(i)</td><td>Total Number of Options in force –
Vested
Unvested
Total</td><td>
47,59,655
40,80,320
88,39,975</td><td>
7,69,990
67,06,618
74,76,608</td></tr>
<tr><td>(j)</td><td>Employee-wise details of Options granted to –
i) Senior Managerial Personnel
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
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</td><td colspan="2">
None
None

None</td></tr>
<tr><td colspan="4">The number of Options exercised, shares arising as a result of exercise of Options shown in (d) and (e) above include 3,78,474 Options exercised under 2006 Series and 41,382 Options exercised under 2006-A Series in March 2010 for which shares were allotted on April 1, 2010. The money realized by exercise of Options shown in (h) includes the corresponding application money of Rs. 22,74,62,874/- and Rs. 2,48,70,582/- respectively.</td></tr>
<tr><td></td><td colspan="3">Employee Stock Ownership Scheme -1999-2003 and Employee Stock Option Scheme 2006</td></tr>
<tr><td>(k)</td><td>Diluted Earning per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standards (AS) 20</td><td colspan="2">(a) Diluted EPS before extraordinary items Rs.70.15
(b) Diluted EPS after extraordinary items Rs.72.39</td></tr>
<tr><td>(l)</td><td>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.</td><td colspan="2">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 2009-2010 would have been higher by Rs.73.37 crore (excluding Rs.0.68 crore on account of grants to employees of subsidiary companies).
(b) Basic EPS before extraordinary items would have decreased from Rs.71.49 per share to Rs.70.25 per share.
(c) Basic EPS after extraordinary items would have decreased from Rs.73.77 per share to Rs.72.54 per share.
(d) Diluted EPS before extraordinary items would have decreased from Rs.70.15 per share to Rs. 68.93 per share.
(e) Diluted EPS after extraordinary items would have decreased from Rs.72.39 per share to Rs.71.18 per share.</td></tr>
<tr><td rowspan="2">(m)(i)</td><td>(a) Weighted average exercise prices of Options granted during the year where exercise price is less than market price.</td><td colspan="2">Rs.568.75 per option</td></tr>
<tr><td>(b) Weighted average exercise prices of Options granted during the year where exercise price equals market price.</td><td colspan="2">No such grants during the year</td></tr>
<tr><td rowspan="2">m(ii)</td><td>(a) Weighted average fair values of Options granted during the year where exercise price is less than market price.</td><td colspan="2">Rs.942.75 per option</td></tr>
<tr><td>(b) Weighted average fair values of Options granted during the year where exercise price equals market price.</td><td colspan="2">No such grants during the year</td></tr>
</table>

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999 Employee Stock Ownership Scheme -1999-2003 and Employee Stock Option Scheme 2006		
(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	6.55%
	(ii) Weighted average expected life of Options	3.92 years
	(iii) Weighted average expected volatility	49.11%
	(iv) Weighted average expected dividends	Rs.48.96 per option
	(v) Weighted average market price	Rs.1,374.09 per share

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 Employees Stock Option Schemes in accordance with SEBI (Employees 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
ICAI registration no.109982W

by the hand of
R. D. KARE
Partner
Membership No. 8820

Mumbai, May 17, 2010

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 in fact 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 and two senior Managerial Personnel.

(iii) Strategy & Operational Management - by the Operating Company Boards 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 Officer 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 Board and the Shareholders meetings.

d. Executive Directors (ED) / Senior Management Personnel:

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 critical 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:

The Company's policy is to have an appropriate mix of Executive & Non-Executive Directors. 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. During the year under review, 7 Meetings were held on April 7, 2009, April 12, 2009, May 28, 2009, July 16, 2009, October 22, 2009, January 21, 2010 and February 26, 2010.

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 on business operations to the Board by Operating Company / Business Units. 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 is 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 following composition of the Board of Directors is as on May 17, 2010. Their attendance at the Meetings during the year and at the last Annual General Meeting as also number of other Directorships & Memberships / Chairmanships of Committees as on March 31, 2010 are as follows:

Name of Director	Nature of Director-ship	Meetings held during the year	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	7	7	YES	2	–	–
Mr. J. P. Nayak	ED	7	7	YES	8	1	5
Mr. Y. M. Deosthalee	ED	7	7	YES	10	3	5
Mr. K. Venkataramanan	ED	7	7	YES	2	–	1
Mr. R. N. Mukhija	ED	7	7	YES	1	2	–
Mr. K.V. Rangaswami	ED	7	6	YES	3	2	–
Mr. V. K. Magapu	ED	7	7	YES	3	1	–
Mr. M. V. Kotwal	ED	7	5	YES	1	–	–
Mr. S. Rajgopal	NED	7	7	YES	1	1	–
Mr. S. N. Talwar	NED	7	5	YES	14	6	4
Mr. M. M. Chitale	NED	7	7	YES	8	5	3
Mr. Thomas Mathew T $	NED	7	5	YES	3	1	1
Mr. N. Mohan Raj $	NED	7	7	YES	1	2	–
Mr. Subodh Bhargava	NED	7	7	YES	11	5	4
Mrs. Bhagyam Ramani @	NED	7	6	YES	4	2	–
Mr. A. K. Jain #	NED	7	7	YES	1	2	–
Mr. J. S. Bindra	NED	7	3	YES	–	–	–

$ Representing equity interest of LIC @ Representing equity interest of GIC # Representing equity interest of SUUTI

CMD - Chairman & Managing Director ED - Executive Director NED - Non-Executive Director

1. None of the above Directors are related inter-se.
2. None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 1956. Also, the Committee Chairmanships / Memberships are within the limits under Clause 49 of the Listing Agreement.

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 Board of Directors, Audit Committee, Nomination & Remuneration Committee and Shareholders' / Investors' Grievance Committee
- 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

d. Post-meeting internal communication system:

The important decisions taken at the Board / Committee meetings are communicated to the concerned departments / divisions promptly.

F. BOARD COMMITTEES

The Board currently has 3 Committees: 1) Audit Committee, 2) Nomination and Remuneration 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

i) Terms of reference:

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
- Approval of the appointment of the Chief Financial Officer (CFO).

ii) Composition:

The Audit Committee of the Board of Directors was formed in 1986 and as on March 31, 2010 comprised three Non-Executive Directors, all of whom are independent.

iii) Meetings:

The Committee met 7 times during the year on April 24, 2009, May 27, 2009, July 16, 2009, October 6, 2009, October 22, 2009, January 21, 2010 and March 20, 2010. The attendance of Members at the Meetings was as follows:

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. M. M. Chitale	Chairman	7	7
Mr. N. Mohan Raj	Member	7	7
Mrs. Bhagyam Ramani	Member	7	5

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.

iv) Internal Audit:

The Company has an internal corporate audit team consisting of Chartered Accountants, Engineers & system experts. Over a period of time, the Corporate Audit department has acquired in-depth knowledge about the Company, its businesses, its systems & procedures, which knowledge is now institutionalized. The Company's Internal Audit function is ISO 9001:2000 certified. The Chief Internal Auditor reports to the Chairman & Managing Director. The staff of Corporate Audit department is rotated periodically.

From time to time, the Company's systems of internal controls covering financial, operational, compliance, IT applications, etc are reviewed by external experts. Presentations are made to the Audit Committee on the findings of such reviews. The minutes of the Audit Committee are circulated to the Board and discussed at Board meetings.

The Company's Audit Committee, inter alia, reviews the adequacy of internal audit function, reviews the internal audit reports including those related to internal control weaknesses and reviews the performance of the Corporate Audit Department. The Audit Committee is provided necessary assistance and information to carry out their function effectively.

2) Nomination & Remuneration Committee (N&R)

(earlier known as Nomination & Compensation Committee)

i) Terms of reference:

To review, assess and recommend the appointment of Executive and Non-Executive Directors (NED) and, to review their remuneration package, to recommend compensation to the NEDs 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, 2010, the Committee comprised 3 Non-Executive Directors and the Chairman & Managing Director.

iii) Board Membership Criteria:

While screening, selecting and recommending to the Board new members, the Committee ensures that the Board is objective, there is absence of conflict of interest, ensures availability of diverse perspectives, business experience, legal, financial & other expertise, integrity, managerial qualities, practical wisdom, ability to read & understand financial statements, commitment to ethical standards and values of the Company and ensure healthy debates & sound decisions.

While evaluating the suitability of a Director for re-appointment, besides the above criteria, the Committee considers the past performance, attendance & participation in and contribution to the activities of the Board by the Director.

The Non-Executive Directors comply with the definition of Independent Director as given under Clause 49 of the Listing Agreement. As per the definition, all our NED's qualify as "Independent Directors". While appointing / re-appointing any NED's on the Board, the Committee, considers the criteria as laid down in the Listing Agreement.

All the Independent Directors give a certificate confirming that they meet the "independence criteria" as mentioned in Clause 49 of the Listing Agreement.

These certificates have been placed on the website of the Company.

iv) Meetings:

The Committee met 6 times during the year on April 7, 2009, May 28, 2009, August 17, 2009, October 22, 2009, January 21, 2010 and February 22, 2010. The attendance of Members at the Meetings was as follows-

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. S. Rajgopal	Chairman	6	6
Mr. S. N. Talwar	Member	6	4
Mr. Subodh Bhargava	Member	6	6
Mr. A. M. Naik	Member	6	6

v) Remuneration Policy:

The remuneration of the Board members is based on the Company's size & global presence, its economic & financial position, industrial trends, compensation paid by the peer companies, etc. Compensation reflects each Board member's responsibility and performance. The level of Board compensation to Executive Directors is designed to be competitive in the market for highly qualified executives.

The Company pays remuneration to Executive Directors by way of salary, perquisites & retirement benefits (fixed components) & commission (variable component), based on recommendation of the Committee, approval of the Board and the shareholders. The commission is calculated with reference to net profits of the Company in the financial year subject to overall ceilings stipulated under Sections 198 & 309 of the Companies Act, 1956.

The NEDs are paid remuneration by way of commission & sitting fees. The Company pays sitting fees of Rs. 20,000 per meeting of the Committee and the Board, to the NEDs for attending the meetings of the Board & Committees. The commission is paid as per limits approved by shareholders, subject to a limit not exceeding 1% p.a. of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956).

The commission to NEDs is distributed broadly on the basis of their attendance, contribution at the Board, the Committee meetings and Chairmanship of Committees.

In the case of nominees of Financial Institutions, the commission is paid to the Financial Institutions.

As required by the provisions of 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

vi) Details of remuneration paid / payable to Directors for the year ended March 31, 2010:

(a) Executive Directors:

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

(Rs. Lakh)

Names	Salary	Perquisites	Retirement Benefits	Commission	Total
Mr. A. M. Naik	138.00	15.00	322.02	1,054.68	1,529.70
Mr. J. P. Nayak	72.00	15.00	161.82	527.34	776.16
Mr. Y. M. Deosthalee	75.60	104.08	162.79	527.34	869.81
Mr. K. Venkataramanan	72.00	103.55	161.82	527.34	864.71
Mr. R. N. Mukhija	69.00	103.06	161.01	527.34	860.41
Mr. K. V. Rangaswami	66.00	13.80	131.73	421.87	633.40
Mr. V. K. Magapu	66.00	12.60	131.73	421.87	632.20
Mr. M. V. Kotwal	63.00	82.89	130.92	421.87	698.68

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

(Rs. Lakh)

Names	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Total
Mr. S. Rajgopal	1.40	1.20	11.00	13.60
Mr. S. N. Talwar	1.00	0.80	9.00	10.80
Mr. M. M. Chitale	1.40	1.40	11.00	13.80
Mr. Thomas Mathew T.	1.00*	–	9.00*	10.00*
Mr. N. Mohan Raj	1.40*	1.40*	9.00*	11.80*
Mr. Subodh Bhargava	1.40	1.20	9.00	11.60
Mrs. Bhagyam Ramani	1.20*	1.00*	9.00*	11.20*
Mr. A. K. Jain	1.40	0.60	11.00*	13.00
Mr. J. S. Bindra	0.60	0.00	9.00	9.60

* Payable to respective Institutions they represent.

Details of shares and convertible instruments held by the Non-Executive Directors as on March 31, 2010 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:

i) 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.

ii) Composition:

As on March 31, 2010 the Shareholders' / Investors' Grievance Committee comprised of 2 Non-Executive Directors and 2 Executive Directors.

iii) Meetings:

During the year, the Committee held 3 meetings on May 28, 2009, October 22, 2009 and January 21, 2010. The attendance of Members at the Meetings was as follows-

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. Thomas Mathew T.	Chairman	3	–
Mr. J. P. Nayak	Member	3	3
Mr. R. N. Mukhija	Member	3	3
Mr. A. K. Jain*	Member	3	3

* Mr. A. K. Jain chaired all the three meetings held during the year.

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

iv) Number of Requests / Complaints:

During the year, the Company has resolved investor grievances expeditiously except for the cases constrained by disputes or legal impediments.

During the year, the Company / its Registrar's received the following complaints from SEBI / Stock Exchanges and queries from shareholders, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI / Stock Exchange	NIL	115	115	NIL
Shareholder Queries:				
Dividend Related	NIL	10,952	10,683	269
Transmission / Transfer	NIL	1,050	1,019	31
Demat / Remat	NIL	169	161	8

Investor queries / complaints shown pending as on March 31, 2010 are less than ten days old and have been subsequently resolved.

The Board has delegated the powers to approve transfer of shares to a Transfer Committee of Executives comprising 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) Training of Directors:

All our present Directors have enough experience as Board members in the Company as well as in other companies. They are aware and are also updated as and when required, of their role, responsibilities & liabilities. They understand basic financial statements.

The Company holds Board meetings at its registered office and also in locations, where its divisions are headquartered and operate. The Board of Directors has complete access to the information within the Company, which inter alia, includes items as mentioned on Page 41 in Annexure 'C' to the Directors Report.

Presentations are made regularly to the Board / N&R / Audit Committee (AC) (minutes of AC & N&R are circulated to the Board), where Directors get an opportunity to interact with senior managers. Presentations, inter alia, cover business strategies, management structure, HR policy, management development and succession planning, quarterly and annual results, budgets, treasury policy, review of Internal Audit, risk management framework, operations of subsidiaries and associates, etc.

Site / factory visits are organized at various locations for the Directors.

Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings when senior company personnel are asked to make presentations about performance of their Operating Company / Business Unit, to the Board. Such interactions also happen when these Directors meet senior management in informal gatherings.

Information is provided to the Independent Directors in the normal course. Additional information is provided to them, when asked for.

b) 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.

c) Statutory Auditors:

The Board has recommended to the shareholders, the re-appointment of Sharp & Tannan (S&T) as auditors. S&T has furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non-audit assignments for the Company. The Company believes that S&T, over a period of time, has gained extensive knowledge of the Company & its diversified business, which is essential to ensure audit quality & audit objectivity. Robust internal control systems and risk management framework, review of Auditors' performance by the Audit Committee and peer review of the Audit firm, are some of the more important factors that prevent audit failures. The Company will ensure rotation of audit partners and for 2009-2010, Mr. R. D. Kare, has certified and given his report, on behalf of S&T, instead of Mr. F. M. Kobla.

d) Proceeds from Public Issues, Rights Issues, Preferential Issues, etc.:

During the year under review, the Company has not raised any proceeds from public issue or rights issue. However, it raised Rs. 1,873 crore through Qualified Institutions Placement route by way of allotment of shares to QIBs.

e) 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 17, 2010
Place: Mumbai

f) 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
2008-2009	August 28, 2009	3.00 p.m.
2007-2008	August 29, 2008	3.00 p.m.
2006-2007	August 24, 2007	2.15 p.m.

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

Annual General Meeting held on August 28, 2009:

- To approve raising of capital through QIP's by issue of shares / convertible debentures / securities upto an amount of USD 600 million or Rs. 2400 crore.
- To approve appointment of Statutory Auditors and remuneration payable to them.

Annual General Meeting held on August 29, 2008:

- To approve raising of capital through QIP's by issue of shares / convertible debentures / securities upto an amount of USD 600 million or Rs. 2400 crore.
- To approve appointment of Statutory Auditors and remuneration payable to them.

Annual General Meeting held on August 24, 2007:

- To approve raising of capital in Indian and / or International market by issue of shares / securities.
- To approve appointment of Statutory Auditors and remuneration payable to them.

g) Postal Ballot:

No resolution was passed through Postal Ballot in 2009-2010. None of the Businesses proposed to be transacted in the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

h) 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. Details of all related party transactions form a part of the accounts as required under AS 18 and the same

are given on Page 149 to page 159 of the Annual Report.

3. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing the Financial Statements.
4. The Company makes presentations to Institutional Investors & Equity Analysts on the Company's performance on a quarterly basis.
5. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

i) Means of communication:

Financial Results	Quarterly & Annual Results are published in prominent daily newspapers viz. The Financial Express, The Hindu Business Line & Loksatta. The results are also posted on the Company's website: www.larsentoubro.com.
News Releases	Official news releases are sent to stock exchanges as well as displayed on the Company's website: www.larsentoubro.com.
Website	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. Presentations made to Institutional Investors and the shareholding pattern of the Company on a quarterly basis are also displayed on the website. The entire Annual Report and Accounts of the Company and its subsidiaries are available in downloadable formats. We will also forward the same to the Stock Exchanges.
Corpfiling	Information to Stock Exchanges is now being filed through Corporate Filing and Dissemination System (CFDS). Investors can view this information by visiting the website www.corpfiling.co.in.
Annual Report	Annual Report is circulated to all the members and all others entitled thereto like auditors, equity analysts, etc.
Management Discussion & Analysis	This forms a 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 Thursday, August 26, 2010 at Birla Matushri Sabhagar, Marine Lines, Mumbai - 400 020 at 3.00 p.m.

b) Financial calendar:

1.	Annual Results of 2009-10	May 17, 2010
2.	Mailing of Annual Reports	Third week of July, 2010
3.	First Quarter Results	During last week of July, 2010*
4.	Annual General Meeting	August 26, 2010
5.	Payment of Dividend	August 30, 2010
6.	Second Quarter results	During third week of October, 2010*
7.	Third Quarter results	End of January, 2011*

* Tentative

c) Book Closure:

The dates of Book Closure are from Thursday, August 19, 2010 to Thursday, August 26, 2010 (both days inclusive) to determine the members entitled to the dividend for 2009-2010.

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.

e) Listing Fees to Stock Exchanges:

The Company has paid the Listing Fees for the year 2010-2011 to the above Stock Exchanges.

f) Custodial Fees to Depositories:

The Company has paid custodial fees for the year 2010-2011 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

g) Stock Code / Symbol:

The Company's equity shares / GDRs are listed on the following Stock Exchanges and admitted for trading in London Stock Exchange:

Bombay Stock Exchange (BSE) : Scrip Code - 500510

National Stock Exchange (NSE) : Scrip Code - LT

ISIN : INE018A01030

Reuters RIC : LART.BO

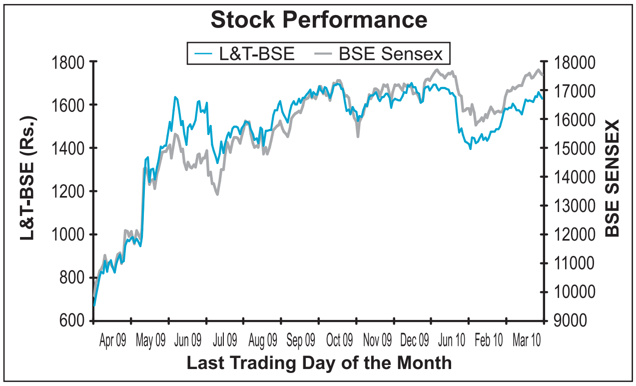
Luxembourg Exchange Stock Code : 005428157

London Exchange Stock Code : LTOD

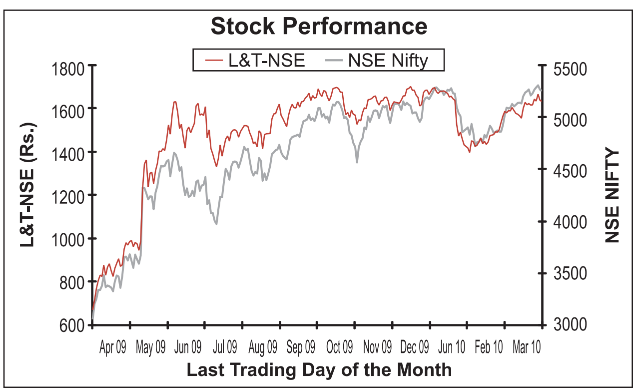
The Company's shares constitute a part of BSE 30 Index of the Bombay Stock Exchange Limited as well as NIFTY Index of the National Stock Exchange of India Limited.

h) Stock market data for the year 2009-2010:

Month	L&T BSE Price (Rs.)			BSE SENSEX		
2009	**High**	**Low**	**Month Close**	**High**	**Low**	**Month Close**
April	924.50	663.00	**879.55**	11,492.10	9,546.29	**11,403.25**
May	1,469.75	895.00	**1,405.60**	14,930.54	11,621.30	**14,625.25**
June	1,800.00	1,372.00	**1,568.30**	15,600.30	14,016.95	**14,493.84**
July	1,662.00	1,305.00	**1,506.60**	15,732.81	13,219.99	**15,670.31**
August	1,622.95	1,390.00	**1,567.60**	16,002.46	14,684.45	**15,666.64**
September	1,690.00	1,503.00	**1,683.20**	17,142.52	15,356.72	**17,126.84**
October	1,727.50	1,541.00	**1,567.15**	17,493.17	15,805.20	**15,896.28**
November	1,669.00	1,485.10	**1,614.15**	17,290.48	15,330.56	**16,926.22**
December	1,719.00	1,605.00	**1,679.40**	17,530.94	16,577.78	**17,464.81**
2010						
January	1,709.00	1,401.15	**1,425.05**	17,790.33	15,982.08	**16,357.96**
February	1,581.45	1,371.00	**1,566.85**	16,669.25	15,651.99	**16,429.55**
March	1,669.80	1,541.25	**1,626.35**	17,793.01	16,438.45	**17,527.77**



Month	L&T NSE Price (Rs.)			NIFTY		
2009	**High**	**Low**	**Month Close**	**High**	**Low**	**Month Close**
April	924.50	661.30	**879.35**	3,517.25	2,965.70	**3,473.95**
May	1,477.00	895.00	**1,402.20**	4,509.40	3,478.70	**4,448.95**
June	1,698.70	1,370.00	**1,567.80**	4,693.20	4,143.25	**4,291.10**
July	1,661.90	1,305.40	**1,506.35**	4,669.75	3,918.75	**4,636.45**
August	1,625.00	1,390.00	**1,567.45**	4,743.75	4,353.45	**4,662.10**
September	1,697.50	1,503.50	**1,689.20**	5,087.60	4,576.60	**5,083.95**
October	1,729.40	1,541.30	**1,568.00**	5,181.95	4,687.50	**4,711.70**
November	1,670.00	1,485.30	**1,614.60**	5,138.00	4,538.50	**5,032.70**
December	1,720.00	1,606.55	**1,677.60**	5,221.85	4,943.95	**5,201.05**
2010						
January	1,710.40	1,401.00	**1,423.85**	5,310.85	4,766.00	**4,882.05**
February	1,583.00	1,389.90	**1,564.30**	4,992.00	4,675.40	**4,922.30**
March	1,670.00	1,543.00	**1,630.85**	5,329.55	4,935.35	**5,249.10**



i) Registrar and Share Transfer Agents (RTA):

Sharepro Services (India) Private Limited, Mumbai.

j) Share Transfer System:

The share transfer activities under physical mode are carried out by the RTA. 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 and completed 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.

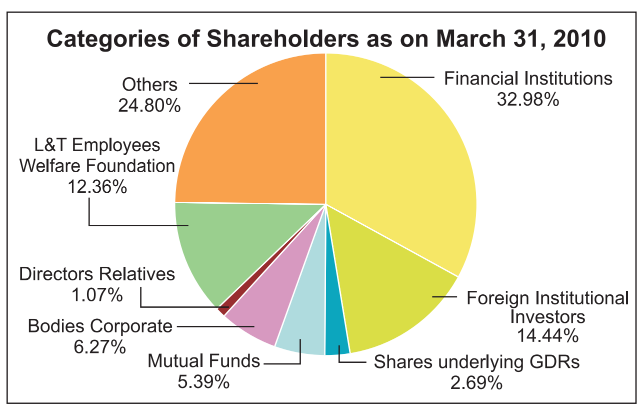
As required under Clause 47-C of the Listing Agreement, a certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

k) Distribution of Shareholding as on March 31, 2010:

No. of Shares	Shareholders		Shareholding	
	Number	**%**	**Number**	**%**
Up to 500	7,67,240	94.18	5,99,31,162	9.95
501 - 1000	26,034	3.20	1,90,89,622	3.17
1001 - 2000	11,561	1.42	1,66,03,853	2.76
2001 - 3000	3,399	0.41	84,30,561	1.40
3001 - 4000	1,736	0.21	61,31,438	1.02
4001 - 5000	1,029	0.13	46,63,025	0.77
5001 - 10000	1,933	0.24	1,34,51,023	2.23
10001 and above	1,746	0.21	47,38,94,724	78.70
TOTAL	**8,14,678**	**100.00**	**60,21,95,408**	**100.00**

l) Categories of Shareholders is as under:

Category	31.03.2010		*31.03.2009*	
	No. of Shares	**%**	***No. of Shares***	***%***
Financial Institutions	19,85,77,575	32.98	*18,76,10,525*	*32.03*
Foreign Institutional Investors	8,69,55,554	14.44	*6,97,05,591*	*11.90*
Shares underlying GDRs	1,62,02,709	2.69	*1,71,92,103*	*2.94*
Mutual Funds	3,24,73,907	5.39	*3,43,36,111*	*5.86*
Bodies Corporate	3,77,85,910	6.27	*3,37,60,770*	*5.77*
Directors & Relatives	64,23,782	1.07	*66,67,993*	*1.14*
L&T Employees Welfare Foundation	7,44,04,116	12.36	*7,44,04,116*	*12.70*
Others	14,93,71,855	24.80	*16,20,10,653*	*27.66*
TOTAL	**60,21,95,408**	**100.00**	***58,56,87,862***	***100.00***



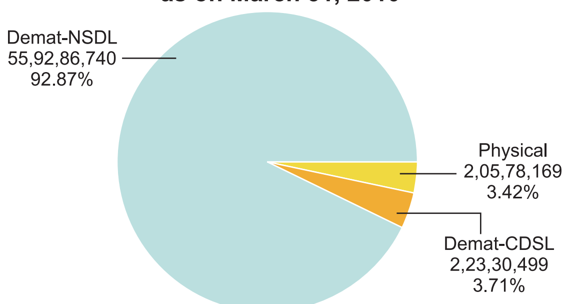
m) Dematerialization of shares:

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in dematerialized form. During the year, the Company has sent letters to shareholders holding shares in physical form emphasizing the benefits of dematerialization. These letters have evoked a reasonable response from the shareholders.

The number of shares held in dematerialized and physical mode is as under:

	No. of shares	% of total capital issued
Held in dematerialized form in NSDL	55,92,86,740	92.87
Held in dematerialized form in CDSL	2,23,30,499	3.71
Physical	2,05,78,169	3.42
Total	**60,21,95,408**	**100.00**

Shares held in Demat / Physical Form as on March 31, 2010



n) Transmission of Shares in Physical Form:

SEBI vide its circular dated January 7, 2010 has made it mandatory to furnish a copy of PAN in the following cases:

i) Deletion of name of deceased shareholder(s), where the shares are held in the name of two or more shareholders.

ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.

iii) Transposition of shares - when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

o) Implementation of NECS by RBI:

Reserve Bank of India vide its circular dated July 29, 2009 had instructed banks to move to the NECS platform for centralised processing of inward instructions and handling bulk transactions w.e.f. October 1, 2009. Shareholders holding shares in demat mode are instructed to instruct their depository participant to take note of the new account number allotted by their bankers which have implemented the Core Banking System. Shareholders holding shares in physical mode can send the details of their bank account to the Company's Registrar and Transfer Agent.

p) 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.

The Company has the following Foreign Currency Convertible Bonds outstanding as on March 31. 2010:

3.50% USD 200 million Foreign Currency Convertible Bonds due 2014		
(i)	Principal Value of the Bonds issued	USD 200 million
(ii)	Principal Value of Bonds converted to GDRs since issue.	NIL
(iii)	Principal Value of Bonds outstanding as at March 31, 2010	USD 200 million
(iv)	Underlying Equity Shares / GDR's issued pursuant to conversion as per (ii) above	NIL
(v)	Underlying Equity Shares / GDR's that may be issued pursuant to conversion notices in respect of (iii) above	49,07,243 shares

These Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited.

q) 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) and Bombay Stock Exchange Limited (BSE).

r) Debenture Trustees (for privately placed debentures)

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

s) Plant Locations:

The L&T Group's facilities for design, engineering, manufacture and testing cover the business sectors of engineering & construction, electrical & electronics and machinery and industrial products. They are based at multiple locations within India as well as in the Gulf (Oman, Saudi Arabia, Dubai), South East Asia (Malaysia, Indonesia) China and Australia. Within India, L&T campuses are located at Ahmednagar, Bangalore, Chennai, Coimbatore, Faridabad, Hazira (Surat), Rourkela, Mumbai, Mysore, Pithampur, Puducherry, Talegaon and Vadodara. A shipyard and modular fabrication facility is coming up at Katupalli near Ennore on India's east coast. The L&T Group also has an extensive network of offices in India and around the globe.

t) Address for correspondence:

Larsen & Toubro Limited,
L&T House,
N. M. Marg,
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 : Larsen & Toubro Limited
   Samhita Warehousing Complex,
   Bldg. No.13 A B, 2nd Floor,
   Off Sakinaka Telephone Exchange Lane,
   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; or
   Sharepro@shareproservices.com

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

u) Investor Grievances:

The Company has designated 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.

v) 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 & Remuneration 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.

w) 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. Directors and designated employees who buy and sell shares of the Company are prohibited from entering into an opposite transaction i.e sell or buy any shares of the Company during the next six months following the prior transactions. Directors and designated employees are also prohibited from taking positions in the derivatives segment of the Company' shares.

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

x) ISO 9001:2008 Certification:

The Company's Secretarial Department which provides secretarial services and investor services for the Company and its Subsidiary and Associate Companies is ISO 9001:2008 certified and subject to periodic audit by the ISO certifying agency.

y) Secretarial Audit:

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.

The secretarial department of the Company at Mumbai & Chennai (overseeing all companies in Infrastructure Development Projects), are manned by competent and experienced professionals. The Company has a system to review and audit its secretarial and other compliances by competent professionals, who are employees of the Company. Appropriate actions are taken to continuously improve the quality of compliance.

The Company also has adequate software and systems to monitor compliance.

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

(Issue 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, 2010 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) That there were no instances of significant fraud of which we have become aware.

Yours sincerely,

Y. M. Deosthalee
Chief Financial Officer

A. M. Naik
Chairman & Managing Director

Place: Mumbai
Date: May 17, 2010

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, 2010 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 the 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 explanation 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 the management has conducted the affairs of the Company.

SHARP & TANNAN
Chartered Accountants
ICAI registration no.109982W

by the hand of
R. D. KARE
Partner
Membership No. 8820

Mumbai, May 17, 2010

Management Discussion & Analysis 2009-2010

Macro-economic Overview

Despite the global slowdown, the Indian economy expanded by 7.4% during 2009-2010, as against 6.7% during 2008-2009, supported by the Government's stimulus package. The revival in consumption boosted the industry and services sectors in the economy. The Index of Industrial Production (IIP) continued its upward trend since June 2009, growing by 10.4% in 2009-2010 (4.1% in 2008-2009). The manufacturing sector and capital goods industry made a significant contribution to the growth of the economy.

The world economy currently is emerging from the clutches of a wide spread slowdown, triggered by the excesses in the global financial market. While the developed economies are recovering albeit slowly, aided by the liberal stimulus packages, they are grappling with many challenges such as high unemployment, weak and volatile financial markets and impending trade barriers. The lower expectations of growth of these economies could impact the rate of growth in developing countries over the next 3 to 5 years. In the Indian context, negative signs are visible in the sluggish export growth and subdued direct capital flows into the economy. The amount of foreign direct equity investment in the country during 2009-2010 remained sluggish at USD 25.9 Billion.

The challenge from an adverse external environment has been recently accentuated with the turmoil in the EU, followed by Portugal, Ireland, Italy, Greece and Spain (PIIGS) as also Hungary. Unsustainable macro economic conditions such as high debt levels, low taxes and rigid labour markets have led to a situation of sovereign default in Greece, raising the risk of contagion in the EU. A collapse has been currently avoided with the European Union, ECB and the IMF putting together a rescue package of almost $1 Trillion. The impact on an already nervous financial system was seen in the rise in Credit Default Swap rates and weakening of Euro. The global economic recovery is likely to take longer on account of the crisis.

Along with the current global challenges, the Indian economy also needs to contend with the rising spectra of inflation and tight monetary conditions. There is a need for a second green revolution in the agricultural sector, as otherwise the rising food prices may continue to dominate inflationary conditions. Needless to add, higher economic growth would also require a significant addition to infrastructure as well as increase in across the board productivity levels. The challenges as we know are many, yet, the Indian economy has inherent strengths to rise above these challenges and move towards accelerated growth in the medium to long term.

Construction & Project related business scenario

The Infrastructure & Construction sectors in India experienced a relatively lower growth during the year. The effect of the low growth of the industrial sector at the beginning of the year adversely impacted the infrastructure sector output. The core infrastructure industries grew by 5.5% in 2009-2010. However, many important initiatives were taken during the year in order to step up the investment in core infrastructure. During the current fiscal year, the transport sector's funding earmarked for the national highways development program increased by 23% compared with the previous year, while funding for railways increased by close to 45%. In the power sector, allocations for the power development program increased by 160%. The investment climate is expected to further improve in 2010-2011 even as the other sectors of the economy pick up the growth momentum.

Infrastructure has been the focal point of the Government's budget proposals. A combination of higher government funding and public private partnerships (PPPs) will drive new investments in infrastructure projects. The liberal allocation for infrastructure has been complemented by improved liquidity conditions in the market, which will boost mega-projects in power, highways and railways. In addition, a blue print will be created in 2010-2011 for natural gas pipeline corridors project.All the above initiatives taken by the Government are expected to give a fillip to an all round economic growth in the short to medium term.

The crude prices have strengthened during the year thereby reviving the investment opportunities in the Hydrocarbon sector. However, the domestic upstream sector could still experience somewhat sluggish growth in the short term due to unattractive returns and low capital flows. The Hydrocarbon Mid and Downstream sector, may however, attract healthy investment in the current year in its bid to augment capacity and improve product quality.

The Middle East countries continue to reel under the impact of global financial crisis experienced in 2008. The current hardening of oil prices is largely due to supply constraints rather than due to hike in global demand. The investment climate is expected to remain subdued in the short term. The bursting of real estate bubble in some Gulf countries is also expected to keep the investors at bay for some time at least in the real estate sector.

Challenges

Competition is expected to intensify in the domestic infrastructure and construction sectors, post the revival of growth trajectory of the economy. Many mid-size construction and EPC players have been active and expanding their range of project execution skills, which in the medium term, may adversely impact overall project margins. Further, with some of the larger EPC packages requiring longer execution schedule, the timelines for conversion of Order Book to Sales Revenue would be relatively longer. Astute contract and project management have also gained importance due to increased execution timelines and stiffer delivery terms.

Inflationary conditions have erupted in the economy due to supply side constraints. This would have a snowballing effect on the raw materials and input prices, which may erode the profitability of capital goods sectors in the near to medium term.

Ensuring timely execution within the cost targets and a smart working capital management will be critical success factors for the project business in their efforts to reinforce the market leadership. Collaborations for technology up-gradation, especially in the new and emerging businesses, will continue to enhance the competitive edge and enable the businesses to move up the value chain for realising better margins. On the manufacturing business front, deeper market penetration, improved capacity utilisation and cost efficient operations will be the major success factors.

The prospects of certain new and emerging businesses like Defence, Nuclear, Water and Railways will depend on the Government's ability to activate the policy implementation without further delay and manage fiscal health.

Strategies

The Company's Project Lakshya initiated 5 years ago as part of its strategic capability build-up exercise concluded during the year with most of the targets achieved and a few parameters surpassing the original targets. Continuing this journey of focused growth, the Company has embarked upon a Perspective Plan 2010 - 2015 which may see some restructuring of its current portfolio of businesses. The Company plans to focus on building new capabilities in areas of Power Development, Ship Building, Nuclear Forging and Defence, besides embarking on an accelerated growth path in its other businesses.

Hazira and Coimbatore are the major locations where the fabrication and manufacturing facilities are being stepped up to improve the execution capability and delivery time. A new manufacturing facility is being planned at Baroda for catering to expanding electrical products market. The project of new shipyard at Kattupalli, Tamil Nadu for fabricating large defence ships is also being implemented during the budget year. Investments have been made for operationalisation of joint ventures formed for manufacturing super critical boilers and turbines. Power auxiliaries and large forgings are also planned to be manufactured at Hazira to harness the potentials emerging from mega thermal power, nuclear power and hydrocarbon sectors.

On the international front, the Company's heavy engineering fabrication facility in Oman has commenced operations. The installation vessel being built under SapuraCrest JV is expected to be launched shortly. The Electrical & Electronics Division has targeted increase in the output from its overseas production facilities in Saudi Arabia & UAE. The Division has completed the integration of the newly acquired TAMCO group of companies by leveraging Medium Voltage products with its existing Low Voltage Switchgear products. In order to expand the international footprint, the Company is planning to enter select international territories in Africa, South East Asia and Latin America to harness the promising business potential in these markets.

The E&C Division has enhanced its efforts in engineering & design capabilities, improving product offerings with forays into new fields like Floating Production Systems, Water Process Technology, High-end Pipeline Engineering etc. The product businesses have plans to beef up marketing infrastructure to ensure on-time deliveries and improved cost competitiveness and customer service. The construction business plans to focus on expanding its market reach beyond the current geography and increase its market share.

High skilled talent acquisition and retention are critical for sustainable growth. Various initiatives have been planned towards career planning, competency building, succession planning etc. While the businesses have budgeted moderate growth in manpower, emphasis is being given to build higher competencies demanded by the customers. Maximising employee productivity is a major area of attention for the Company to improve its competitive edge.

A record Order Book of over Rs.1,00,000 crore at the year end 2009-2010 gives a good visibility to the revenue growth in 2010-2011 and 2011-2012, and hence, the Company is setting its vision on a longer and sustained growth trajectory beyond the medium term.

In this backdrop, the Company's business divisions and its Subsidiary and Associate companies present their review of operations for the year 2009-2010.

Performance at a Glance

L&T

- Order Inflow at Rs.69,572 crore in 2009-2010 as against Rs.51,621 crore in 2008-2009 - 35% growth y-on-y
- Order Book as at March 31, 2010 Rs.1,00,239 crore as against Rs.70,319 crore as at March 31, 2009- 43% growth y-on-y
- Gross Sales at Rs.36,996 crore in 2009-2010 as against Rs.34,045 crore in 2008-2009 - 9% growth over 2008-2009
- PAT at Rs.4,376 crore in 2009-2010 as against Rs.3,482 crore in 2008-2009 - growth of 26% over 2008-2009
- Gross Debt Equity ratio of 0.37:1 *(previous year 0.53:1)*

L&T Group

- Gross Sales at Rs.43,854 crore in 2009-2010 as against Rs.40,608 crore in 2008-2009 - 8% growth over 2008-2009
- PAT at Rs.5,451 crore in 2009-2010 as against Rs.3,789 crore in 2008-2009 - growth of 44% over 2008-2009

K. V. Rangaswami

Whole-time Director & President (Construction)

Port at Dhamra on India's east coast developed by L&T in collaboration with the Tata Group. L&T is carrying out complete civil, electrical and mechanical construction for this major port complex.

Engineering, Construction & Contracts Division

Overview

Engineering, Construction and Contracts Division (ECCD) undertakes engineering design and construction of infrastructure, buildings, factories, water supply & metallurgical and material handling 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, covering all buildings, industrial sectors and infrastructure development, the Division also undertakes lump-sum turnkey construction with single-source responsibility. The Division takes pride in announcing that it has secured the 35th rank amongst all the Construction companies across the globe [source: Engineering News Record (ENR)]. The current year performance of the Division reiterates the Company's global stature in construction.

ECCD consists of Buildings & Factories Operating Company (B&F OC), Infrastructure Operating Company (Infra OC), Rail Infrastructure business, Metallurgical Material Handling and Water (MMHW OC) and Electrical & Gulf Projects Operating Company (E&GP OC).

Buildings & Factories Operating Company (B&F OC)

B&F OC continues to maintain its leadership position in construction of major airports, IT parks, turnkey hospitals and residential buildings. Relentless business development initiatives along with focus on key account management and specific thrust on design & build projects helped the OC to secure significant order inflows during the year 2009-2010. "Concept to Commissioning" is the theme which continues to drive the growth. This unique capability along with focus on key account management helps the OC to retain its customers. B&F OC is also fully geared up on the technology front for undertaking the construction of tall towers & green buildings.

Creation of business specific segments has further boosted the growth that helped in securing high value government projects (hospitals) and many residential projects especially in Mumbai during the year 2009-2010. Some of the major orders bagged during the year include India Tower, Mumbai, Residential Towers for leading promoters like Wadhwa Group, Oberoi Realty, Ahuja and DB Realty etc., ESI Hospitals at Kollam, Coimbatore and Kolkata, IT Park and SEZ at Siruseri for Cognizant, JIPMER phase II, Pondichery and factories orders from Maruti, Honda, Nestle, etc.

B&F OC has also reported significant growth in the revenues during the year 2009-2010. Some of the major airport projects under execution include the Delhi International Airport which is in an advanced stage of completion and would be ready for operations well ahead of the Commonwealth Games. At Mumbai International airport, the Terminal 1C built on a Design & Build basis has commenced operations. On the back drop of a healthy order book, B&F OC is again poised to register a satisfactory growth on the revenues during the year 2010-2011.

Infrastructure Operating Company (Infra OC)

Infrastructure Operating Company undertakes construction of Roads and Runways, Bridges, Metros, Ports, Nuclear/Hydro Power Projects and Defence Projects. During the year 2009-2010, Infra OC has completed several prestigious projects *viz.* Vadodara Bharuch Road in Gujarat, Palanpur-Swaroopgunj Road in Gujarat & Rajasthan, Vessel project at Vizag, Alain Duhangan Hydropower project in Himachal, etc. Though India's Infrastructure sector witnessed slower execution growth in 2009-2010, the second half of the year showed clear signs of recovery. This was visible in the transportation infrastructure segments like roads, metros, elevated corridors which saw a flurry of activities in de-bottlenecking of constraints in pre-qualification & bidding processes.

The year witnessed a resurgence of activities by Nuclear Power Corporation of India (NPCIL) in jet setting India's nuclear power programme and Infra OC has set a strong footprint by bagging the main plant civil package for the first ever 2x700 MW Nuclear power plant (Indigenous technology) upcoming in Kakrapar, Gujarat. Incidentally, this was also the largest ever construction package configured by NPCIL so far in the Nuclear power sector. In Hydro Power sector, Infra OC bagged an additional order at Subansiri HEP for the Surge Tunnel works.

Metro Authorities also endeavoured to speed up the implementation of various city metro rail projects in Bangalore, Chennai, Kolkata, Mumbai, etc. and Infra OC has secured elevated packages of Chennai Metro and Bangalore Metro and Underground works for DMRC. Infra OC is also currently constructing L&T's own greenfield port cum shipyard called Kattupalli Port near Chennai.

Public Private Partnership Projects received a huge thrust with Road sector witnessing a revival with the grant of a large number of highway BOT projects and with B.K.Chaturvedi Committee recommendations speeding up highway development. The central government has announced aggressive targets of developing 20 km of roads per day vis-a-vis the current rate of 4-5 km. The Company has secured two BOT projects – Krishnagiri Walajahpet in Tamil Nadu and Gandhidham Samakhiali in Gujarat, construction of which will be undertaken by Infra OC.

Rail Infrastructure business

The Company established Railways Business Unit (RLBU) to cater to emerging Rail Infrastructure projects in Urban Mass Transport Systems, Railway

400 kV switchyard at a power plant. L&T has executed a host of such projects in India and in GCC countries. Capabilities cover design, survey, manufacture, supply, erection, testing and commissioning of switchyards and transmission lines for power grids and utilities.

Terminal III of the Indira Gandhi International Airport, Delhi. L&T is driving the airports revolution in India, building virtually every major new international airport in the country.

Rolling Stock Facility, Railway Sidings and Dedicated Freight Corridor Systems. With the opening up of Rail sector to private participation and the growing need for urban mass transport systems, RLBU sees tremendous opportunities for turnkey projects. Accordingly it has built a strong engineering base at Faridabad and is leveraging on the Company's construction and project management skills while executing the current two mega projects in the rail infrastructure sector.

Metallurgical Material Handling and Water (MMHW OC)

MMHW OC has sustained its growth story and leadership position again during the financial year 2009-2010. Order Book has increased significantly with major breakthrough orders received from TATA Steel (Coke Oven and RMHS), HINDALCO (Coal Handling Plant, Pot Shell and Pot super structure), BALCO (Pot Shells), UPRVUNL (Coal Handling Plant), Adani Power (Coal Handling Plant), NTPL (Coal Handling Plant), Bhushan Steel (RMHS Packages), UP Jal Nigam (Water & Sewer Projects) and BWSSB (Water Supply Packages).

MMHW OC has proven its execution capabilities by successfully completing the projects ahead of time. MMHW OC is currently executing largest Pellet plant for Tata Steel at Jamshedpur and concurrently executing eight coal Handling Plants, which is a landmark. Its key success factor is high customer retention, efficient project management and operational excellence.

High growth in the field of ferrous & non ferrous and power sector, and the Government commitment towards infrastructure spending are going to be the key drivers for the MMHW OC during the financial year 2010-2011. Healthy Order Book gives MMHW OC visibility on the revenue growth for the year 2010-2011.

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

The demand and supply gap in power drives the business growth of E&GP OC. "Power for all by 2012" is the mission statement as per National Electricity Policy and 11th Power Plan creates ample power development opportunity in India. In addition technological developments help transmitting Quality Power over long distance with minimum transmission losses. This has given a fillip to HT Transmission Line Projects and R-APDRP Projects in the country. This OC is focusing on substations, Industrial Electrification, Transmission Line Projects and Railway Construction in the Domestic Front and Power Transmission & Distribution Projects in Gulf Countries.

E&GP OC has successfully completed/ commissioned various projects in India and Gulf.

Securing repeat orders from client like PGCIL, various State Electricity Boards, RVNL, ADWEA in AbuDhabi, OETC in Oman, DEWA in Dubai, KAHRAMAA in Qatar, testifies its superior project execution capabilities and timely delivery. Some of the breakthrough orders bagged during the year include construction of first of its kind 1200 kv Substation from PGCIL, EHV Cabling Packages in Delhi for DTL, 765kv Substations for PGCIL & UPPCL, 2 nos of 800 kv HVDC TL for PGCIL, Gulf Projects include first 400 kv OHL with Transco - 96 km, 3 nos. 33 kv S/S & Cabling works for Abudhabi Ports Company, Breakthrough job in Qatar Petroleum – 132/11 kv S/S and associated cabling.

With the addition of 3rd bay in its Pondicherry facilities, the installed capacity of the Transmission Line manufacturing has crossed more than 1,00,000 MT per annum. The OC has put up a Transmission Line Research and Testing Center (L&T TLRTC) in Kanchipuram which helps its business unit to test the prototypes faster thereby bringing down the overall project duration. The Gulf Operations have also reported significant growth in revenues. key success factor for E&GP OC continues to be superior project execution capability.

Business Environment

The year 2009-2010 has been quite challenging for the construction industry as a whole. The overall Order Inflow to the industry has come down by about one fourth in comparison to the previous year. However, the Government's focus on Infrastructure is quite apparent and the initial delays in awarding of projects are considered to be more of a temporary phenomenon. Corroborating this, the

Order Inflows have started showing steady improvement towards the end of the year 2009-2010.

For the construction industry, the primary drivers of growth remain robust in many areas. the most important drivers are (a) infrastructure development; (b) core sector capacity enhancement; and (c) urbanisation. These growth drivers are irreversible and are underpinned by India's domestic demand and the existing social and physical 'infrastructure deficit'.

Construction industry is by nature pro-cyclical. Even with the cyclical downturn in India, construction sector grew by 6.5% in 2009-2010 on top of a growth of 5.9% in 2008-2009.

The Union Budget 2010 lays increasing emphasis on infrastructure development with huge budgetary allocation and increased focus on promoting the private – public-partnership route for financing of infrastructure projects. Therefore, demand for infrastructure, especially in areas relating to urban infrastructure, power, roads & water appears sustainable.

With manufacturing sector rebounding, there is an increase in demand of ferrous and non-ferrous metals & chemicals. Thus, capacity addition is again in focus. Construction industry, especially the larger firms, is set to gain from this. Power remains the 'cornerstone' for social and economic development in a country like India. Thus, the strong focus on power would continue. Investment flow into this sector is less sensitive to economic fluctuations and thus forms a stable source of business. Though real estate in the Middle East has considerably slowed down, the planned investments in infrastructure and oil & gas are set to continue and therefore, GCC would continue to offer good potential for the Division's international business particularly in Power Transmission & Distribution and Infrastructure.

The construction market shows a mixture of optimism and a few concerns. Owing to reduced demand, some sectors like realty (especially premium housing), capacity augmentation in some of the manufacturing sectors are expected to move a bit slower. However, with increasing urbanisation, the housing sector will continue to give lot of opportunities. Mass scale affordable housing is one such opportunity to be harnessed.

As per Mid-term appraisal of 11th five year plan, the Government plans to rely more on infrastructure investment by private sector as revised target for private investment contribution is 36% in Eleventh Plan as compared to 30% in original projections and 25% in Tenth Plan. The opportunities in different sectors/geographical locations implicitly offer tremendous market potential to all our business units.

Significant Initiatives

The Engineering & Construction business has started witnessing the benefits of creating Operating Companies (OCs), particularly in business development initiatives. The OCs have identified Business Development Managers to improve the market share in these difficult times. This initiative very much aligns with the vision of enhancing customer relationship by engaging with clients at the early stages of project proposals.

Focus on multi-skilling/job rotation will get a renewed attention and the Division's initiative to train and retain workmen across India has been strengthened by building training centres in all the regions.

Outlook

All Business Units are engaged in developing the Strategic Plan for the next 5 years with clear focus on increasing the market share, improving the competitiveness and expanding beyond presently operating geographies. Countries such as South Africa, Saudi Arabia, Qatar and Vietnam offer a plenty of opportunities for many of the Division's businesses and therefore, the concerned business units are carefully monitoring the developments in these countries and will pitch in at an appropriate time.

Overall, the outlook for the Engineering & Construction business remains good owing to robust order book and diversified business portfolio. The Government's commitment to revitalise the economic scenario through investment in infrastructure, provides immense scope and opportunities to the business units.

Vizag Steel Plant. L&T carries out engineering, procurement, manufacture, supply, construction and commissioning of projects in ferrous and non-ferrous metals, mineral beneficiation and coal washeries

K. Venkataramanan

Whole-time Director & President
(Engineering & Construction Projects)

BCP-B2 Process Platform and Well-head Complex connected to the pre-existing BPB Complex for Oil & Natural Gas Corporation, located in the Bassein Gas Field, approx. 80 km north-west of Mumbai.

Engineering & Construction (Projects) Division

Overview

Engineering & Construction (Projects) Division delivers "design to build" world-class EPC solutions in the Oil & Gas, Petrochemicals, Fertilizer, Power and Water Technology sectors. In-house expertise and experience, synergised with strategic partnerships enables it to deliver single point solution for every phase of a project – right from the front end design through engineering, fabrication, project management, construction and installation up to commissioning. The key aspects of our business philosophy are on-time delivery, cost competitiveness, high quality standards with focus on best in class HSE practices. Integrated strengths coupled with experienced highly-skilled engineers and workmen, are the key enablers in delivering critical and complex projects in India and in select countries overseas. Over the years, it has garnered a reputation for executing multiple projects in parallel.

Significant strengths that have enhanced the Division's reputation in market & contributed towards growth are:

- Design & Engineering Services: The Engineering arm is equipped with qualified & experienced engineering talent, in-house engineering centers with latest technology, softwares, world class office facilities & robust IT infrastructure. Services are further complemented by specialised support from engineering partners like L&T-Valdel Engineering Limited, L&T-Chiyoda Limited, L&T-Gulf Private Limited. Engineering teams are located at various strategic locations – Mumbai, Faridabad, Vadodara, Bangalore, Chennai & Sharjah.
- Fabrication Capability: Modular fabrication facility in India over the years has provided cost competitive advantage. Located at Hazira, it is one of the largest of its kind in South Asia. Hazira Modular Fabrication Facility meets international quality standards and is capable of meeting compressed delivery schedules. A new Modular Fabrication Yard at Oman is an all-weather yard augmenting capability to fabricate and supply a range of large size complex modules. The Yard has facilities for heavy fabrication, sophisticated equipment for testing and load-out facility.
- Installation Capability: To cater to offshore requirement, a state-of-the-art heavy lift-cum-pipe lay vessel (HLPV), referred to as "LTS – 3000" has been developed in Joint Venture with Sapura Crest Petroleum Berhad (Sapura Crest) of Malaysia. It has capability of lifting 3000 ST & laying 6"-60" of sub-sea Pipelines. This service is expected to offer cost competitive advantage to the business.
- International Business Development: The Division has consolidated its presence in international market, establishing as an emerging player in Middle East & South East Asia. It has set up manufacturing and project execution capabilities in select geographies and offices in UAE (Abu Dhabi & Sharjah) & Qatar (Doha). JV Companies have been set up with reputed local partners in Oman, Kuwait and Saudi Arabia to tap

opportunities available in these countries. Branch offices have also been registered in Libya and Brazil to further strengthen the range of services across the international market.

In addition to the above advantages, which are critical to the success and provide competitive advantage, the Division is able to deliver sustainable & successful services on account of its ability in:

- Attracting and retaining high quality professionals.
- Having Multi-locational engineering,technology and innovation centers.
- Adopting stringent quality control parameters designed to minimise cost, ensure adherence to pre determined project parameters and reduced delivery time.
- Compliance to highest standards of health, safety, environment and information security.
- Usage of web enabled technology in the complete cycle of execution of EPC projects.
- Capitalising on knowledge management system for providing solutions.
- Providing professional project management for accelerating delivery time of large projects.

To drive an accelerated growth and lay closer focus, Hydrocarbon Upstream Operating Company, Hydrocarbon Mid & Downstream vertical and Power Development & Construction vertical have been created.

Hydrocarbon Upstream Operating Company (Upstream OC)

Upstream OC provides a wide range of EPC solutions for Offshore Oil and Gas Exploration projects such as Process Platforms, Wellhead Platforms, Subsea Pipelines, and Floating Systems. During the year, it has bagged largest ever project order over Rs.5,300 crore from ONGC for an integrated process platform complex. Having a track record of successful completion of projects, it has moved into execution of the largest jacket structure fabrication for Indian waters of 12000 MT at MFY Oman. In order to enhance fabrication capacity and leverage on locational advantages, additional Modular Fabrication Facility at Kattupalli in Chennai is under construction.

With the economy recovering from recessionary trends and demand for crude gaining momentum, expansion in oil exploration investments is envisaged. In order to focus on marketing, dedicated teams have been established in India & Abu Dhabi to tap opportunities in Middle East, South East Asia, Australia and West Africa.

Hydrocarbon Mid & Downstream Vertical

Hydrocarbon Mid & Downstream vertical provides wide range of EPC solutions for turnkey projects in petrochemical industry, green fuel projects, fuel up-gradation, polyolefins, aromatics, hydrogen, fertilizers, gas processing, reformers, cracking furnaces, cross country oil & gas pipelines, gas gathering stations, and crude oil terminals.

During 2009-2010 initiatives on operational excellence for the timely completion of ongoing projects were undertaken. We have to our credit, successful commissioning of complex projects like onshore gas processing terminal, at Kakinada, which is the largest of its kind in India (80 MMSCMD) and execution of the insulated pipeline project from Barmer in Rajasthan to Salaya in Gujarat which is one of the longest insulated pipelines in the world.

Prospects of growth in refinery sector are promising, owing to domestic demand and favourable investment policies by the Government. Petrochem & fertilizer plants are new areas of our business development and have contributed to significant order inflow in 2009-2010. During the year, we bagged a large order from ONGC Mangalore Petrochemical

290-man 3000 ST heavy-lift-cum-pipelay vessel (LTS 3000) adds installation capabilities to L&T's EPC offerings to the upstream hydrocarbon sector.

Cracking furnaces and associated units for IOCL at Panipat Naphtha Cracker Project. L&T executed this project in consortium with Toyo Engineering, Japan.

Ltd. of over Rs.2,000 crore and orders from the fertilizer sector projects of over Rs.3,000 crore.

Business Environment

With the Government support measures in place, domestic recovery began in the later part of 2009-2010 as reflected in growth in industrial production, sustained FII inflows, rise in credit growth and improved liquidity conditions. Stability in crude oil prices has brought investments and expansion plans back on track in India and in the Gulf.

Despite slow & uncertain economic conditions in the first half of the year and challenging competitive environment, Division was able to maintain an impressive strike rate. The Division was rewarded with orders in excess of Rs.16,500 crore during the year demonstrating the continued trust of domestic and international energy companies.

Significant Initiatives

- **Growth & Expansion**

  Looking at the enormous business potential in the Middle East region, initiatives have been taken to enhance and strengthen our presence in GCC countries. These include pre-qualification for large projects with major oil & gas sector clients, alignment with major EPC companies for large construction packages & setting up of JV companies. Division has not only spread its wings along geographies but also undertaken significant steps in boosting its own manufacturing capabilities like expanding its facilities at the Modular Fabrication Facility at Hazira, the setting up of the Oman Modular Fabrication Yard and the commissioning of new installation and pipe laying vessel LTS 3000. Work is on for the development of Kattupalli Modular Fabrication Facility near Chennai.

- **Risk Management**

  Risk Management is looked upon as a facet of governance contributing towards greater predictability in performance and value creation. Identification, assessment, mitigation of various risks for every project, is done from pre-bid to completion stage. Increased competition, pressures on cost and deliveries, forex and commodity price variations, impact of recessionary trends on award of jobs and manpower attrition are some of major risks faced by the Division.

  Measures such as advanced quantitative tools, global sourcing, standard operating procedures, and operational excellence initiatives have been implemented so as to protect the profitability & sustainability of the business. Comprehensive risk templates have been introduced for continuous review, focused assessment and monitoring. Adoption of ECRI (Engineering & Construction Risk Institute) Practices & Procedures added to development and sharing of the best practices in risk management.

  To mitigate the adverse effect of some of these risks, cost control, cost reduction and hedge management policies were put in place. Focused and dedicated teams have been established to combat and manage currency exposures from bidding till completion stage of the project.

- **Talent Management**

  People are prime engines of growth. Hence, hiring of qualified individuals and grooming them for leadership roles is essential. 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 knowledge city at Vadodara, Gallup e-Voice - Employee Engagement Survey, team building programmes were some important initiatives undertaken during the year. Leadership identification and development has been institutionalised in the Division for developing leaders at every level of organisation.

- **Operational Excellence**

  To improve business value chains, various key cost & time reduction initiatives such as, easy track for better cash management and crashing invoicing time, project Disha for construction management were undertaken.

- **Strategic Plan**

  Division has embarked on developing Strategic Plan, "LAKSHYA 2010-2015" as a part of company-wide launch. Identification of the strengths, addressing key gaps in service offerings, enhancing competitiveness and expanding geographical presence were undertaken through a structured process. As a part of LAKSHYA 2010-2015, strategic initiatives are being identified along with milestone-driven roadmaps for ensuring timely and speedy implementation of the strategy.

Outlook

Domestic economy has regained momentum and has shown positive signs of recovery in terms of industrial growth. India is emerging as a global refining hub owing to cost competencies over other countries. Gas demand in India is dominated by the power and fertilizer sectors, which are on the rise. This coupled with the Government's conducive policy and regulatory framework has made investments in energy sector attractive.

E&C Projects Division will be focusing on opportunities in key growth areas such as oil and gas extraction, floating systems in deepwater, subsea field development, gas processing, fertilizer, and petrochemical and onshore pipeline business. The Division is looking forward to building capabilities in an accelerated manner to harness the upcoming business opportunities on the East coast of India, which has large potential for oil & gas production. It is also building comprehensive high-end FEED detailed engineering capabilities for these emerging areas by exploring various options including inorganic growth and entering into joint ventures. The Division also plans to enter into new geographies, establishing new clientele and entering into strategic alliances.

Clearly drawn out pre-bid strategies, intense marketing efforts and enhanced execution capabilities will drive the performance in the coming year. Considering positive business environment, strategic positioning and initiatives taken by the Division coupled with a healthy order book at the end of the March 2010, the Division expects to perform well in the year 2010-2011.

Laying of 592-km, 24" PUF-insulated crude oil pipeline along with 8" gas pipeline from Barmer to Salaya for Cairn Energy.

Ravi Uppal
CEO & MD
L&T Power Limited

Power plant executed by L&T on an EPC basis at the complex of Indian Oil Corporation in Panipat.

EPC Power Division

Overview

EPC Power division has been organised as a separate Operating Company with effect from April 1, 2009. Financial year 2009-2010 has been the first year of operations in pursuit of the Company's mega vision to become "the most preferred provider of equipment, services and turnkey solutions for fossil fuel-based power plants and a leading contributor to the nation's power generation capacity".

EPC Power division's offerings comprise Supercritical Steam Generators, Steam Turbine Generators and Balance of Plant. The business organisation which includes the Joint Venture Companies with Mitsubishi Heavy Industries, Japan, is geared to address the opportunities tendered by the customers. The customer profile comprises State Utilities, Private Sector IPPs and large corporates seeking to build captive generation capacity.

The Company has strong engineering, procurement, construction and project execution capabilities built over past few decades, which underpin the foray into EPC for thermal power plants, especially coal-based generation projects.

The engineering capabilities are housed in L&T-Sargent & Lundy Limited, a joint venture company. The fast upcoming manufacturing facilities at Hazira Complex will establish the capacities to build Steam Turbine Generators, Boiler pressure parts and Pulverisers based on MHI technology in a phased manner over the next 18-24 months. In addition, the Operating Company will also manufacture Critical piping, Electro-static precipitators, Air-preheaters and Axial fans. This would give the Operating Company comprehensive capabilities to offer world class thermal power plant solutions.

Performance Highlights

EPC Power Division secured new orders of Rs.13,797 crore. New orders, which spanned the entire range of offerings, were received from the prestigious customers such as GMR Group, Maharashtra State Power Generation, Madhya Pradesh Power Generation, Jayaprakash Group, who are setting up mega power plants.

During the year, the Division progressed with the execution of its projects for Indian Oil Corporation Limited at Panipat, Andhra Pradesh Power Development Company Limited at Krishnapatnam and GMT Rajamundhry Energy Ltd at Vemagiri.

Business Environment

India needs to build substantial power generation capacity. The reliance on coal and natural gas as fuel for power plants will continue for several years to come. With coal-based plants continuing to form a major share of fresh capacity addition, the Division's offerings based on supercritical technology have huge potential.

The capacity addition target for the 11th five year plan ending in 2012 is 78,700 MW and for the 12th plan, the target is 100,000MW. It is expected that a sizeable capacity will be in coal-based

L&T has the integrated capability, the experience and the expertise to execute complete supercritical power plants on an EPC basis.

power plants with supercritical technology. The Power ministry and the Planning commission are expected to come up with various policy measures to encourage investment in supercritical technology as well as local manufacture.

EPC Power Division faces aggressive competition from Chinese players whose faster deliveries and cost advantage pose a formidable challenge. Major international power plant equipment producers are also setting up capacities in India. The leading established domestic players enjoy the leadership position in the space of power plant equipment.

In addition, an acute shortage of HR talent could adversely impact the growth aspirations of the Division. In the medium to long-term, possible technological break-through in non-conventional power generation, a faster nuclear power program, sanctions against coal as a fuel and availability of water also present considerable risks to company's business. The company expects customers to increasingly demand shorter project schedules and more competitive pricing.

Initiatives

The Division has undertaken several initiatives such as accelerated indigenisation of manufacturing program for Steam Generators and Steam Turbine Generators, standardisation of product designs, enlargement of vendor base to improve price competitiveness and achieve reliability in project schedules. It has set clear targets in this regard to be realised over the next couple of years.

Outlook

The Division expects the policy regime to decisively discourage sub-critical technology and support supercritical technology in coal-based power generation. PSU-utilities already require establishment of local manufacturing capacities of power generation equipment. This is in the national interest and should augur well for the Division. With robust demand for power and resultant opportunities for power generation equipment infrastructure, EPC Power Division is confident of growing into a major business for the Company.

A turbine - part of the critical equipment for power plants that are manufactured by L&T.

M. V. Kotwal

Whole-time Director & Senior Executive Vice President (Heavy Engineering)

Cr-Mo HDS reactor manufactured at L&T's works complex in Sohar, Oman. The complex includes a captive jetty having direct access to the Gulf of Oman.

Heavy Engineering Division

Overview

Heavy Engineering Division (HED) 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 Equipment & Systems for Defence applications. The Division's Ship Building business is engaged in construction of commercial ships as well as warships for the navy and the coast guard.

The Division has manufacturing & fabrication facilities at Mumbai in Maharashtra, Hazira & Baroda in Gujarat and Visakhapatnam in Andhra Pradesh. A Strategic Systems Complex for integration & testing of Weapon systems, Sensors and engineering systems is located at Talegaon in Maharashtra. A Precision Manufacturing Facility has been set up at Coimbatore in Tamilnadu to cater to needs of precision machined/ manufactured components and assemblies.

Defence Electronics Systems design & engineering is supported through a dedicated Strategic Electronic Center at Bangalore in Karnataka. Dedicated engineering centers support manufacturing at all locations. Three "Technology Development Centers" operate from Powai - for new product development in process plant equipment and for defence/nuclear equipment as well as one focused on electronics systems/sub-systems.

Presently the Division has its Ship Building facility at Hazira in Gujarat. Construction of a new modern Shipyard is in progress at Kattupalli in Tamilnadu. The new facility will mainly concentrate on construction/refits – repairs of naval ships and submarines and repair of commercial vessels.

A heavy fabrication facility set up as a joint venture in Oman was inaugurated during 2009-2010. The facility will manufacture a range of equipment for the hydrocarbon & power sector – mainly for the GCC countries.

Heavy Engineering Division's operations are managed through two Operating Companies viz. Heavy Equipment & Systems Operating Company and Shipbuilding Operating Company.

Heavy Equipment & Systems Operating Company (HES OC)

Business Environment

HES OC achieved a significant increase in customer sales during 2009-2010 on the back of a robust Order Book at the start of the year. However, the Order Inflow was impacted adversely due to the global economic meltdown. Export orders particularly were sharply down due to deferment/cancellation of planned projects across geographies. This may have adverse impact on customer sales of the OC during 2010-2011.

Though the world wide economic situation has been improving, internationally many new projects are still awaiting due to inadequate refining margins. There is intense competition for business – mainly from Korean & Italian competitors. HES OC sees some of the international refinery and gas projects taking off with the oil price hovering around $80/bbl. Middle East, Iran and

South America offer good potential. However, the policy of Chinese Government of offering credit to Iran and the African countries for promoting Chinese suppliers is putting the OC at a disadvantage.

Coal gasification business from China continues to show promise in the short to medium term, though competition from local Chinese fabricators is increasing with active support from the Chinese government. During 2009-2010, the economic crisis had slowed down the pace of work in new power projects. Domestic power plant equipment business has now started looking up. Competition from Chinese and Korean suppliers is putting pressure on power plant equipment prices. Fertilizer sector shows promise. There is potential from the new grassroot fertilizer plants as well as the planned expansion projects of existing plants. New investment in fertilizer plants is expected in Iran and Brazil.

As the Central Government has maintained the ratio of Defence expenditure to GDP even during the economic slow down, the Defence sector shows definite promise in the medium to long term. With the growth momentum maintained, the government continues to simplify procurement procedures, initiate creation of policy environment for increased indigenisation and inclusion of private sector in the modernisation of India's armed forces.

Defence Procurement Policy 2008 Amendment 2009 (DPP) introduced a new procurement category called "Buy and Make (Indian)" for the Indian Defence programs. Under this category, while Indian industry will be the lead bidder for these programs, it can have foreign collaboration/ technology providers for up to a maximum of 50 % value of the program. The new policy facilitates understanding the Industry view through Apex Chambers of Indian Industry before making decisions on categorisation of programs for procurement. The Defence sector thus shows definite promise in the medium to long term in the segments of interest to the OC.

The pace of liberalisation, however, has slowed down and imports continue to remain at 70 % of the Defence budget for past more than a decade. Indigenous product development & system integration capability in private sector is not yet well harnessed towards cutting imports. The much awaited grant of Raksha Udyog Ratna (RUR) to system integrators in private sector is still awaited and not in sight in the short run.

There is a Nuclear Power Renaissance the world over, which offers growth potential both in domestic as well as international market. A number of new projects are planned in India, USA, Russia, China & UK. There is potential for supply of equipment & systems for new build as well as refurbishment of existing Nuclear Power Plants in USA & Europe.

Significant Initiatives

The Operating Company has launched a number of key initiatives aimed at maintaining a leadership position in the global process plant equipment market and for gaining an early mover advantage in the Defence equipment sector.

Capability Building

HES OC is moving ahead on a major initiative "Enterprise-wide Collaboration

Multi-barrel rocket-launch system for India's defence forces, designed and developed by L&T - largely through in-house R&D.

SGP Reactors for Qatar Shell Gas to Liquid project ready for despatch. L&T's Hazira Manufacturing Complex has its own roll-on-roll-off jetty, offering direct access to the Arabian Sea

for Alignment with Strategy" (ECAS), launched in 2008-2009, which aims to align operations to the strategy of Customer Intimacy, concurrent with enhancement of Organisational Excellence for improved performance. An apex body and 10 councils comprising members from across functions and locations have been formed to launch and monitor specific projects for Organisational Excellence.

The Technology Development Centers focus on continuous development/ adaptation of manufacturing technology and development of new products as well as up-gradation/modification of existing products. Tie-ups and partnerships with national laboratories for joint development keep the Technology Development Centers at the forefront of technological development. Technology Development Centers are working closely with select customers for analysing plant performance to develop ways to improve plant efficiency.

HES OC focuses on talent acquisition to enhance organisational performance for growth by fostering a learning & development culture. Various initiatives for skill/capability building include tie-ups for training, knowledge sharing & up gradation.

The Operating Company lays a great emphasis on protection of its Intellectual Property Rights. During 2009-2010, the operating company received two patents while three patent applications are awaiting clearance.

Capacity Augmentation

An ultra modern Heavy Fabrication facility has been commissioned at Sohar, Oman as a joint venture for manufacture of a range of process plant equipment – principally targeting the market in the GCC countries.

The heavy fabrication facilities at Hazira continue to be upgraded to maintain a competitive edge. The doubling of assembly – integration capacity for Weapon Systems and Engineering Systems at the Strategic Systems Complex at Talegaon is under implementation and will get ready during the first half of 2010-2011.

Securing Supply Chain

Reliable supply of nuclear grade heavy forgings is a major requirement of the Indian Nuclear Power program. Supply of these forgings has been a major bottleneck globally. During the year a Joint Venture Agreement was signed with Nuclear Power Corporation of India Limited (NPCIL) for setting up a fully integrated special steel and heavy forgings facility. This facility will produce heavy forgings required for both the Hydrocarbon sector and the Nuclear power sector.

The OC has put in place a Materials Portal for offering better visibility during negotiations and for making spend decisions. A common system based vendor performance evaluation system is planned for implementation during 2010-2011.

Productivity Improvement Initiatives

For improving operational efficiency, the Operating Company continues its focus on "Operational Excellence". A number of teams are working on various improvement projects. "Critical Chain Project Management" methodology of the "Theory of Constraints" is used for managing planning & execution of projects and for improving delivery performance.

A Product Life Cycle Management solution implemented across the Operating Company's locations helps improve knowledge management and collaborative working across functions. The Operating Company is using automation of design and drawing activities for reducing the cycle time of engineering activities and for improving quality of the design process.

The Operating Company is making use of I.T. enabled re-engineering to improve its systems & processes. Special efforts are taken to improve productivity using extensive automation in manufacturing operations.

Shipbuilding Operating Company (SHBD OC)

Business Environment

The international shipbuilding market is still volatile having gone through a down turn due to falling demand for bulk cargo resulting in low freight rates. This in turn led to a great fall in ship prices and negligible ordering activity. Globally, the shipyards were under constant pressure of cancellations mainly in the bulkers segment. However, by the end of 2011, there could be some upswing depending on the availability of financing for new builds.

Last year, the Government of India had committed to grant shipbuilding subsidy to all eligible orders for ships booked prior to August 14, 2007. The Shipbuilders Association of India has made representations to the Government for continuation of the subsidy scheme to enable Indian shipyards to compete with foreign yards effectively.

The domestic naval shipbuilding market continues to be promising. The Indian Navy is moving ahead with its major expansion programs. The Indian Coast Guard is also expected to accelerate their fleet expansion program. During 2009-2010, a maiden order for construction of 36 numbers fast speed interceptor boats was received by the OC.

Significant Initiatives

The Warship & Submarine Design Centre is being strengthened to support in-house design of naval vessels. The centre is equipped with the latest software tools and is supported by a Virtual Reality facility. The team for design work of commercial vessels is also being strengthened. Resources and facilities at Hazira for shipbuilding are being further augmented. The Operating Company is focusing on proper systems and processes to increase operational efficiencies and reduce cycle time to meet customer expectations on quality and delivery. The construction of the modern ship yard at Kattupalli is proceeding at a fast pace.

Outlook

Many of the projects deferred due to the global economic crisis have started moving forward. Middle East, Iran and South America offer good prospects in the short to medium term. The Division expects good prospects from overseas Refinery and Gas/LNG projects. Fertilizer sector in India gets preferential allotment of gas. This will attract investment in new grassroots projects as well as expansion projects of existing players. There are prospects from Iran as well as Brazil for Fertilizer projects. There are prospects for coal gasification projects from China as well as Australia.

India is in the process of getting inducted in a global civilian nuclear commercial trade after NSG clearance, signing of India specific IAEA safeguards and Indo –US nuclear deal. The Division has signed Memorandums of Understanding with major technology providers like Westinghouse, GE Hitachi, Atomstroy export, Atomic Energy of Canada Limited and Rolls Royce, which will offer business opportunities in the medium to long term.

Though the international commercial shipbuilding sector has been badly affected by the economic crisis, the heavy lift multipurpose cargo carriers segment is relatively less affected by the global downturn. The Division envisions itself to be a total solutions provider for specialised ships giving services from designing to building and repairing of ships in about 3 – 5 years. The Division has a strong presence in naval vessels business where it is currently executing Hull fabrication, Outfitting, Weapon Launchers and Marine Equipment on standalone basis. The next step is to offer the complete platforms to Indian Navy. The Division sees good prospects in the naval vessels business in the medium to long term.

Overall, the Division envisages good market opportunities in the medium to long term.

The photograph is for representational purposes only, and does not purport to be a photograph of the actual nuclear-powered submarine built by L&T.

L&T made a critical contribution to India's first nuclear-powered submarine - the INS Arihant. L&T offers a wide range of equipment and systems for the defence forces encompassing sea, land and air.

R. N. Mukhija

Whole-time Director & President
(Electrical & 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.

Electrical & Electronics Division

Overview

Electrical & Electronics Division comprises of Electrical and Automation Operating Company (EAOC) and business unit Medical Equipment & Systems (MED). Petroleum Dispensing Pump & Systems (PDP) was divested to Gilbarco Inc. during the year and the business transfer got concluded in March 2010.

The four Strategic Business Units under Electrical and Automation Operating Company are: Electrical Standard Products (ESP), Electrical Systems & Equipment (ESE), Control & Automation (C&A) and Metering & Protection Systems (MPS).

Electrical Standard Products business has manufacturing facilities at Powai and Ahmednagar in Maharashtra. Electrical Systems & Equipment has manufacturing facilities at Powai, Ahmednagar and at Coimbatore in Tamilnadu. Control & Automation business operates from its "Automation Campus" at Navi Mumbai. Metering & Protection Systems business is based at Mysore in Karnataka while Medical Equipment Business operates from newly constructed manufacturing facility in Mysore, Karnataka.

At L&T group level, Electrical and Electronics Division has four subsidiary companies. L&T Electricals Saudi Arabia (LTESA), with manufacturing facility at Dammam- Saudi Arabia; L&T Electrical Automation Free Zone Enterprise (LTEAFZE), with manufacturing facility at Jebel Ali- UAE; L&T Wuxi (LTW), at Wuxi in China and TAMCO with manufacturing facilities in Malaysia, Indonesia, Australia and China.

Business Environment

Post economic slowdown, government's initiatives to stimulate economy and recovery of domestic demand have acted as prime drivers of growth. With Government's investments in ports, airports, metro and monorail projects, 'infrastructure' sector has shown positive signs of growth. Similarly power sector continues to grow with major projects coming under execution and many of the projects under implementation. However, Core sectors such as metals and cement had fewer opportunities in 2009-2010.

Under Restructured Accelerated Power Development Reforms Program (R-APDRP), Control & Automation business has been awarded a contract by Maharashtra State Electricity Distribution Company Limited (MSEDCL) for automation, metering and IT implementation work.

Majority of the international business of EAOC comes from the Gulf region. Projects in Gulf region got affected due to economic slowdown in international market and Dubai debt crisis. Many projects which were in anvil were deferred by the customers thereby affecting the international business.

Medical business has strengthened its presence through various road shows and service camps, despite the competition from multinational companies.

The year 2009-2010 witnessed aggressive efforts by multinational companies with newly built up capacities, to push the piled up inventory. Given this scenario, the Division had to compromise somewhat on realisation to remain competitive in the market. Going ahead, the major challenge in 2010-2011 will be to improve upon gross margins while achieving top line as per the budget.

2009-2010 was the year of awards for this Division. It bagged 'five star health and safety award' from British Safety Council for its Powai campus. Electrical Standard Products business won the prestigious Golden Peacock National Quality Award 2010, Ram Krishna Bajaj National Quality Award 2009 and the best product prize for its U-Power Omega Air Circuit Breaker at ELECRAMA 2010.

Significant Initiatives

A pan-India advertisement campaign, carried out by Standard Products business was aimed at building L&T brand and improving visibility of the products offered. A preferred integrator agreement was signed with Toshiba Mitsubishi Electric Industrial Systems Corporations. This agreement would cover specific control system solutions in the metal sector and paper industry. There has been an effort to reduce credit to the market by focusing on cash sales and increasing channel finance through third party financing in standard products business.

On human resources front, the Division took an initiative to analyse and improve upon employee satisfaction index.

Medical business has moved to a new environment-friendly facility in Mysore in October 2009. Further, LEAN initiatives such as 5S and Value Stream Mapping are inherently implemented in this facility. With recently launched customer interaction centre, Medical business will be able to offer better service levels to its customers.

Process Improvement

Business operations across the Division were integrated with SAP ECC 6.0 in 2009-2010 to achieve significant improvement in terms of process capability. Six-sigma is the one of the most important tools that all line managers in the Division use to improve satisfaction level of both internal and external customers. In 2009-2010, 224 six sigma projects were completed as against 130 last year. An initiative was taken to monitor and improve 'product sigma' for all the products in order to elevate the quality of products offered to the customers.

Through 5S journey the Division has been trying to create a LEAN environment. 5S process has not remained restricted just to our factories; but it has been extended to our vendors. With certain manufacturing locations already reached 5S level, we have created a pool of internal auditors for 5S certification. Going through LEAN journey, it also focused on Value Stream Mapping as it offers proven and universal approach to eliminate waste, simplify the process and in turn improvement in bottom line.

Value engineering is another tool that is extensively used to improve the bottom line. Total number of value engineering projects has crossed a mark of 1500 since we started this initiative in early 2000.

New Product Development

Development of new products and technologies continues to be the top priority for the Division. Standard Products business completed development of U-Power Omega series of Air Circuit breakers in 2009-2010 which also won the 'best product prize' award in ELECRAMA 2010. Development of D-sine Moulded Case Circuit Breakers with new protection release was also completed in the same period. Standard product portfolio was further enriched with development of new frames of changeover switch, complete range of MO contactors and new thermal overload relays.

A complete new range of Low Voltage distribution board, T-ERA, has been unveiled by Electrical Systems & Equipment business. This product offers increased safety, reduced maintenance time and environment-friendly design to the customer.

Metering business launched two new platforms for single-phase and four new platforms for poly-phase meters. With this, meter costs dropped substantially making this business further cost competitive in the market. New metering data acquisition solution was developed which finds its application in Restructured Accelerated Power Development Reforms Program (R-APDRP). Metering business also developed a common protocol which enables communication feature in the meters.

An Advance Traffic Management System (ATMS) along with its toll management system has been developed by Control

L&T's custom-designed low and medium voltage switchgear has been widely installed in industries around the world.

L&T's Control & Automation systems reflect the growing convergence of electrical, communication and automation technologies.

and Automation business. The systems comprise newly developed advanced software called Lane-XTM. This business also introduced a standard package which offers remote control of substation at an affordable cost, power monitoring, management & control of electrical substation. Most of the new products introduced by Electrical and Automation Operating Company were showcased in ELECRAMA 2010.

In 2009-2010, Medical business completely revamped its product basket by offering new products in the segments of patient monitoring system and surgical diathermy. In the monitoring range 8 new products were released namely Planet 10, Planet 20, Planet 30, Skyline M, Planet 50N, Star 50N, Skyline 55 V1 (ECG full disclosure), Orion (ECG machine with Bluetooth PC interface) and in Surgical Diathermy, Maestro plus 100 (Dual output surgical diathermy).

Intellectual Property Rights (IPR)

This Division has continued its commitment towards development of intellectual property. Encouraging employees to generate new ideas helps in development of new, better and technologically advanced products. In 2009-2010 Electrical and Electronics Division filed 128 patents, 22 trademarks and 22 design registrations. In fact, 2009-2010 is the third consecutive year where the Division filed more than 100 patents. With this total number of live patents filed so far stands at 560.

Out of 128 patents filed in 2009-2010, 6 patents were filed by Medical business taking their tally of total live filings to 82.

Outlook

Indian industrial manufacturing is showing recovery and it is led by investments in infrastructure and power.

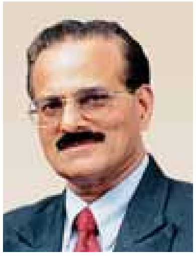
On international business front, the Gulf market continues to be sluggish; however, the outlook for markets like Abu Dhabi and Qatar is positive. Various Oil & Gas sector projects in Saudi Arabia are showing revival and utility industries are coming up with new projects. Even though Dubai was adversely affected by the credit crunch, it is expected to show signs of recovery in 2010-2011. In 2010-2011, the Division expects about 31% of business including that of group companies from international market.

The growth in Energy, Infrastructure and Building segments will be favorable. Development in energy management and smart grid will open opportunities for the Division. In 2010-2011, all the businesses will add new geographies to their existing portfolios.

With regard to Medical business, the medical sector in India is experiencing growth due to increased government expenditure under the National Rural Health Mission. Also there is growth seen in corporate hospitals chains driven by increased health insurance coverage and increase in medical tourism.

In summary, the Division's budget theme aim at expanding its products and services offerings in the domestic market, enhancing its capability to serve power sector and focusing on new geographies outside India.

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



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

L&T-Komatsu PC200-6 Hydraulic Excavator. L&T markets within India the construction and mining equipment manufactured by L&T-Komatsu Limited as well as equipment supplied by Komatsu worldwide.

Machinery & Industrial Products Division

Overview

Machinery and Industrial Products Division (MIPD) consists of Industrial Products & Machinery Operating Company (IPM OC) and Construction Machinery Business Sector (CMBS).

Industrial Products & Machinery (IPM OC)

IPM OC has two distinct business streams - Industrial Products and Industrial Machinery. Industrial Products comprises Industrial Valves, Welding Products and Cutting Tools while Industrial Machinery consists of Machinery for Paper & Pulp, Crushing, Mining, Mineral processing, Steel and Rubber & Plastic Processing Industries. IPM OC consists of the following Strategic Business Units and Joint Venture Units.

Industrial Products

Valves Business Unit (VBU)

VBU markets Industrial Valves and allied products manufactured by Valves Manufacturing Unit (VMU), Audco India Limited (AIL) and Larsen & Toubro (Jiangsu) Valve Company Limited, China, besides a few Indian & overseas manufacturers. VBU is one of the few select suppliers of Valves for global oil majors.

AIL is a 50:50 JV with Flowserve Corporation USA and manufactures a wide range of Industrial valves at its 3 factories in southern India. Larsen & Toubro (Jiangsu) Valve Company Limited is a 100% owned subsidiary of LTIFZE set up in Yancheng in Jiangsu province, China, for manufacture of certain ranges of Industrial Valves for global markets.

VMU has set up a plant at Coimbatore to manufacture Valves for Power Sector and also offers Valves supplied through contract manufacturing in ranges not fully supported by AIL, besides providing the technology support for new product development of Valves.

Welding Products Business (WPB)

WPB markets products manufactured by EWAC Alloys Limited. It also markets Inverter based welding machines from Fronius, Austria, and Oxy-Fuel Equipment such as Industrial Gas Regulators and Gas Torches from Messer, Germany. WPB also markets indigenously developed MIG Welding Machines and Inverter Welding Machines. In addition, WPB provides comprehensive solutions to its major clients towards Repair & Maintenance of critical Industrial Components.

EWAC Alloys Limited (EWAC) is a 50:50 JV 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.

Industrial Cutting Tools Business (INP)

INP provides metal cutting solutions to the domestic manufacturing industry covering Automobile, Engineering and Machine Tool segments through marketing of Industrial Cutting Tools manufactured by ISCAR Limited, Israel.

Foundry Business

L&T has set up a state-of-the-art Casting Manufacturing Unit at Coimbatore having an annual capacity of 30,000 tonnes to manufacture large sized SG Iron and Special Iron Castings for Wind Power and other Engineering Sectors. The Foundry can produce castings in the weight range of 3T to 28T.

In addition, this Business Unit also has a Foundry operating at Kansbahal Works, Odisha (Rourkela Campus) manufacturing Steel, Alloy Iron, SG Iron & Grey Iron castings and also addresses requirement of large Wear and Abrasion resistant castings for Power and Cement sectors.

Industrial Machinery Rourkela Campus (KBL)

Rourkela Campus, which includes Kansbahal Plant, is involved in design, manufacturing & marketing of Mineral Crushing Solutions (Limestone, Coal and other minerals), Surface Miners and Specialised Equipment for Steel Plants (such as Torpedo Ladle Cars) and Machinery for Paper & Pulp.

LTM Business Unit (LTM BU)

LTM BU manufactures and markets Rubber Processing Machinery for the Tyre Industry across the globe. Currently, the unit has manufacturing facilities at Manapakkam, Chennai and Kancheepuram near Chennai.

L&T Plastics Machinery Limited (LTPML)

LTPML manufactures and markets Injection Moulding Machines and Auxiliary Units 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.

Product Development Center (PDC)

PDC based at Coimbatore renders engineering and product development support to all the businesses across MIPD.

Construction Machinery Business Sector (CMBS)

CMBS markets and renders support for Construction & Mining Equipment. The Sector comprises;

- 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 Trucks available from Scania.
- L&T-Komatsu Limited (LTK) is a 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) is a 50:50 JV with CNH Global N.V., which manufactures and markets Loader Backhoes and Vibratory Compactors.
- Tractor Engineers Limited (TENGL) is a wholly-owned subsidiary, which manufactures and markets Undercarriage Systems for Excavators and Material Handling Systems like Apron Conveyors etc.

Business Environment

The businesses of IPM OC are yet to come back to the levels which prevailed in early 2008 before the on set of financial crisis.

The global valves market showed a decline in orders in the year due to postponement of investments in various projects; though the domestic market started improving in the second half of the year. The fewer number of projects in Oil & Gas segment resulted in severe price competition from the existing players in the valves market. The customers also encouraged entry of new players and re-visited supplies from China giving considerations to the low prices quoted by them. As a result, the margins in the valves market remained under pressure.

The scenario for Rubber Processing Machinery in the international market was slightly dull, as the regular

L&T-Case 770 loader-backhoe. L&T-Case Equipment (P) Ltd. is a joint venture between L&T and CNH, a global leader in manufacture of loader-backhoes.

Hydraulic tyre-curing press, manufactured by LTM BU. It is used by tyre suppliers to manufacture passenger car radial tyres.

customers in Europe did not go in for expansion, resulting in lower order inflow from overseas market. However, the demand from the domestic market compensated for the reduced off-take from international players. The domestic tyre industry market witnessed a surge in the requirement of Tyre Curing Presses, fueled by the increasing demand of automobiles and shift of Truck and Bus tyre technology from "Bias" to "Radial". Almost, all the domestic tyre majors companies have expansion plans in place and have placed or committed orders.

Triggered by ample growth opportunities in Infrastructure sector, Indian Cement Industry saw a spurt in activities post previous years' recessionary "wait and watch" approach. Nearly 60MT cement capacity additions are now in different stages of execution. This helped good order growth in Crusher business.

All the industries which WPB and INP BUs cater to are showing positive growth. There has been a gradual recovery to normal conditions by most of the customers in key business segments such as Automobile and General Engineering industry, where customers have shown faster recovery. Government's focus on renewable Wind Energy sector continued ensuring consistent growth in business from wind mill products.

The Infrastructure focus of the Government of India coupled with various proactive stimulus measures enabled the CMBS to register a growth over 2008-2009 demand as against initial expectation of further deterioration. However, the competition is increasing in the sector. Key players in the Construction equipment market have added the capacity in the last few years. Apart from this, new players have either made announcements of new capacities or are offering imported equipment. Most international players are present in the Indian market on their own or in joint ventures with Indian players.

The market for Hydraulic Excavators during 2009-2010 grew by 5% as against a reduction of 21% during 2008-2009. Similarly market for Loader Backhoes and Vibratory Compactors also grew by 54% and 17% respectively during 2009-2010 as against reductions of 43% and 25% respectively during the previous year.

Significant Initiatives

In Valves business, additional distributors have been appointed to increase MRO sales and initiatives taken to enhance the customer coverage in India. Sales personnel have been posted in Abu Dhabi and UK to increase the geographical coverage and secure additional business. Valves Business Unit is currently working on obtaining on approval of its products in Algeria, Brazil and Mexico.

A new initiative for development of valves to address the growing Power segment went on stream at Valves Manufacturing Unit, Coimbatore. The manufacturing licence in LTJVCL, China was obtained, which will allow marketing of LTJVCL products within China. We have also obtained the approval from Pemex, Mexico for our products.

Several new products for Rubber Processing Machinery such as a new range of Hydraulic Presses, Hybrid presses and slide back presses were introduced during the year 2009-2010. The product offering was also expanded by offering Tyre Handling Automation

Wide range of industrial valves offered by L&T, addressing applications in the oil & gas, petrochemical and power sectors.

solutions to the tyre Industry jointly along with CIMCORP of Finland.

A dedicated workshop area within Kansbahal Works is being remodeled for manufacture of Wheel Loaders. The commercial production of Wheel Loaders is slated to begin by first quarter of the year 2010-2011. Also, new products such as indigenously developed Cold Milling Machine (used for milling of roads before asphalting them afresh) were indigenously developed.

A number of initiatives are in the pipeline in the Welding business, some of them being launching new products, expanding manufacturing capacity of indigenous inverter and wear plate. It is also proposed to start new training & development centre at Kolkata which shall be operational in June 2010.

The Foundry project of 30,000 TPA for manufacturing of wind mill castings at Coimbatore was inaugurated in December 2009 and has now begun its commercial production of castings. The foundry at Coimbatore has the latest pollution control, fire control, conservation of environment and natural resource measures including Furan Sand system with Mechanical & Thermal Sand Reclamation systems.

Many new cutting tools used in drilling, milling and turning have been launched successfully in the market. These new introductions are expected to enhance the competitive position and build market share for the Iscar Cutting Tool business.

All the businesses continue to maintain their efforts that were started through “War Room meetings” towards close monitoring to ensure reduction in Working capital and in particular, Receivables, besides ensuring healthy order booking and execution.

Other initiatives taken during the year are:

- Enhancement of after-sales support capability 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.
- Tie-up with major financiers for providing attractive finance options to dealers and customers.
- Launch of PC300 Mighty Excavator to address heavy applications
- Triple Offset Butterfly Valve is increasingly replacing large-size Gate Valves and we plan to develop the full range of Triple Offset Butterfly Valves. Also, in order to address the upstream market, Audco is expediting development of Trunnion Mounted Metal Seated Ball Valves.
- Customers prefer ready-to-use wear components rather than using welding electrodes for building the worn out components. This opens up new business opportunities even while this may gradually shrink the market size for Maintenance & Welding products.

Outlook

The Indian economy has shown consistent growth and remarkable resilience after the slump in 2008-2009 and early part of 2009-2010. Power and Infrastructure sectors in India are set to witness strong growth in the coming year with the boost from policy measures and budgetary allocations.

India is likely to emerge as the “Refining Hub” of the world with capacity additions planned.

Government’s focus on exploration and production to meet the growing energy requirement of the country through NELP, the Natural Gas discoveries in the East Coast and Oil discovery in Rajasthan and Gulf of Cambay, plan for cross-country pipelines provide promising business prospects to valves business in the medium term.

Demand for machinery from Mineral processing Industries are expected to grow in 2010-2011 backed by huge infrastructure requirements.

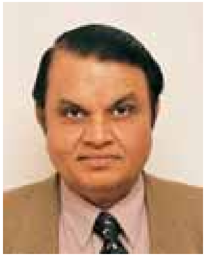
The outlook for Wind Mill Castings is positive driven by good demand and backed by readiness of world class foundry facility in Coimbatore.

The Global tyre manufacturing facilities are moving more towards Asia due to lower manufacturing costs.

The market demand for Construction Equipment is expected to improve on account of the increase in spending in the urban infrastructure, general construction sectors and spending by the Government on various infrastructure projects. Gap between coal demand and supply continues to provide a growing opportunity for Mining Equipment. CMBS is well placed to take advantage of these opportunities through supply of large size construction and mining equipments.

Overall, the Division envisages improvement in Industrial trends in the coming year and a return to better growth trends around second half of the year.

Innovative solutions for welding, cutting and wear protection of metal components.



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

Headquarters of L&T Infotech at Powai, Mumbai.

Integrated Engineering Services

Overview

Integrated Engineering Services (IES) headquarter is at Vadodara, Gujarat and its design centers span the cities of Bangalore, Chennai, Mysore, and Mumbai. It has about 2,700 employees delivering high-quality engineering and design solutions. The end-to-end services are product design, analysis, prototyping & testing, embedded system design, production engineering, plant engineering, buildings & factories design, asset information management & sourcing support using cutting-edge CAD/CAM/CAE technology in the engineering domains of Automotive, Aerospace, Marine, Off-highway Machinery, Railway, Industrial Products, Consumer Electronics, Medical Devices, Consumer Packaged Goods, Pharmaceuticals, Minerals & Metals, Oil & Gas and Utilities.

Business Environment

The evolution of the outsourced engineering services market has been phenomenal over the past few years. In the initial years, the bulk of engineering services work coming to India was of comparatively low-end, such as drafting, legacy conversions, and elementary design. 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.

With an increase in the volume of work and a challenging business environment, IES is keeping ahead of the competition by leveraging the rich engineering heritage of L&T. IES focuses not just on providing high-quality services to its esteemed customers but also ensures that customers have a memorable service experience. This has enabled IES to build a strong brand for itself and become synonymous with customer satisfaction in the outsourced engineering services industry.

Significant initiatives

IES has taken major steps to realign it self into Verticals, Horizontals, Platinum and Strategic Accounts to set new benchmarks of customer satisfaction in the engineering services industry and start a journey of multi-fold growth. Specific initiatives include:

- A Center of Excellence (CoE) of Aerospace has been set up at Bangalore in which about 70+ engineers from Mechanical and Avionics domains have come together to set up a one-stop shop for Aerospace clients.
- IES has realigned its mechanical engineering and embedded systems engineering services in line with the industry domains, known as Vertical Business Units. VBU ensures that a customer from its domain gets all its engineering services needs met from a single window.
- The Sales force has been organised geographically with special emphasis on North America, Europe, Asia Pacific, Middle East and Africa.
- Platinum Accounts have been crafted with complete profitability

Embedded Systems' design facility at Mysore. L&T offers end-to-end Integrated Engineering Services and solutions to clients across the globe.

responsibility to enable closer co-ordination between sales and delivery and hence faster decision-making.

Through these and other actions, IES continues to reaffirm its commitment to customer satisfaction and its desire to propel itself on the fast track to growth.

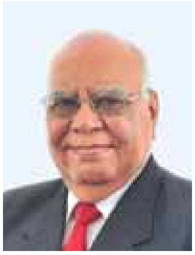
In order to prepare itself for upcoming opportunities, IES has put in place several measures including structured training of new recruits, transfer of experienced domain specialists from L&T's other operating divisions into this new business area, developing sound processes for engineering activities and operational efficiency measures.

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, IES has managed to hold its own.

With the winds of economic recession yet to die down completely and the competition in the outsourced engineering services market being stiffer than ever, the year promises to be challenging one. However, IES with its new look is confident of taking on the challenges and deliver excellent results on the back of the initiatives described above.

The Headquarters of L&T's Integrated Engineering Services at Vadodara.



A. K. Chhatwani
Senior Executive Vice President
(Power Development)

90 MW co-generation power plant at IPCL, Gandhar.

Power Development Group (Thermal)

Overview

Power Development Group has been formed with the objective of developing, investing, operating and maintaining grid linked Independent Power Plants, Cogeneration and Captive Power Plants on Build-Own-Operate (BOO), Build-Own-Operate-Maintain (BOOM) and Build-Lease-Operate (BLO) basis.

Some of the key activities of the Power Development group include:

- Identification of new opportunities for grid-connected & captive power plants
- Evaluation of risks and strategies for mitigation of these risks.
- Ensuring various statutory clearances for the development of power project.
- Evaluation of various financing structures and arranging the requisite financial package for investment.
- Setting up joint ventures with government undertakings and PSUs with equity participation.

Power Development Group has a good track record of development and construction of power plants. Some of the projects developed by the Group, which are working successfully, are:

- 116 MW Naptha-fired combined Cycle Co-generation Power Plant on BOO basis to deliver 116 MW of Power and 120 TPH Steam for Haldia Petrochemicals Limited, Haldia, West Bengal.
- 90 MW Naptha/Natural gas-fired Co-generation Power Plant on BLO basis to deliver 90 MW of Power and 240 TPH of process steam for Indian Petrochemicals Corporation Limited, Gandhar, Gujarat.

Power Development group is currently developing a 1400 MW (2x700 MW) supercritical coal-fired power plant in Punjab.

The Power Development Group is organised into two teams:

- Business Development
- Fuel Sourcing

All projects implemented by the Group would be through Special Purpose Vehicles (SPV). These SPVs will be financed through non-recourse project financing. This strategy will help in de-risking or ring fencing the business of parent company and at the same time help in leveraging the project. This strategy also helps the Company to endeavour large size projects with lower equity investment.

Business Environment

Persisting power shortage is the major impediment in the path of economic development in India. There was a shortage of 10.1% in terms of total energy requirements and 13.3% in terms of peak demand requirements in the year 2009-2010.

The demand/supply gap for electricity in India has been primarily due to the slow pace of capacity addition. During the 10th plan period, capacity addition achieved as compared to target was 51.5%. During the 11th plan period, 28.3% capacity addition has been achieved till date.

India has one of the lowest electricity consumption levels in the world at approx. 750 units in 2009, compared to the world average of 3000 units and 2650 units in China. This presents a significant potential for sustainable growth in the demand for electricity in India.

The Government of India (GoI) has taken significant steps to restructure the industry, attract investment and plan for fast track capacity addition through incentivised policy initiatives. These included measures such as restructuring the State Electricity Boards (SEBs) to improve their financial condition, regulatory and policy intervention such as the Electricity Act, the National Electricity Policy 2005, the Tariff Policy 2006, Tariff Based Bidding Guidelines 2005 and the National Hydro Policy 2008, among others.

Given the significant supply deficits, high growth potential and conducive government policies, a large opportunity exists for private players to enter the power generation segment.

While there are a number of opportunities in the power generation sector, there are also a number of challenges. Delay in land acquisition, environmental clearances and approvals remain an area of concern. In addition, availability of coal continues to be one of the biggest challenges for coal-fired power projects in India. The development of mines has not kept pace with our ambitious program for the addition of generation capacities.

Significant Initiatives

Power Plant in Punjab

The Group is currently developing a 1400 MW (2x700 MW) supercritical coal-fired power plant in Punjab. This project was won through the process of competitive tariff-based (Case-2) bidding. The Plant site is around 28 kms from Chandigarh airport, while Patiala and Ambala towns are at 28km and 20 km distance respectively.

The sale of electricity from the Power Plant to PSEB is backed by a 25-year Power Purchase Agreement. Coal requirement for the plant would be sourced from South Eastern Coal Fields (SECL) Korba mines in Chhattisgarh.

The steam generator & turbine are being sourced from the L&T-MHI JV companies which employ cutting edge technology to manufacture proven state of the art supercritical equipment. The BTG-BOP and related civil and electrical works would be carried out by the Company.

The performance of the plant is expected to match the best operating power plants worldwide, in terms of reliability and efficiency leading to lower coal consumption and therefore, lower emission of green house gases.

The Power Development Group is also looking at other opportunities including in the state of Chhattisgarh & Odisha.

Outlook

According to the 17th Electric Power Survey (EPS) report, India's energy requirement will grow at a CAGR of 7.1% over a period of 10 years (Fiscal 2007 to Fiscal 2017). Demand drivers for growth of the power segment would largely emanate from growth in manufacturing sector, increase in per capita electricity consumption, rural electrification and demand for refurbishment of old power plants with the new super-critical technology.

There has been a paradigm shift in Government policies so as to create a facilitating and enabling environment conducive to private participation in power development projects. Consequently there are now ample opportunities to develop power projects through Public-Private partnership. In the light of the above, Power Development Group has set for itself ambitious targets in the power generation space. The vision is to achieve capacity of 10,000 MW by 2015, out of which 5,000 MW would be operational and financial closure would be achieved for the balance 5,000 MW.

The Chief Minister of Punjab, Mr. Parkash Singh Badal and Chairman & Managing Director of L&T, Mr. A. M. Naik, at the foundation stone laying ceremony of the 2 x 700 MW coal-fired power plant at Rajpura.

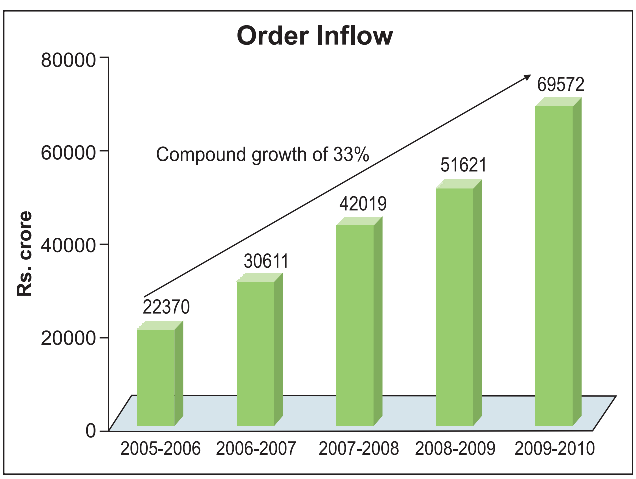
Y. M. Deosthalee
Whole-time Director &
Chief Financial Officer

Financial Review 2009-2010
L&T Standalone

I. LAYING A STRONG FOUNDATION FOR LONG TERM GROWTH

On the back of the Indian economy emerging stronger from the global meltdown, the Company consolidated its leadership position in the Engineering and Construction business during 2009-2010. Alongside newer business opportunities being explored in the Nuclear and Railways sectors, the Company has succeeded in bagging a slew of prestigious orders in the Power, Hydrocarbon, Fertiliser, Infrastructure and Defence sectors during the year.

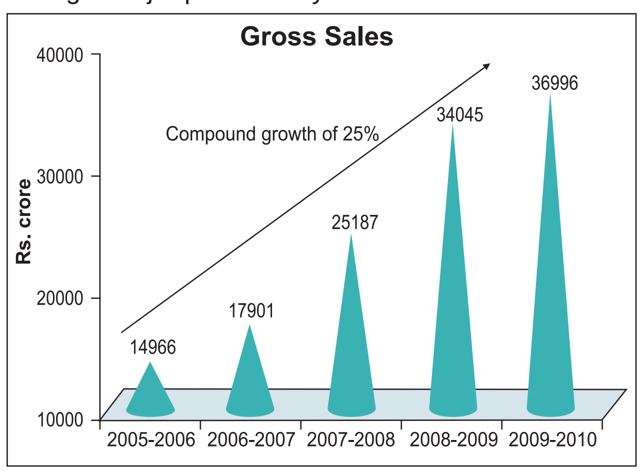
The Company, during 2009-2010 secured fresh orders totaling to Rs.69,572 crore recording a healthy growth of 35% over the previous year. Large project orders over Rs.300 crore constituted over 60% of the total Order Inflow.



The Company closed the year 2009-2010 with a record Order Book of Rs.1,00,239 crore. The composition of projects in its Order Book involves a longer average execution period of 27 months, largely due to increased share of power sector orders, in its Order Book. Over the past 5 years, the compound growth rate of Order Inflow is 33% and of Order Book is 42%.

Sales & Service Income

Gross Sales and Service income at Rs.36,996 crore grew by 10.6% over 2008-2009 on like to like basis (after excluding the Ready Mix Concrete sales from the previous year). The tightening of credit on the aftermath of global financial crisis impacted certain clients' preparedness to proceed on projects, thereby adversely affecting project execution in the first half of the year. The moderate sales growth was also due to drop in demand for Industrial Machinery and Products during a major part of the year.



The Company registered a compound growth of 25% in its revenues over the last 5 years, underlining its premier position in the industry.

Operating Cost and Margin Analysis

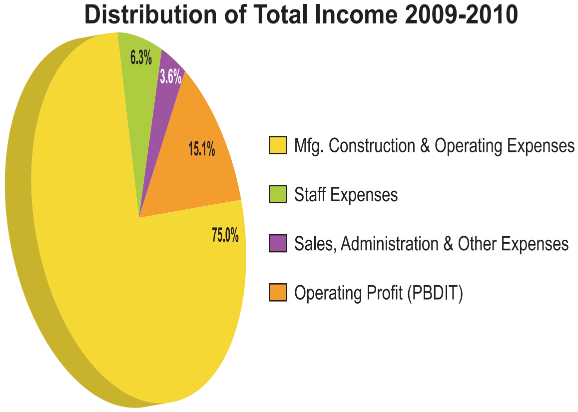
Manufacturing, Construction and Operating expenses for the year 2009-2010 amounted to Rs.28,454 crore, translating to 75.0% of the Total Income of

Rs.37,945 crore excluding exceptional/extraordinary items. As compared to the previous year, the costs reduced by 80 basis points due to a combination of favorable factors, such as improved product mix, favourable input prices, improved productivity and operational excellence initiatives.

The Company continued its strategy of inducting fresh talent into its existing and new ventures. There was a net addition of 1,428 employees during the year, taking its strength to 38,785 as at March 31, 2010. The Staff Expenses for the year 2009-2010 at Rs.2,379 crore increased by 20% as compared to the previous year, which as a percentage of Total Income excluding exceptional/extraordinary items, increased by 60 basis points.

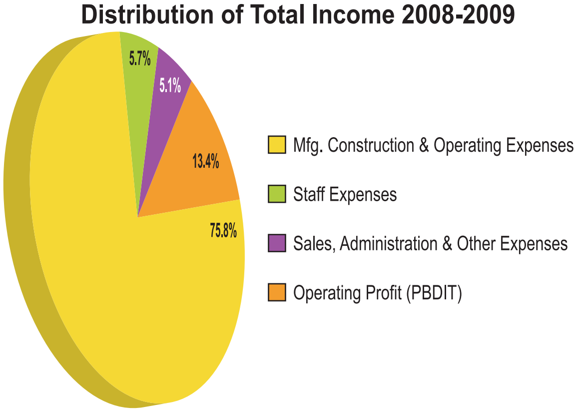
Excluding exceptional/extraordinary items, Sales, Administration and Other expenses for 2009-2010 at Rs.1,387 crore represented 3.6% of Total Income. There was a reduction by 150 basis points in the expenses during 2009-2010 over that of previous

Distribution of Total Income 2009-2010



(Total Income excluding exceptional/extraordinary items)

Distribution of Total Income 2008-2009



(Total Income excluding exceptional/extraordinary items)

year. Over the past two years, concerted efforts were made to reduce the administrative and marketing overheads so as to improve the Company's operating margin. During 2009-2010, the provisions towards defect liabilities, foreign exchange variations and doubtful customer receivables were lower than the previous year.

Profit before Depreciation, Interest and Tax (PBDIT), excluding exceptional/extraordinary items for the year 2009-2010 at Rs.5,726 crore increased by 23% over the previous year. PBDIT at 15.1% of Total Income excluding exceptional/extraordinary items improved by 170 basis points over the previous year. The Company took adequate risk mitigation measures so as to safeguard the margins in the ongoing projects.

The improvement in margins seen in the recent years reflects the Company's ability to select, compete, win and execute turnkey and construction projects within the agreed cost and time lines consistently, year after year.

Other Income

The Company disposed of some of its strategic investments at an exceptional gain of Rs.1,115 crore. These investments consisted of the Company's holding in UltraTech Cement Limited (gain of Rs.1,020 crore), holding in one of its associate companies (gain of Rs.68 crore), and buy back of the Company's part equity holding by one of its associate companies (gain of Rs.27 crore). Net of tax exceptional gain works out to Rs.1,095 crore.

Other gains on sale of investments included a gain of Rs.86 crore made on sale of part investment in the equity shares of Satyam Computer Services Limited.

Dividend income from long term investments during the year 2009-2010 at Rs.109 crore mainly comprised dividend from Group companies. Temporary surplus funds, invested judiciously in low risk short term investments, also earned a dividend income of Rs.278 crore.

Finance Cost

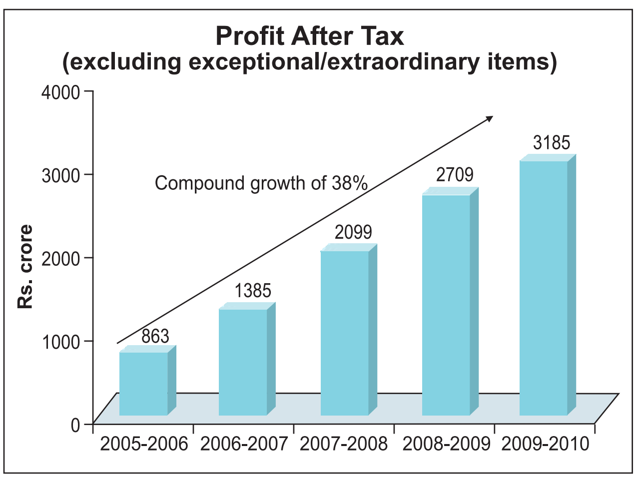
The Company mobilised additional average borrowings of Rs.1,608 crore during 2009-2010 to finance its capital expenditure and working capital requirements resulting in increased interest expense at Rs.505 crore. The weighted average interest cost on borrowings at 7.2% for the year was still low, though marginally higher as compared to the previous year. Major part of the foreign currency borrowings were hedged against currency and interest rate risks.

Profit Growth

The overall Profit after Tax, inclusive of exceptional and extraordinary items, at Rs.4,376 crore registered a growth of 26% over the previous year. Despite infusion of addiontal equity capital, the Earnings per Share (EPS) at Rs.73.77 showed a growth of 24% over the previous year.

The Company made a net exceptional gain of Rs.1,075 crore during the year 2009-2010 comprising (a) an exceptional gain of Rs.1,115 crore (net of tax Rs.1,095 crore) from sale of its strategic investments as elaborated under 'Other Income' above and (b) an exceptional provision of Rs.40 crore towards diminution in the carrying value of investment in an associate company.

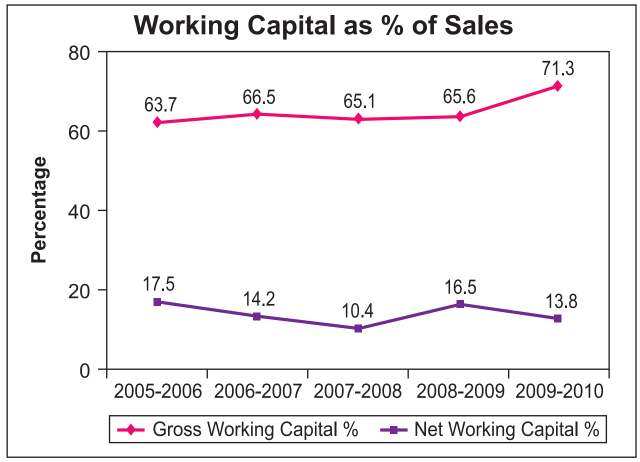
The extraordinary gain of Rs.136 crore made by the Company during the year comprised (i) Rs.73 crore from disposal of Petroleum Dispensing Pumps & Systems business, as a part of the Company's strategy to exit non-core businesses and (ii) Rs.63 crore from reversal of proportionate provision made in respect of investment in Satyam Computer Services Limited, pursuant to the part sale of the said investment in 2009-2010.



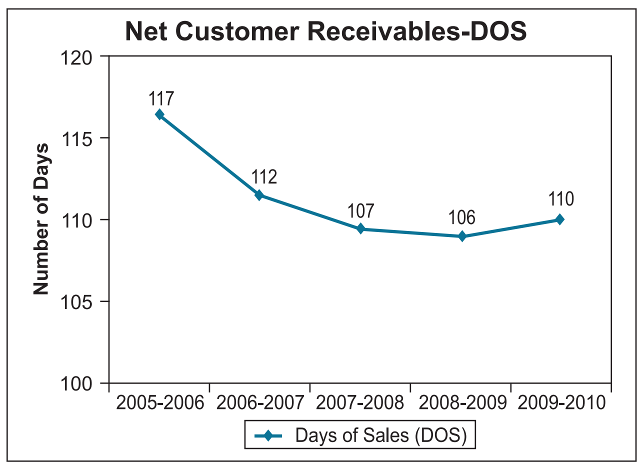
Excluding the exceptional and extraordinary items, PAT stood at Rs.3,185 crore. Over a period of 5 years, PAT excluding exceptional and extraordinary items registered a compound growth of 38% and EPS multiplied by almost 4 times from Rs.19.02 in 2005-2006 to Rs.73.77 in 2009-2010, reflecting the uninterrupted track record of healthy performance of the Company.

Funds Employed and Returns

As a % of sales, gross working capital for the year ended March 31, 2010 at Rs.26,362 crore has increased by 5.7 percentage points due to higher work in progress, customer receivables and increased advances towards



equity, given to subsidiary companies pursuing growth initiatives. Net customer receivables as at the end of the year stood at Rs.11,164 crore, representing 110 Days of Sales. Concerted efforts are being initiated to expedite the collections.



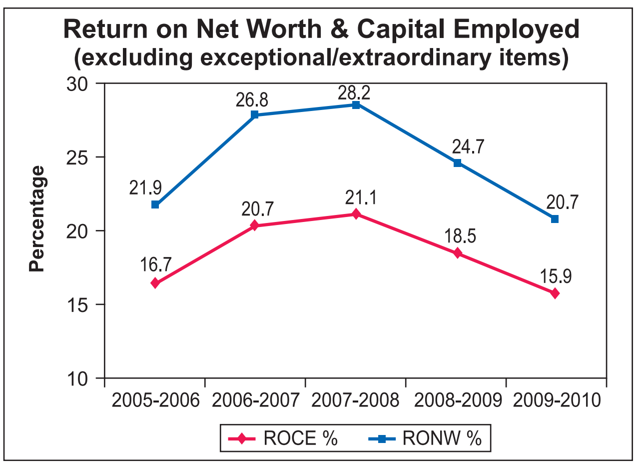
Net working capital at Rs.5,119 crore was marginally lower due to better inflow of customer advances and improved credit terms from suppliers.

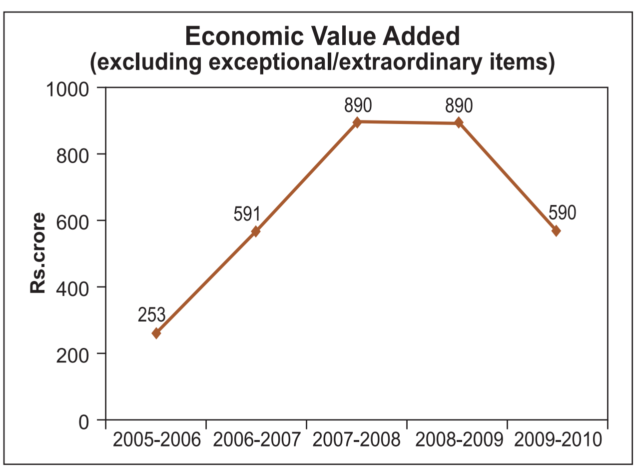
While the funds employed for 2009-2010 declined by nearly 6% over the previous year at the operating segment level, allocation of capital for new ventures as part of growth initiatives neutralised this reduction at the Company level.

The Company incurred Rs.1,604 crore towards capital expenditure during the year. While Project businesses invested in creating additional fabrication facilities and adding construction equipment, the Product businesses expanded the existing production facilities at Coimbatore, Ahmednagar and Talegaon.

At the Company level, investments and loans to subsidiary & associate companies increased by Rs.2,571 crore. Major investments were made in Power Development, Ship Building, Infrastructure Development and Financial Services ventures. Proceeds from capital raised during 2009-2010 were temporarily deployed in current investments. The increase in current investment portfolio was Rs.3,085 crore during 2009-2010. Accordingly, the overall Funds Employed by the Company at Rs.25,190 crore as at March 31, 2010 increased by Rs.6,126 crore as compared to the previous year end position.

Both the Return on Net Worth and Return on Capital





Employed have declined in 2009-2010. The Return on Net Worth for the year 2009-2010 at 20.7% and the Return on Capital Employed (ROCE) at 15.9% showed reduction by 400 and 260 basis points respectively, as compared to the previous year. The relative reduction in the returns is attributable to the investment in the growth needs of emerging businesses and expansion of facilities that are yet to generate returns. Economic Value Added from normal operations correspondingly reduced to Rs.590 crore, pulled down by the additional capital charge due to the increased strategic investments.

Liquidity & Gearing

Cash accruals from the operations significantly increased by Rs.4,004 crore as compared to the previous year lending a strong support to the Company's capital expenditure and investment plans. The divestment proceeds of Rs.1,576 crore further supplemented the operational cash accruals. The Company successfully mobilised additional capital of Rs.1,873 crore by way of Qualified Institutional Placement and also issued Foreign Currency Convertible Bonds to the tune of Rs.929 crore. The response which the resource raising programmes commanded signified the investor confidence in the Company's long term growth prospects.

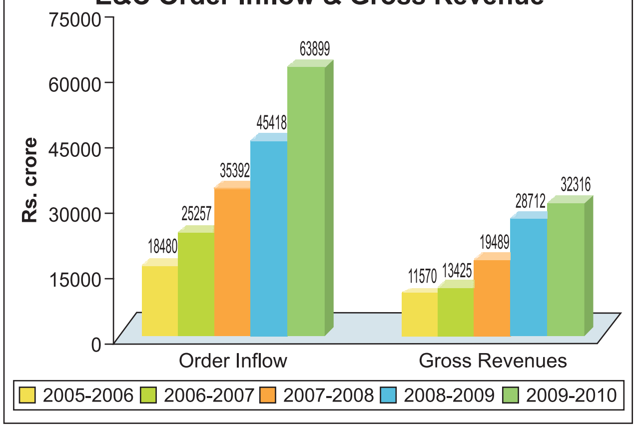
Liquidity & capital resources	**Rs.crore**	
	2009-2010	***2008-2009***
Cash & cash equivalents at the beginning of the year	**775**	***964***
Add: Net cash provided / (used) by:		
Operating activities	5483	*1479*
Investing activities	(7648)	*(4430)*
Divestment proceeds	1576	*1121*
Financing activities	1246	*1641*
Cash & cash equivalents at the end of year	**1432**	***775***

With a significant increase in Net Worth of the Company, the Gross Debt Equity ratio improved from 0.53:1 as at March 31, 2009 to 0.37:1 as at March 31, 2010. The creditable performance of the Corporate Treasury during the difficult days of global financial crisis earned laurels and awards for the Company in domestic and international forums. The strong financial position of the Company will support its ambition for long term growth and higher shareholder value creation.

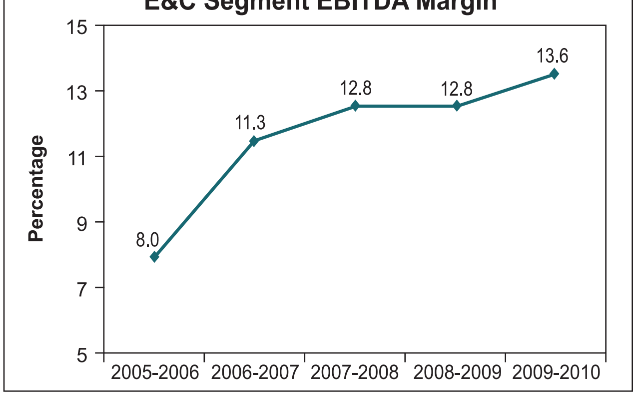
BUSINESS SEGMENT WISE PERFORMANCE

Engineering & Construction Segment (E&C)

The performance of the E&C segment during 2009-2010 was good considering the depressed investment climate during the first half of the year arising out of global meltdown. Despite the reduced ordering from infrastructure sectors and Gulf region, the E&C segment was successful in bagging project orders worth Rs.63,899 crore from the diverse sectors such as Power, Hydrocarbon Upstream and Midstream, Fertiliser and Industrial, Commercial & Residential buildings registering a growth of 41% over the previous year.



E&C Order Inflow & Gross Revenue



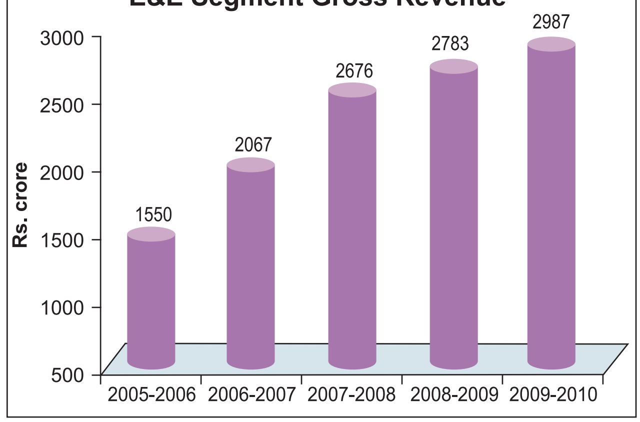
E&C Segment EBITDA Margin

The gross revenue for the year at Rs.32,316 crore grew by 12.6% over the previous year, driven by Construction and Heavy Equipment businesses. The revenue growth was impacted by the economic slowdown, delayed financial closures and clients' unpreparedness to proceed with the new projects already committed by them.

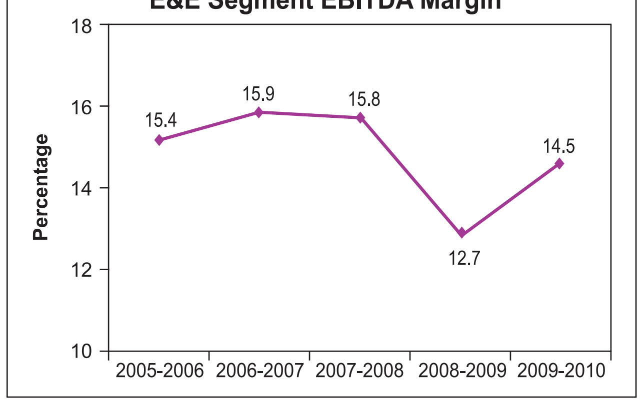
Good execution coupled with prudent risk mitigation measures enabled the Segment to report healthy improvement in EBITDA margins for 2009-2010 by 80 basis points over the previous year. With the liquidity position improving in the last two quarters, the Segment obtained project advances from its customers and also improved the vendor credit position enabling it to reduce the funds employed by Rs.170 crore to Rs.6,291 crore by the end of March 2010.

Electrical & Electronics Segment (E&E)

Continued global downturn and uncertainties in the domestic industrial sectors impacted adversely the demand for Electrical Standard Products in the first half of 2009-2010. Though the segment recovered during the second half, its revenue for the year 2009-2010 at Rs.2,987 crore could only grow moderately by 7%. The administered petroleum product pricing



E&E Segment Gross Revenue



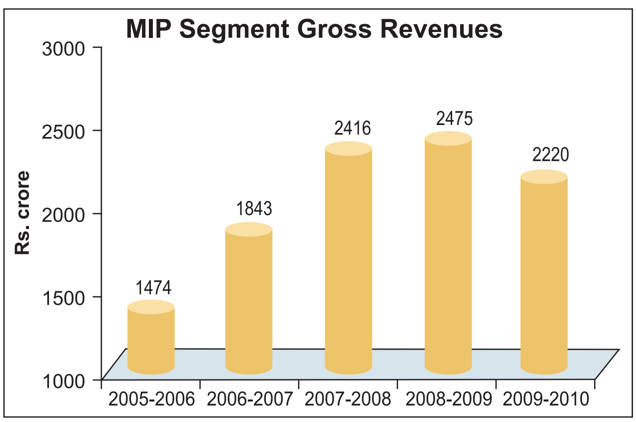
E&E Segment EBITDA Margin

regime continued to depress the demand for Petroleum Dispensing Pumps & Systems through-out the year, until the eventual disposal of this business in March 2010.

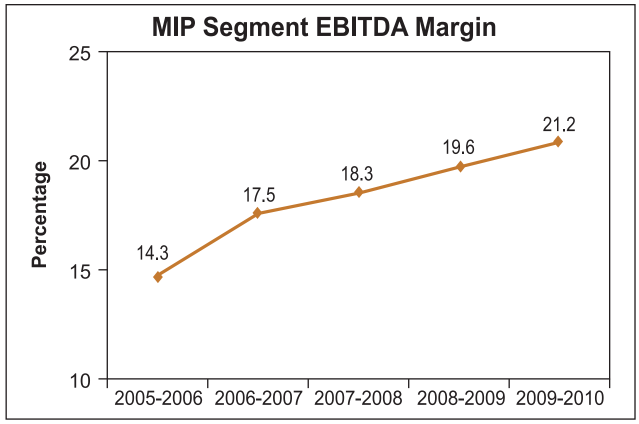
Notwithstanding the subdued volume growth, the Segment achieved healthy improvement in margins by 180 basis points during 2009-2010 over the previous year. Increased margin at 14.5% was possible due to higher proportion of Standard Products sales and improved performance by Metering Protection & Systems business. With increase in manufacturing products sales by 9%, the capacity utilisation also improved. The segment closing Funds Employed at Rs.1,132 crore reduced by 9% as compared to that of previous year, due to tighter control on working capital.

Machinery & Industrial Products Segment (MIP)

The segment performance was adversely affected during 2009-2010 due to depressed capital expenditure plan of the industrial sectors, both within and outside the country. Particularly the Industrial Valves business unit had to bear the brunt of global meltdown as its volumes shrunk significantly during the year. While other businesses of the segment recovered during the second half of the year, the overall segment revenue for 2009-2010 at Rs.2,220 crore was lower by 10% as compared to the previous year.



The segment margins however, continued to show improvement during 2009-2010 largely due to improved performance of Rubber Processing Machinery business and Construction & Mining Equipment business. The Net Funds Employed in the segment at Rs.224 crore showed a decrease of 46% as compared to the previous year, largely due to significant reduction in the year end working capital, aided by close monitoring of receivables and inventory.



"Others" Segment

Performance of Integrated Engineering Services (IES) included as part of the "Others" Segment, was adversely affected by lower outsourcing by US and European customers and stronger Indian rupee. The gross revenue of IES business for 2009-2010 at Rs.330 crore was lower by 10% as compared to the previous year. The business, however, could improve the working capital to 22% of the revenue as against 36% for the previous year, through tighter control on Receivables.

II. RISK MANAGEMENT

The Company is exposed to a variety of risks across its entire range of business operations. To ensure its long-term success, risks are regularly identified, analysed and appropriately mitigated.

Indian economy experienced low growth conditions in the first half of 2009-2010 in the wake of global economic slowdown. All the major sectors experienced slowdown, consequently delaying their capital expenditure plans. This also led to increased competition in the wake of declining number of opportunities. In spite of this adverse situation, the Company was able to achieve healthy growth in order inflow, revenue and profitability due to a number of appropriate measures backed by a comprehensive Risk Management framework within the Company.

The Risk Management process practised in the Company is comprehensive and enterprise-wide. The process being followed in the business units of Engineering and Construction Segment was extended during the year to the other new businesses like Railways and Power as well. A separate policy for

Environmental and Social Risk Management was also implemented throughout the organisation.

The Company has been successfully following a process of Pre-Bid Risk Review which assesses the complexion of projects on risk-return profile prior to bidding. Once a project is awarded by the client, the impact of various risks is monitored throughout the project life cycle.

Risk Management forms an integral part of the Company's business processes and constitutes an important element of decision-making. Both qualitative and quantitative methods are employed for risk assessment in a uniformly structured way across the Company. The methods include value at risk (VaR) calculations to continuously determine the Company's exposures. Latest simulation techniques are used while calculating contingencies for the pricing of project proposals.

The Company is a sponsor of the Engineering & Construction Risk Institute (ECRI) USA and conducts regular interaction with other sponsoring world-class corporations to benchmark its Risk Management processes with the global best practices. The Company believes in spreading a culture which encourages risk taking for commensurate returns after appropriate due diligence. The Risk Management processes are periodically reviewed and revised to keep in tune with the changing business requirements. Corporate Audit Services conduct targeted reviews of risk management processes to check compliance. The Audit Committee of the Board also periodically reviews the reliability of the Risk Management structure and the efficiency of the process.

The Company was able to effectively counter the market risks in the face of the business downturn, through its diversified portfolio of businesses spanning both manufacturing and projects. A well thought-out approach towards international presence helped the Company to enhance its opportunities globally.

Internal Controls

The Company believes that a strong Internal Controls framework is one of the important pillars of Corporate Governance.

While internal control is embedded in most of the processes of the Company, a separate corporate cell oversees the Internal Controls of business processes, corporate functions and information technology systems. The Company, through its corporate policy on Internal Controls, provides a structured framework for identification, rectification, monitoring and reporting of Internal Control status in the Company. It specifies the responsibilities and tasks enjoined upon employees in all positions.

The Company has well documented policies, procedures and authorisation guidelines commensurate with the level of responsibility and standard operating procedures specific to the respective businesses. The effectiveness of internal control mechanism is reviewed by independent internal audits carried out by Corporate Audit Services from time to time. There is also an independent review of Internal Control systems by statutory auditors. Any significant deficiency in internal control observed during the audits is reviewed by the Audit Committee of the Board along with the status on implementation of recommended remedial measures.

III. FINANCIAL RISKS

a) Capital Structure, Liquidity and Interest rate risks

The Company started the year 2009-2010 with adequate liquidity and conservative gearing levels. During the year it enabled itself for financing medium-to-long term growth initiatives by raising equity and equity-linked capital. Apart from adding to liquidity, this contributed to a lower gearing, creating head room for debt capital as and when necessary. Sale of its minority stake in UltraTech Cement Limited further added to liquidity and to a larger equity base. These activities led to an increase in investible surpluses during the year. The Company managed its portfolio of investible surpluses judiciously to optimise liquidity, safety and return considerations. Simultaneously, the Company has also increased its working capital lines with banks, which may be used to finance business needs at short notice. The borrowings of the Company are generally for long term and are raised on favourable terms / security structures.

The Company manages the risks relating to capital structure by adopting conservative gearing policies and focusing on long term growth perspectives. It manages liquidity risks by holding adequate investible surpluses in line with economic situations and business needs, expanding access to suppliers of long-term and short-term capital, and maintaining a strong credit profile. The interest rate risks are managed through a mix of fund-raising and investment products across maturity profiles, and through various tools approved under a robust risk management framework.

b) Foreign Exchange and Commodity Price Risks

The Company is exposed to changes in foreign exchange rates and commodity prices across its various business segments. Further, the Company also has exposures to other foreign currency denominated assets and liabilities. In many cases, such exposures are partly off-set by suitable pass-through clauses built into contracts with customers. For the balance portion, the Company has institutionalised risk management mechanism to effectively manage the risks. Appropriate hedge tools are used under the framework of a Board approved Risk Management Policy. The review of exposures and underlying hedges under respective business segment are conducted at regular intervals. The Risk Management mechanism is also subject to periodic review by the Audit Committee.

IV. REVITALISING HUMAN CAPITAL

The Company believes that the development of employees is one of the most important enablers for an organisation like ours, engaged in nation building. This is being done at both individual and team levels. Sustained development of its employees, professional and personal, is the hallmark of its human resource policies.

Recruitments across all levels, extensive training and skill enhancement activities are carried out at all locations, in line with the Company's expansion and growth plans.

- Being an engineering conglomerate, the Company needs a large pool of engineering talent. In line with the growing business needs, the Company has recruited Graduate and Diploma Engineer Trainees from engineering colleges across the country during 2009-2010. Further addition of capability is underway from the best engineering colleges to match the Company's growing order book and execution needs.
- Apart from the wide variety of initiatives already running to develop talent, including core-development & competency-based programmes and e-learning, the Company has launched a new Management Education Programme in association with IIM Ahmedabad. Two batches are already undergoing this programme.
- In the Company's endeavour to stay abreast of the current global scenario, many new initiatives have been planned including a Programme on Management of Change, Business Simulation on Corporate Entrepreneurship etc.

During 2009-2010 the Company took many major steps towards transforming the Company's Management Development Centre (MDC) at Lonavla into a world-class centre for learning. New initiatives included releasing management updates on latest industry trends and publishing the MDC journal 'Corporate Entrepreneurship' with an excellent collection of articles by eminent academicians and industry practitioners. Such initiatives aimed at transforming MDC into a truly holistic reservoir of learning resources and modern infrastructural facilities.

The Company recognises the importance of human leadership in realising its growth ambitions and believes in nurturing talent within the organisation to take up leadership positions. Towards achieving this, the Company has in place a structured leadership program to identify leaders and to develop them. The Company continues 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.

The Company has well-established processes to attract talent and identify strengths, as also areas of improvement. An array of structured alternative avenues are provided to employees to build competencies. The Company also provides customised solutions to employees to set the pace for their learning and thereby support their growth within the organisation.

V. LEVERAGING IT FOR BUSINESS BENEFITS: OPTIMISING IT COSTS

The Company has experienced the beneficial role of Information Technology systems in enabling efficiency and increasing productivity of the employees through automation of all business processes since many years. Over the years, the investments in Information Systems are being balanced between standard systems like the ERPs for business process automation and niche systems and cutting-edge technologies to provide leverage and competitive advantage to our businesses.

During 2009-2010, many implementations that commenced in the previous year for the new businesses were completed. Some systems were upgraded to current technology versions with increased functionality and new systems to enable better analytics and decision making were also implemented. Benefits realisation and usage studies were conducted regularly to extract returns from the investment being made in Information Technology.

A number of measures were taken towards optimisation of IT costs through standardisation, consolidation and application of new technologies. The Company also did some pilot rollouts of collaboration and communication portals using new web 2.0 technologies to tap into the collective creativity and knowledge of the employees for innovation. All the facets of IT Infrastructure were enhanced to ensure high performance, high availability and therefore increased productivity. Information Security and Disaster Recovery were beefed up as an ongoing process through a systematic framework and adherence to global standards. IT Governance processes were followed as designed, to provide appropriate oversight to the IT functions to deliver value to the business and to manage associated IT risks.

VI. CORPORATE SUSTAINABILITY INITIATIVES

The Company has undertaken several initiatives in the areas of Water and Energy conservation and Occupational Health and Safety. Manufacturing units and project locations endeavor to control fresh water consumption and have adopted "Zero Discharge Approach". This was achieved by implementation of 3R's principles i.e. Reduce, Reuse and Recycle.

Energy has been identified as one of the key natural resources for operations. Sustainability targets related to energy conservation included conducting energy audit at all manufacturing & office locations, monitoring & conserving energy and developing location wise roadmap for increasing the use of renewable energy. Process optimisation, process re-engineering, conversion and retrofitting of equipment, change in schedule and rationalisation of lighting patterns etc. are some of the energy conservation initiatives implemented at the Company's manufacturing locations.

Occupational health and safety continues to be an unremitting focus area for the Company. The safety strategy is to nurture a 'Zero Accident' culture and to reinforce it with fail-safe procedures, the best protective gear, continuous training and vigilant inspection. The Company's Heavy Engineering and Electrical Business divisions based in Powai campus, Mumbai won the Prestigious "Swords of Honour" from the British Safety Council (BSC), after receiving Five Star rating for their exemplary performance in the field of Occupational Health and Safety Management.

The Corporate Social Initiatives (CSI) Cell works closely with community leaders and local NGOs to assess pressing community needs. The Cell then applies management experience and expertise to harness the most effective levers and enable long term solutions to their needs. The CSI Cell based in Mumbai acts as an apex body to bring in consistency and to extend as well as expand community initiatives across various locations

GROWING SUBSIDIARIES & ASSOCIATES PORTFOLIO

As on March 31, 2010, Larsen & Toubro Group comprised 110 subsidiaries, 21 associate companies and 12 joint venture entities within its fold. These Group companies broadly operate in and focus on the following sectors:

i. Information Technology Services;

ii. Financial Services;

iii. Engineering & Construction services;

iv. Power Equipment manufacturing;

v. Power Development projects;

vi. Infrastructure and Property Development projects;

vii. Electrical & Electronics;

viii. Machinery and Industrial products;

ix. International Investments

L&T has invested in companies incorporated both in India and abroad. Most of the investments in companies incorporated overseas are through L&T's wholly owned subsidiary company, L&T International FZE based at Sharjah. In view of the vast opportunity landscape both within and outside India, L&T over the past years has been investing in its subsidiary & associate companies to accelerate their growth in the medium to long term. Some of the ventures are capital intensive in nature and are in the formative stage. Most of the special purpose entities formed for the development of infrastructure projects under the public private partnership programme are in the construction stage or in their initial phase of operations. These ventures are yet to contribute significantly to the Group's revenues.

For the year ended March 31, 2010, Consolidated Sales and Operational Income was at Rs.43,970 crore after elimination of inter-company sales at the group level. Profit after tax for the Group at Rs.5,451 crore increased by 44% over the previous year.

The consolidated gross Debt:Equity ratio as at March 31, 2010 was 1.08:1, an improvement over the previous year Debt:Equity ratio of 1.32:1.

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

I. INFORMATION TECHNOLOGY SERVICES

A. LARSEN & TOUBRO INFOTECH LIMITED (L&T Infotech):

Subsidiary Company

Overview

L&T Infotech, a wholly owned subsidiary of L&T, is a global IT services and solutions provider to various industries, and helps its clients to maximise the value through IT spend. The Company offers comprehensive, end-to-end software solutions and services in industry verticals like banking & financial services, insurance, energy & petrochemicals, manufacturing and product engineering services, including telecom sector. The Company's key service areas are application maintenance & development, application outsourcing, legacy modernisation, package implementations in SAP/Oracle, infrastructure management services and specialised services like data warehousing and business intelligence. These have been augmented by newer offerings like testing services, consulting services, business analytics and system integration.

Operations & Performance

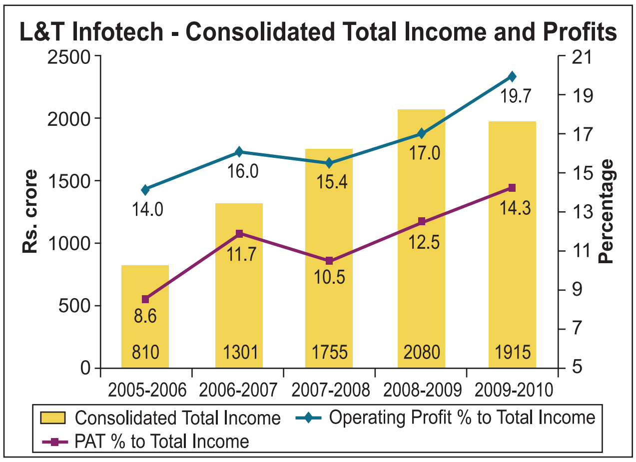
In the wake of global recessionary condition, some of the large clients have had to curtail their discretionary IT spend resulting in lower outsourcing orders, particularly during the first half of 2009-2010. With the clients' renegotiations on the pricing of on-going projects and rupee appreciating during the year, the profitability came under pressure. However, with increased focus on building better offsite ratio and taking adequate financial risk mitigation measures, L&T Infotech was able to improve the operating margin during 2009-2010.

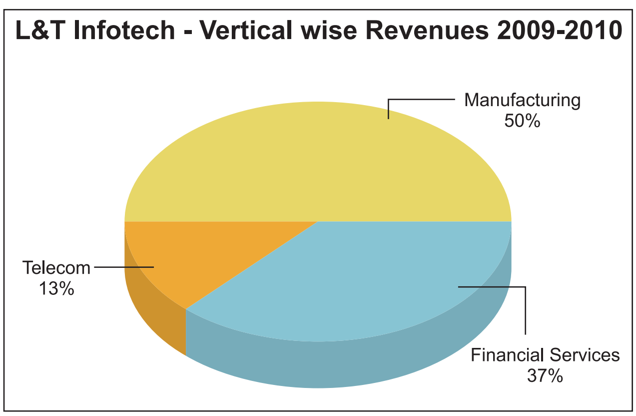
- L&T Infotech has achieved total revenues of Rs.1812 crore during the year 2009-2010 compared to Rs.1799 crore (on a comparable basis excluding revenues from engineering services) achieved last year, registering an increase of 1%. On consolidated basis including subsidiaries in Canada, Germany and GDA Technologies

Inc., the total income stood at Rs.1915 crore in 2009-2010.

- Profit after tax at Rs.281 crore grew by 6% as compared to 2008-2009. With an increase in offshore development by 4%, the operating costs reduced by 9% as compared to the previous year, thereby improving the margin.

The export business continues to be predominantly USA based, the contribution being 65% for 2009-2010. Europe and Asia-Pacific contributed 17% and 10% respectively, while contribution of Middle East & Africa increased to 8%. Onsite services accounted for 49% of L&T Infotech exports.





Outlook

Business process outsourcing spend in 2010-2011 is expected to be increasingly driven by back-end processing in Finance & Accounts segment and procurement, followed by HR outsourcing. Significant opportunities exist in core vertical of Banking Financial services & Insurance (BFSI) as also in other vertical markets such as retail, healthcare and public sector. Business prospects exist in the core geographic segment viz. USA, and emerging geographies of Asia-Pacific (specially Japan, Singapore and Australia). During 2010-2011, discretionary spending specially in areas of application development is expected to rebound. Non-discretionary spending especially in application maintenance, where the Company has significant presence, remote infrastructure management and BPO are also expected to grow. With rapidly changing customer expectations, emergence of new offshore locations, along with new service providers delivering services through the cloud, the IT industry is expected to undergo significant changes in the medium term.

To take advantage of emerging opportunities, L&T Infotech is focusing on internal efficiencies and cost reduction. Given the industry's resilience to withstand various challenges as demonstrated in the recent past, 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, wholly owned subsidiary of L&T Infotech, provides software services in Banking & Finance, Insurance & Communication and Embedded technology businesses in Germany. During the year 2009-2010, L&T Infotech GmbH recorded total income of Rs.64 crore, registering a growth of 23% over 2008-2009.

C. LARSEN & TOUBRO INFORMATION TECHNOLOGY CANADA LIMITED (LTIT Canada):

Subsidiary Company

LTIT Canada, wholly owned subsidiary of L&T Infotech, provides software services in financial, Insurance and Oil & Gas sectors in Canada. During the year 2009-2010, the total income of LTIT Canada amounted to Rs.17 crore as against Rs.26 crore in 2008-2009. The decrease was mainly on account of recessionary condition witnessed in the market and curtailment on discretionary IT spend by the major clients.

D. **GDA TECHNOLOGIES INC. (GDA):**

Subsidiary Company

GDA, a wholly owned subsidiary of L&T Infotech, was acquired in 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.

Despite the impact of global economic downturn, GDA clocked total income of Rs.66 crore for year ended March 31, 2010 against Rs.60 crore in 2008-2009. Profit after tax was Rs.2 crore vis-à-vis loss of Rs.2 crore in 2008-2009.

II. FINANCIAL SERVICES

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

Subsidiary Company

Overview

L&T CHL, a wholly owned subsidiary of L&T, was incorporated in 2008, with a view to consolidate L&T's investments in the financial services business and give a distinct identity to the business segment. L&T CHL is the holding company for L&T's investments in the non banking financial companies and mutual fund business and also a few other strategic investments in the sector. It is registered with the Reserve Bank of India as a non-banking financial company.

Operations & Performance

The Company's investments in its subsidiaries and strategic investments increased from Rs.1076 crore as at March 31, 2009 to Rs.1629 crore as at March 31, 2010. During the year, the Company has reported dividend income of Rs.5 crore and profit after tax of Rs.3 crore.

B. **L&T FINANCE LIMITED (LTF):**

Subsidiary Company

Overview

LTF, a wholly owned subsidiary of L&T Capital Holdings Limited, is a diversified non-banking financial company with product offerings catering to diverse segments of the corporate and retail sectors. LTF has a growing presence in microfinance and is also engaged in the distribution of various financial products.

LTF, with its pan India presence backed by a robust credit appraisal, operational and credit delivery model, is well equipped to cater to customers across the country.

Operations & Performance

LTF recorded significantly improved performance during the financial year 2009-2010, in comparison to the preceding financial year. This was facilitated by the growth in India's economy, increased investment in infrastructure and higher rural incomes. The positive environment for raising resources was also a contributor to the improved performance. The highlights of the Company's financial performance are as below:

- Total assets grew to Rs.7567 crore on March 31, 2010 from Rs.5327 crore on March 31, 2009;
- Total income grew to Rs.966 crore in 2009-2010 vis-a-vis Rs.830 crore in 2008-2009;
- Profit after tax grew to Rs.156 crore in 2009-2010 vis-à-vis Rs.99 crore in 2008-2009.

Outlook

With India's economic growth likely to gain further momentum in financial year 2010-2011 and with the Government's continued thrust on infrastructure, credit growth off-take is expected to be robust. Growth of the agricultural sector will lead to higher disposable rural incomes which, in turn, would offer continued demand for rural credit. However, current inflationary pressures may lead to monetary tightening, leading to higher interest rates and pressure on net interest margin.

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

Subsidiary Company

Overview

LTIFCL, a wholly owned subsidiary of L&T Capital Holdings Limited is a non-banking finance company focused on financing of infrastructure projects, covering various sectors. LTIFCL leverages 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 offers project advisory and loan syndication services.

Operations & Performance

LTIFCL recorded improved performance during 2009-2010, on the strength of the growth momentum of the Indian economy and investment flow into infrastructure projects, supported by a positive environment for resource raising. The highlights of its financial performance are as below:

- Total assets grew to Rs.4,249 crore on March 31, 2010 from Rs.2,398 crore on March 31, 2009.
- Total income grew to Rs.450 crore in 2009-2010 from Rs.296 crore in 2008-2009.
- Profit after tax grew to Rs.111 crore in 2009-2010 from Rs.76 crore in 2008-2009.

Outlook

The increased focus on infrastructure investment through the public private partnership model on the back of strong economic fundamentals would provide the required growth impetus to LTIFCL. Notwithstanding the increasing competition, LTIFCL, with its ability to offer timely and appropriate solutions to the customer, is positive about its growth outlook. While inflationary trends may lead to tightening of credit and money supply, it is expected that the demand for infrastructure and Government's focus on the sector would provide the required drivers for continued growth.

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

Subsidiary Company

Overview

LTCCL, a fully owned subsidiary of L&T, is a portfolio manager registered with the Securities and Exchange Board of India, with over Rs.1650 crore under its fund management. It is also a mutual fund distributor/advisor. LTCCL holds and monitors a significant portion of the L&T Group's strategic investments.

Operations & Performance

Mutual fund markets were buoyant in 2009-2010. Major stock market indices and net asset values of most equity mutual funds improved. The improved capital market had its positive impact on LTCCL's income and profits.

During 2009-2010, the company's gross income clocked at Rs.20 crore, registering a jump of 215% over 2008-2009. The profit after tax was significantly higher at Rs.14 crore, an increase of 292% over 2008-2009. The company declared an interim dividend of Rs.4 per share during the year.

III. ENGINEERING & CONSTRUCTION SERVICES

Domestic Companies

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

Subsidiary Company

Overview

LTSL, a company where L&T has 50% stake, renders 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

LTSL received fresh orders aggregating to Rs.144 crore during the year 2009-2010, reflecting a growth of 58% over 2008-2009. Besides orders received from L&T, LTSL bagged a number of orders from Sargent & Lundy LLC, third party international and domestic customers.

The sales and other income for 2009-2010 at Rs.67 crore registered a growth of 7%. Exports accounted for 44% of the total income. Profit after tax registered a 25% growth at Rs.13 crore for 2009-2010 as compared to 2008-2009 level of Rs.10 crore, aided by lower operating cost.

Outlook

LTSL will leverage the increased demand for power in the country supported by the 11th and the 12th plan capacity addition planned in India. LTSL also expects a few international projects to materialise this year by focusing on the Middle East market which is on the recovery path. Given the good opportunities both in India and abroad, LTSL has bright prospects in the medium to long term.

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

Associate Company

Overview

LTC, a company where L&T has 50% stake, 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 L&T 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.

Operations & Performance

With a healthy order book at the beginning of the year, the Company reported sales revenue of Rs.83 crore recording a growth of 8% over 2008-2009. However, the profitability was lower due to relatively higher sub contracting costs resulting in lower profit after tax at Rs.9 crore as compared to Rs.10 crore in 2008-2009.

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

Subsidiary Company

Overview

LTV, a wholly owned subsidiary of L&T, provides complete engineering solutions for upstream oil & gas sector and offers design engineering services as well as project management services globally.

Operations & Performance

The order book for the financial year 2009-2010 stood at Rs.90 crore. Sales revenue for the year was subdued at Rs.60 crore as compared to Rs.72 crore for 2008-2009. Profit after tax for 2009-2010 was lower at Rs.11 crore as compared to Rs.16 crore in 2008-2009 due to decrease in capacity utilisation.

D. L&T-RAMBØLL CONSULTING ENGINEERS LIMITED (LTR)

Associate Company

Overview

LTR, a consultancy firm where L&T has 50% stake, was established in 1998 by L&T and RAMBOLL A/S of Denmark. LTR provides engineering and project consultancy services for transportation infrastructure projects relating to Ports & Marine, Roads & Airports, Bridges & Metros and SEZ Planning & Environmental Engineering.

Operations & Performance

The Company has consolidated its position in the domestic market as advisors and consultants to developers of projects. Backed by order inflow at Rs.50 crore, LTR registered a growth of 15% in total income for the year 2009-2010 to Rs.34 crore. The profit after tax at Rs.10 crore grew by 63% over 2008-2009.

E. SPECTRUM INFOTECH PRIVATE LIMITED (SIPL):

Subsidiary Company

Overview

SIPL, a wholly owned subsidiary of L&T, provides capabilities in defence electronics and systems. SIPL concentrates largely on product development in embedded solutions, control and signal processing for defence sector. It has grown from designing and development of sub-systems to a full-fledged production organisation delivering sub-systems.

Operations & Performance

Sales revenues during the year 2009-2010 stood at Rs.9 crore, same as in 2008-2009. Profit after tax remained flat at Rs.2 crore for 2009-2010.

F. L&T SHIPBUILDING LIMITED (LTSB):

Subsidiary Company

Overview

LTSB, a wholly owned subsidiary of L&T, has been formed 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. 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.

Operations & Performance

LTSB has a Joint Venture agreement with TIDCO to set up the port and shipyard at Kattupalli, Tamil Nadu. LTSB has taken possession of 1143 acres of patta land at Kattupalli on 99 year lease basis.

The Company has commenced construction activities from October 2009 and has also received the formal SEZ approval from the Ministry of Commerce and Industry. LTSB has entered into a Licence agreement with Tamilnadu Maritime Board (TNMB) for using 76.86 acres of coastal land at Kattupalli required by the project.

The Company has obtained environmental clearances from the Government. The Company has tied up entire equity and debt funds for meeting the project cost and achieved financial closure recently.

International Companies

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

Subsidiary Company

Overview

L&T Electromech is a Joint Venture between L&T and The Zubair Corporation, Oman (TZC). L&T, through its wholly owned subsidiary L&T International FZE holds 65% in the Company.

The Company is a leading Civil, Mechanical and Electrical & Instrumentation Construction Company in Oman undertaking projects in Oil and Gas, Refineries, Petrochemicals, Power and Water Treatment sectors.

Operations & Performance

During the year under review, the Company bagged orders worth Rs.390 crore against Rs.237 crore in 2008, thus registering a growth of 65%. However, as the award of these orders were delayed due to the global meltdown, sales for the year (Rs.249 crore) fell by over 24% vis-à-vis 2008.

Notwithstanding the reduction in sales, profit after tax at Rs.34 crore grew by a healthy 55% over 2008. The improvement in profitability was largely attributed to risk mitigation measures and pre-bid tie-ups with vendors.

Outlook

The Company has established itself as one of the major construction companies providing composite construction service in Civil, Mechanical, Electrical & Instrumentation (CMEI) works in Oman. Considering its eminent position in the oil & gas sector of Oman, the current growth momentum is expected to continue in the medium term.

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

Subsidiary Company

Overview

LTMFYL is a Joint Venture company between Zubair Corporation and L&T International FZE established in Sultanate of Oman. L&T, through its wholly owned subsidiary L&T International FZE holds 65% in the Company. The Company has developed core competencies in manufacture of 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.

Operations & Performance

During the year 2009, LTMFYL's sales revenue stood at Rs.137 crore, registering a growth of 33% compared to 2008. Profit after tax for the year 2009 stood at Rs.2 crore vis-a-vis Rs.1 crore in 2008.

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

Subsidiary Company

Overview

L&T ATCO is a strategic Joint Venture of L&T International FZE and Abdulrahman Ali Al -Turki Group of Companies (ATCO) Dammam, a renowned Saudi conglomerate. L&T-ATCO was incorporated as an In - Kingdom Company in 2007 to take advantage of the electro-mechanical construction opportunities arising in the areas of oil & gas, petrochemicals, power and water related projects in Saudi Arabia. L&T, through its wholly owned subsidiary L&T International FZE holds 49% in the company.

Operations & Performance

During 2009 the Company's total income stood at Rs.7 crore against Rs.1 crore in 2008. The company has bagged a major order of Rs.74 crore from a leading Korean Company in Saudi Arabia, for mechanical erection works for SATORP in Jubail, Saudi Arabia. The Company registered a loss of Rs.4 crore in 2009 vis-à-vis a loss of Rs.3 crore in 2008.

Outlook

Future looks encouraging with large projects on the cards in the field of hydrocarbon, power, water and oil & gas. 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 the Company.

J. OFFSHORE INTERNATIONAL FZC (OIFZC): Subsidiary Company

Overview

Offshore International FZC (OIFZC) is a Joint Venture between L&T International FZE and M/s Petro-Plus Sdn Bhd, Malaysia, a wholly owned subsidiary of SapuraCrest Petroleum Bhd, Malaysia for construction and operation of a Heavy Lift cum Pipe Lay Vessel (HLPV). L&T, through its wholly owned subsidiary L&T International FZE holds 60% in the Company.

An element of risk was always associated with dependence on external sub-contractors for installation part of the project for Oil and Gas industry. This risk is being mitigated in the form of having own in-house installation capability through this JV. SapuraCrest Petroleum Berhad (SapuraCrest) is a leading company in Malaysia with diversified activities having expertise in offshore installation services including sub-sea pipe-laying, platform and related installations. The JV offers both the 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 will provide offshore installation services including sub-sea pipe laying, platform installation across India, the Middle East, South East Asia, Australia and the Sakhalin region. The vessel is available for commercial use in 2010.

K. LARSEN & TOUBRO (OMAN) LLC (LTO): Subsidiary Company

Overview

LTO, a Joint Venture with Zubair Corporation LLC, provides engineering, construction and contracting services for the last 15 years in Sultanate of Oman. Its track record in civil projects has been excellent and continues to enjoy customer preference in the country. L&T, through its wholly owned subsidiary L&T International FZE holds 65% in the company.

Operations & Performance

Despite the slowdown in the economy due to global recessionary condition, LTO secured order inflows of Rs.1511 crore during the year. The revenue for 2009 stood at Rs.1549 crore as against Rs.1491 crore achieved during 2008. The profit after tax for the year 2009 grew by 74% to Rs.99 crore.

Outlook

After the global economic crisis witnessed in 2008 and first half of 2009, the economy of Oman has stabilised and is heading towards a phase of recovery. The Government of Oman is expected to increase allocation of funds to the urbanisation, infrastructure, health and development activities in 2010 which will augment the opportunity landscape for the Company in power transmission & distribution, infrastructure and the buildings & utilities sectors.

L. LARSEN & TOUBRO KUWAIT CONSTRUCTION GENERAL CONTRACTING COMPANY WLL (LTKC): Subsidiary Company

Overview

LTKC is a strategic Joint Venture between M/s Bader Almulla and Brothers Company WLL, a Kuwaiti company & Larsen & Toubro International FZE. L&T, through its wholly owned subsidiary L&T International FZE, holds 49% in the Company. LTKC executes construction projects in Oil & Gas and Power sectors in the State of Kuwait.

Operations & Performance

LTKC recorded sales revenue of Rs.56 crore and profit after tax of Rs.1 crore for year 2009. LTKC, however, could not bag any new orders during 2009 due to subdued market conditions in the country.

M. LARSEN & TOUBRO READYMIX CONCRETE INDUSTRIES LLC (RMC LLC): Subsidiary Company

Overview

RMC LLC is a Joint Venture between Mr. Majed Al Mehairi (51%), UAE and Larsen & Toubro International FZE (49%), a wholly owned subsidiary L&T.

Operations & Performance

With the construction and real estate activity slowing down consequent to financial crisis, the demand for ready mix concrete reduced in 2009. Accordingly, the sales revenue at Rs.108 crore was lower by 17% as compared to 2008. Profit after tax at Rs.15 crore grew by 1% due to introduction of high value added products like coloured concrete and light weight concrete.

IV. POWER EQUIPMENT MANUFACTURING

A. L&T-MHI TURBINE GENERATORS PRIVATE LIMITED:

Subsidiary Company

Overview

L&T has entered into Joint Venture with Mitsubishi Heavy Industries, Japan (MHI) to manufacture super critical steam turbines & generators (STG package). L&T-MHI Turbine Generators Private Limited was formed in 2008 through L&T Power Limited (a wholly owned subsidiary of L&T) holding 51% share to leverage on the parent company's EPC capabilities in the emerging mega power sector. The JV's manufacturing facility at Hazira-Gujarat will produce STG equipment of capacity ranging from 500 MW to 1000 MW and is expected to be on stream during 2011.

Operations & Performance

While the maiden order obtained during the previous year is being executed with 100% import from MHI, the orders received for 5 more STG package during the year 2009-2010 are expected to be manufactured from the new facility being constructed at Hazira. With order inflow worth Rs.2136 crore on hand, the Company is gearing up for efficient execution. The total capacity being installed is 4000 MW. The first order under execution has enabled the Company to report Sales revenue of Rs.422 crore for 2009-2010. As the equipment package is being supplied by the JV partner, the Company is not likely to make any profits from this order.

B. L&T-MHI BOILERS PRIVATE LIMITED:

Subsidiary Company

Overview

L&T and MHI have entered into another Joint Venture to manufacture & supply Supercritical Boilers for large coal based power utilities. L&T-MHI Boilers Private Limited has been formed with L&T holding the majority share of 51% of the equity, through its subsidiary L&T Power Limited.

The JV has envisaged manufacturing of equipment in the capacity range of 500 MW to 1000 MW for sale in India.

Operations & Performance

The Company has secured orders of Rs.5550 crore. The Company is establishing a state-of-the-art manufacturing facility at Hazira, Gujarat. The Company proposes to commence operations with the manufacture of 2 Boiler packages in 2012-2013. The total capacity being installed is 4000 MW.

Outlook

The power sector presently provides a window of both an opportunity and challenge to manufacture high technology and complex power equipment with comprehensive range of services. The primary growth driver for the sector is the government's favorable policy to encourage super critical power projects and "Power for all by 2012" programme, which is designed to develop substantial power generation capacity in the country. Both the companies viz. L&T-MHI Boilers Private Limited and L&T-MHI Turbine Generators Private Limited are confident of meeting the market requirements in super critical technology with focused efforts to manufacture/deliver the products and to become cost competitive in the coming years.

V. POWER DEVELOPMENT PROJECTS

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

Subsidiary Company

Overview

L&T PDL, incorporated in September 2007, is a wholly owned subsidiary of L&T. The company has been 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.

Operations & Performance

During the year 2009-2010, the Company has been awarded two projects under competitive bidding process; 1320 MW Rajpura thermal project in Punjab (being developed through a wholly owned subsidiary, Nabha Power Limited) and 149 MW Sach-Khas hydro electric project in Himachal Pradesh.

In addition to this, the Company is developing a 60 MW Tagurshit hydro electric project in Arunachal Pradesh. Detailed project report is under preparation and survey & investigations work is being carried out.

The 99 MW Singoli-Bhatwari hydro electric project is also being developed by the Company through a wholly owned subsidiary, L&T Uttaranchal Hydropower Limited (L&T UHPL).

During the year 2009-2010, the Company has reported a total income of Rs.7 crore by way of project facilitation and advisory service fees. Profit after tax stood at Rs.3 crore.

Outlook

The Power Sector in India presents tremendous opportunities for private developers. The continuing power deficits encourage private players to set up merchant power plants. Also, large hydel projects are being planned in the himalayan states of India. The Company has appropriately positioned itself to realise the emerging opportunities and is actively pursuing opportunities to develop thermal and hydro electric projects in India and abroad.

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

Subsidiary Company

Overview

L&T UHPL, is a wholly owned subsidiary of L&T PDL. The Company was formed to undertake the development, construction and operation of 99 MW 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 located in the Garhwal region of the state of Uttarakhand, District Rudraprayag, on Mandakini River, the right bank tributary of Alaknanda.

The Company signed the Implementation Agreement with Government of Uttarakhand in 2009 which enables it to commence full-fledged construction at the site. The project is in implementation phase and is expected to achieve financial closure in first half of FY 2010-2011. The total cost of the project is estimated to be Rs.1045 crore.

VI. INFRASTRUCTURE AND PROPERTY DEVELOPMENT

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

Subsidiary Company

Overview

L&TIDPL has been set up as an infrastructure development arm of the Group, where L&T has 84.27% stake. 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 operation. 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 large potential in the portfolio, the Company has decided to re-acquire the private equity investors’ holding at a valuation.

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

Operations & Performance

L&TIDPL has reported a total income of Rs.698 crore and a profit after tax of Rs.512 crore. This includes exceptional gain of Rs.462 crore arising from divestment of its stake in Bangalore International Airport Limited and Second Vivekananda Bridge Tollway Company Private Limited.

As of March 31, 2010, L&TIDPL's portfolio includes:

I. Transportation and Infrastructure

Major SPVs	Status	Stage
Roads and Bridges:		
L&T Panipat Elevated Corridor Limited	Subsidiary	Operational
Narmada Infrastructure Construction Enterprise Limited	Subsidiary	Operational
L&T Krishnagiri Thopur Toll Road Limited	Subsidiary	Operational
L&T Western Andhra Tollways Limited	Subsidiary	Operational
L&T Transportation Infrastructure Limited	Subsidiary	Operational
L&T Interstate Road Corridor Limited	Subsidiary	Operational
L&T Vadodara Bharuch Tollway Limited	Subsidiary	Operational
Ports:		
The Dhamra Port Company Limited	Joint Venture	Under Implementation
International Seaport (Haldia) Private Limited	Associate	Operational

II. Urban Infrastructure:

Major SPVs	Status	Stage
L&T Urban Infrastructure Limited	Subsidiary	Operational
Cyber Park Development and Construction Limited	Subsidiary	Operational
L&T Tech Park Limited	Subsidiary	Operational
L&T Arun Excello IT SEZ Private Limited	Subsidiary	Operational
L&T Infocity Limited	Subsidiary	Operational
L&T South City Projects Limited	Subsidiary	Under Implementation
CSJ Infrastructure Private Limited	Subsidiary	Under Implementation
L&T Arun Excello Commercial Projects Private Limited	Subsidiary	Under Implementation
L&T Infrastructure Development Projects Lanka (Private) Limited	Subsidiary	Under implementation
L&T Vision ventures Limited	Subsidiary	Under Implementation

Transportation and Infrastructure

Financial performance summary of key operational SPVs: Roads and Bridges

A. Projects completed:

Rs.crore

Sr. No.	Name of Subsidiary	Project Detail	Project Cost	Total Income		PAT	
				2009-2010	*2008-2009*	2009-2010	*2008-2009*
1	L&T Panipat Elevated Corridor Limited	Widening of the existing Road on National Highway No.1 (NH-1) on BOT basis.	422	36	*26*	(45)	*(31)*

Rs.crore

Sr. No.	Name of Subsidiary	Project Detail	Project Cost	Total Income		PAT	
				2009-2010	*2008-2009*	2009-2010	*2008-2009*
2	Narmada Infrastructure Construction Enterprise Limited	Construction, development, operation and maintenance of Second Two-Lane Bridge at Zadeshwar across the Narmada River in Gujarat on National Highway 8 (NH-8).	142	53	*38*	23	*17*
3	L&T Krishnagiri Thopur Toll Road Limited	Widening of the existing Road from the end of proposed Krishnagiri flyover to Thumpipadi on BOT basis.	525	67	*9*	(30)	*(5)*
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.	373	32	*2*	(21)	*(2)*
5	L&T Transportation Infrastructure Limited	Building a bypass at Coimbatore Section of National Highway (NH-47) and construction of additional bridge at Athupalam on River Noyyal on BOT basis.	104	37	*34*	13	*9*
6	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 on BOT basis.	537	89	*1*	8	*(1)*
7	L&T Vadodara Bharuch Tollway Limited	Widening the existing road of Vadodara to Bharuch section on NH-8 in the State of Gujarat on BOT basis.	1461	135	*–*	(73)	*–*

B. Projects under implementation:

Ports

THE DHAMRA PORT COMPANY LIMITED (DPCL): Joint Venture

Overview

DPCL, a 50:50 Joint Venture between L&TIDPL and TATA Steel has been set up to build a deep water all weather port at Dhamra, under Build-Own-Operate-Share-Transfer (BOOST) model with a concession awarded by the Government of Odisha for a period of 34 years (including period of construction).

Operations & Performance

With a draft of 18.5 meters, the port can accommodate super cape size vessels up to 1,80,000 DWT. This will be an advantage to the mineral hinterland of north Odisha, Jharkand, West Bengal and Chattisgarh where a large number of steel plants and mineral based industries are located. The project includes 62.5 km rail connectivity to the main Howrah-Chennai lines at Bhadrak.

The port is expected to become an infrastructural hub of Eastern Coast of India by providing the efficient port facilities for the industrial and economic development of the region and the country. The Construction of the port is nearing completion and the port will be commissioned in 2010-2011.

Roads and Bridges

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

Sr. No.	Name of Subsidiary	Project Details	Project cost (Rs.crore)	Project Status
1	L&T Ahmedabad - Maliya Tollway Private Limited	Widening the existing Two-Lane Road covering Ahmedabad, Viramgam Maliya section in Gujarat, to Four-Lane Road along with the divided Carriageway facility.	1497	Financial closure completed during the year. The commercial operation expected by the end of year 2011.
2	L&T Halol - Shamlaji Tollway Private Limited	Widening of existing Two-Lane Road, covering Halol-Godhra-Shamlaji section in Gujarat to Four-Lane Road along with divided Carriageway facility.	1305	Financial closure concluded during the year. The commercial operation expected by the second half of year 2011.
3	L&T Rajkot - Vadinar Tollway Private Limited	Widening of existing Two-Lane Road, covering Rajkot-Jamnagar-Vadinar section in Gujarat, to Four-Lane Road along with the divided Carriageway facility.	1096	Financial closure completed during the year. The commercial operation expected by the end of year 2011.
4	L&T Chennai-Tada Tollway Limited	Widening of existing Chennai – Tada section of NH-5 in the state of Tamil Nadu on BOT basis.	848	Project is in the initial stage of execution.

II. URBAN INFRASTRUCTURE

L&T URBAN INFRASTRUCTURE LIMITED (L&TUIL):

Subsidiary Company

Overview

L&TUIL, the real estate arm of L&T Infrastructure Development Projects Limited, has built a balanced portfolio of Urban Infrastructure related projects in IT/ITES, Commercial, Hospitality and Residential sectors over the past 4 years. L&T though its subsidiary L&TIDPL holds 75% in the Company.

Operations & Performance

L&TUIL increased its portfolio investment to Rs.613 crore as at March 31, 2010, bulk of which is in the Commercial & Hospitality sector. The Company earned total income of Rs.29 crore with a profit after tax of Rs.10 crore for the year 2009-2010.

The ongoing projects under the Residential sector are Serene County at Hyderabad, Eden Park at Siruseri, Chennai, Estancia Residential at GST Road, Chennai. While Serene County, at Hyderabad has successfully marketed about 80% of its development, Eden Park at Chennai is progressing well with good number of bookings. The total space developed so far under this sector is about 3 mio sft.

Under Commercial and Hospitality segment, the first phase of hotel project at Bangalore is under advanced stage of construction and is expected to go on stream by end of 2010. The commercial cum mixed development project at Chandigarh has commenced construction and is expected to become partially operational by 2011-2012.

As part of the portfolio review policy, L&TUIL does strategic divestments, especially in projects which attain a mature stage. During 2009-2010, L&TUIL divested its stake in one of its IT/ITES infrastructure projects, L&T Phoenix Infoparks Private Limited, Hyderabad. Stake held by L&T Infocity in its subsidiary at Lanka is slated for sale during the early part of 2010-2011.

Financial Performance Summary of key operational SPVs: (Urban Infrastructure)

A. Projects completed

Rs.crore

Sr. No.	Name of Subsidiary	Project Details	Total Income		PAT	
			2009-2010	*2008-2009*	2009-2010	*2008-2009*
1	Cyber Park Development and Construction Limited	Construction of an IT park at Electronic City, Hosur Road, Bangalore. Multi-tenanted facility with BUA of 3 Lakh sq.ft (Phase I) and BUA of 2 Lakh sq. ft. (Phase II) completed.	5	*48*	0.35	*11*
2	L&T Tech Park Limited	Company formed to set up an IT SEZ within the Infopark, at Kochi, Kerala, as a co-developer. Phase I of the project, with a built up area of 3.86 lakh sq.ft. has been completed.	11	*17*	(4)	*(2)*
3	L&T Arun Excello IT SEZ Private Limited	Company formed for developing a built up area of 3 lakh sq.ft of office space for IT/ITES at Vallancheri Village, Kancheepuram District, Tamil Nadu. Total area developed 3.67 lakh sq.ft.	1	*1*	(3)	*(0.31)*
4	L&T Infocity Limited	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'.	206	*196*	57	*53*
5	Hyderabad International Trade Expositions Limited	The modern trade exposition centre developed on a 52.79 acre plot.	12	*10*	0.07	*(1)*
6	L&T Infocity Lanka Private Limited	Development of a Built to Suit Project for HSBC at Colombo, Srilanka.	6	*5*	3	*2*

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.	The SPV is currently executing phase-I of the project. Around 50% of the apartments under phase-I are expected to be handed over from July, 2010.
2	CSJ Infrastructure Private Limited	The Company formed for development of Commercial complexes in Chandigarh.	The company has achieved the financial closure during the year. The project is under implementation stage.
3	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.	Land has been acquired for development and construction of residential complex, IT park and commercial complex.
4	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 of the project comprising construction of IT park has been completed during the year.
5	L&T Infrastructure Development Projects Lanka (Private) Limited	Development, construction, operation and maintenance of a multipurpose hi-rise tower comprising residential apartments and commercial space in Colombo, Sri Lanka	The project is expected to achieve financial closure in 2010-2011.

VII. ELECTRICAL & ELECTRONICS

A. TAMCO GROUP OF COMPANIES:

Subsidiary Companies

Overview

The TAMCO Group comprises of four companies. Companies operating from Malaysia, Australia and China are wholly owned by L&T International FZE and the company operating from Indonesia is wholly owned by L&T International FZE and Tamco Switchgear (Malaysia) SDN BHD. The TAMCO Group has manufacturing facilities in each of these countries. L&T, through L&T International FZE, acquired TAMCO Group in 2008 to strengthen its global offering in medium voltage switchgears to complement L&T Group's established range of low voltage products.

TAMCO Malaysia has established its brand for Medium Voltage (MV) switchgear not only in the home country but also in Dubai, Qatar, Abu Dhabi, South and West African countries. The utility segment in the Gulf countries is also being well catered to apart from the foray in Indian markets.

Operations & Performance

Notwithstanding the impact of global slowdown particularly in the Gulf countries, TAMCO Group was able to secure order inflows worth Rs.651 crore during 2009, recording a growth of 7% over 2008. Buoyed by the surge in demand for its products particularly in Qatar, TAMCO group registered customer sales of Rs.707 crore for the year 2009. Profit after tax stood at Rs.79 crore for the year 2009, bolstered by the turnaround in performance of Indonesian and Australian companies.

TAMCO has applied for registration of its brand with 23 new countries to realise the scale benefits. It has recently launched Vacuum circuit breakers in the Indian market after obtaining all the necessary certifications.

Outlook

With the oil prices hardening in the recent past, the economies in the Gulf region will accelerate the investment in new utility and infrastructure projects. TAMCO products having penetrated the Indian market, localisation of its product range coupled with L&T's low voltage range would provide ample market potential. Besides, new customers are likely to be added in UAE, UK, Thailand and Philippines for the MV range of products. The Group will endeavor continuous research and development so as to bring out new products in the market and sustain the growth momentum in the coming years.

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

Subsidiary Company

Overview

LTESA, a Joint Venture between Larsen & Toubro International FZE, UAE and Yusuf Bin Ahmed Kanoo Group was formed in September 2006 with its headquarters at Dammam in the Eastern Province of Saudi Arabia. L&T, through its wholly owned subsidiary L&T International FZE, holds 75% equity stake while the partner holds 25%. LTESA is in the business of manufacturing and marketing Switchgear, Controlgear, PLC Panels, AC/DC Drives and part assembled switchboards; including design, installation, maintenance and operation of these products in accordance with Saudi Arabian General Investment Authority (SAGIA).

Operations & Performance

The Company ended the year with low Order Inflow of Rs.35 crore due to slow down in gulf region. However, due to healthy opening order book, LTESA reported higher sales revenue at Rs.56 crore in 2009 as compared to the level of Rs.30 crore achieved in 2008.

Outlook

LTESA remains competitive in high end offering and system business. LTESA has obtained approvals from Saudi Aramco for Low Voltage Switchgear and MCCs, and MV Switchgear from Saudi Basic Industries Corporation (SABIC) which will help in participation in major projects.

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

Subsidiary Company

Overview

LTW is a wholly owned subsidiary of L&T International FZE. It is located at Wuxi in the Jiangsu province of People's Republic of China. The factory was established in 2006 with manufacturing facilities, quality control and testing equipments. LTW supports L&T activities related to brand labeling of U-Power Air Circuit Breakers (ACBs) and D-Sine Moulded Case Circuit Breaker (MCCB) range.

Operations & Performance

Sales revenue for 2009 stood at Rs.31 crore against Rs.29 crore in 2008. Due to the economic slowdown, many projects were either delayed or cancelled.

VIII. MACHINERY & INDUSTRIAL PRODUCTS

Domestic Companies

A. TRACTOR ENGINEERS LIMITED (TENGL):

Subsidiary Company

Overview

TENGL is a wholly owned subsidiary of L&T principally engaged in manufacture of undercarriage systems for crawler machines, material handling systems like apron feeders and scrapper conveyors, mud pump spares and centrifugal pumps for the oil and gas sector. TENGL's centrifugal pumps and mud pump expendables have wide usage in oil exploration.

Operations & Performance

Sales and other income for 2009-2010 stood at Rs.140 crore as against Rs.167 crore for 2008-2009. The Company has made a profit after tax of Rs.1 crore in 2009-2010 as against loss of Rs.24 crore in 2008-2009.

B. AUDCO INDIA LIMITED (AIL):

Associate Company

Overview

AIL is a Joint Venture with equal equity holding by L&T and Flowserve Corporation, USA. AIL is a leading manufacturer of Industrial Valves. AIL caters to all major industries viz Refineries & Pipelines, Power, Offshore Platforms, Petro Chemicals, Chemicals, Fertilizers, Food & Pharma, etc. AIL Valves are approved by international Oil majors such as Shell, Chevron, EXXON, Aramco, PDO, ADCO, which helps in participating in their worldwide projects.

Operations & Performance

During the year 2009-2010, AIL posted gross revenues of Rs.401 crore as against Rs.766 crore in 2008-2009 and a profit after tax of Rs.32 crore as compared to Rs.71 crore in 2008-2009.

Outlook

During the end of 2009-2010, there have been signs of recovery and AIL hopes to capitalise on the recovery momentum.

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

Associate Company

Overview

LTK is a 50:50 Joint Venture between L&T 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. L&T markets and provides after sales support for Hydraulic Excavators manufactured by LTK.

Operations & Performance

The revival in demand of construction equipment was slow in the first half of 2009-2010, but picked up in the later half of the year. In particular, Hydraulic Equipment Industry registered 6% growth in 2009-2010 as against the decline of 28% in 2008-2009.

Net sales at Rs.1,110 crore for 2009-2010 was higher by 3%, though in terms of the volume the growth was better at 5% arising from improved market share of models PC 71 & PC 130. With the favourable rupee parity vis–a-vis the Japanese Yen and implementation of cost optimisation initiatives, the material cost significantly reduced, thereby resulting in higher profit after tax at Rs.66 crore in 2009-2010 compared to Rs.19 crore for 2008-2009.

Outlook

With the Indian economy on revival path and Government's aspiration to drive GDP growth to double digit in next few years, outlook for Hydraulic Excavator market is positive. Based on current economic condition, the market is expected to grow significantly with further scope to improve on the back of mega infrastructure projects taking off.

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

Associate Company

Overview

LTCEPL, a company with L&T's stake at 50%, is engaged in manufacture & marketing of construction & earthmoving equipment, namely, loader backhoes and vibratory compactors. In highly competitive Indian market for loader backhoes and vibratory compactors, LTCEPL has an overall market share of about 11%, and 29% respectively. The manufacturing facility situated at Pithampur, Madhya Pradesh has been expanded during the past two years to cater to the increased demand.

Operations & Performance

LTCEPL reported 48% increase in total income at Rs.497 crore in 2009-2010. The profit after tax for 2009-2010 was Rs.29 crore which grew by more than 150% over 2008-2009.

Outlook

Growth momentum is likely to continue in 2010-2011 in view of Government's focus on infrastructure spending and upturn in real estate sector. LTCEPL has set an ambitious target of improving its market share in loader market while maintaining market share in compactors.

E. EWAC ALLOYS LIMITED (EWAC):

Associate Company

Overview

EWAC, a company in which L&T has 50% stake, is a renowned welding solutions provider. EWAC is formed as a Joint Venture between L&T and Messer Eutectic Castolin Group of Germany. EWAC is a market leader in the business of maintenance and repairs welding & welding solutions for conservation of global metal resources. L&T markets EWAC's products in India with a strong dealer network.

Operations & Performance

EWAC reported a total income of Rs.143 crore in 2009-2010 against Rs.157 crore in 2008-2009. Profit after tax stood at Rs.24 crore vis-a-vis Rs.20 crore in 2008-2009. Although sales declined by 8% due to slowdown in the Industrial sector, there was an improvement in profit after tax by 17%. The growth in profitability was mainly on account of change in product mix as compared to last year resulting in lower overall material cost.

Outlook

With a positive outlook for the Indian economy in general and Industrial sector in particular, EWAC expects to improve its volume in the year 2010-2011.

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

Subsidiary Company

Overview

LTPML is a wholly-owned subsidiary of L&T. The Company is in the business of manufacture of Injection Moulding Machines and Auxiliary Systems for the plastics industry. The Company's products find applications in diverse industries like automobiles, electrical goods, packaging, personal care products, writing instruments and white goods.

Operations & Performance

Due to the recovery of market and strict control of expenses, in the year 2009-2010 all the operating parameters were higher than 2008-2009. In comparison to the year 2008-2009, order booking registered an increase of 67%. Sales for 2009-2010 at Rs.133 crore grew by 54% over 2008-2009. Profit after tax for 2009-2010 stood at Rs.6 crore as against loss of Rs.6 crore for 2008-2009.

Outlook

The business for the Company's products is expected to continue the growth during the year 2010-2011. The demand for plastic products is also expected to grow in the near future leading to continued demand for the company's products in the domestic market.

International Companies

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

Subsidiary Company

Overview

LTJVCL is a wholly owned subsidiary of L&T International FZE. LTJVCL manufactures a range of valves for global markets. Effective November 2009, LTJVCL became a fully owned subsidiary of L&T International FZE upon buy-out of 30% stake from its erstwhile JV Partner.

Operations & Performance

The Company's revenue for the year 2009 stood at Rs.28 crore with a net loss of Rs.3 crore.

Outlook

The gradual improvement in the prospects of the refining sector provides opportunities for LTJVCL to secure sizeable orders in 2010 and thereafter.

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

Subsidiary Company

Overview

LT QINGDAO is a 100% subsidiary of L&T International FZE, set up in Jiaonan, Qingdao, PRC. Effective November 2009, L&T Qingdao became a fully owned subsidiary of L&T International FZE upon buy-out of 5% stake from its erstwhile JV Partner. LT QINGDAO develops and supplies Tyre Curing Presses and other Rubber Processing Machinery on par with the quality of products being supplied by L&T to its global clients.

Operations & Performance

During the year 2009 LT QINGDAO posted revenues of Rs.52 crore as against Rs.26 crore in 2008. Profit after tax clocked at Rs.1 crore during 2009.

Outlook

LT QINGDAO has been successful in securing sizeable orders including important orders from Pirelli for Hybrid Presses. The Company has a healthy order book at the end of the year and has plans to further enhance volumes in the year 2010 thereby increasing market share as well.

I. **LARSEN & TOUBRO LLC, HOUSTON, USA (L&T LLC):**

Subsidiary Company

Overview

L&T LLC, a wholly owned subsidiary of L&T, is based in Houston, USA and represents L&T for stock and sale of industrial valves in the North American market.

Operations & Performance

During the year 2009 the revenues stood at Rs.60 crore as against Rs.26 crore in 2008.

Outlook

Given the current market scenario, with a view to enhance the presence in USA, appropriate steps are being implemented.

IX **LARSEN & TOUBRO INTERNATIONAL FZE (LTIFZE):**

Subsidiary Company

Overview

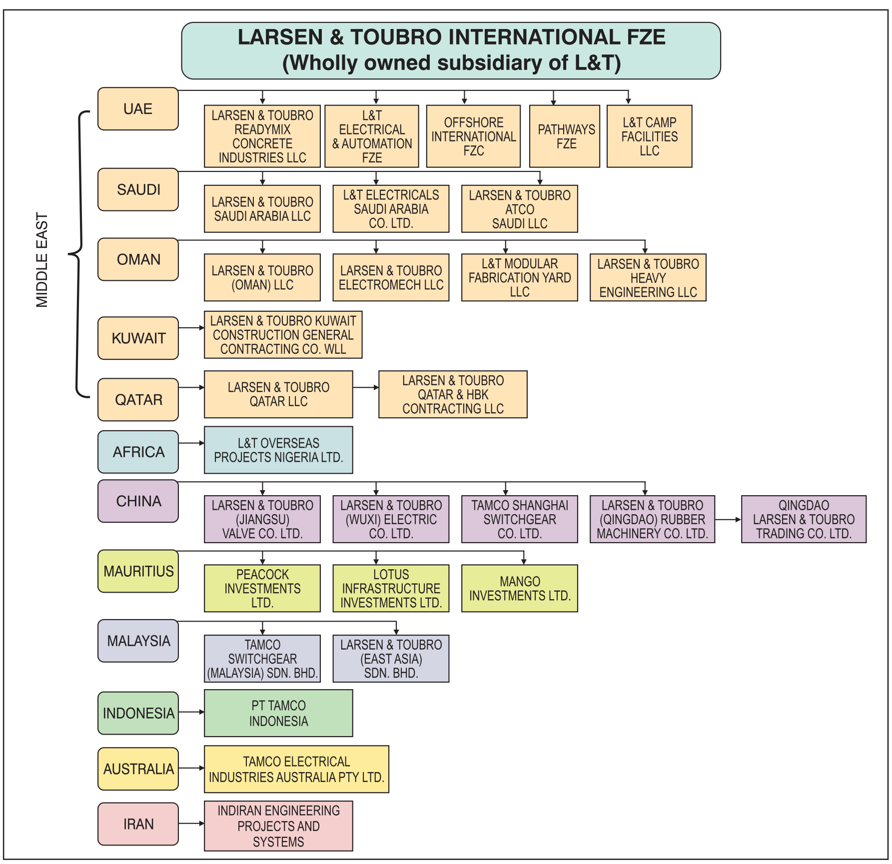
LTIFZE, a wholly owned subsidiary of L&T, has been incorporated in the Hamriyah Free Zone, Sharjah as a Free Zone Establishment (FZE). The Company is engaged in providing strategic support to L&T's growth aspirations in the Middle and Far East. Apart from owning strategic equipments facilitating L&T group's prequalification for construction contracts in the Middle East, LTIFZE functions as a holding Company by investing in country specific Joint Venture companies and other strategic entities in Middle and Far East. The aggregate value of investments made by the Company in several ventures of L&T group outside India amounts to Rs.602 crore (USD 13 Million).

Operations & Performance

The Company's total income and profit after tax for 2009 amounted to Rs.56 crore and Rs.9 crore respectively. The income mainly comprised of revenue from hire of plant & machinery and dividend income from investments in subsidiary companies.

LTIFZE has made additions to plant & machinery aggregating to Rs.27 crore during the year. The gross block of fixed assets at the end of the year stood at Rs.176 crore.

COUNTRYWISE INVESTMENTS IN 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 31 March 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

(1) As required by the Companies (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 written representations received from directors as on 31 March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2010 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 the 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 the affairs of the Company as at 31 March 2010;

  2) in the case of the Profit and Loss Account, of the profit of the Company 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 & TANNAN
Chartered Accountants
ICAI registration no. 109982W
by the hand of

R. D. Kare
Partner
Membership no. 8820

Mumbai, 17 May 2010

Annexure to the Auditors' report

(Referred to 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 have been carried out by management during the year and no material discrepancies were noticed on such verification.

  (c) The Company has not disposed off 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 the purchase of inventory, fixed assets and for the 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 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 had 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 section 58A and 58AA and the relevant provisions of the Companies Act, 1956 and 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. As of the date of the Balance Sheet, the Company has no fixed deposits other than unpaid matured deposits.

7 In our opinion, the Company has an internal audit system commensurate with its size and the 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 31 March 2010 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 31 March 2010 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	0.55	1997-1998 to 2001-2002 and 2004-2005 to 2005-2006	Commercial Tax Officer
	Non-submission of forms, disallowance of deemed inter-state sales, classification dispute and other matters	85.84	1991-1992, 1992-1993,1996-1997 and 1998-1999 to 2005-2006	Assistant Commissioner (Appeals)
	Non-submission of forms, additional demand for pending forms, rate of tax dispute, disallowance of branch transfer, transit sale, export claim disallowance and other matters	32.69	1989-1990, 1991-1992 to 1997-1998 and 1999-2000 to 2007-2008	Deputy Commissioner (Appeals)
	Non-submission of forms, disallowance of transit sales, classification dispute and other matters	10.92	1993-1994 to 2005-2006	Joint Commissioner (Appeals)
	Non-submission of forms, additional demand for pending forms, disallowance of inter-state sales and other matters	3.08	2000-2001 to 2006-2007	Additional Commissioner (Appeals)
	Non-submission of forms, dispute related to sales in transit and other matters	8.40	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	38.05	1987-1988 to 1991-1992 and 1994-1995 to 2005-2006	Sales Tax Tribunal
	Inter-state sales, classification dispute and disallowance of deemed sales in course of imports and taxability of sub-contractors turnover	229.34	1987-1988 to 2006-2007	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
The Central Excise Act,1944 and Service Tax under Finance Act, 1994	Taxability of sub-contractor turnover, rate of tax for declared goods and inter-state rate	5.78	1991-1992, 1995-1996, 1997-1998 and 1999-2000 to2004-2005	Supreme Court
	Classification dispute, exemptions denied, valuation disputes and other matters	36.63	2002-2003 to 2005-2006	CESTAT
	Dispute on site mix concrete and PSC grinder	0.27	1997-1998	Supreme Court
	Valuation dispute and disallowance of cenvat against service tax on freight onward	215.09	2003-2004 to 2005-2006 and 2009-2010	Commissioner (Appeals)
	Demand of service tax including penalty and interest on lumpsum turnkey jobs and demand of penalty on late payment of service tax	120.72	2002-2003 and 2005-2006	CESTAT
	Export rebate claim, service tax on commercial construction service	4.11	2003-2004 to 2005-2006	High Court
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	1.73	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 31 March 2010 and it has not incurred 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 subsidiary companies 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 & TANNAN
Chartered Accountants
ICAI registration no. 109982W
by the hand of

R. D. Kare
Partner
Membership no. 8820

Mumbai, 17 May 2010

Balance Sheet as at March 31, 2010

	Schedule		As at 31-3-2010 Rs.crore	As at 31-3-2010 Rs.crore	*As at 31-3-2009 Rs.crore*	*As at 31-3-2009 Rs.crore*
SOURCES OF FUNDS:						
SHAREHOLDERS' FUNDS:						
Share capital	A		120.44		*117.14*	
Employee stock options application money [Note no.2(e)]			25.09		-	
Reserves and surplus	B		17882.22		*12106.89*	
Employee stock options outstanding *(previous year: Rs.469.95 crore)*		566.23				
Less: Deferred employee compensation expense *(previous year: Rs.234.29 crore)*		282.34				
			283.89		*235.66*	
				18311.64		*12459.69*
LOAN FUNDS:						
Secured loans	C		955.73		*1102.38*	
Unsecured loans	D		5845.10		*5453.65*	
				6800.83		*6556.03*
Deferred tax liabilities [Note no.21]				389.27		*435.16*
TOTAL				25501.74		*19450.88*
APPLICATION OF FUNDS:						
Fixed assets:						
Tangible assets:	E(i)					
Gross block			7093.10		*5434.18*	
Less: Depreciation and impairment			1724.61		*1418.32*	
Net block			5368.49		*4015.86*	
Less: Lease adjustment			3.07		*3.07*	
			5365.42		*4012.79*	
Capital work-in-progress			857.66		*1040.99*	
				6223.08		*5053.78*
Intangible assets:	E(ii)					
Gross block			196.99		*156.32*	
Less: Amortisation			70.85		*54.79*	
Net block			126.14		*101.53*	
Capital work-in-progress			16.54		*39.29*	
				142.68		*140.82*
Investments	F			13705.35		*8263.72*
Deferred tax assets [Note no.21]				311.88		*386.69*
Current assets, loans and advances:	G					
Inventories			1415.37		*1470.51*	
Sundry debtors			11163.70		*9903.13*	
Cash and bank balances			1431.87		*775.29*	
Other current assets			6353.22		*4356.10*	
Loans and advances			5997.45		*5819.36*	
			26361.61		*22324.39*	
Less: Current liabilities and provisions:	H					
Liabilities			19054.50		*14776.15*	
Provisions			2188.36		*1942.63*	
			21242.86		*16718.78*	
Net current assets				5118.75		*5605.61*
Miscellaneous expenditure (to the extent not written-off or adjusted)	I			–		*0.26*
TOTAL				25501.74		*19450.88*
CONTINGENT LIABILITIES	J					
SIGNIFICANT ACCOUNTING POLICIES	Q					

(For notes forming part of the accounts see page nos.137 to 170)

A. M. NAIK
Chairman & Managing Director

As per our report attached
SHARP & TANNAN
Chartered Accountants
ICAI registration no.109982W
by the hand of
R. D. KARE
Partner
Membership no.8820
Mumbai, May 17, 2010

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE
N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN
Directors

Mumbai, May 17, 2010

Profit and Loss Account for the year ended March 31, 2010

	Schedule	2009-2010 Rs.crore	2009-2010 Rs.crore	2008-2009 Rs.crore	2008-2009 Rs.crore
INCOME:					
Sales & service (gross)	K	36995.93		34045.04	
Less: Excise duty		320.78		398.47	
Sales & service (net)			36675.15		33646.57
Other operational income	L(i)		359.65		291.97
Other income	L(ii)		2024.96		739.78
			39059.76		34678.32
EXPENDITURE:					
Manufacturing, construction and operating expenses	M	28453.55		26271.62	
Staff expenses	N	2379.14		1974.46	
Sales, administration and other expenses	O	1462.74		1794.76	
Interest expenses and brokerage	P	505.31		415.56	
Depreciation and obsolescence of tangible assets		384.95		286.14	
Amortisation of intangible assets		30.95		21.16	
		33216.64		30763.70	
Less: Overheads charged to fixed assets		36.25		24.48	
			33180.39		30739.22
Profit before transfer from revaluation reserve			5879.37		3939.10
Add: Transfer from revaluation reserve			1.30		1.31
Profit before taxes before extraordinary items			5880.67		3940.41
Provision for current taxes including fringe benefit tax [Note no.20]		1644.25		1220.77	
Provision for deferred tax [Note no.21]		(3.38)		10.44	
			1640.87		1231.21
Profit after taxes before extraordinary items			4239.80		2709.20
Gain/(loss) on extraordinary items (net of tax) [Note no.9]			135.72		772.46
Profit after taxes after extraordinary items			4375.52		3481.66
Add: Balance brought forward from previous year		100.50		104.31	
Less: Dividend paid for previous year		2.04		0.28	
Additional tax on dividend paid for previous year		0.35		0.05	
			98.11		103.98
Profit available for appropriation			4473.63		3585.64
Less: Transfer to general reserve			3460.00		2725.00
Transfer to debenture redemption reserve			43.34		43.34
Profit available for distribution			970.29		817.30
Proposed dividend			752.75		614.97
Additional tax on dividend			110.25		101.83
Balance carried to Balance Sheet			107.29		100.50
Basic earnings per equity share before extraordinary items (Rupees) [Note no.22]			71.49		46.30
Diluted earnings per equity share before extraordinary items (Rupees) [Note no.22]			70.15		45.68
Basic earnings per equity share after extraordinary items (Rupees) [Note no.22]			73.77		59.50
Diluted earnings per equity share after extraordinary items (Rupees) [Note no.22]			72.39		58.70
Face value per equity share (Rupees)			2.00		2.00
SIGNIFICANT ACCOUNTING POLICIES	Q				
(For notes forming part of the accounts see page nos.137 to 170)					

A. M. NAIK
Chairman & Managing Director

As per our report attached
SHARP & TANNAN
Chartered Accountants
ICAI registration no.109982W
by the hand of
R. D. KARE
Partner
Membership no.8820
Mumbai, May 17, 2010

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE   S. RAJGOPAL   M. M. CHITALE
N. MOHAN RAJ   BHAGYAM RAMANI   A. K. JAIN
Directors

Mumbai, May 17, 2010

Cash Flow Statement for the year ended March 31, 2010

			2009-2010 Rs.crore	*2008-2009 Rs.crore*
A.	**Cash flow from operating activities:**			
	Profit before tax (excluding extraordinary items)	... ...	5880.67	*3940.41*
	Adjustments for:			
	Dividend received	... ...	(387.03)	*(334.63)*
	Depreciation (including obsolescence), and amortisation	... ...	414.60	*305.99*
	Exchange difference on items grouped under financing activity	... ...	7.04	*238.18*
	Interest expense	... ...	505.31	*415.56*
	Interest income	... ...	(128.39)	*(171.82)*
	Profit on sale of fixed assets (net)	... ...	(4.02)	*(4.78)*
	Profit on sale of investments (net)	... ...	(1254.44)	*(94.66)*
	Employee stock option - discount forming part of staff expenses	... ...	162.98	*163.31*
	Provision/(reversal) for diminution in value of investments	... ...	47.10	*8.12*
	Operating profit before working capital changes	... ...	5243.82	*4465.68*
	Adjustments for:			
	(Increase)/decrease in trade and other receivables	... ...	(2974.35)	*(4185.37)*
	(Increase)/decrease in inventories	... ...	34.47	*(222.57)*
	Decrease in miscellaneous expenditure	... ...	0.26	*2.80*
	Increase/(decrease) in trade payables and customer advances	... ...	4697.83	*2291.15*
	Cash (used in)/generated from operations	... ...	7002.03	*2351.69*
	Direct taxes refund/(paid)-net	... ...	(1519.28)	*(873.12)*
	Net cash (used in)/from operating activities	... ...	5482.75	*1478.57*
B.	**Cash flow from investing activities:**			
	Purchase of fixed assets	... ...	(1571.89)	*(2029.63)*
	Sale of fixed assets	... ...	12.13	*49.81*
	Investment in subsidiaries, associates and joint ventures	... ...	(2140.62)	*(1749.04)*
	Divestment of stake in subsidiaries, associates and joint ventures	... ...	130.34	*1201.20*
	Purchase of long term investments	... ...	(488.06)	*(176.44)*
	Sale of long term investments	... ...	1381.89	*195.86*
	(Purchase)/sale of current investments (net)	... ...	(3043.22)	*(510.48)*
	Loans/deposits made with subsidiaries, associates companies and third parties (net)	... ...	(494.74)	*(1251.77)*
	Advance towards equity commitment	... ...	(478.46)	*(623.59)*
	Interest received	... ...	104.80	*129.77*
	Dividend received from subsidiaries	... ...	88.91	*15.80*
	Dividend received from other investments	... ...	298.12	*318.84*
	Cash (used in)/from investing activities (before extraordinary items)	... ...	(6200.80)	*(4429.67)*
	Extraordinary items			
	Cash received (net of expenses) on sale/transfer of Petroleum Dispensing Pumps & Systems business (net of tax Rs.21.61 crore)	... ...	129.07	*–*
	Cash received (net of expenses) on sale/transfer of Ready Mix Concrete business (net of tax Rs.279.37 crore)	... ...	–	*1121.37*
	Cash and cash equivalents discharged persuant to disposal of Ready Mix Concrete business	... ...	–	*(0.23)*
	Net cash (used in)/from investing activities (after extraordinary items)	... ...	(6071.73)	*(3308.53)*
C.	**Cash flow from financing activities:**			
	Proceeds from fresh issue of share capital including shares under ESOP schemes	... ...	2132.74	*23.04*
	Proceeds from long term borrowings	... ...	1255.88	*2574.29*
	Repayment of long term borrowings	... ...	(587.91)	*(16.69)*
	(Repayments)/proceeds from other borrowings (net)	... ...	(324.42)	*(201.13)*
	Loans from subsidiary and associate companies (net of repayments)	... ...	20.00	*4.10*
	Dividends paid	... ...	(617.01)	*(438.77)*
	Additional tax on dividend	... ...	(102.18)	*(66.65)*
	Interest paid (including cash flows from interest rate swaps)	... ...	(531.54)	*(237.40)*
	Net cash (used in)/from financing activities	... ...	1245.56	*1640.79*
Net (decrease)/increase in cash and cash equivalents (A + B + C)		... ...	656.58	*(189.17)*
Cash and cash equivalents at beginning of the year		... ...	775.29	*964.46*
Cash and cash equivalents at end of the year		... ...	1431.87	*775.29*

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 loss of Rs.16.24 crore *(previous year unrealised gain of Rs.23.77 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(b) 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
ICAI registration no.109982W
by the hand of
R. D. KARE
Partner
Membership no.8820
Mumbai, May 17, 2010

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE
N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN

Directors

Mumbai, May 17, 2010

Schedules forming part of the Accounts

	As at 31-3-2010 Rs.crore	As at 31-3-2009 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:		
60,21,95,408 equity shares of Rs.2 each *(previous year: 58,56,87,862 equity shares of Rs.2 each)*	120.44	*117.14*
Subscribed and paid up:		
60,21,95,408 equity shares of Rs.2 each [Note no.1] *(previous year: 58,56,87,862 equity shares of Rs.2 each)*	120.44	*117.14*
	120.44	*117.14*

	As at 31-3-2010		As at 31-3-2009	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule B				
Reserves and surplus:				
Revaluation reserve:				
As per last Balance Sheet	24.59		*25.90*	
Less: Transferred to Profit and Loss Account	1.30		*1.31*	
		23.29		*24.59*
Capital redemption reserve:				
As per last Balance Sheet	–		*0.02*	
Less: Utilised for issue of bonus shares	–		*0.02*	
		–		–
Capital reserve		10.52		*10.52*
Debenture redemption reserve:				
As per last Balance Sheet	43.34		–	
Add: Transferred from Profit and Loss Account	43.34		*43.34*	
		86.68		*43.34*
Securities premium account:				
As per last Balance Sheet	4199.29		*4187.25*	
Addition during the year	2249.19		*69.62*	
	6448.48		*4256.87*	
Less: Utilised for issue of bonus shares	–		*58.50*	
Share /bond issue expenses (net of tax)	45.84		–	
(Reversal) /write-back of provision made in previous year	–		*(0.92)*	
		6402.64		*4199.29*
Foreign projects reserve:				
As per last Balance Sheet	7.83		*10.83*	
Less: Transferred to general reserve	7.83		*3.00*	
		–		*7.83*
Housing projects reserve:				
As per last Balance Sheet	1.73		*3.98*	
Less: Transferred to general reserve	1.73		*2.25*	
		–		*1.73*
Carried forward		6523.13		*4287.30*

Schedules forming part of the Accounts (contd.)

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule B (contd.)				
Brought forward		6523.13		*4287.30*
Hedging reserve (net of tax):				
As per last Balance Sheet	(50.57)		–	
Addition/(deduction) during the year (net)	63.15		*(50.57)*	
		12.58		*(50.57)*
General reserve:				
As per last Balance Sheet	7769.66		*5039.41*	
Add: Transferred from:				
Foreign projects reserve	7.83		*3.00*	
Housing projects reserve	1.73		*2.25*	
Profit and Loss Account	3460.00		*2725.00*	
		11239.22		*7769.66*
Profit and Loss Account		107.29		*100.50*
		17882.22		*12106.89*

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule C				
Secured loans:				
Redeemable non-convertible fixed rate debentures		900.00		*900.00*
Loans from banks:				
Cash credits/working capital demand loans	49.83		*202.38*	
Other loans [Note no.3(b)]	5.90		–	
		55.73		*202.38*
		955.73		*1102.38*

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule D				
Unsecured loans:				
Redeemable non-convertible fixed rate debentures		250.00		*250.00*
3.50% Foreign currency convertible bonds		898.00		–
Loans from subsidiary companies		24.40		*4.40*
Short term loans and advances:				
From banks	639.14		*864.42*	
Lease finance	24.34		*20.90*	
Sales tax deferment loan	27.23		*18.89*	
From others	25.00		–	
		715.71		*904.21*
Other loans and advances:				
From banks	3789.02		*3983.54*	
Lease finance	101.06		*125.36*	
Sales tax deferment loan	66.91		*101.14*	
From others	–		*85.00*	
		3956.99		*4295.04*
		5845.10		*5453.65*

Schedules forming part of the Accounts (contd.)

Schedule E(i)
Fixed assets-Tangible:

Rs.crore

Particulars	Cost/valuation				Depreciation				Impairment	Book value	
	As at 1-4-2009	Additions	Deductions	As at 31-3-2010	*Up to 31-3-2009*	For the year	Deductions	Up to 31-3-2010	As at 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
OWNED ASSETS:											
Land-freehold	*137.57*	242.93	0.06	380.44	–	–	–	–	–	380.44	*137.57*
Ships	*53.55*	17.91	–	71.46	*3.41*	4.10	–	7.51	–	63.95	*50.14*
Buildings	*1129.73*	377.41	6.41	1500.73	*190.63*	32.61	2.60	220.64	–	1280.09	*939.10*
Railway sidings	*0.25*	–	–	0.25	*0.25*	–	–	0.25	–	–	–
Plant and machinery	*3638.13*	1026.59	72.44	4592.28	*1076.36*	296.58	58.48	1314.46	–	3277.82	*2561.77*
Furniture and fixtures	*144.48*	38.70	4.89	178.29	*72.24*	16.94	4.25	84.93	–	93.36	*72.24*
Vehicles	*101.19*	42.12	3.55	139.76	*42.18*	12.31	2.08	52.41	–	87.35	*59.01*
Aircraft	*9.26*	4.48	3.12	10.62	*7.98*	0.66	3.12	5.52	–	5.10	*1.28*
Owned assets leased out:											
Buildings	*44.29*	–	–	44.29	*5.14*	0.69	–	5.83	–	38.46	*39.15*
Plant and machinery	*27.44*	–	–	27.44	*10.13*	0.26	–	10.39	6.93 #	10.12	*10.38*
Lease adjustment	–	–	–	–	–	–	–	–	–	(3.07)	*(3.07)*
Owned assets (sub total - A)	*5285.89*	1750.14	90.47	6945.56	*1408.32*	364.15	70.53	1701.94	6.93	5233.62	*3867.57*
LEASED ASSETS:											
Assets taken on finance lease:											
Plant and machinery	*146.27*	–	0.75	145.52	*2.14*	13.12	0.72	14.54	–	130.98	*144.13*
Vehicles	*2.02*	–	–	2.02	*0.93*	0.27	–	1.20	–	0.82	*1.09*
Asset taken on lease (sub total - B)	*148.29*	–	0.75	147.54	*3.07*	13.39	0.72	15.74	–	131.80	*145.22*
Total (A+B)	*5434.18*	1750.14	91.22	7093.10	*1411.39*	377.54	71.25	1717.68	6.93	5365.42	*4012.79*
Previous year	*4096.90*	*1573.45*	*236.17*	*5434.18*	*1232.47*	*284.77*	*105.85*	*1411.39*	*6.93*		
Add: Capital work-in-progress										857.66	*1040.99*
										6223.08	*5053.78*

Impairment up to 31-3-2009 Rs.6.93 crore, during the year Rs.Nil

Schedule E(ii)
Fixed assets-Intangible:

Rs.crore

Particulars	Cost/valuation				Amortisation				Book value	
	As at 1-4-2009	Additions	Deductions	As at 31-3-2010	*Up to 31-3-2009*	For the year	Deductions	Up to 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
Land-leasehold	*59.62*	36.22	7.30	88.54	*5.19*	0.85	2.67	3.37	85.17	*54.43*
Specialised softwares	*82.07*	23.97	11.02	95.02	*37.39*	28.09	11.02	54.46	40.56	*44.68*
Lumpsum fees for technical knowhow	*14.63*	–	1.20	13.43	*12.21*	2.01	1.20	13.02	0.41	*2.42*
TOTAL	*156.32*	60.19	19.52	196.99	*54.79*	30.95	14.89	70.85	126.14	*101.53*
Previous year	*108.85*	*61.85*	*14.38*	*156.32*	*47.11*	*21.16*	*13.48*	*54.79*		
Add: Capital work-in-progress									16.54	*39.29*
									142.68	*140.82*

Schedules forming part of the Accounts (contd.)

Schedule E (contd.)

Notes:

Schedule E(i)-Tangible assets:

1 Cost/valuation of freehold land includes Rs.0.14 crore for which conveyance is yet to be completed.

2 Additions to freehold land include Rs.4.63 crore being the book value of leasehold land reclassified as freehold land pursuant to acquisition of ownership rights in it.

3 Cost/valuation of buildings includes ownership accommodation:

(i) (a) in various co-operative societies and apartments and shop-owners' associations: Rs.95.84 crore, including 2473 shares of Rs.50 each and 50 shares of Rs.100 each.

(b) in proposed co-operative societies Rs.21.17 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 Additions during the year and capital work-in-progress include Rs.27.72 crore *(previous year 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

5 Depreciation for the year includes obsolescence Rs.7.41 crore *(previous year Rs.1.37 crore).*

6 Capital work-in-progress includes advances Rs.74.82 crore *(previous year Rs.103.76 crore)*.

7 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.

8 Own 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:

(i) 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.

(ii) Rs.18.57 crore added during the year in respect of which lease agreements are yet to be executed.

2 Leashold land rights at a certain location have been reclassified as freehold land under tangible assets, pursuant to acquisition of ownership rights in it during the year. *(See note no.2 on tangible assets.)*

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule F				
Investments (at cost unless otherwise specified):				
(A) Long term investments:				
(i) Subsidiary companies:				
(a) Fully paid equity shares	4098.70		*1776.72*	
(b) Partly paid equity shares	0.68		*90.12*	
(c) Fully paid preference shares	–		*9.42*	
(d) Application money for equity shares	1014.00		*1076.54*	
	5113.38		*2952.80*	
(ii) Trade investments:				
(a) Fully paid equity shares in associate companies	78.39		*79.40*	
(b) Fully paid preference shares in associate companies	–		*–*	
(c) Fully paid equity shares in other companies	–		*25.35*	
	78.39		*104.75*	
(iii) Other fully paid equity shares	440.29		*198.24*	
(iv) Bonds	–		*0.50*	
		5632.06		*3256.29*
Carried forward		5632.06		*3256.29*

Schedules forming part of the Accounts (contd.)

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule F (contd.)				
Brought forward		5632.06		*3256.29*
(B) Current investments:				
(i) Government and trust securities	534.51		–	
(ii) Bonds	150.41		*254.09*	
(iii) Certificate of deposits	478.44		*1261.46*	
(iv) Commercial paper	–		*95.52*	
(v) Debentures - subsidiary companies	235.44		–	
(vi) Debentures - others	777.17		–	
(vii) Mutual funds	5788.56		*3268.60*	
		7964.53		*4879.67*
(C) Investment in integrated joint ventures		108.76		*127.76*
		13705.35		*8263.72*

Details of quoted/unquoted investments:

Particulars	As at 31-3-2010	*As at 31-3-2009*
	Rs.crore	*Rs.crore*
Quoted investments		
Book value	1933.81	*470.68*
Market value	2033.61	*1258.81*
Unquoted investments		
Book value	11771.54	*7793.04*

Details of investments:

Particulars	Face value per unit	Number of units: As at 1-4-2009	Purchased/ subscribed/addition during the year	Sold/deduction during the year	As at 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
All unquoted unless otherwise specified	Rupees					Rs.crore	*Rs.crore*
A) Long term investments:							
(i) 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*
International Seaport Dredging Limited (associate company w.e.f. May 21, 2009)	10,000	30,805	–	30,805*	–	–	*30.81*
International Seaports Pte. Limited #	USD 1	18,15,000	–	18,15,000	–	–	*2.36*
L&T-Gulf Private Limited	10	12,50,005	12,50,005	–	25,00,010	2.50	*1.25*
L&T Ahmedabad-Maliya Tollway Private Limited	10	10,10,000	6,20,05,100	–	6,30,15,100	63.02	*1.01*
L&T Aviation Services Private Limited [Note no.35] (subscribed and sold at Rs.0.01 crore)	10	–	10,000	10,000	–	–	–
L&T Capital Company Limited	10	2,20,00,000	–	–	2,20,00,000	22.00	*22.00*
L&T Capital Holdings Limited	10	20,49,795	1,35,15,41,591	–	1,35,35,91,386	1353.59	*2.05*
L&T Chennai-TADA Tollway Private Limited [Rs.1000 *(previous year: Rs.1000)*]	10	100	–	–	100	–	–
L&T Concrete Private Limited	10	10,000	–	–	10,000	0.01	*0.01*
L&T Engserve Private Limited	10	10,000	–	–	10,000	0.01	*0.01*
L&T EmSyS Private Limited [Re.1 *(previous year: Rs.nil)*]	10	–	10,000	–	10,000	–	–
L&T General Insurance Company Limited	10	–	2,90,00,000	–	2,90,00,000	29.00	–
L&T Halol-Shamlaji Tollway Private Limited	10	10,10,000	6,42,55,100	–	6,52,65,100	65.27	*1.01*
Carried forward						1535.50	*60.61*

* Reclassified as trade investment
# Liquidated during the year

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit	Number of units: As at 1-4-2009	Purchased/ subscribed/addition during the year	Sold/deduction during the year	As at 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
Fully paid equity shares of Subsidiary companies (contd.)	Rupees					Rs.crore	*Rs.crore*
Brought forward						1535.50	*60.61*
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	1,12,50,000	–	20,42,81,352	628.42	*383.42*
L&T Natural Resources Limited	10	50,000	–	–	50,000	0.05	*0.05*
L&T Power Development Limited	10	8,60,00,000	9,50,00,000	–	18,10,00,000	181.00	*86.00*
L&T Power Limited	10	5,13,01,000	10,21,91,000	–	15,34,92,000	153.49	*51.30*
L&T Rajkot-Vadinar Tollway Private Limited	10	10,10,000	5,40,05,100	–	5,50,15,100	55.02	*1.01*
L&T Realty Private Limited	10	4,71,60,700	–	–	4,71,60,700	47.16	*47.16*
L&T Samakhiali Gandhidham Tollway Private Limited [Rs.26000 *(previous year: Rs.nil)*]	10	–	2,600	–	2,600	–	–
L&T Seawoods Private Limited	10	10,000	–	–	10,000	0.01	*0.01*
L&T Shipbuilding Limited	10	50,000	–	–	50,000	0.05	*0.05*
L&T Special Steels and Heavy Forgings Private Limited	10	–	11,10,00,000	–	11,10,00,000	111.00	–
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 Plastics Machinery Limited (Formerly known as 'L&T-Demag Plastics Machinery Limited')	10	1,60,00,000	–	–	1,60,00,000	13.00	*13.00*
L&T-Sargent & Lundy Limited	10	27,52,129	–	–	27,52,129	1.53	*1.53*
L&T-Technologies Limited	10	–	50,000	–	50,000	0.05	–
L&T-Valdel Engineering Limited	10	12,44,500	–	65,500	11,79,000	23.89	*25.22*
Larsen & Toubro Infotech Limited	5	3,00,00,000	22,50,000	–	3,22,50,000	134.25	*15.00*
Larsen & Toubro International FZE	Dhs 5,50,500	1,692	137	–	1,829	1147.40	*1049.82*
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*
PNG Tollway Private Limited *(previous year: Rs.26000)* (Formerly known as L&T PNG Tollway Private Limited)	10	2,600	2,19,80,400	–	2,19,83,000	21.98	–
Raykal Aluminum Private Limited	10	40,000	–	–	40,000	0.04	*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*
						4098.70	*1779.08*
Less: Provision for diminution in value						–	*2.36*
Total (i)(a)						4098.70	*1776.72*
(b) Partly paid equity shares:							
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.5 per share paid up (Rs.1.25 paid during the year, now fully paid)	5	22,50,000	–	22,50,000∆	–	–	*89.44*
Total (i)(b)						0.68	*90.12*
(c) Fully paid preference shares:							
13% preference share - International Seaport Dredging Limited (associate company w.e.f. May 21, 2009)	10,000	9,420	–	9,420*	–	–	*9.42*
Total (i)(c)						–	*9.42*
(d) Application money for equity shares:							
L&T Power Development Limited	–	–	–	–	–	739.00	–
L&T Capital Holdings Limited (Allotment of 107,65,41,591 no. of shares received against opening application money of Rs.1076.54 crore and fresh application of Rs.275 crore made during the year)	–	–	–	–	–	275.00	*1076.54*
Total (i)(d)						1014.00	*1076.54*
Subsidiary companies - total						5113.38	*2952.80*

* Reclassified as trade investment

∆ Reclassified as fully paid shares

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit	Number of units As at 1-4-2009	Purchased/ subscribed/addition during the year	Sold/deduction during the year	As at 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
(ii) Trade Investments	Rupees					Rs.crore	*Rs.crore*
(a) Fully paid equity shares in associate companies:							
Audco India Limited	100	9,00,000	–	1,18,370	7,81,630	0.05	*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*
International Seaport Dredging Limited (prior to May 21, 2009, subsidiary company)	10,000	–	50,225	10,298	39,927	39.93	*–*
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*
						118.88	*79.96*
Less: Provision for diminution in value						40.49	*0.56*
Total (ii)(a)						78.39	*79.40*
(b) Fully paid preference shares in associate companies:							
13% preference share - International Seaport Dredging Limited (prior to May 21, 2009, subsidiary company)	10,000	–	9,420~	9,420**	–	–	*–*
Total (ii)(b)						–	*–*
(c) Fully paid equity shares in other companies:							
City Union Bank Limited (quoted) [see note no. 35]	1	1,50,00,000	–	1,50,00,000	–	–	*25.35*
Total (ii)(c)						–	*25.35*
Trade investments- total						78.39	*104.75*
(iii) Other fully paid equity shares:							
John Deere Equipment Private Limited	10	35,00,000	–	35,00,000	–	–	*3.50*
Satyam Computer Services Limited (quoted)	2	5,09,19,964	3,02,12,750	2,72,43,414	5,38,89,300	436.29	*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*
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						440.29	*198.24*
(iv) Bonds:							
5.25% Rural Electrification Corporation Limited - capital gain bonds (quoted)	10,000	500	–	500	–	–	*0.50*
Bonds -total						–	*0.50*
Long term investments -Total - (A)						5632.06	*3256.29*

~ Reclassified as trade investment from fully paid preferential shares in subsidiary company
**Converted into fully paid equity shares

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit	Number of units: As at 1-4-2009	Purchased/ subscribed/addition during the year	Sold/deduction during the year	As at 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
B) Current investments:	Rupees					Rs.crore	*Rs.crore*
(i) Government and trust securities:							
7.94% Government of India bond 2021 (quoted)	100	–	2,15,00,000	–	2,15,00,000	217.40	–
6.49% Government of India bond 2015 (quoted)	100	–	25,00,000	–	25,00,000	24.06	–
7.32% Government of India bond 2014 (quoted)	100	–	2,50,00,000	–	2,50,00,000	251.88	–
6.35% Government of India bond 2020 (quoted)	100	–	50,00,000	–	50,00,000	44.97	–
						538.31	–
Less: Provision for diminution in value						3.80	–
Government and trust securities-total						534.51	–
(ii) Bonds:							
11.25% Gujarat Urja Vikas Nigam Limited bonds 2009 (quoted)	40,000	11	–	11	–	–	*0.04*
8.45% Indian Railway Finance Corporation 2018 (quoted)	10,00,000	500	–	–	500	50.02	*50.02*
8.46% Indian Railway Finance Corporation 2014 (quoted)	10,00,000	–	100	–	100	10.09	–
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	*5.00*
8.00% Indian Overseas Bank 2016 bonds (quoted)	10,00,000	50	–	–	50	4.90	*4.90*
6.85 % India Infrastructure Finance Company Limited 2014 (quoted)	1,00,000	2,500	–	–	2,500	25.00	*25.00*
11.25% Power Finance Corporation bonds 2018-C Series (quoted)	10,00,000	700	–	700	–	–	*80.51*
8.65% Rural Electrification Corporation Limited bonds 2019 (quoted)	10,00,000	200	–	–	200	19.96	*19.96*
10.85% Rural Electrification Corporation Limited bonds 2018 (quoted)	10,00,000	100	190	–	290	31.25	*10.34*
10.85% Rural Electrification Corporation Limited bonds 2018 (quoted)	10,00,000	50	–	–	50	5.68	*5.68*
						151.90	*258.45*
Less: Provision for diminution in value						1.49	*4.36*
Bonds - total						150.41	*254.09*
(iii) Certificate of deposits:							
7.08% Bank of Baroda, 15 Jan 2010	1,00,000	3,500	–	3,500	–	–	*32.72*
7.10% Bank of Baroda, 15 Jan 2010	1,00,000	1,500	–	1,500	–	–	*14.02*
6.75% Canara Bank, 12 Feb 2010	1,00,000	5,000	–	5,000	–	–	*46.90*
6.98% Canara Bank, 15 Jan 2010	1,00,000	10,000	–	10,000	–	–	*93.49*
7.59% Canara Bank, 23 Mar 2010	1,00,000	20,000	–	20,000	–	–	*185.89*
6.01% Canara Bank, 3 Dec 2010	1,00,000	–	20,000		20,000	192.12	–
7.25% Corporation Bank, 06 Jan 2010	1,00,000	30,000	–	30,000	–	–	*280.34*
7.00% Oriental Bank of Commerce, 01 Jan 2010	1,00,000	5,000	–	5,000	–	–	*46.85*
7.30% Oriental Bank of Commerce, 15 Jan 2010	1,00,000	5,000	–	5,000	–	–	*47.21*
7.39% Oriental Bank of Commerce, 08 Jan 2010	1,00,000	5,000	–	5,000	–	–	*46.57*
6.50% Punjab National Bank, 12 May 2009	1,00,000	2,500	–	2,500	–	–	*24.79*
6.95% Punjab National Bank, 14 Dec 2009	1,00,000	5,000	–	5,000	–	–	*47.03*
13.5% Punjab National Bank, 02 Apr 2009	1,00,000	500	–	500	–	–	*4.73*
6.74% Punjab National Bank, 15 Jan 2010	1,00,000	2,500	–	2,500	–	–	*23.58*
6.75% Punjab National Bank, 04 Feb 2010	1,00,000	2,500	–	2,500	–	–	*23.50*
6.80% Punjab National Bank, 29 Jul 2009	1,00,000	1,500	–	1,500	–	–	*14.66*
7.685% Punjab National Bank, 19 Mar 2010	1,00,000	20,000	–	20,000	–	–	*185.87*
5.83% Punjab National Bank, 15 Oct 2010	1,00,000	–	5,000	–	5,000	48.45	–
6.90% State Bank of Bikaner & Jaipur, 27 Aug 2009	1,00,000	1,500	–	1,500	–	–	*14.57*
6.95% State Bank of Bikaner & Jaipur, 17 Nov 2009	1,00,000	5,500	–	5,500	–	–	*52.63*
5.73% State Bank of Bikaner and Jaipur, 15 Oct 2010	1,00,000	–	10,000	–	10,000	96.97	–
6.75% State Bank of Hyderabad, 15 Sep 2009	1,00,000	1,500	–	1,500	–	–	*14.53*
Carried forward						337.54	*1199.88*

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit	Number of units: As at 1-4-2009	Number of units: Purchased/ subscribed/addition during the year	Number of units: Sold/deduction during the year	Number of units: As at 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
(iii) Certificate of deposits (contd.):	Rupees					Rs.crore	*Rs.crore*
Brought forward						337.54	*1199.88*
6.90% State Bank of Indore, 05 Jan 2010	1,00,000	5,000	–	5,000	–	–	*46.86*
6.45% State Bank of Patiala, 09 Jul 2009	1,00,000	1,500	–	1,500	–	–	*14.72*
5.87% State Bank of Patiala, 16 Nov 2010	1,00,000	–	2,500	–	2,500	24.09	–
5.75% State Bank of Patiala, 15 Oct 2010	1,00,000	–	5,000	–	5,000	48.47	–
6.00% State Bank of Patiala, 20 Apr 2010	1,00,000	–	2,500	–	2,500	24.92	–
5.87% State Bank of Travancore, 08 Nov 2010	1,00,000	–	4,500	–	4,500	43.42	–
Certificate of deposits - total						478.44	*1261.46*
(iv) Commercial paper							
8.15% HDFC Limited	5,00,000	2,000	–	2,000	–	–	*95.52*
Commercial paper - total						–	*95.52*
(v) Debentures - subsidiary companies							
L&T Finance - 10.24% Secured Redeemable Non convertible Debentures, 2019 (quoted)	1,000	–	8,43,174	4,73,404	3,69,770	36.98	–
L&T Infrastructure Finance Company Limited - 7.5% Non convertible Debentures, 2012 (quoted)	10,00,000	–	2,000	–	2,000	200.00	–
						236.98	–
Less: Provision for diminution in value						1.54	–
Debentures-subsidiary companies - total						235.44	–
(vi) Debentures-others							
Tata Chemicals Limited - 10% Unsecured Non convertible Redeemable Debentures (quoted)	10,00,000	–	790	–	790	79.00	–
IDFC Limited - 7.53% Non convertible Debentures, 2012	10,00,000	–	2,000	–	2,000	200.00	–
ETHL Communication Holding Limited - 9.25% Non convertible Debentures, 2011 (quoted)	10,00,000	–	7,775	1,875	5,900	498.17	–
Debentures-others - total						777.17	–
(vii) Mutual funds							
AIG India Treasury Fund Super Institutional Plan - Daily Dividend Reinvestment	10	49,99,098	2,32,17,166	2,10,89,858	71,26,406	7.13	*5.00*
Baroda Pioneer Liquid Fund	10	19,99,056	32,11,00,040	32,30,99,096	–	–	*2.00*
Birla Sun Life Cash Plus - Institutional Plan Premium - Daily	10	9,66,89,131	8,09,12,68,889	8,11,30,93,735	7,48,64,285	75.01	*96.88*
Birla Sun Life Floating Rate Fund - Long Term Plan - Institutional Plan - Weekly Dividend	10	–	54,94,77,461	–	54,94,77,461	551.18	–
Birla Sun Life Income Plus - Quarterly Dividend Reinvestment	10	2,20,43,474	17,56,97,648	19,77,41,122	–	–	*25.46*
Birla Sun Life Short Term Fund - Institutional Plan - Daily Dividend Reinvestment	10	–	3,81,94,429	–	3,81,94,429	38.22	–
Birla Sunlife Dynamic Bond Fund Growth Option	10	15,87,13,629	–	15,87,13,629	–	–	*227.32*
Birla Sunlife Saving Fund - Institutional Plan - Daily Dividend Reinvestment	10	17,50,33,314	4,26,96,96,596	4,05,33,71,991	39,13,57,919	391.62	*175.15*
Birla Sunlife Short Term Opportunites Fund Growth Option	10	30,42,33,044	–	30,42,33,044	–	–	*304.23*
Birla Sunlife Short Term Opportunities Fund - Weekly Dividend Reinvestment	10	–	20,13,38,055	–	20,13,38,055	201.38	–
Canara Robeco Liquid - Super Institutional Plan - Daily Dividend Reinvestment	10	99,61,525	8,17,10,992	9,16,72,517	–	–	*10.00*
Canara Robeco Treasury Advantage - Super Institutional Plan - Daily Dividend Reinvestment	10	–	4,61,79,467	4,29,24,399	32,55,068	4.04	–
DSP Black Rock FMP 13M Series 2 - Growth	10	–	3,00,00,000	–	3,00,00,000	30.00	–
DSP Blackrock Floating Rate Fund - Institutional Plan - Dividend Reinvestment	1,000	–	1,19,088	49,283	69,805	7.07	–
DWS Fixed Term Fund - Series 67 - Growth	10	–	6,00,00,000	–	6,00,00,000	60.00	–
DWS Insta Cash Plus Fund - Super Institutional Plan - Daily Dividend Reinvestment	10	2,10,26,934	1,26,84,64,967	1,18,97,83,253	9,97,08,648	100.01	*21.07*
DWS Money Plus Advantage - Institutional Plan - Monthly Dividend	10	–	9,78,13,877	–	9,78,13,877	104.19	–
DWS Treasury Fund - Cash Plan - Daily Dividend Reinvestment	10	–	8,23,66,945	7,47,03,275	76,63,670	7.70	–
DWS Treasury Fund - Investment Institutional Plan - Dividend Reinvestment	10	–	1,00,07,495	–	1,00,07,495	10.05	–
Fidelity Cash Fund - Super Institutional Plan - Daily Dividend Reinvestment	10	99,96,285	6,00,19,837	7,00,16,122	–	–	*10.00*
Fidelity Ultra Short Term Debt Fund - Super Institutional Plan - – Weekly Dividend Reinvestment	10	1,00,48,987	2,01,23,840	3,01,72,827	–	–	*10.05*
Carried forward						1587.60	*887.16*

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit	Number of units: As at 1-4-2009	Number of units: Purchased/ subscribed/addition during the year	Number of units: Sold/deduction during the year	Number of units: As at 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
(vii) Mutual funds (contd.):	Rupees					Rs.crore	*Rs.crore*
Brought forward						1587.60	*887.16*
Fidelity Ultra Short Term Debt Fund - Super Institutional Plan	10	2,00,94,486	8,14,35,337	10,15,29,823	–	–	*20.10*
- Daily Dividend Reinvestment							
Fortis Money Plus Institutional Plan - Daily Dividend Reinvestment	10	1,30,26,409	46,90,82,547	48,21,08,956	–	–	*13.03*
HDFC Arbitrage Fund - Whole Plan - Growth	10	–	21,17,36,183	–	21,17,36,183	246.74	–
HDFC Cash Management Fund - Treasury Advantage Plan							
- Wholesale - Daily Dividend Reinvestment	10	13,88,02,387	1,82,47,01,354	1,96,35,03,741	–	–	*139.24*
HDFC Income Fund - Dividend Option	10	2,32,51,928	–	2,32,51,928	–	–	*25.32*
HDFC Liquid Fund Premium Plan - Dividend Daily Reinvestment	10	6,11,85,529	3,45,32,89,468	3,51,44,74,997	–	–	*75.01*
HDFC Short Term Plan - Dividend Reinvestment	10	9,68,38,587	21,28,774	9,89,67,361	–	–	*100.41*
HSBC Floating Rate - Long Term Plan Institutional Plan							
- Weekly Dividend	10	44,68,042	17,066	44,85,108	–	–	*5.02*
ICICI Prudential Medium Term Plan - Premium Plus							
- Monthly Dividend Reinvestment	10	–	5,02,99,416	–	5,02,99,416	50.35	–
ICICI Prudential Banking & PSU Debt Fund							
- Daily Dividend Reinvestment	10	–	9,99,79,586	–	9,99,79,586	100.20	–
ICICI Prudential Equity & Derivatives - Income Optimiser Fund	10	–	9,65,38,049	4,78,75,180	4,86,62,869	50.41	–
ICICI Prudential Flexible Income Plan - Premium							
- Daily Dividend Reinvestment	10	26,14,67,217	2,33,10,12,352	2,59,24,79,569	–	–	*276.46*
ICICI Prudential FMP Series 51 - 14 Month Plan D - Growth	10	–	3,00,00,000	–	3,00,00,000	30.00	–
ICICI Prudential FMP Series 51 - 13 Months Plan C - Growth	10	–	3,00,00,000	–	3,00,00,000	30.00	–
ICICI Prudential Income Fund - Institutional Plan							
- Quarterly Dividend Reinvestment	10	2,15,85,962	29,31,21,265	31,47,07,227	–	–	*25.29*
ICICI Prudential Ultra Short Term Plan - Super Premium							
- Daily Dividend Reinvestment	10	–	60,58,28,297	10,47,79,962	50,10,48,335	502.10	–
IDFC Cash Fund - Super Institutional Plan - C							
- Daily Dividend Reinvestment	10	3,01,04,924	62,85,74,830	65,86,79,754	–	–	*30.11*
JP Morgan India Alpha Fund - Dividend Reinvestment	10	92,21,022	2,90,899	95,11,921	–	–	*9.23*
JM Arbitrage Advantage Fund - Dividend Plan	10	–	15,29,44,302	2,96,87,470	12,32,56,832	125.44	–
JP Morgan India Liquid Fund - Daily Dividend Reinvestment	10	1,00,05,426	27,78,72,575	28,78,78,001	–	–	*10.01*
JP Morgan India Treasury Fund - Super Institutional Plan							
- Daily Dividend Reinvestment	10	2,31,49,626	24,08,13,693	26,39,63,319	–	–	*23.17*
Kotak Equity Arbitrage Fund - Dividend Reinvestment	10	–	7,36,25,737	–	7,36,25,737	78.70	–
Kotak Floater Long Term - Daily Dividend Reinvestment	10	1,79,89,378	2,39,02,48,322	2,40,82,37,700	–	–	*18.13*
Kotak FMP 370 Days Series 2 - Growth	10	–	3,00,00,000	–	3,00,00,000	30.00	–
Kotak Quarterly Interval Plan - Series 1 - Dividend Reinvestment	10	–	5,00,04,539	–	5,00,04,539	50.00	–
Kotak Quarterly Interval Plan Series 6 - Dividend Reinvestment	10	–	10,05,51,763	–	10,05,51,763	100.55	–
Kotak Quarterly Interval Plan - Series VIII - Dividend Reinvestment	10	–	6,74,55,437	–	6,74,55,437	67.46	–
L&T Fixed Maturity Plan Series 12 - Plan 15M - March 10 - I Growth	10	–	2,00,00,000	–	2,00,00,000	20.00	–
L&T FMP Series 12 (91D) March 10 - I - Dividend Payout	10	–	2,00,00,000	–	2,00,00,000	20.00	–
L&T FMP Series 12 (91D) March 10 - II - Dividend Payout	10	–	1,50,00,000	–	1,50,00,000	15.00	–
L&T Freedom Income - Short Term Fund - Institutional Plan							
- Daily Dividend Reinvestment	10	98,70,961	1,55,84,01,732	78,77,73,752	78,04,98,941	792.61	*10.02*
L&T Liquid Fund - Institutional Plan Plus - Daily Dividend Reinvestment	10	–	1,73,69,19,664	1,71,31,92,559	2,37,27,105	24.00	–
L&T Select Income Fund - Flexi Debt Plan - Institutional Plan							
- Dividend Reinvestment	10	–	9,10,00,633	–	9,10,00,633	91.29	–
LIC Income Plus Fund - Dividend	10	–	2,83,11,98,891	2,58,81,45,328	24,30,53,563	243.10	–
LICMF Liquid Fund - Dividend	10	28,99,03,781	12,47,45,43,705	12,45,75,04,645	30,69,42,841	337.03	*318.32*
Magnum Insta Cash Fund - Daily Dividend Reinvestment	10	4,30,57,997	33,08,97,506	32,91,75,347	4,47,80,156	75.01	*72.12*
Principal Cash Management - Liquid Option - Institutional Plan Premium							
- Daily Dividend Reinvestment	10	50,01,082	10,05,48,614	10,55,49,696	–	–	*5.00*
Principal Floating Rate Fund - Fixed Maturity Plan - Institutional Plan							
- Daily Dividend Reinvestment	10	–	6,51,96,792	5,60,69,353	91,27,439	9.14	–
Prudential ICICI IP Liquid - Super Institutional Plan							
- Daily Dividend Reinvestment	10	15,31,91,134	5,37,92,00,920	5,53,23,92,054	–	–	*153.20*
Reliance Income Fund - Retail Plan							
- Monthly Dividend Reinvestment	10	2,42,69,960	14,66,61,493	17,09,31,453	–	–	*25.00*
Reliance Liquidity Fund - Dividend Plan							
- Daily Dividend Reinvestment	10	36,11,38,574	7,73,24,50,292	8,09,35,88,866	–	–	*361.25*
Reliance Medium Term Fund - Daily Dividend Reinvestment Plan	10	1,83,72,314	1,48,557	1,85,20,871	–	–	*31.41*
Carried forward						4676.73	*2634.01*

Schedules forming part of the Accounts (contd.)

Schedule F-Details of investments (contd.)

Particulars	Face value per unit	Number of units: As at 1-4-2009	Number of units: Purchased/ subscribed/addition during the year	Number of units: Sold/deduction during the year	Number of units: As at 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
(vii) Mutual funds (contd.):	Rupees					Rs.crore	*Rs.crore*
Brought forward						4676.73	*2634.01*
Reliance Quarterly Interval Fund Series I - Institutional Plan							
- Dividend Plan	10	6,08,50,173	1,37,746	6,09,87,919	–	–	*60.89*
Reliance Short Term Fund - Retail Plan - Dividend Plan	10	4,70,30,339	18,92,65,344	23,62,95,683	–	–	*50.21*
Religare Arbitrage Fund - Dividend Reinvestment	10	–	5,10,25,136	–	5,10,25,136	52.21	–
Religare Fixed Maturity Plan - Series II - Plan A - Growth	10	–	5,00,03,770	–	5,00,03,770	50.00	–
Religare FMP - Series II - Plan C (15Months) - Growth	10	–	6,00,05,126	–	6,00,05,126	60.01	–
Religare Liquid Fund - Super Institutional Plan							
- Daily Dividend Reinvestment	10	99,96,501	2,07,17,55,033	1,99,97,94,074	8,19,57,460	82.01	*10.00*
Religare Ultra Short Term Fund - Institutional Plan							
- Daily Dividend Reinvestment	10	2,90,17,796	1,33,38,19,843	1,36,28,37,639	–	–	*29.06*
SBI Arbitrage Opportunities Fund - Dividend	10	–	2,35,70,345	–	2,35,70,345	25.58	–
SBI SHDF - Ultra Short Term - Institutional Plan							
- Daily Dividend Reinvestment	10	2,61,45,641	34,81,03,699	32,38,19,406	5,04,29,934	50.46	*26.16*
Sundaram BNP Money Fund Super Institutional Plan							
- Daily Dividend Reinvestment	10	2,38,48,392	17,14,55,690	19,53,04,082	–	–	*24.08*
Sundaram BNP Paribas Ultra Short Term - Super Institutional Plan							
- Daily Dividend Reinvestment	10	–	12,09,63,517	7,39,62,683	4,70,00,834	47.17	–
Tata Fixed Income Portfolio Fund - B3 - Institutional Plan							
- Quarterly Dividend Reinvestment	10	–	3,00,00,000	–	3,00,00,000	30.00	–
Tata Floater Fund - Daily Dividend Reinvestment	10	3,05,13,367	76,98,03,833	80,03,17,200	–	–	*30.62*
Tata Short Term Bond Fund - Dividend Reinvestment	10	6,20,63,434	5,47,180	6,26,10,614	–	–	*75.72*
Templeton Floating Rate Income Fund - Long Term							
- Super Institutional Plan	10	–	7,54,40,002	5,99,40,060	1,54,99,942	15.50	–
Templeton India Treasury Management Account - Liquid Plan							
- Daily Dividend	1,000	99,958	1,43,97,023	1,44,96,981	–	–	*10.00*
Templeton India Ultra Short Bond Fund - Super Institutional Plan							
- Dividend	10	4,37,70,949	87,05,80,883	9,143,51,832	–	–	*43.82*
UTI- Liquid Fund - Cash Plan - Institutional Plan - Income	1,000	3,94,853	1,35,81,106	1,39,75,959	–	–	*40.25*
UTI FIIF - Series 2 - Quarterly Interval Plan V - Institutional Plan							
- Dividend	10	–	10,05,71,481	–	10,05,71,481	100.57	–
UTI Fixed Income Interval Fund							
- Monthly Interval Plan - II - Dividend	10	–	6,00,00,000	–	6,00,00,000	60.00	–
UTI Money Market - Institutional Plan - Daily Dividend Reinvestment	1,000	–	21,91,08,865	21,86,10,497	4,98,368	50.01	–
UTI Money Market Fund - Daily Dividend Option - Reinvestment	10	13,03,81,170	1,53,61,51,377	1,66,65,32,547	–	–	*237.62*
UTI Short Term Income - Retail - Dividend Reinvestment	10	–	7,40,89,726	–	7,40,89,726	88.01	–
UTI Short Term Income Fund - Institutional Plan - Income Option							
- Reinvestment	10	–	9,94,04,567	–	9,94,04,567	100.00	–
UTI - Floating Rate Fund - Short Term Pl							
- Dividend Option - Reinvestment	1,000	–	57,45,633	26,97,921	30,47,712	305.01	–
						5793.27	*3272.44*
Less: Provision for diminution in value						4.71	*3.84*
Mutual funds - total						5788.56	*3268.60*
Current investments - total - (B)						7964.53	*4879.67*
C) Investment in integrated joint venture							
Desbuild-L&T Joint Venture						0.05	*0.08*
HCC-L&T Purulia Joint Venture						1.68	*2.52*
International Metro Civil Contractors Joint Venture						8.91	*8.84*
L&T-Eastern Joint Venture						14.97	*11.94*
L&T-AM Tapovan Joint Venture						62.03	*69.88*
L&T-Hochtief Seabird Joint Venture						12.17	*12.17*
L&T Sanghai Urban Corporation Group Joint Venture						5.39	*13.73*
Larsen & Toubro Limited-Shapoorji Pallonji & Company Limited						–	*0.35*
Joint Venture (Les Pallies Exhibition Center)							
Metro Tunneling Group						3.56	*8.25*
Investment in integrated joint venture - total - (C)						108.76	*127.76*
Total investment (A+B+C)						13705.35	*8263.72*

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
Other fully paid equity shares:			
Genus Power Infrastructures Limited (quoted)	10	19,471	0.48
Jyoti Limited (quoted)	10	5,59,437	6.04
Aplab Limited (quoted)	10	1,48,580	1.28
Government and trust securities:			
6.05% Government of India bond, 2019 (quoted)	100	2,00,00,000	195.30
6.90% Government of India bond, 2019 (quoted)	100	10,30,00,000	994.34
7.02% Government of India bond, 2016 (quoted)	100	3,75,00,000	368.54
Bonds and debentures:			
JM Financial Services Private Limited, December 8, 2009	1,00,00,000	25	25.00
JM Financial Services Private Limited, January 6, 2010	1,00,00,000	11	11.00
JM Financial Services Private Limited, December 31, 2010	1,00,00,000	6	6.00
Essar THI Communication Limited - 9.15% Non convertible Debentures, July 22, 2011	10,00,000	1,875	163.93
Commercial papers:			
12.60% HDFC Limited	5,00,000	2,000	88.84
Mutual funds:			
AIG India Liquid Fund Super Institutional Plan - Daily Dividend Reinvestment	1,000	2,29,790	23.00
Baroda Pioneer Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment	10	32,43,32,439	324.63
Benchmark S&P CNX 500 Fund - Dividend Plan	10	2,78,37,164	50.00
Birla Dynamic Bond Fund - Retail - Quarterly Dividend Reinvestment	10	22,65,24,099	250.00
Birla Sunlife Advantage Fund - Dividend Reinvestment	10	15,30,925	15.00
Birla Sunlife Dynamic Bond Fund - Monthly Dividend Reinvestment	10	9,16,35,072	95.76
Birla Sunlife Equity Fund	10	1,15,62,283	75.00
Birla Sunlife Frontline Euity Fund - Dividend Reinvestment	10	4,13,82,354	75.00
Birla Sunlife Income Plus - Quarterly Dividend Reinvestment	10	13,34,08,302	151.51
Birla Top 100 Fund - Dividend Reinvestment	10	5,38,63,554	85.00
Birlasunlife Enhanced Arbitrage Fund - Institutional Plan	10	6,14,89,722	61.61
DBS Chola Liquid Super Institutional Plan - Cumulative	10	32,03,45,974	400.00
DSP Blackrock Liquidity Fund - Institutional Plan - Daily Dividend Reinvestment	1,000	1,19,986	12.00
DWS Cash Opportunities Fund Institutional Plan - Daily Dividend Reinvestment	10	15,05,42,636	150.91
DWS Ultra Short Term Fund - Institutional Plan - Dividend	10	56,85,57,550	569.58
Fortis Overnight Fund - Institutional Plan Plus - Daily Dividend Reinvestment	10	47,19,01,770	472.04
Franklin Bluechip Fund	10	2,96,03,276	80.00
HDFC Arbitrage Fund - Institutional Plan - Dividend Reinvestment	10	29,53,09,926	299.44
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	10	44,96,91,139	478.31
HDFC Equity Fund - Dividend Reinvestment	10	4,22,11,096	130.00
HDFC Floating Rate Income Fund - Short Term Fund	10	92,56,77,012	933.17
HDFC High Interest Fund - Quarterly Dividend Reinvestment	10	8,97,86,756	100.00

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.):			
HDFC High Interest Fund Short Term Plan - Dividend	10	9,44,70,842	100.31
HDFC Top 200 Fund - Dividend Reinvestment	10	3,30,79,737	105.00
ICICI Prudencial Blended Plan - Option A - Dividend	10	4,89,24,158	50.00
ICICI Prudential Gilt Fund - Half Yearly Dividend Reinvestment	10	8,21,75,370	102.10
ICICI Prudential Short Term Fund - Institutional Plan - Dividend Reinvestment Fortnightly	10	8,26,00,206	100.25
ICICI Prudential Ultra Short Term Plan - Super Premium - Weekly	10	2,53,35,880	25.34
IDFC Arbitrage Fund Plan - B - Institutional Plan - Dividend Reinvestment	10	9,82,40,555	102.04
IDFC Money Manager Fund - TP - Super Institutional Plan C - Daily Dividend Reinvestment	10	56,87,84,827	568.87
ING Vysya Liquid Super Institutional Plan - Daily Dividend Option	10	50,21,831	5.02
JM High Liquid - Super Institutional Plan - Daily Dividend Reinvestment	10	4,99,22,722	50.01
Kotak Flexi Debt Scheme - Daily Dividend Reinvestment	10	7,47,13,168	75.07
Kotak Liquid - Institutional Plan - Premium Plan - Daily Dividend Reinvestment	10	3,03,09,28,818	3706.25
LIC MF Index Fund - Nifty Dividend Plan	10	19,22,10,070	175.00
Prudential ICICI Growth Plan	10	2,67,80,932	50.00
Prudential ICICI Liquid Plan - Monthly Dividend Reinvestment	100	99,90,437	10.04
Reliance Equity Advantage Fund - Institutional Plan - Dividend	10	3,21,17,163	30.00
Reliance Growth Fund - Equity - Dividend Reinvestment	10	30,99,830	100.00
Reliance Infrastructure Fund - Institutional Plan - Dividend	10	2,50,00,000	25.00
Reliance Money Manager - Institutional Plan Option - Daily Dividend Reinvestment	1,000	4,40,05,210	4405.52
Reliance Mutual Fund - Vision Fund - Dividend Reinvestment	10	17,21,112	30.00
Religare Credit Opportunities - Monthly Dividend Reinvestment	10	15,16,19,687	152.13
SBI Mutual Fund - Liquid Plan - Dividend Reinvestment	10	14,95,66,545	150.05
Sundaram BNP Paribas Balanced Fund - Institutional Plan - Dividend Payout	10	2,53,63,812	40.00
Tata Mutual Fund - Liquid Ship - Daily Dividend Reinvestment	1,000	1,14,91,081	1280.70
Tata Treasury Manager Fund - Ship - Daily Dividend Reinvestment	1,000	11,84,003	119.62
UTI Bond Fund - Dividend Reinvestment	10	4,43,41,912	50.36
UTI Liquid Plus Institutional Plan	1,000	2,77,28,121	2773.41
UTI Nifty Index Fund - Dividend Payout	10	2,13,98,797	25.00

Schedules forming part of the Accounts (contd.)

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule G				
Current assets, loans and advances:				
Current assets:				
Inventories:				
Stock-in-trade and manufacturing work-in-progress:				
(at cost or net realisable value whichever is lower)				
Stock-in-trade:				
Raw materials	276.71		*380.49*	
Components	310.52		*300.00*	
Construction materials	27.12		*20.17*	
Stores, spare parts and loose tools	120.77		*103.39*	
Finished goods	325.30		*342.54*	
	1060.42		*1146.59*	
Manufacturing work-in-progress	354.95		*323.92*	
		1415.37		*1470.51*
Sundry debtors:				
Unsecured:				
Debts outstanding for more than 6 months				
Considered good	2697.91		*2293.78*	
Considered doubtful	465.15		*383.60*	
	3163.06		*2677.38*	
Other Debts:				
Considered good	8465.79		*7609.35*	
	11628.85		*10286.73*	
Less: Provision for doubtful debts	465.15		*383.60*	
		11163.70		*9903.13*
Cash and bank balances:				
Cash on hand	2.12		*3.56*	
Cheques on hand	245.46		*248.85*	
Balances with scheduled banks:				
on current accounts	463.56		*269.86*	
on fixed deposits including interest accrued thereon	325.26		*80.70*	
on margin money deposit accounts	1.72		*1.50*	
Balances with non-scheduled banks [Note no.5(a)]	393.75		*170.82*	
		1431.87		*775.29*
Other current assets:				
Interest accrued on investments	45.15		*21.56*	
Due from customers (Construction and project related activity)	6308.07		*4334.54*	
		6353.22		*4356.10*
Carried forward		20364.16		*16505.03*

Schedules forming part of the Accounts (contd.)

	As at 31-3-2010		As at 31-3-2009	
	Rs.crore	Rs.crore	Rs.crore	Rs.crore
Schedule G (contd.)				
Brought forward		20364.16		16505.03
Loans and advances:				
Secured, considered good:				
Loans against mortgage of house property	16.80		21.37	
Unsecured:				
Considered good:				
Subsidiary companies:				
Loans [Note no.16]	452.38		778.00	
Advances towards equity commitment	1587.41		623.58	
Inter-Corporate deposits [Note no.16]	447.72		669.62	
Others	775.18		257.31	
Associate companies:				
Advances recoverable	9.17		24.61	
Inter-corporate deposits [Note no.16]	–		5.00	
Inter-corporate deposits-other company	–		2.01	
Advances recoverable in cash or in kind [Note no.15]	2664.57		3406.74	
Balance with customs, port trust, etc.	44.22		31.12	
Considered doubtful:				
Deferred credit against sale of ships	18.67		21.09	
Advances recoverable in cash or in kind	70.04		62.22	
	6086.16		5902.67	
Less: Provision for doubtful loans and advances	88.71		83.31	
		5997.45		5819.36
		26361.61		22324.39

	As at 31-3-2010		As at 31-3-2009	
	Rs.crore	Rs.crore	Rs.crore	Rs.crore
Schedule H				
Current liabilities and provisions:				
Liabilities:				
Acceptances		40.50		61.66
Sundry creditors:				
Due to: Subsidiary companies	204.27		209.76	
Micro and small enterprises [Note no.33]	22.07		11.12	
Others	9281.69		6606.86	
		9508.03		6827.74
Due to customers (Construction and project related acitivity)		2334.07		2924.81
Advances from customers		7065.39		4857.17
Carried forward		18947.99		14671.38

Schedules forming part of the Accounts (contd.)

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule H (contd.)				
Brought forward		18947.99		*14671.38*
Items covered by investor education and protection fund [Note no.36]				
Unpaid dividend	12.79		*10.33*	
Unpaid matured deposits	0.04		*0.08*	
Unpaid matured debentures/bonds	–		*0.15*	
Interest accrued on bonds	0.01		*0.02*	
		12.84		*10.58*
Due to directors		45.19		*36.37*
Interest accrued but not due on loans		48.48		*57.82*
		19054.50		*14776.15*
Provisions for:				
Current taxes (Net of payments made Rs.1125.82 crore; *previous year: Rs.1123.90 crore*)	410.07		*321.64*	
Proposed dividend	752.75		*614.97*	
Additional tax on dividend	110.25		*101.83*	
Gratuity	0.50		*0.52*	
Compensated absences	296.67		*237.12*	
Employee pension schemes	135.61		*151.80*	
Post-retirement medical benefit plan	78.99		*70.97*	
Long service awards	5.73		*7.72*	
Other provisions (AS-29 related) [Note no.23]	397.79		*436.06*	
		2188.36		*1942.63*
		21242.86		*16718.78*

	As at 31-3-2010	*As at 31-3-2009*
	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*
	–	*0.26*

Schedules forming part of the Accounts (contd.)

		As at 31-3-2010	*As at 31-3-2009*
		Rs.crore	*Rs.crore*
Schedule J			
Contingent liabilities:			
(a)	Claims against the Company not acknowledged as debts	158.21	*166.21*
(b)	Sales-tax liability that may arise in respect of matters in appeal	158.78	*66.96*
(c)	Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company in writ	10.28	*10.93*
(d)	Income-tax liability (including penalty) that may arise in respect of which the Company is in appeal	8.45	*1.62*
(e)	Corporate guarantees given on behalf of subsidiary companies	805.38	*361.16*

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) , 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.

	2009-2010	*2008-2009*
	Rs.crore	*Rs.crore*
Schedule K		
Sales & service:		
Manufacturing, trading and property development activity	5121.99	*5880.69*
Construction and project related activity	31252.17	*27456.22*
Servicing	254.64	*242.46*
Commission	153.16	*201.51*
Engineering and service fees	213.97	*264.16*
	36995.93	*34045.04*

	2009-2010	*2008-2009*
	Rs.crore	*Rs.crore*
Schedule L(i)		
Other operational income:		
Income from hire of plant and machinery	1.93	*5.77*
Technical fees	62.26	*52.25*
Company's share in profit of Integrated joint ventures [Note no.14(b)]	7.84	*12.53*
Lease rentals	2.28	*2.32*
Profit on sale of fixed assets (net)	0.43	*2.57*
Income from services to the Group companies	66.26	*50.32*
Miscellaneous income	198.22	*141.26*
Unclaimed credit balances	20.43	*24.95*
	359.65	*291.97*

Schedules forming part of the Accounts (contd.)

	2009-2010		2008-2009	
	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	25.20		*96.75*	
(Tax deducted at source Rs.5.03 crore; *previous year: Rs.13.20 crore*)				
Income from long term investments:				
Interest on bonds and government securities	0.02		*9.25*	
(Tax deducted at source Rs.nil; *previous year: Rs.0.35 crore*)				
Income from current investments:				
Interest on bonds and government securities	103.17		*65.82*	
(Tax deducted at source Rs.nil; *previous year: Rs.nil*)				
		128.39		*171.82*
Dividend income:				
From long term investments:				
Subsidiary companies	88.91		*15.80*	
Trade investments	19.01		*56.24*	
Other investments	1.20		*8.65*	
	109.12		*80.69*	
From current investments	277.91		*253.94*	
		387.03		*334.63*
Profit on sale of investment:				
Profit on sale of long term investments (net)	1205.62		–	
Profit on sale of current investments (net)	48.82		*94.66*	
		1254.44		*94.66*
Profit on sale of fixed assets (net)		3.59		*2.21*
Lease rental		24.73		*20.46*
Miscellaneous income		226.10		*106.69*
Provision no longer required written back		0.59		*8.23*
Unclaimed credit balances		0.09		*1.08*
		2024.96		*739.78*

	2009-2010		2008-2009	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule M				
Manufacturing, construction and operating expenses:				
Materials consumed:				
Raw materials and components	6863.16		*7056.22*	
Construction materials	7478.08		*7509.99*	
	14341.24		*14566.21*	
Less: Scrap sales	61.12		*67.73*	
		14280.12		*14498.48*
Purchase of trading goods		1574.28		*1678.69*
Carried forward		15854.40		*16177.17*

Schedules forming part of the Accounts (contd.)

	2009-2010		2008-2009	
	Rs.crore	Rs.crore	Rs.crore	Rs.crore
Schedule M (contd.)				
Brought forward		15854.40		16177.17
(Increase)/decrease in stocks:				
Closing stock:				
Finished goods	325.30		342.54	
Work-in-progress	1048.47		1454.22	
	1373.77		1796.76	
Less: Opening stock:				
Finished goods	342.54		321.38	
Work-in-progress	1454.22		1370.27	
	1796.76		1691.65	
		422.99		(105.11)
Value of materials,tools,and work-in-progress transferred on sale of undertaking		(20.45)		–
Sub-contracting charges		8661.75		7053.27
Stores, spares and tools		1052.26		900.75
Other manufacturing, construction and operating expenses:				
Excise duty	(3.47)		(5.16)	
Power and fuel	334.08		456.39	
Royalty and technical know-how fees	2.54		2.81	
Packing and forwarding	124.28		117.94	
Hire charges - plant & machinery and others	357.70		357.75	
Engineering, technical and consultancy fees	523.86		472.46	
Insurance	162.78		74.99	
Rent	146.63		127.58	
Rates and taxes	35.12		31.38	
Travelling and conveyance	315.91		265.26	
Repairs to plant and machinery	44.30		47.58	
Repairs to buildings	5.50		8.45	
General repairs and maintenance	118.88		98.09	
Bank guarantee charges	111.71		40.70	
Other expenses	202.78		149.32	
		2482.60		2245.54
		28453.55		26271.62

	2009-2010		2008-2009	
	Rs.crore	Rs.crore	Rs.crore	Rs.crore
Schedule N				
Staff expenses:				
Salaries, wages and bonus		1922.50		1605.20
Contribution to and provision for:				
Provident funds and pension fund	77.94		68.85	
Superannuation/employee pension schemes (including reversal of provision, Rs.2.75 crore; *previous year: Rs.0.45 crore*)	42.47		18.82	
Gratuity funds (including reversal of provision, Rs.0.02 crore; *previous year: Rs.0.07 crore*)	47.51		26.80	
		167.92		114.47
Welfare and other expenses		288.72		254.79
		2379.14		1974.46

Schedules forming part of the Accounts (contd.)

	2009-2010		2008-2009	
	Rs.crore	Rs.crore	Rs.crore	Rs.crore
Schedule O				
Sales, administration and other expenses:				
Power and fuel		31.28		26.91
Packing and forwarding		116.45		161.04
Professional fees		106.05		106.85
Insurance		12.03		6.47
Rent		90.56		97.32
Rates and taxes		40.43		31.04
Travelling and conveyance		133.08		172.41
Repairs to buildings		12.08		18.28
General repairs and maintenance		94.68		88.69
Directors' fees		0.18		0.22
Telephone, postage and telegrams		65.51		68.93
Advertising and publicity		58.39		57.88
Stationery and printing		32.52		34.68
Commission:				
Distributors and agents	27.89		37.59	
Others	45.66		9.99	
		73.55		47.58
Bank charges		20.65		21.42
Miscellaneous expenses		211.30		376.45
Bad debts and advances written off	61.12		76.59	
Less: Provision for doubtful debts and advances written back	27.60		72.52	
		33.52		4.07
Company's share in loss of integrated joint ventures [Note no.14(b)]		8.18		1.85
Discount on sales		57.83		45.60
Provision for doubtful debts and advances (net)		114.55		226.99
Provision for foreseeable losses on construction contracts		78.54		53.34
Provision for diminution in value of investments (net)		47.10		8.12
Other provisions [Note no.23]		24.28		138.62
		1462.74		1794.76

	2009-2010	2008-2009
	Rs.crore	Rs.crore
Schedule P		
Interest expenses & brokerage:		
Debentures and fixed loans	352.73	253.08
Others	152.58	162.48
	505.31	415.56

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 represents the cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is determined as a proportion of cost of work performed-to-date to the total estimated contract costs.

Full provision is made for any loss in the period in which it is foreseen. Project and construction related work-in-progress is reflected at cost till such time the outcome of the job cannot be ascertained reliably and at realisable value thereafter.

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 business and is recognised when the right to receive the income is established as per the terms of the contract.

d) Interest income is accrued at applicable interest rate.

e) Dividend income is accounted when the right to receive the same is established. Dividends declared by subsidiary companies after the date of the Company's Balance Sheet are also included if they are in respect of accounting period which closed on or before the date of the Company's Balance Sheet.

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

Schedules forming part of the Accounts (contd.)

3. Research and development

Revenue expenditure on research and development is accounted 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.

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.

The interest element implicit in the actuarial valuation of defined benefit plans is classified under interest expense and balance charge is recognised as employee benefits 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:

Finance leases:

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.

Schedules forming part of the Accounts (contd.)

ii) 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.

iii) Initial direct costs relating to assets given on finance leases are charged to Profit and Loss Account.

Operating leases:

i) 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.

ii) Assets leased out under operating leases are capitalised. Rental income is recognised on accrual basis over the lease term.

(Also refer to policy on depreciation, *infra*)

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 and 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) Lumpsum 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; and

b) the reversal of impairment loss recognised in previous periods, if any, .

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

Recoverable amount is determined:

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

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) Manufacturing work-in-progress at lower of cost including related overheads or net realisable value.

   In the case of qualifying assets, cost also 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

Lumpsum 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

Schedules forming part of the Accounts (contd.)

transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are:

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.

g) 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 intersegment 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.

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; and

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 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: 44,96,76,280)* 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.87.47 crore)* and capital redemption reserve: Rs.0.12 crore *(previous year: Rs.0.12 crore)*.

   iii) 2,00,88,346 *(previous year: 1,48,67,485)* equity shares were allotted as fully paid up on exercise of grants under Employees Stock Ownership Schemes.

   b) During the year, the Company has issued and allotted 1,12,86,685 equity shares of Rs.2 each by way of Qualified Institutional Placement ('QIP') at issue price of Rs.1659.30 per share. The shares rank pari passu in all respects with the existing equity shares of the Company.

   c) On October 21, 2009, the Company issued 5 years & 1 day, 3.50% US$ denominated Foreign Currency Convertible Bonds ('FCCB') at par, aggregating to US$ 200 million (INR 928.80 crore as on the date of issue) comprising 2000 bonds of US$ 1,00,000 each. The bonds are convertible into the Company's fully paid up equity shares of Rs.2 each at a conversion price of Rs.1908.20 per share at the option of the bond holders at any time after December 1, 2009 up to October 15, 2014.

   The bonds are redeemable, subject to fulfilment of certain conditions, in whole but not in part, at the option of the Company, on or at any time after October 21, 2012 but not less than seven business days prior to the maturity date, at the principal amount together with accrued interest till the date fixed for redemption, unless the bonds have been previously redeemed, converted or purchased and cancelled.

   d) 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 31-3-2010	*As at 31-3-2009*
Employee stock options granted and outstanding #	1,75,51,015	*2,12,89,375*
3.5% 5 years & 1 day, US$ denominated Foreign Currency Convertible Bonds	49,07,243	–

   # The number of options have been adjusted consequent to bonus issue wherever applicable.

   e) The Directors recommend payment of final dividend of Rs.12.50 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 60,21,95,408 shares outstanding as at March 31, 2010 amounting to Rs.752.75 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 4 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)	
		2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*
1	Grant price (prior to bonus issue) -Rupees	–	*7*	–	*7*	–	*7*	–	*35*	–	*35*	–	*1202*	–	*1202*
	Grant price (post bonus issue) - Rupees	3.50	*3.50*	3.50	*3.50*	3.50	*3.50*	17.50	*17.50*	17.50	*17.50*	601	*601*	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	16800	*8400*	21500	*10750*	39700	*19850*	31452	*15726*	1959888	*971468*	13324860	*7036899*	5895175	*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 priorto bonus issue	–	–	–	–	–	-	–	-	–	*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	–	–	–	–	–	–	–	–	51622	*50912*	336341	*261900*	633070	*133664*
11	Options granted post bonus issue	–	–	–	–	–	–	–	–	164300	*153800*	–	–	2808090	*646295*
12	Options exercised post bonus issue [see note 2(c)]	–	–	–	–	–	–	–	–	947586	*447226*	4148544	*37516*	593587	*19012*
13	Options granted and outstanding at the end of the year	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	1124980	*1959888*	8839975	*13324860*	7476608	*5895175*
	of which –														
	Options vested	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	85644	*226326*	4759655	*5321810*	769990	*279136*
	Options yet to vest	–	–	–	–	–	–	–	–	1039336	*1733562*	4080320	*8003050*	6706618	*5616039*

Notes forming part of Accounts (contd.)

c) Employee Stock Options (ESOP) exercised during the year 2009-2010 include options pending for allotment # of shares as on March 31, 2010 as follows:

Series reference	No. of options
2003B	49,000
2006A	41,382
2006	3,78,474

\# Since allotted in April 2010.

d) During the year, the Company has recovered Rs.3.60 crore *(previous year: Rs.4.80 crore)* from its subsidiary companies towards the stock options granted to their employees, pursuant to the employee stock option schemes.

e) Application money received amounting to Rs.25.09 crore will be appropriated towards share capital Rs.0.09 crore and security premium account Rs.25.00 crore on allotment of shares.

3. a) Working capital facilities from banks including cash credits, demand loans, bank guarantees and letters of credit are secured by hypothecation of inventories, book debts and receivables. The total charge on these assets is Rs.2037.51 crore as on March 31, 2010.

b) Other secured loans from banks represent loans amounting to Rs.5.90 crore *(previous year: Rs.nil)* availed under bill discounting facility and are secured against 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) 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 31-3-2010	*As at 31-3-2009*	Maximum amount outstanding at any time during 2009-2010	*2008-2009*
i) Current accounts				
ABN AMRO Bank, The Netherlands	0.16	–	2.20	–
Abu Dhabi Commercial Bank, Abu Dhabi	7.38	*3.18*	7.38	*25.55*
Abu Dhabi Commercial Bank, UAE	0.53	*0.41*	5.36	*20.01*
Abu Dhabi Islamic Bank , UAE	0.16	*0.37*	0.37	*1.28*
Arab Bank PLC, Amman	0.03	*0.11*	0.11	*2.48*
Arab Bank PLC, Bahrain	10.91	*3.30*	25.09	*6.54*
Arab Bank PLC, Jordan	0.03	*0.04*	3.39	*2.48*
Arab Bank PLC, Doha	7.81	*1.04*	85.82	*8.70*
Arab Bank PLC, UAE	5.39	*7.63*	51.10	*9.54*
Carried forward	32.40	*16.08*		

Notes forming part of Accounts (contd.)

Rs.crore

	Particulars	As at 31-3-2010	*As at 31-3-2009*	Maximum amount outstanding at any time during 2009-2010	*2008-2009*
i)	**Current accounts (contd.)**				
	Brought forward	32.40	*16.08*		
	Bank Muscat	0.02	*0.04*	0.04	*0.04*
	Bank of Baroda (Kenya) Limited, Kenya	–	*0.28*	0.28	*50.41*
	Bank of Bhutan	34.30	*2.30*	57.41	*2.30*
	Bank of Commerce & Development, Libya	0.40	*0.38*	0.40	*0.38*
	Bank of Nova Scotia, Barbados	–	–	–	*0.99*
	Citibank, France	0.38	*0.12*	1.37	*0.12*
	Citibank, USA	20.32	*5.23*	98.80	*32.91*
	Citibank, London	0.23	*0.23*	0.23	*0.23*
	Danske Bank, Denmark	0.48	–	3.65	–
	Deutsche Bank, Singapore	0.01	*0.01*	0.01	*0.01*
	Emirates Bank, UAE	–	–	–	*1.17*
	Emirates Bank International PJSC	0.75	*14.61*	18.99	*14.61*
	Hakrin Bank NV, (Guilder) Surinam	–	–	–	*0.02*
	Handels Bank, Sweden	0.81	–	1.34	–
	Hongkong & Shanghai Banking Corporation (RMD), China	0.01	*0.22*	0.22	*0.26*
	Hongkong & Shanghai Banking Corporation (USD), China	0.01	*0.94*	0.94	*0.94*
	HSBC Bank Middle East Limited, Abu Dhabi	17.23	*19.32*	29.70	*28.61*
	HSBC Bank Middle East Limited, Dubai	0.01	*21.98*	21.98	*61.76*
	HSBC Bank, Qatar	6.82	*18.51*	75.10	*18.51*
	HSBC Bank, UK	2.32	*0.84*	4.85	*0.85*
	HSBC Bank, UAE	1.63	*8.62*	33.91	*27.44*
	Mashreq Bank, Dubai	15.47	*8.25*	17.73	*13.25*
	Mashreq Bank, UAE	1.31	*4.47*	27.71	*13.24*
	Mizuho Bank, Japan	2.15	*3.55*	7.91	*3.55*
	National Bank of Kuwait, Kuwait	1.88	*4.09*	24.87	*51.68*
	Nepal Investment Bank Limited, Nepal	0.14	*0.14*	0.14	*0.17*
	Rafidian Bank, Iraq	8.25	*8.25*	10.42	*8.25*
	Standard Chartered Bank, Dubai	–	–	–	*0.14*
	Standard Chartered Bank, Malaysia	0.61	*0.19*	3.91	*7.74*
	Standard Chartered Bank, Qatar	6.30	*8.45*	15.94	*9.48*
	Union National Bank, Abu Dhabi	0.17	*0.27*	0.27	*1.81*
	ICICI Bank, Canada	0.97	*0.05*	1.12	*0.05*
	ICICI Bank Eurasia, Moscow	0.05	*0.38*	0.43	*0.43*
	Total (i)	155.43	*147.80*		
ii)	**Call deposits**				
	Mashreq Bank, Dubai	0.69	*0.69*	0.69	*0.69*
	Total (ii)	0.69	*0.69*		
iii)	**Fixed deposits**				
	Arab Bank, Doha	116.76	–	121.56	–
	Arab Bank, UAE	24.45	–	24.45	–
	Deutsche Bank, Singapore	–	–	–	*0.92*
	Emirates Bank, UAE	–	–	–	*7.65*
	HSBC Bank Middle East Limited, Abu Dhabi	2.29	–	22.54	*1.23*
	HSBC Bank UAE	48.90	–	71.44	–
	HSBC Bank Middle East Limited, Dubai	–	*22.33*	–	*26.92*
	Mashreq Bank, Dubai	45.23	–	45.23	*2.19*
	Mashreq Bank, UAE	–	–	–	*4.37*
	National Bank of Kuwait, Kuwait	–	–	–	*44.48*
	Standard Chartered Bank, Qatar	–	–	–	*8.82*
	Total (iii)	237.63	*22.33*		
	Total (i)+(ii)+(iii)	393.75	*170.82*		

Notes forming part of Accounts (contd.)

b) 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.

6. Loans and advances include:

   a) Rent deposit with whole-time directors: Rs.0.03 crore *(previous year: Rs.0.03 crore)*. The maximum amount outstanding at any time during the year: Rs.0.03 crore *(previous year: Rs.0.03 crore)*.

   b) Amount, including interest accrued, due from the managing director and whole-time directors in respect of housing loan: Rs.0.61 crore *(previous year: Rs.0.63 crore)*. Maximum amount outstanding at any time during the year: Rs.0.63 crore *(previous year: Rs.0.73 crore)*.

7. Sales and service include Rs.142.83 crore *(previous year: Rs.117.72 crore)* for price variations net of liquidated damages in terms of contracts with the customers and shipbuilding subsidy Rs.56.80 crore *(previous year: Rs.25.49 crore)*.

8. Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts":

Rs.crore

	Particulars	2009-2010	*2008-2009*
i)	Contract revenue recognised for the financial year	31252.17	*27456.22*
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	71270.55	*54929.12*
iii)	Amount of customer advances outstanding for contracts in progress as at end of the financial year	6626.24	*4440.91*
iv)	Retention amounts due from customers for contracts in progress as at end of the financial year	2346.43	*1741.43*

9. Extraordinary items during the year comprise the following:

   a) Proportionate reversal of Rs.62.55 crore, out of the provision made in previous year in respect of the Company's investment in shares of Satyam Computer Services Limited (SCSL), pursuant to sale of a part of its holding in SCSL during the year.

   b) Gain of Rs.73.17 crore (net of tax of Rs.21.61 crore) on sale of the Company's Petroleum Dispensing Pumps & Systems business.

10. Other income for the year ended March 31, 2010 includes:

    a) Profit of Rs.1019.88 crore on sale of the Company's long term investment in UltraTech Cement Limited.

    b) Gain of Rs.67.61 crore on sale of the Company's stake in Voith Paper Technology (India) Limited, an associate company.

    c) Profit of Rs.27.22 crore, pursuant to buy back of the Company's part equity holding by Audco India Limited, an associate company.

11. Sales, administration and other expenses include a provision of Rs.39.93 crore, for diminution in the company's investment in an associate company.

12. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits".

    i. Defined contribution plans: [accounting policy no.4b(i)]

    Amount of Rs.70.03 crore *(previous year: Rs.63.43 crore)* is recognised as an expense and included in "Staff Expenses" (Schedule N) in the Profit and Loss Account.

Notes forming part of Accounts (contd.)

ii. Defined benefit plans: [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 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*
A) Present value of defined benefit obligation								
– Wholly funded	319.91	*272.41*	–	–	–	–	1199.77	*1001.10*
– Wholly unfunded	0.50	*0.52*	80.28	*72.40*	136.47	*152.78*	–	–
	320.41	*272.93*	80.28	*72.40*	136.47	*152.78*	1199.77	*1001.10*
Less: Fair value of plan assets	279.30	*244.71*	–	–	–	–	1186.01	*1017.06*
Less: Unrecognised past service costs	–	–	1.29	*1.43*	0.86	*0.98*	–	–
Amount to be recognised as liability or (asset)	41.11	*28.22*	78.99	*70.97*	135.61	*151.80*	13.76	*(15.96) @*
B) Amounts reflected in the Balance Sheet								
Liabilities	41.11	*28.22*	78.99	*70.97*	135.61	*151.80*	18.02	*14.78*
Assets	–	–	–	–	–	–	–	–
Net liability/(asset)	41.11	*28.22*	78.99	*70.97*	135.61	*151.80*	18.02 #	*14.78 #*

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	
	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*
1 Current service cost	19.22	*15.29*	4.39	*3.39*	3.81	*4.55*	61.85 **	*39.74 **
2 Interest cost	20.85	*19.01*	5.74	*5.06*	11.90	*13.01*	91.17	*77.25*
3 Expected (return) on plan assets	(17.93)	*(15.21)*	–	–	–	–	(91.08)	*(78.51)*
4 Actuarial losses/(gains)	19.19	*8.56*	1.52	*9.03*	(28.60)	*5.18*	21.38	*(19.65)*
5 Past service cost	–	–	0.14	*0.14*	0.11	*0.11*	–	–
6 Effect of any curtailment or settlement	–	–	–	–	–	*(19.57)*	–	–
7 Actuarial gain/(loss) not recognised in books	–	–	–	–	–	–	(21.47)	*20.91 +*
8 Adjustment for earlier years	–	–	–	–	–	–	–	–
Total (1 to 8)	41.33	*27.65*	11.79	*17.62*	(12.78)	*3.28*	61.85	*39.74*
I Amount included in "staff expenses"	47.51	*26.80*	11.87	*4.79*	0.67	*(21.14)*	61.85	*39.74*
II Amount included as part of "Interest"	(6.18)	*0.85*	(0.08)	*12.83*	(13.45)	*24.42*	–	–
Total (I + II)	41.33	*27.65*	11.79	*17.62*	(12.78)	*3.28*	61.85	*39.74*
Actual return on plan assets	20.14	*28.34*	–	–	–	–	69.70	*98.16*

Notes forming part of 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 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*
Opening 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*
Add: Current service cost	19.22	*15.29*	4.39	*3.39*	3.81	*4.55*	61.85 **	*39.74 ** *
Add: Interest cost	20.85	*19.01*	5.74	*5.06*	11.90	*13.01*	91.17	*77.25*
Add: Contribution by plan participants								
i) Employer	–	–	–	–	–	–	–	–
ii) Employee	–	–	–	–	–	–	103.97	*70.72*
iii) Transfer-in	3.10 ~	–	–	–	–	–	–	–
Add/(less): Actuarial losses/(gains)	21.40	*21.69*	1.52	*9.03*	(28.60)	*5.18*	–	–
Less: Benefits paid	(17.09)	*(14.08)*	(3.77)	*(3.32)*	(3.42)	*(2.83)*	(58.32)	*(90.36)*
Add: Past service cost	–	–	–	–	–	–	–	–
Less: Effect of any curtailment or settlement	–	–	–	–	–	*(19.57)*	–	–
Closing balance of the present value of defined benefit obligation	320.41	*272.93*	80.28	*72.40*	136.47	*152.78*	1199.77	*1001.10*

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 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*
Opening balance of the fair value of the plan assets	244.71	*203.42*	1017.06	*904.29*
Add: Expected Return on Plan Assets*	17.93	*15.21*	91.08	*78.51*
Add/(Less): Actuarial gains/(losses)	2.21	*13.13*	(21.38)	*19.65*
Add: Contribution by the employer	28.57	*27.03*	55.13	*34.94*
Add: Contribution by plan participants	2.97 ##	–	102.44	*70.03*
Less: Benefits paid	(17.09)	*(14.08)*	(58.32)	*(90.36)*
Add: Business combinations	–	–	–	–
Less: Settlements	–	–	–	–
Closing balance of the plan assets	279.30	*244.71*	1186.01	*1017.06*

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.40.61 crore *(previous year: Rs.27.70 crore)* towards its gratuity plan and Rs.65.56 crore *(previous year: Rs.43.80 crore)* towards its trust-managed provident fund plan during the year 2010-2011.

@ 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

~ Amount transferred from subsidiary companies – Rs.3.10 crore

\#\# Amount transferred from subsidiary companies – Rs.2.97 crore

Notes forming part of 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 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*
Government of India securities	28%	*25%*	23%	*23%*
State government securities	13%	*16%*	12%	*13%*
Corporate bonds	6%	*4%*	6%	*5%*
Equity shares of listed companies	3%	*1%*	-	-
Fixed deposits under special deposit scheme framed by central government for provident funds	12%	*14%*	23%	*27%*
Insurer managed funds	1%	*2%*	-	-
Public sector unit bonds	33%	*34%*	36%	*32%*
Others	4%	*4%*	-	-

f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	As at 31-3-2010	*As at 31-3-2009*
1 Discount rate:		
a) Gratuity plan	8.01%	*7.67%*
b) Company pension plan	8.01%	*7.67%*
c) Post-retirement medical benefit plan	8.01%	*7.67%*
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	
	2009-2010	*2008-2009*	2009-2010	*2008-2009*
Effect on the aggregate of the service cost and interest cost	0.88	*0.74*	(1.37)	*(1.18)*
Effect on defined benefit obligation	5.59	*4.60*	(4.56)	*(3.76)*

Notes forming part of Accounts (contd.)

g) The amounts pertaining to defined benefit plans are as follows:

Rs.crore

Particulars	As at 31-3-2010	*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	78.99	*70.97*	*56.67*	*46.36*
Experience adjustment plan liabilities	5.73	*1.13*	*2.66*	*–*
2 Gratuity plan (funded/unfunded)				
Defined benefit obligation	320.41	*272.93*	*231.02*	*203.45*
Plan assets	279.30	*244.71*	*203.42*	*152.93*
Surplus/(deficit)	(41.11)	*(28.22)*	*(27.60)*	*(50.52)*
Experience adjustment plan liabilities	30.67	*8.38*	*16.44*	*25.84*
Experience adjustment plan assets	2.21	*13.13*	*6.25*	*(2.91)*
3 Post-retirement pension plan (unfunded)				
Defined benefit obligation	135.61	*151.80*	*151.35*	*118.56*
Experience adjustment plan liabilities	(4.11)	*(6.89)*	*26.87*	*–*
4 Trust managed provident fund plan (funded)				
Defined benefit obligation	1199.77	*1001.10*	*903.75*	*827.24*
Plan assets	1186.01	*1017.06*	*904.29*	*839.86*
Surplus/(deficit)	(13.76)	*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.36.62 crore net of advance paid against equity commitment *(previous year: Rs.66.44 crore)*.

Notes forming part of 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 & Company 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 NH2)	-	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 Company Limited, Korea and L&T	Jointly controlled operation (Execution of Vasai east development project of ONGC)	–	India

Notes forming part of 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 operation (Execution of pipeline replacement project of ONGC)	–	India
19	Lurgi L&T KQKS Consortium	Jointly controlled operation (Execution of Melaka Group 3 lubricant base oil plant for Petronas)	–	Malaysia
20	Consortium of Toyo Engineering Company and L&T	Jointly controlled operation (Execution of naptha cracker associated unit for IOCL, Panipat)	–	India
21	L&T and Scomi Engineering Bhd. JV	Jointly controlled operations (Implementation of monorail system in Mumbai)	–	India

Country of incorporation is not applicable for the above joint ventures as these are unincorporated joint ventures.
***** The joint venture has been terminated w.e.f. December 31, 2009

b) Financial interest in jointly controlled entities

Rs.crore

Sr. no.	Name of the joint venture	Company's share				
		As at March 31, 2010		For the Year 2009-2010		
		Assets	Liabilities	Income	Expenses	Tax
1	L&T- Plastics Machinery Limited (Previously known as L&T-Demag Plastics Machinery Limited)	– *(–)*	– *(–)*	– *(43.26)*	– *(46.45)*	– *(0.04)*
2	L&T-Hochtief Seabird Joint Venture	12.54 *(12.55)*	0.38 *(0.38)*	– *(–)*	– *** *(0.02)*	– ## *(–)*
3	International Metro Civil Contractors	12.60 *(12.56)*	3.70 *(3.72)*	0.06 *(0.60)*	0.05 *(1.44)*	– *(–) !!*
4	HCC-L&T Purulia Joint Venture	6.07 *(6.96)*	4.39 *(4.44)*	0.05 *(0.06)*	0.02 *(0.18)*	– %% *(–) @*
5	Desbuild-L&T Joint Venture	0.34 *(0.08)*	0.28 *(–) $*	– ^^^ *(0.01)*	– % *(–) ^*	– %^ *(–) **
6	Bauer-L&T Diaphragm Wall Joint Venture	– $#$ *(–) ~*	– $# *(–) ***	– *(–) ☐*	– *(0.02)*	– *(–) ■*
7	Larsen & Toubro Limited – Shapoorji Pallonji & Company Limited Joint Venture (Ebene Cybercity)	– *(3.64)*	– *(3.91)*	0.03 *(–)*	– $$$ *(0.18)*	-0.52 *(–)*
8	Larsen & Toubro Limited – Shapoorji Pallonji & Company Limited Joint Venture (Les Pailles Exhibition Centre)	– *(1.95)*	– *(1.60)*	– *(–)*	– @@@ *(–)*	0.33 *(–)*
9	L&T-AM Tapovan JV	201.10 *(199.95)*	139.06 *(130.07)*	91.60 *(54.83)*	99.45 *(55.44)*	– *(0.05)*
10	Metro Tunnelling Group	18.38 *(34.93)*	14.81 *(26.68)*	24.72 *(59.65)*	22.30 *(58.10)*	0.83 *(0.58)*
11	L&T – Eastern Joint Venture	49.58 *(152.94)*	34.61 *(141.00)*	84.50 *(246.31)*	81.09 *(236.35)*	– *(–)*
12	L&T – Shanghai Urban Corporation Group Joint Venture	26.07 *(69.84)*	20.69 *(56.11)*	72.92 *(70.50)*	69.30 *(68.06)*	1.36 *(0.86)*
	Total	326.68 *(495.40)*	217.92 *(367.91)*	273.88 *(475.22)*	272.21 *(466.24)*	2.01 *(1.53)*
	Share of net assets/profit after tax in jointly controlled entities	108.76 *(127.49)*		-0.34 *(7.45)*		

Amounts less than Rs.0.01 crore:

Current Year: *** Rs.-70945, ## Rs.21922, !! Rs.3180, %% Rs.86783, ^^^Rs -28538, %Rs.9406, %^ Rs.109, $#$ Rs.44014, $# Rs.43259. $$$ Rs.19635, @@@ Rs.552

*Previous Year: # (Rs.3180), @ (Rs.4945), $(Rs.8107), ^(Rs.11145), *(Rs.5394), , ~(Rs.44014), **(Rs.43259), ☐(Rs.58935), ■ (Rs.13283),*

Notes forming part of Accounts (contd.)

Notes:

i. Figures in brackets relate to previous year.

ii. Item nos.2 to 12 above are integrated joint ventures/jointly controlled entities.

iii. Contingent liabilities, if any, incurred in relation to interests in joint ventures as at March 31, 2010: Rs.nil *(previous year: Rs.nil)*; and share in contingent liabilities incurred jointly with other ventures as at March 31, 2010: Rs.nil *(previous year: Rs.nil).*

iv. Share in contingent liabilities of joint ventures themselves for which the Company is contingently liable as on March 31, 2010: Rs.88.78 crore *(previous year: Rs.82.01 crore).*

v. Contingent liabilities in respect of liabilities of other ventures of joint ventures as at March 31, 2010: Rs.nil *(previous year: Rs.nil).*

vi. Capital commitments, if any, in relation to interests in joint ventures as at March 31, 2010: Rs.nil *(previous year: Rs.nil).*

15. Loans and advances include Rs.136 crore *(previous year: Rs.161 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.

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	
			31-3-2010	*31-3-2009*	**2009-2010**	*2008-2009*
(a)	Loans and advances in the nature of loans given to subsidiaries:					
	1	Larsen & Toubro Infotech Limited	–	–	–	*24.85*
	2	India Infrastructure Developers Limited	125.02	–	125.02	*38.93*
	3	Bhilai Power Supply Company Limited	7.19	*7.19*	7.19	*7.19*
	4	Tractor Engineers Limited	29.00	*32.85*	72.85	*32.85*
	5	L&T Finance Limited	–	–	–	*500.00*
	6	International Seaport Dredging Private Limited	–	*11.83*	11.83	*10.97*
	7	L&T Capital Company Limited	124.19	*770.81*	1533.12	*770.81*
	8	L&T Seawoods Private Limited	–	*589.94*	589.94	*589.94*
	9	L&T Infrastructure Development Projects Limited	–	*35.00*	80.00	*35.00*
	10	L&T-MHI Boilers Private Limited	–	–	165.00	*10.00*
	11	L&T Infrastructure Finance Company Limited	152.58	–	152.87	*100.00*
	12	L&T Realty Private Limited	292.00	–	292.00	–
	13	L&T Arun Excello IT SEZ Private Limited	145.10	–	145.10	–
	14	L&T Arun Excello Commercial Projects Private Limited	25.02	–	25.02	–
	TOTAL		900.10	*1447.62*		
(b)	Loans and advances in the nature of loans given to associates:					
	1	L&T-Case Equipment Private Limited	–	*5.00*	5.00	*10.00*
	TOTAL		–	*5.00*		
(c)	Loans and advances in the nature of loans where repayment schedule is not specified/is beyond 7 years:					
	1	Bhilai Power Supply Company Limited	7.19	*7.19*	7.19	*7.19*
	2	L&T Capital Company Limited	–	*770.81*	770.81	*770.81*
	TOTAL		7.19	*778.00*		
(d)	Loans and advances in the nature of loans where interest is not charged or charged below bank rate:					
	1	Bhilai Power Supply Company Limited	7.19	*7.19*	7.19	*7.19*
	2	L&T Capital Company Limited	124.19	*770.81*	1533.12	*770.81*
	3	Tractor Engineers Limited	29.00	–	72.85	–
	4	L&T Realty Private Limited	292.00	–	292.00	–
	TOTAL		452.38	*778.00*		

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 Accounts (contd.)

17. Segment reporting:

a) Information about business segments (information provided in respect of revenue items for the year ended March 31, 2010 and in respect of assets/liabilities as at March 31, 2010 – 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	31988.44	*28200.00*	2829.29	*2660.70*	2173.29	*2437.29*	364.56	*1039.02*	–	*–*	37355.58	*34337.01*
Inter-segment	327.33	*512.26*	157.25	*122.68*	46.24	*37.31*	–	*47.68*	(530.82)	*(719.93)*	–	*–*
Total revenue	32315.77	*28712.26*	2986.54	*2783.38*	2219.53	*2474.60*	364.56	*1086.70*	(530.82)	*(719.93)*	37355.58	*34337.01*
Result												
Segment result	4095.01	*3473.48*	394.19	*323.01*	451.90	*470.60*	44.34	*52.63*	–	*–*	4985.44	*4319.72*
Less: inter-segment margins on capital jobs											58.35	*56.39*
											4927.09	*4263.33*
Unallocated corporate income/ (expenditure) (net)											1330.50	*(79.18)*
Operating profit (PBIT)											6257.59	*4184.15*
Interest expense											(505.31)	*(415.56)*
Interest income											128.39	*171.82*
Profit before tax (PBT)											5880.67	*3940.41*
Provision for current tax including fringe benefit tax											1644.25	*1220.77*
Provision for deferred tax											(3.38)	*10.44*
Profit after tax (before extraordinary items)											4239.80	*2709.20*
Profit from extraordinary items											135.72	*772.46*
Profit after tax (after extraordinary items)											4375.52	*3481.66*
Other information												
Segment assets	23732.74	*19835.68*	1939.41	*1784.71*	1081.95	*1120.83*	314.27	*304.18*			27068.37	*23045.40*
Unallocable corporate assets											19676.23	*13124.26*
Total assets											46744.60	*36169.66*
Segment liabilities	17442.07	*13373.47*	807.65	*538.13*	857.95	*708.09*	110.79	*116.30*			19218.46	*14735.99*
Unallocable corporate liabilities											9214.50	*8973.98*
Total liabilities											28432.96	*23709.97*
Capital expenditure	901.95	*1702.89*	140.73	*111.84*	213.27	*73.44*	6.36	*10.46*				
Depreciation (including obsolescence and amortisation) included in segment expense	302.11	*214.72*	39.24	*30.83*	19.57	*14.34*	7.48	*14.83*				
Non-cash expenses other than depreciation included in segment expense	89.12	*94.05*	10.16	*13.90*	7.83	*10.08*	7.26	*8.23*				

Notes forming part of 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	30923.22	*27822.76*	6432.36	*6514.25*	37355.58	*34337.01*
Carrying amount of segment assets by location of assets	24045.91	*20604.73*	3022.46	*2440.67*	27068.37	*23045.40*
Cost incurred on acquisition of tangible and intangible fixed assets	1125.20	*1884.18*	137.11	*14.45*	1262.31	*1898.63*

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" issued by the Institute of Chartered Accountants of India.

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, custom-built switchboards, control gear, 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) property development activity (b) integrated engineering services and (c) ready mix concrete *[up to the date of sale in previous year]*

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 Capital Company Limited	Wholly owned subsidiary
3	Larsen & Toubro Infotech Limited	Wholly owned subsidiary
4	Larsen & Toubro International FZE	Wholly owned subsidiary
5	Spectrum Infotech Private Limited	Wholly owned subsidiary
6	L&T- Plastics Machinery Limited (formerly known as L&T- Demag Plastics Machinery Limited)	Wholly owned subsidiary
7	L&T Power Development Limited	Wholly owned subsidiary
8	L&T Shipbuilding Limited	Wholly owned subsidiary
9	L&T Infra & Property Development Private Limited	Wholly owned subsidiary
10	L&T Realty Private Limited	Wholly owned subsidiary
11	L&T Concrete Private Limited	Wholly owned subsidiary
12	L&T Strategic Management Limited	Wholly owned subsidiary
13	L&T Transco Private Limited	Wholly owned subsidiary
14	Hi Tech Rock Products & Aggregates Limited	Wholly owned subsidiary
15	L&T Seawoods Private Limited	Wholly owned subsidiary
16	L&T Power Limited	Wholly owned subsidiary

Notes forming part of Accounts (contd.)

Sr. no.	Name of the related party	Relationship
17	L&T Natural Resources Limited	Wholly owned subsidiary
18	L&T Ahmedabad-Maliya Tollway Private Limited	Wholly owned subsidiary
19	L&T Halol-Shamlaji Tollway Private Limited	Wholly owned subsidiary
20	L&T Rajkot-Vadinar Tollway Private Limited	Wholly owned subsidiary
21	L&T Engserve Private Limited	Wholly owned subsidiary
22	L&T EmSyS Private Limited	Wholly owned subsidiary
23	L&T Technologies Limited	Wholly owned subsidiary
24	L&T-Valdel Engineering Limited	Wholly owned subsidiary
25	L&T General Insurance Company Limited	Wholly owned subsidiary
26	PNG Tollways Private Limited (formerly known asL&T PNG Tollway Private Limited)	Subsidiary *
27	Larsen & Toubro LLC	Subsidiary *
28	L&T Infrastructure Development Projects Limited	Subsidiary *
29	Bhilai Power Supply Company Limited	Subsidiary *
30	Raykal Aluminum Company Private Limited	Subsidiary *
31	L&T-Sargent & Lundy Limited	Subsidiary *
32	L&T-Gulf Private Limited	Subsidiary *
33	L&T Capital Holdings Limited	Subsidiary *
34	L&T Special Steels & Heavy Forgings Private Limited	Subsidiary *
35	L&T Trustee Company Private Limited	Wholly owned subsidiary of L&T Capital Company Limited
36	L&T Real Estate India Fund	Wholly owned subsidiary of L&T Capital Company Limited
37	L&T Asset Management Company Limited	Wholly owned subsidiary of L&T Capital Company Limited
38	L&T Chennai-Tada Tollway Limited	Wholly owned subsidiary of L&T Transco Private Limited
39	L&T Port Sutrapada Limited	Wholly owned subsidiary of L&T Transco Private Limited
40	Sutrapada SEZ Developers Limited	Wholly owned subsidiary of L&T Transco Private Limited
41	Sutrapada Shipyard limited	Wholly owned subsidiary of L&T Transco Private Limited
42	L&T Samakhiali Ganhidham Tollway Private Limited	Subsidiary of L&T Transco Private Limited #
43	Chennai Vision Developers Private Limited	Wholly owned subsidiary of L&T Realty Private Limited
44	L&T Realty FZE	Wholly owned subsidiary of L&T Realty Private Limited
45	L&T-MHI Boilers Private Limited	Subsidiary of L&T Power Limited #
46	L&T-MHI Turbine Generators Private Limited	Subsidiary of L&T Power Limited #
47	Larsen & Toubro Infotech GmbH	Wholly owned subsidiary of Larsen & Toubro Infotech Limited
48	Larsen & Toubro Information Technology Canada Limited	Wholly owned subsidiary of Larsen & Toubro Infotech Limited
49	Larsen & Toubro Infotech LLC	Wholly owned subsidiary of Larsen & Toubro Infotech Limited
50	GDA Technologies Inc.	Wholly owned subsidiary of Larsen & Toubro Infotech Limited
51	GDA Technologies Limited	Wholly owned subsidiary of GDA Technologies Inc.
52	India Infrastructure Developers Limited	Wholly owned subsidiary of L&T Capital Holdings Limited
53	L&T Infrastructure Finance Company Limited	Wholly owned subsidiary of L&T Capital Holdings Limited
54	L&T Aviation Services Private Limited	Wholly owned subsidiary of L&T Capital Holdings Limited
55	L&T Finance Limited	Wholly owned subsidiary of L&T Capital Holdings Limited
56	L&T Investment Management Limited	Wholly owned subsidiary of L&T Finance Limited
57	L&T Mutual Fund Trustee Limited	Wholly owned subsidiary of L&T Finance Limited
58	L&T Uttaranchal Hydropower Limited	Wholly owned subsidiary of L&T Power Development Limited
59	Nabha Power Limited	Wholly owned subsidiary of L&T Power Development Limited
60	L&T Electrical & Automation FZE	Wholly owned subsidiary of Larsen & Toubro International FZE
61	Tamco Switchgear (Malaysia) SDN. BHD	Wholly owned subsidiary of Larsen & Toubro International FZE
62	Tamco Shanghai Switchgear Company Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
63	Tamco Electrical Industries Australia Pty Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
64	Larsen & Toubro (Wuxi) Electric Company Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
65	Pathways FZE	Wholly owned subsidiary of Larsen & Toubro International FZE
66	L&T Overseas Projects Nigeria Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
67	Larsen & Toubro (Jiangsu) Valve Company Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
68	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
69	Peacock Investments Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
70	Lotus Infrastructure Investments Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
71	Mango Investments Limited	Wholly owned subsidiary of Larsen & Toubro International FZE
72	Larsen &Toubro Saudi Arabia LLC	Subsidiary of Larsen & Toubro International FZE #
73	PT Tamco Indonesia	Subsidiary of Larsen & Toubro International FZE #
74	L&T Electricals Saudi Arabia Company Limited	Subsidiary of Larsen & Toubro International FZE #
75	Larsen & Toubro Electromech LLC	Subsidiary of Larsen & Toubro International FZE #
76	Larsen & Toubro (Oman) LLC	Subsidiary of Larsen & Toubro International FZE #

Notes forming part of Accounts (contd.)

Sr. no.	Name of the related party	Relationship
77	L&T Modular Fabrication Yard LLC	Subsidiary of Larsen & Toubro International FZE #
78	Offshore International FZC	Subsidiary of Larsen & Toubro International FZE #
79	Larsen & Toubro Heavy Engineering LLC	Subsidiary of Larsen & Toubro International FZE #
80	Larsen & Toubro Qatar LLC	Subsidiary of Larsen & Toubro International FZE ##
81	Larsen & Toubro (East Asia) SDN. BHD.	Subsidiary of Larsen & Toubro International FZE ##
82	Larsen & Toubro Readymix Concrete Industries LLC	Subsidiary of Larsen & Toubro International FZE ##
83	Larsen & Toubro Kuwait Construction General Contracting Company WLL	Subsidiary of Larsen & Toubro International FZE ##
84	Larsen & Toubro ATCO Saudia LLC	Subsidiary of Larsen & Toubro International FZE ##
85	Qingdao Larsen & Toubro Trading Company Limited	Wholly owned subsidiary of Larsen & Toubro (Qingdao) Rubber Machinery Company Limited
86	International Seaports (India) Private Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
87	L&T Panipat Elevated Corridor Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
88	Narmada Infrastructure Construction Enterprise Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
89	L&T Krishnagiri Thopur Toll Road Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
90	L&T Western Andhra Tollways Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
91	L&T Vadodara Bharuch Tollway Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
92	L&T Interstate Road Corridor Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
93	L&T Transportation Infrastructure Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
94	L&T Western India Tollbridge Limited	Wholly owned subsidiary of L&T Infrastructure Development Projects Limited
95	L&T Infrastructure Development Projects Lanka (Private) Limited	Subsidiary of L&T Infrastructure Development Projects Limited #
96	L&T Urban Infrastructure Limited	Subsidiary of L&T Infrastructure Development Projects Limited #
97	Cyber Park Development & Construction Limited	Subsidiary of L&T Urban Infrastructure Limited #
98	L&T Tech Park Limited	Subsidiary of L&T Urban Infrastructure Limited #
99	L&T Bangalore Airport Hotel Limited	Subsidiary of L&T Urban Infrastructure Limited #
100	L&T Vision Ventures Limited	Subsidiary of L&T Urban Infrastructure Limited #
101	CSJ Infrastructure Private Limited	Subsidiary of L&T Urban Infrastructure Limited #
102	L&T Arun Excello IT SEZ Private Limited	Subsidiary of L&T Urban Infrastructure Limited #
103	L&T Arun Excello Commercial Projects Private Limited	Subsidiary of L&T Urban Infrastructure Limited #
104	L&T Infocity Limited	Subsidiary of L&T Urban Infrastructure Limited #
105	L&T South City Projects Limited	Subsidiary of L&T Urban Infrastructure Limited #
106	L&T Siruseri Property Developers Limited	Wholly owned subsidiary of L&T South City Projects Limited
107	Andhra Pradesh Expositions Private Limited	Wholly owned subsidiary of Hyderabad International Trade Expositions Limited
108	Hyderabad International Trade Expositions Limited	Subsidiary of L&T Infocity Limited #
109	L&T Infocity Lanka Private Limited	Subsidiary of L&T Infocity Limited #.
110	L&T Hitech City Limited	Subsidiary of L&T Infocity Limited #

* The Company holds more than one-half in nominal value of the equity share capital.

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.

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 Information Technology 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	L&T (Qingdao) 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

Notes forming part of Accounts (contd.)

37	Nabha Power 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	54	CSJ Infrastructure Private Limited
55	L&T Hitech City Limited	56	L&T Trustee Company Private 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 -Plastics Machinery Limited.
75	L&T Transportation Infrastructure Limited	76	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	Hitech Rock Products & Aggregates Limited
83	L&T Capital Holdings Limited	84	L&T Aviation Services Private Limited
85	Chennai Vision Developers Limited	86	L&T Special Steels & Heavy Forgings Private Limited
87	Larsen & Toubro Infotech LLC	88	L&T General Insurance Company Limited
89	International Seaports Pte. Limited	90	International Seaports (India) Private Limited
91	L&T Technologies Limited	92	L&T EmSyS Private Limited
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 Electronics Limited
9	International Seaport (Haldia) Private Limited	10	Feedback Ventures Limited
11	L&T Arun Excello Realty Private Limited	12	International Seaport Dredging 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	Desbuild-L&T Joint Venture	8	L&T-Shanghai Urban Corporation Group Joint Venture
9	L&T-AM Tapovan Joint Venture	10	HCC-L&T Purulia 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)	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)

Investment sold during the year
* Associate company w.e.f. May 21, 2009

Notes forming part of Accounts (contd.)

iii. Disclosure of related party transactions:

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2009-2010 Amount	2009-2010 Amounts for major parties	*2008-2009 Amount*	*2008-2009 Amounts for major parties*
1	Purchase of goods & services (including commission paid)				
	Subsidiaries, including:	719.72		*428.14*	
	L&T Finance Limited		–		*60.07*
	L&T Modular Fabrication Yard LLC		–		*68.70*
	L&T-MHI Turbine Generators Private Limited		426.75		–
	L&T-Valdel Enginnering Limited		–		*43.79*
	Associates & joint ventures, including:	695.53		*934.96*	
	Audco India Limited		331.62		*627.65*
	EWAC Alloys Limited		115.94		*126.69*
	Salzer Electronics Limited		136.43		–
	TOTAL	1415.25		*1363.10*	
2	Sale of goods/contract revenue & services				
	Subsidiaries, including:	1569.31		*2179.45*	
	L&T Shipbuilding Limited		259.29		–
	L&T Interstate Road Corridor Limited		–		*286.67*
	L&T Krishnagiri Thopur Toll Road Private Limited		–		*249.98*
	L&T Vadodara Bharuch Tollway Limited		–		*509.60*
	L&T Halol-Shamlaji Tollway Private Limited		156.92		–
	Associates & joint ventures, including:	597.52		*523.54*	
	The Dhamra Port Company Limited		539.19		*457.66*
	TOTAL	2166.83		*2702.99*	
3	Purchase/lease of fixed assets				
	Subsidiaries, including:	109.30		*215.05*	
	Larsen & Toubro International FZE		108.00		–
	L&T Finance Limited		–		*187.15*
	Associates & joint ventures, including:	76.08		*6.23*	
	L&T-Case Equipment Private Limited		–		*2.37*
	L&T-Komatsu Limited		–		*1.19*
	Audco India Limited		58.40		–
	EWAC Alloys Limited		–		*2.67*
	TOTAL	185.38		*221.28*	
4	Sale of fixed assets				
	Subsidiaries, including:	0.88		*0.25*	
	L&T Shipbuilding Limited		–		*0.21*
	L&T Engserve Private Limited		0.79		–
	L&T Heavy Engineering LLC		–		*0.04*
	TOTAL	0.88		*0.25*	

Notes forming part of Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2009-2010 Amount	2009-2010 Amounts for major parties	*2008-2009 Amount*	*2008-2009 Amounts for major parties*
5	Subscription to equity and preference shares (including application money paid and investment in joint ventures)				
	Subsidiaries, including:	2202.14		*1758.99*	
	L&T Power Development Limited		834.00		
	L&T Infrastructure Development Projects Limited		245.00		*–*
	Larsen & Toubro International FZE		–		*533.04*
	L&T Capital Holding Limited		550.00		*1078.59*
	Associates & joint ventures, including:	13.10		*52.10*	
	L&T Shanghai Urban Corporation Group		–		*13.57*
	L&T-AM Tapovan Joint Venture		–		*19.17*
	International Seaport Dredging Limited		10.00		*–*
	L&T-Eastern Joint Venture		3.03		*9.71*
	TOTAL	2215.24		*1811.09*	
6	Purchase of investments from				
	Subsidiary including:	7.86		*4.50*	
	L&T Capital Company Limited		7.81		*–*
	L&T Finance Limited		–		*4.50*
	TOTAL	7.86		*4.50*	
7	Conversion of preference shares into equity shares				
	Associate:	9.42		*–*	
	International Seaport Dredging Limited		9.42		*–*
	TOTAL	9.42		*–*	
8	Sale of investments to				
	Subsidiary:	25.36		*1051.54*	
	L&T Capital Holding Limited		25.36		*1051.54*
	TOTAL	25.36		*1051.54*	
9	Buy back of shares by				
	Subsidiary:	2.10		*–*	
	L&T-Valdel Engineering Limited		2.10		*–*
	Associate:	27.23		*–*	
	Audco India Limited		27.23		*–*
	TOTAL	29.33		*–*	
10	Receiving of services from:				
	Subsidiaries, including:	53.59		*17.51*	
	Larsen & Toubro Infotech Limited		35.47		*10.35*
	L&T-Sargent and Lundy Limited		–		*3.46*
	L&T-Valdel Engineering Limited		7.60		*2.47*
	Associates & joint ventures, including:	3.72		*8.81*	
	L&T-Chiyoda Limited		3.71		*7.30*
	L&T-Ramboll Consulting Engineers Limited		–		*1.38*
	TOTAL	57.31		*26.32*	

Notes forming part of Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2009-2010 Amount	2009-2010 Amounts for major parties	*2008-2009 Amount*	*2008-2009 Amounts for major parties*
11	Resettlement expenses paid to:				
	Subsidiary:	7.00		–	
	Tractor Engineers Limited		7.00		–
	TOTAL	7.00		–	
12	Rent paid, including lease rentals under leasing/hire purchase arrangements including loss sharing on equipment finance				
	Subsidiaries, including:	18.03		*24.98*	
	L&T Finance Limited		13.58		*23.31*
	Larsen & Toubro Infotech Limited		2.99		–
	Associates & joint ventures, including:	1.16		*1.07*	
	EWAC Alloys Limited		0.17		*0.35*
	L&T-Komatsu Limited		0.72		*0.72*
	L&T-Chiyoda Limited		0.28		–
	Key management personnel	0.06		*0.11*	
	Relatives of key management personnel	0.24		*0.14*	
	TOTAL	19.49		*26.30*	
13	Charges for deputation of employees to related parties				
	Subsidiaries, including:	40.48		*59.09*	
	L&T-MHI Boilers Private Limited		–		*6.29*
	Offshore International FZC		7.84		*6.04*
	L&T-Valdel Enginnering Limited		4.88		*13.08*
	L&T Shipbuilding Limited		7.18		–
	Associates & joint ventures, including:	26.85		*26.50*	
	EWAC Alloys Limited		2.78		*2.73*
	L&T-Case Equipment Private Limited		5.60		*5.27*
	Audco India Limited		8.32		*8.56*
	L&T-Komatsu Limited		4.16		*3.37*
	L&T-Chiyoda Limited		4.75		*4.46*
	TOTAL	67.33		*85.59*	
14	Dividend received				
	Subsidiaries, including:	88.91		*15.80*	
	Larsen & Toubro Infotech Limited		80.11		*15.80*
	Associates & joint ventures, including:	19.01		*56.24*	
	L&T-Komatsu Limited		4.20		*28.80*
	EWAC Alloys Limited		4.56		*12.44*
	Audco India Limited		6.30		*9.00*
	Voith Paper Technology (India) Limited		3.95		*6.00*
	TOTAL	107.92		*72.04*	
15	Commission received, including those under agency arrangements				
	Subsidiaries, including:	3.26		*5.88*	
	L&T (Qingdao) Rubber Machinery Company Limited		0.46		-
	L&T-Plastics Machinery Limited		2.69		*5.88*
	Associates & joint ventures, including:	115.96		*151.47*	
	L&T-Komatsu Limited		115.17		*149.57*
	TOTAL	119.22		*157.35*	

Notes forming part of Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	2009-2010 Amount	2009-2010 Amounts for major parties	*2008-2009 Amount*	*2008-2009 Amounts for major parties*
16	Rent received, overheads recovered and miscellaneous income				
	Subsidiaries, including:	197.22		*111.52*	
	Larsen & Toubro Infotech Limited		47.04		*55.21*
	Larsen & Toubro (Oman) LLC		31.44		*48.04*
	Associates & joint ventures, including:	24.22		*33.69*	
	L&T-Case Equipment Private Limited		2.85		*5.60*
	Audco India Limited		–		*7.49*
	L&T-Chiyoda Limited		6.65		*3.27*
	L&T-Komatsu Limited		–		*2.74*
	EWAC Alloys Limited		8.54		*–*
	Metro Tunneling Group		–		*7.45*
	TOTAL	221.44		*145.21*	
17	Interest received from				
	Subsidiaries, including:	10.75		*55.59*	
	L&T Infrastructure Finance Company Limited		2.87		*–*
	L&T-MHI Boilers Private Limited		1.86		*–*
	L&T Seawoods Private Limited		–		*35.93*
	Associates & joint ventures, including:	0.80		*1.01*	
	L&T-Case Equipment Private Limited		–		*1.01*
	International Seaport Dredging Limited		0.79		*–*
	Key management personnel	0.03		*0.03*	
	TOTAL	11.58		*56.63*	
18	Interest paid to				
	Subsidiaries, including:	24.70		*9.83*	
	L&T Finance Limited		21.94		*8.68*
	Associate:	12.96		*7.77*	
	Audco India Limited		12.96		*7.77*
	TOTAL	37.66		*17.60*	
19	Payment of salaries/perquisites				
	Key management personnel:	68.65		*56.46*	
	A.M. Naik		15.30		*12.55*
	J. P. Nayak		7.76		*6.39*
	Y.M. Deosthalee		8.70		*7.16*
	K. Venkataramanan		8.65		*7.11*
	R.N. Mukhija		8.60		*7.07*
	K.V. Rangaswami		6.33		*5.21*
	V.K. Magapu		6.32		*5.22*
	M.V. Kotwal		6.99		*5.75*
	Total	68.65		*56.46*	

"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 Accounts (contd.)

iv. Amount due to/from related parties

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2010 Amount	As at 31-3-2010 Amounts for major parties	*As at 31-3-2009 Amount*	*As at 31-3-2009 Amounts for major parties*
1	Accounts receivable				
	Subsidiaries, including:	497.54		*490.43*	
	L&T Electrical Saudi Arabia Company Limited, LLC		–		*51.28*
	Larsen & Toubro Infotech Limited		–		*63.26*
	L&T Uttaranchal Hydropower Limited		–		*55.00*
	L&T Vadodara Bharuch Tollway Limited		–		*83.35*
	L&T Shipbuilding Limited		180.30		*–*
	Associates & joint ventures, including:	98.88		*110.13*	
	L&T Arun Excello Realty Private Limited		–		*17.62*
	The Dhamra Port Company Limited		87.92		*83.43*
	TOTAL	596.42		*600.56*	
2	Accounts payable (including acceptance & interest accrued)				
	Subsidiaries, including:	204.71		*213.15*	
	Larsen & Toubro Infotech Limited		21.41		*55.44*
	L&T Finance Limited		35.43		*33.16*
	L&T Modular Fabrication Yard LLC		21.83		*–*
	Tamco Switchgear (Malasia) SDN. BHD.		–		*29.17*
	Associates & joint ventures, including:	360.95		*369.08*	
	Audco India Limited		306.97		*267.77*
	L&T-Hochtief Seabird Joint Venture		–		*62.86*
	TOTAL	565.66		*582.23*	
3	Loans & advances recoverable				
	Subsidiaries, including:	1675.28		*1704.93*	
	L&T Capital Company Limited		–		*770.81*
	L&T Seawoods Private Limited		–		*591.60*
	L&T-MHI Boilers Private Limited		282.22		*–*
	L&T Realty Private Limited		292.01		*–*
	L&T-MHI Turbine Generators Private Limited		329.26		*–*
	Associates & joint ventures, including:	11.78		*117.76*	
	Audco India Limited		1.62		*–*
	L&T-Ramboll Consulting Engineers Limited		1.61		*–*
	L&T-Chiyoda Limited		4.10		*–*
	L&T-AM Tapovan Joint Venture		–		*71.26*
	Key management personnel	0.64		*0.66*	
	Relatives of key management personnel	0.12		*0.10*	
	TOTAL	1687.82		*1823.45*	
4	Advances against equity contribution				
	Subsidiaries, including:	1587.41		*623.59*	
	L&T Shipbuilding Limited		623.08		*248.50*
	L&T Seawoods Private Limited		858.25		*250.00*
	TOTAL	1587.41		*623.59*	

Notes forming part of Accounts (contd.)

Rs.crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2010 Amount	As at 31-3-2010 Amounts for major parties	*As at 31-3-2009 Amount*	*As at 31-3-2009 Amounts for major parties*
5	Unsecured loans (including lease finance)				
	Subsidiaries, including:	149.76		*150.59*	
	L&T-MHI Boilers Private Limited		20.00		–
	L&T Finance Limited		125.36		*146.19*
	TOTAL	149.76		*150.59*	
6	Advances received in the capacity of supplier of goods/services classified as “advances from customers” in the Balance Sheet				
	Subsidiaries including:	811.82		*118.29*	
	L&T Ahmedabad-Maliya Tollway Private Limited		97.60		–
	L&T PNG Tollway Private Limited		79.33		–
	L&T Shipbuilding Limited		115.87		–
	L&T-MHI Turbine Generators Private Limited		–		*25.41*
	L&T Halol-Shamlaji Tollway Private Limited		106.73		–
	Nabha Power Limited		185.82		–
	Chennai Tada Tollway Limited		–		*34.21*
	L&T Southcity Projects Limited		–		*28.97*
	Associates & joint ventures, including:	0.10		*23.46*	
	L&T Arun Excello Realty Private Limited		0.10		*8.03*
	The Dhamra Port Company Limited		–		*15.43*
	TOTAL	811.92		*141.75*	
7	Due to whole time directors				
	Key management personnel:	44.29		*35.47*	
	A.M. Naik		10.55		*8.45*
	J. P. Nayak		5.27		*4.22*
	Y.M. Deosthalee		5.27		*4.22*
	K. Venkataramanan		5.27		*4.22*
	R.N. Mukhija		5.27		*4.22*
	K.V. Rangaswami		4.22		*3.38*
	V.K. Magapu		4.22		*3.38*
	M.V. Kotwal		4.22		*3.38*
	TOTAL	44.29		*35.47*	

“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. Limited, Singapore (which is a subsidiary of Komatsu Limited, 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.

Notes forming part of Accounts (contd.)

c) The Company had a selling agency agreement till August 31, 2009, with L&T-Plastics Machinery Limited (formerly known as L&T-Demag Plastics Machinery Limited), a wholly owned subsidiary. As per the terms of the agreement, the Company was a selling and servicing agent of L&T-Plastics Machinery Limited. Pursuant to the aforesaid agreement, L&T-Plastics Machinery Limited was 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 and machinery, vehicles and personal computers. The leases have a primary period, which is fixed and noncancellable. 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.

[b] The minimum lease rentals as at March 31, 2010 and the present value as at March 31, 2010 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 31.3.2010	*As at 31.3.2009*	As at 31.3.2010	*As at 31.3.2009*
1. Payable not later than 1 year	42.69	*42.89*	24.34	*20.90*
2. Payable later than 1 year and not later than 5 years	128.00	*170.65*	101.06	*125.36*
3. Payable later than 5 years	–	–	–	–
Total	170.69	*213.54*	125.40	*146.26*
Less: Future finance charges	45.29	*67.28*		
Present value of minimum lease payable	125.40	*146.26*		

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 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 are as follows:

Rs.crore

Particulars	Minimum lease payments	
	As at 31.3.2010	*As at 31.3.2009*
1. Payable not later than 1 year	6.58	*12.02*
2. Payable later than 1 year and not later than 5 years	2.98	*9.03*
3. Payable later than 5 years	–	–
Total	9.56	*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.23.77 crore *(previous year: Rs.41.50 crore)*.

iv. Contingent rent recognised in the Profit and Loss Account: Rs.0.04 crore *(previous year: Rs.0.11 crore)*.

20. Provision for current tax includes:

i. Provision for wealth tax Rs.2.70 crore *(previous year: Rs.3.37 crore)*.

ii. Rs.133.29 crore being provision for income tax in respect of earlier years *(previous year: Rs.53.84 crore)*. The amount provided in the current year is mainly arising out of the retrospective amendment to Section 80IA of the Income Tax Act, 1961 brought about during 2009-2010.

iii. Rs.10.02 crore in respect of income tax payable outside India *(previous year: Rs.2.07 crore)*.

iv. Reversal of excess provision for tax on fringe benefits Rs.10.01 crore *(previous year provision for tax on fringe benefits Rs.0.20 crore)* pertaining to earlier years.

Notes forming part of Accounts (contd.)

21. Major components of deferred tax liabilities and deferred tax assets:

Rs.crore

Particulars	*Deferred tax liabilities/(assets)*	Charge/(credit) to		Charge/(credit) to reserves		Deferred tax liabilities/(assets)
	As at 31.3.2009	Ordinary activity	Extraordinary activity	Securities premium account	Hedging reserve	As at 31.3.2010
Deferred tax liabilities:						
Difference between book and tax depreciation	*287.39*	38.81	–	–	–	326.20
Gain on derivative transactions to be offered for tax purposes in the year of transfer to Profit and Loss Account	*121.03*	–	–	–	(88.55)	32.48
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to Profit and Loss Account	*26.74*	3.85	–	–	–	30.59
Total	*435.16*	42.66	–	–	(88.55)	389.27
Deferred tax (assets):						
Provision for doubtful debts and advances debited to Profit and Loss Account	*(145.85)*	(31.93)	–	–	–	(177.78)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to Profit and Loss Account	*(147.06)*	–	–	–	120.85	(26.21)
Unpaid statutory liabilities/provision for compensated absences debited to Profit and Loss Account	*(68.12)*	(20.15)	–	–	–	(88.27)
Other items giving rise to timing differences	*(25.66)*	6.04	–	–	–	(19.62)
Total	*(386.69)*	(46.04)	–	–	120.85	(311.88)
Net deferred tax liability/(assets)	*48.47*	(3.38)	–	–	32.30	77.39
Previous year	*61.37*	*10.44*	*2.69*	–	*(26.03)*	*48.47*

22. 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	
		2009-2010	*2008-2009*	2009-2010	*2008-2009*
Basic					
Profit after tax as per accounts (Rs.crore)	A	4239.80	*2709.20*	4375.52	*3481.66*
Weighted average number of shares outstanding	B	59,31,01,390	*58,51,18,186*	59,31,01,390	*58,51,18,186*
Basic EPS (Rupees)	A/B	71.49	*46.30*	73.77	*59.50*
Diluted					
Profit after tax as per accounts (Rs.crore)	A	4239.80	*2709.20*	4375.52	*3481.66*
Weighted average number of shares outstanding	B	59,31,01,390	*58,51,18,186*	59,31,01,390	*58,51,18,186*
Add: Weighted average number of potential equity shares on account of employee stock options	C	1,13,27,980	*79,89,615*	1,13,27,980	*79,89,615*
Weighted average number of shares outstanding for diluted EPS	D=B+C	60,44,29,370	*59,31,07,801*	60,44,29,370	*59,31,07,801*
Diluted EPS (Rupees)	A/D	70.15	*45.68*	72.39	*58.70*
Face value per share (Rupees)		2	*2*	2	*2*

Note: Potential equity shares that could arise on conversion of FCCBs are not resulting into dilution of EPS. Hence, they have not been considered in working of diluted EPS in accordance with AS 20.

Notes forming part of 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 1.4.2009*	*15.83*	*0.10*	*41.31*	–	*190.83*	*187.99*	***436.06***
2	Additional provision during the year	15.28	–	9.50	8.24	67.49	5.95	**106.46**
3	Provision used during the year	0.06	–	0.44	–	9.80	–	**10.30**
4	Provision reversed during the year	9.14	0.10	5.04	–	57.36	62.79 #	**134.43**
5	Balance as at 31.3.2010 (5=1+2-3-4)	**21.91**	**–**	**45.33**	**8.24**	**191.16**	**131.15**	**397.79**

\# includes an amount Rs.62.55 crore being proportionate reversal of an extraordinary item of Rs.186.28 crore included in opening provision. [reference note no.9(a)]

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, 2010 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 sales tax represents mainly the differential sales tax liability on account of non-collection of declaration forms for the period prior to 5 years.

iii. Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.

iv. 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.91.54 crore (including capital expenditure of Rs.5.56 crore) *(previous year: Rs.80.19 crore, including capital expenditure of Rs.5.01 crore)*.

b) An amount of Rs.74.37 crore (net loss) *[previous year: Rs.197.46 crore (net loss)]* has been accounted under respective revenue heads in the Profit and Loss Account towards exchange difference 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, 2010 are as under:

Rs.crore

		Category of derivative instruments	Amount of exposures hedged	
			As at 31-3-2010	*As at 31-3-2009*
i		For hedging foreign currency risks		
	a)	Forward contracts for receivables including firm commitments and highly probable forecasted transactions	7696.47	*4549.23*
	b)	Forward contracts for payables including firm commitments and highly probable forecasted transactions	6495.92	*6800.95*
	c)	Currency Swaps	5475.93	*5,075.81*
	d)	Option Contracts	75.30	*108.25*
ii		For hedging commodity price risks		
		Commodity futures	34.38	*12.98*

b) Unhedged foreign currency exposures as at March 31, 2010 are as under:

Rs.crore

	Unhedged foreign currency exposures	As at 31-3-2010	*As at 31-3-2009*
i	Receivables, including firm commitments and highly probable forecasted transactions	19875.68	*14047.29*
ii	Payables, including firm commitments and highly probable forecasted transactions	15670.82	*10158.11*

26. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs.578.29 crore *(previous year: Rs.764.98 crore)*.

27. Managerial remuneration

a) Managing and whole-time directors' remuneration:

Rs.crore

Particulars	2009-2010	*2008-2009*
Salary	6.22	*5.94*
Perquisites	4.50	*3.87*
Commission	44.29	*35.47*
Contribution to Provident/superannuation Fund	13.64	*11.18*
Total	68.65	*56.46*

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

Particulars	2009-2010		
Profit before tax before extraordinary items as per Profit and Loss Account			5880.67
Add: Managing and whole-time directors' remuneration and commission		68.65	
Commission paid to non-executive directors		0.90	
Directors' fees		0.18	
Depreciation, obsolescence and amortisation charged to the Accounts	415.90		
Less: transfer from revaluation reserve	1.30		
		414.60	
Provision for diminution in value of investments	47.10		
Less: Provision no longer required for earlier years	–		
		47.10	
Provision for doubtful debts and advances (net)	114.55		
Less: Provisions written-back	27.60		
		86.95	
Provision for foreseeable losses on construction contracts		78.54	
			696.92
			6577.59
Less: Profit on sale of fixed assets as per Profit and Loss Account (net)		4.02	
Profit on sale of long-term investments as per Profit and Loss Account (net)		1205.62	
Depreciation and obsolescence as per Section 350 of the Companies Act, 1956 (net)		414.60	
			1624.24
Net Profit as per Section 198 of the Companies Act, 1956			4953.35
Maximum permissible remuneration to whole-time directors under Section 198 of the Companies Act, 1956 @ 10 % of the profits computed above			495.34
Restricted as per service agreements to			68.65
Maximum permissible managerial remuneration to non-executive directors under Section 198 of the Companies Act, 1956 @ 1 %			49.53
Restricted as per shareholders' approval to			0.90

Notes forming part of Accounts (contd.)

c) Miscellaneous expenses include provision of Rs.0.90 crore (net) *[previous year: Rs.0.90 crore (net)]* towards commission payable to nonexecutive 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	2009-2010	*2008-2009*
Audit fees	0.68	*0.68*
Certification work	1.11	*0.89*
Tax audit fees	0.21	*0.16*
Expenses reimbursed	0.15	*0.16*

Note: The above figures exclude fees paid for QIP and FCCB issue amounting to Rs.0.09 crore *(previous year: Rs.nil)* charged to securities premium account during the year.

29. Value of imports (on C.I.F. basis):

Rs.crore

Particulars	2009-2010	*2008-2009*
Raw materials	1053.88	*1208.80*
Components and spare parts	3135.21	*2145.65*
Spare parts for sale	229.15	*398.13*
Capital goods	479.13	*617.23*

30. Expenditure in foreign currency:

Rs.crore

Particulars	2009-2010	*2008-2009*
On overseas contracts	2488.84	*2155.49*
Royalty and technical know-how fees	3.17	*2.36*
Interest	81.32	*100.09*
Professional/consultation fees	170.45	*113.10*
Other matters	1498.84	*1142.08*

31. Dividends remitted in foreign currency:

Rs.crore

Particulars	2009-2010	*2008-2009*
Dividend for the year ended March 31, 2009 to:		
i. 9 non-resident shareholders on 15,700 shares held by them *(previous year: 7,850 shares)* ~ on 2-9-2009	0.01	*0.01*
ii. Custodian of global depositary receipts on 1,79,77,454 shares *(previous year: 1,09,85,759 shares)* ~ on 2-9-2009	18.88	*16.48*

32. Earnings in foreign exchange:

Rs.crore

Particulars	2009-2010	*2008-2009*
Export of goods [including Rs.507.90 crore on FOB basis *(previous year: Rs.1592.09 crore)]*	510.14	*1651.32*
Construction and project related activities	5914.57	*5196.41*
Export of services	368.70	*452.61*
Commission	33.64	*38.14*
Interest and dividend received	0.22	*2.98*
Other receipts	38.94	*6.77*

Notes forming part of 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, 2010. The disclosure pursuant to the said Act is as under:

Rs.crore

Particulars	2009-2010	*2008-2009*
Principal amount due to suppliers under MSMED Act, 2006	21.57	*9.64*
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	0.28	*0.12*
Payment made to suppliers (other than interest) beyond the appointed day during the year	35.36	*22.09*
Interest paid to suppliers under MSMED Act (other than Section 16)	–	–
Interest paid to suppliers under MSMED Act (Section 16)	0.29	*0.13*
Interest due and payable towards suppliers under MSMED Act for payments already made	0.22	*0.13*
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.50	*0.25*

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 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 it's shareholding in L&T International FZE (the holding company of L&T Offshore International FZC) below 100% of the issued and allotted share capital.

e. To National Highway Authority of India, to hold minimum 26% stake in L&T Samakhiali Gandhidham Tollway Private Limited till 180 days from the date of concession agreement. However, the Company has decided to hold this stake for a period of 2 years after the construction period.

f. To National Highway Authority of India, to hold minimum 26% stake in L&T PNG Tollway Private Limited till the commercial operations date.

g. To Gujarat State Road Development Corporation Limited, to hold in L&T Ahmedabad Maliya Tollway Private Limited:

   - 100% stake during the construction period;
   - 51% stake for 5 years from the date of commercial operation date or end of construction of the project, whichever is later; and
   - 51% stake during operational period.

h. To Gujarat State Road Development Corporation Limited, to hold in L&T Rajkot-Vadinar Tollway Private Limited:

   - 100% stake during the construction period;
   - 51% stake for 5 years from the date of commercial operation date or end of construction of the project, whichever is later; and
   - 51% stake during operational period.

i. To Gujarat State Road Development Corporation Limited, to hold in L&T Halol-Shamlaji Tollway Private Limited:

   - 100% stake during the construction period;
   - 51% stake for 5 years from the date of Commercial Operation Date or end of construction of the project, whichever is later; and
   - 51% stake during operational period.

j. To the lenders of L&T Ahmedabad Maliya Tollway Private Limited (a subsidiary of the Company), not to divest control without the prior approval of the lenders or Gujarat State Road Development Corporation Limited.

k. To the lenders of L&T Rajkot-Vadinar Tollway Private Limited (a subsidiary of the Company), not to divest control without the prior approval of the lenders or Gujarat State Road Development Corporation Limited.

Notes forming part of Accounts (contd.)

l. 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.

m. To City and Industrial Development Corporation of Maharashtra Limited (CIDCO) that it shall continue to hold not less than fifty one percent stake in L&T Seawood Private limited (LTSPL) until CIDCO execute the lease deed for land in favour of LTSPL.

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	Details of investment		
		No. of equity shares	Face value per share	Book value
			Rupees	Rs.crore
1	L&T Aviation Services Private Limited	10,000	10	0.01
2	City Union Bank Limited	1,50,00,000	1	25.35

36. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2010.

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	2009-2010		*2008-2009*	
		Quantity	Value	*Quantity*	*Value*
			Rs.crore		*Rs.crore*
Earthmoving and agricultural machinery and spares			503.90		*417.77*
Welding alloys & accessories			206.39		*194.36*
Industrial machinery	Tonnes	13,940	350.03	*13278*	*318.36*
Nuclear purpose equipment, de-aerators, ultra high pressure vessels including multiwall vessels, high pressure heat exchangers and high pressure heaters in aggregate	Tonnes	146	25.20	*110*	*30.48*
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	19,936	3,607.98	*36388*	*3583.79*
Powder metallurgy and industrial products			106.70		*100.83*
Industrial electronic control panels			86.88		*137.81*
Valves and accessories			410.39		*781.97*
Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystalliser plants and pollution control equipment in aggregate	Tonnes	12,500	2167.04	*8187*	*2358.85*
Switchgear, all types			1,160.32		*1071.91*
Electro surgical unit and accessories			5.70		*4.38*
Petrol dispensing and metering pumps	Nos.		20.77	*1979*	*37.29*
Ship auxiliaries and components of mechanised sailing vessels	Tonnes	117	30.18	*60*	*8.70*
Complete cement making machinery, including rotary kilns and fluxo packers in aggregate	Nos.		82.90	*Parts for 3 plants*	*100.80*
Transmission line tower	Tonnes	9913	57.63	*22807*	*121.63*
Steel structural fabrication	Tonnes	4884	45.48	*13086*	*140.75*
Rubber processing machinery and accessories	Nos.	319	245.97	*240*	*299.36*

Notes forming part of Accounts (contd.)

Class of goods	Unit	2009-2010		*2008-2009*	
		Quantity	Value	*Quantity*	*Value*
			Rs.crore		*Rs.crore*
Ultrasound equipment and accessories			9.47		*11.12*
Patient monitoring system and accessories			54.99		*46.84*
Electricity meters			212.12		*111.93*
Ready mix concrete*	Cu.m.	–	–	*2026416*	*605.92*
Design, development and manufacturing of airborne assemblies, system and equipment for Aircrafts, Helicopters & uninhabited aerial vehicles and equipments for the aviation sector		617	50.70	–	–
Commercial ships	Nos.	1	126.51	–	–
Defence equipment , all types			183.84		*54.60*
Others			2044.21		*2274.44*
Total			11795.30 @		*12813.89* @

@ includes Rs.6673.31 crore of construction & project related activity *(previous year: Rs.6933.20 crore)*

* Ready mix concrete business is divested during the previous year.

b) Raw materials and components consumed:

i) Class of goods:

Particular	Unit	2009-2010		*2008-2009*	
		Quantity	Value	*Quantity*	*Value*
			Rs.crore		*Rs.crore*
Steel	Tonnes	45,955	167.10	*46,976*	*207.31*
	Metres	9,24,421	43.03	*16,39,248*	*209.14*
	Sq.mtrs.	57,68,806	348.15	*14,86,147*	*376.14*
	Nos./Sets	41,80,651	1333.13	*31,21,882*	*706.69*
Non-ferrous metals	Tonnes	2,517	85.84	*2487*	*86.29*
	Metres	1171084	5.44	*818158*	*8.92*
	Sq.mtrs.	5995	2.59	*2147*	*7.80*
	Nos.	161469	88.69	*43851*	*13.01*
Bakelite	Tonnes	432	3.97	*376*	*4.26*
Cement machinery components			–		*63.30*
Nuclear equipment components, including items for oil & gas industries, etc. in aggregate			659.97		*1626.55*
Chemical plant components			1141.45		*1176.84*
Switchgear components			469.71		*782.55*
Electronic devices, test & measuring instruments and industrial electronic control panel components			210.65		*29.57*
Metering & protection systems and medical equipment & components			185.87		*170.14*
Industrial machinery components			24.84		*47.89*
Power plant & machinery components			766.98		*514.67*
Others			1325.75		*1025.15*
TOTAL			6863.16		*7056.22*

Notes forming part of Accounts (contd.)

ii) Classification of goods:

Particulars	2009-2010 % to total consumption	2009-2010 Value	2008-2009 % to total consumption	2008-2009 Value
		Rs.crore		*Rs.crore*
Imported (including through canalising agencies)	54	3735.72	*42*	*2935.28*
Indigenous	46	3127.44	*58*	*4120.94*
TOTAL	100	6863.16	*100*	*7056.22*

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)*	– *(–)*
Chemical plant and machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystalliser plants and pollution control equipment in aggregate	Tonnes	6,067 *(6,567)*	6,067 *(6,567)*	12,347 *(7,507)*
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 3 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 exchangers and high pressure heaters in aggregate	Tonnes	5,000 *(5,000)*	3,950 *(3,950)*	146 *(110)*
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)*	19,936 # *(28,451)* #
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)*	117 *(60)*
Rubber processing machinery	Nos.	109 *(109)*	400 *(109)*	334 *(244)*
Switchgear, all types	Nos.	49,52,750 $ *(26,78,500)* $	49,52,750 *(31,74,750)*	86,04,157 *(58,98,474)*
Miscellaneous electrical items	Nos.	10,49,100 *(10,49,100)*	10,39,100 *(10,39,100)*	– *(–)*
Petrol dispensing and metering pumps	Nos.	34,800 *(4,800)*	10,800 *(4,800)*	1,819 *(1,882)*
Press tools, jigs, fixtures, dyes for pressure castings, moulds for plastic injection and bakelite	Rs.Lakh/ Nos	Rs.730@ lakh *(Rs.220 lakh)* @	Rs.730 lakh *(Rs.330 lakh)*	490 nos *(510 nos)*

Notes forming part of Accounts (contd.)

c) Capacities & production (contd.)

Class of goods	Unit	Licensed capacity	Installed capacity	Actual production
Industrial machinery	Tonnes	12,000	12,000	13,940
		(12,000)	*(12,000)*	*(13,278)*
Industrial electronic control panels	Nos.	2,500	2,500	1,412
		(2,500)	*(2,500)*	*(410)*
Electronic devices	Nos.	–	–	–
		(30,000)	*(30,000)*	*(–)*
Electro surgical unit and accessories	Nos.	Not Applicable *	2,500	648
		(Not applicable) *	*(1,250)*	*(341)*
Ultrasound equipment and accessories	Nos.	Not applicable *	1,000	220
		(Not applicable) *	*(1,000)*	*(312)*
Patient monitoring system and accessories	Nos.	Not applicable *	10,000	10,298
		(Not applicable) *	*(7,000)*	*(6,239)*
Relays	Nos.	Not applicable *	30,000	30,909
		(Not applicable) *	*(60,000)*	*(34,363)*
Control & relay panels	Nos.	Not Applicable *	–	–
		(Not applicable) *	*(100)*	*(–)*
Electricity meters	Nos.	Not Applicable *	26,40,000	20,38,391
		(Not applicable) *	*(7,00,000)*	*(6,16,426)*
Transmission line tower	Tonnes	95,000	95,000	97,723
		(90,000)	*(90,000)*	*(86,355)*
Steel structural fabrication	Metric Tonnes	12,000	12,000	28,528
		(12,000)	*(12,000)*	*(30,018)*
Steel re-rolling	Tonnes	40,000	40,000	45,589
		(40,000)	*(40,000)*	*(32,453)*
Ready mix concrete ##	M3	–	–	–
		–	–	*(21,50,002)*
Defence equipment , all types	Nos.	3,971	3,971	1658 parts thereof
		(3,971)	*(3,971)*	*(915 parts thereof)*
Parts for aircraft and other metal products	Nos.	1,00,000	1,00,000	5
		(1,00,000)	*(1,00,000)*	*(–)*
Parts and accessories for prime movers, boilers, steam generating plants and nuclear reactor	Nos.	25,000	25,000	–
		(25,000)	*(25,000)*	*(–)*
Commercial ships	Nos.	–	2	1
		(–)	*(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 Director 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.

\## Ready mix concrete business is divested during the previous year.

Notes forming part of Accounts (contd.)

d) Inventories:

Class of goods	Unit	As at 31-3-2010		As at 31-3-2009		As at 31-3-2008	
		Quantity	Value	Quantity	Value	Quantity	Value
			Rs.crore		Rs.crore		Rs.crore
Switchgear, all types			136.51		132.66		130.54
Patient monitoring systems and accessories			3.95		5.08		9.90
Industrial electronic control panels			6.81		-		0.01
Spares for earthmoving and agricultural machinery			60.99		74.91		57.30
Ultrasound equipment and accessories			1.89		5.90		6.09
Powder metallurgy and industrial products			9.34		10.29		10.56
Petrol dispensing and metering pumps	Nos.	–	–	184	2.28	281	2.92
Valves and accessories			3.05		5.82		5.16
Earthmoving machinery, including bulldozers, dumpers, scrappers, loaders, vibratory compactors and drag lines (excluding walking drag lines)			21.59		25.14		18.23
Welding alloys and accessories			13.96		14.61		21.62
Others			67.21		65.85		59.05
Total			325.30		342.54		321.38

e) Purchases of trading goods:

Rs.crore

Class of goods	2009-2010	2008-2009
Earthmoving and agricultural machinery and spares	329.30	325.50
Welding alloys and accessories	130.12	120.53
Valves and accessories	313.46	603.26
Electronic, medical & other instruments, accessories and spares	676.03	469.95
Powder metallurgy and industrial products	65.86	68.54
Others	59.51	90.91
Total	1574.28	1678.69

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

Notes forming part of Accounts (contd.)

40. Balance Sheet abstract and Company's general business profile

I Registration details

Registration No. L99999MH1946PLC004768 State Code 11

Balance Sheet Date 31 03 2010
Date Month Year

II Capital raised during the year (Amount in Rs. thousands) @

Public issue	Rights issue
NIL	NIL
Bonus issue	Private placement ##
NIL	22573

Raised by way of Qualified Institutional Placement

@ The Company also raised capital during the year by way of allotment of shares under Employee Stock Ownership Schemes amounting to Rs.10442 Thousands

III Position of mobilisation and deployment of funds (Amount in Rs. thousands)

	Total liabilities	Total assets
	255017477	255017477
Sources of funds	Paid-up capital	Reserves and surplus *
	1204391	181661124

* Including employees stock options outstanding Rs.2838915 thousands.

	Share application money	
	250941	
	Secured loans	Unsecured loans
	9557293	58451003
	Deferred tax liabilities	
	3892725	
Application of funds	Net tangible and Intangible assets	Investments
	63657590	137053524
	Net current assets	Deferred tax assets
	51187534	3118829
	Misc. expenditure	Accumulated losses
	NIL	NIL

IV Performance of Company (amount in Rs. thousands)

Turnover (including other income)	Total expenditure
390597523	331790866
+ - Profit/loss before tax before extraordinary items @	+ - Profit/loss After Tax @ $
+ 58806657	+ 43755153

Please tick appropriate box + for Profit, - for Loss

@ Includes Company's share in loss of Integrated joint ventures Rs.3436 thousands (net of tax).

$ Includes extraordinary items Rs.1357217 thousands [net of tax] (refer note no.9)

Basic earnings per share after extraordinary items in Rs. #	Dividend rate %
73.77	625

Basic earnings per share before extraordinary items - Rs.71.49

V Generic names of three principal products/services of the Company (as per monetary 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 and machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystalliser plants and pollution control equipment in aggregate

Signatures to Schedules A to Q and Notes

A. M. NAIK
Chairman & Managing Director

As per our report attached
SHARP & TANNAN
Chartered Accountants
ICAI registration no.109982W
by the hand of
R. D. KARE
Partner
Membership no.8820
Mumbai, May 17, 2010

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE

N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN

Directors

N. HARIHARAN
Company Secretary

Mumbai, May 17, 2010

Information on Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956 (for the financial year or as on, as the case may be)

Rs.crore

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	Narmada Infrastructure Construction Enterprise Limited	L&T Transportation Infrastructure Limited
	Financial year ending on	31-3-2010	31-3-2010	31-12-2009	31-3-2010	31-3-2010	31-12-2009	31-3-2010	31-3-2010	31-3-2010
	Currency			Omani Riyal			USD	Canadian Dollar		
	Exchange rate on the last day of financial year			120.8575			46.5300	44.1800		
1	Share Capital (including Share Application money pending allotment)	212.17	16.13	8.98	56.06	27.00	1147.40	0.0004	47.35	41.40
2	Reserves	914.76	942.96	263.19	(6.98)	250.24	(287.71)	2.70	56.46	25.59
3	Liabilities	6739.57	505.16	760.55	127.56	231.76	129.56	2.46	50.18	155.36
4	Total Liabilities	7866.50	1464.24	1032.72	176.64	508.99	989.25	5.16	153.98	222.36
5	Total Assets	7866.50	1464.24	1032.72	176.64	508.99	989.25	5.16	153.98	222.36
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–	–
	- others	98.18	–	–	–	2.34	3.51	–	–	–
	Current Investments	5.09	160.03	–	–	–	–	–	–	–
6	Total Investments (excluding subsidiary companies)	103.27	160.03	–	–	2.34	3.51	–	–	–
7	Turnover	955.82	1776.76	1546.75	3.28	202.75	45.94	16.98	41.13	20.07
8	Profit before taxation	236.32	314.75	111.57	3.03	73.17	9.26	0.18	27.39	15.81
9	Provision for taxation	79.85	33.62	12.68	0.23	16.14	–	0.06	4.65	2.56
10	Profit after taxation	156.47	281.14	98.89	2.80	57.03	9.26	0.12	22.73	13.25
11	Interim dividend - Equity	–	80.11	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	–	–	5.94	–	–	–	–
14	Proposed dividend - Preference	–	–	–	–	–	–	–	–	–

Sr. No.	Particulars	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	Cyber Park Development & Construction Limited	L&T Capital Company Limited	Larsen & Toubro Infotech GmbH	Hyderabad International Trade Expositions Limited
	Financial year ending on	31-3-2010	31-12-2009	31-3-2010	31-3-2010	31-12-2009	31-3-2010	31-3-2010	31-3-2010	31-3-2010
	Currency		Malaysian Ringgit			Chinese Yuan Renminbi			Euro	
	Exchange rate on the last day of financial year		13.5900			6.8787			60.4525	
1	Share Capital (including Share Application money pending allotment)	5.50	0.86	13.95	298.37	24.61	1.00	22.00	0.11	17.01
2	Reserves	28.36	0.71	15.19	1323.02	3.97	25.69	15.27	7.75	(4.69)
3	Liabilities	20.77	3.62	0.78	304.25	13.78	13.54	130.49	18.57	34.88
4	Total Liabilities	54.63	5.20	29.92	1925.64	42.36	40.23	167.76	26.43	47.19
5	Total Assets	54.63	5.20	29.92	1925.64	42.36	40.23	167.76	26.43	47.19
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–	–
	- others	–	–	–	275.22	–	–	158.26	–	–
	Current Investments	25.46	–	–	39.35	–	–	–	–	–
6	Total Investments (excluding subsidiary companies)	25.46	–	–	314.57	–	–	158.26	–	–
7	Turnover	64.71	–	7.31	6.30	30.99	5.04	13.37	63.96	11.00
8	Profit before taxation	19.48	(0.09)	3.85	637.92	0.18	0.56	18.40	2.22	0.71
9	Provision for taxation	6.46	–	0.66	126.20	-	0.21	4.67	0.46	0.63
10	Profit after taxation	13.02	(0.09)	3.19	511.71	0.18	0.35	13.72	1.77	0.07
11	Interim dividend - Equity	–	–	–	–	–	–	8.80	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	–	–	–	–	–	–	–
14	Proposed dividend - Preference	–	–	–	–	–	–	–	–	–

Information on Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956 (for the financial year or as on, as the case may be) (contd.)

Rs.crore

Sr. No.	Particulars	Tractor Engineers Limited	Larsen & Toubro Qatar LLC	Larsen & Toubro LLC	International Seaports (India) Private 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	31-3-2010	31-12-2009	31-12-2009	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010
	Currency		Qatari Riyal	USD						
	Exchange rate on the last day of financial year		12.7825	46.5300						
1	Share Capital (including Share Application money pending allotment)	6.80	0.24	0.24	2.50	84.30	31.63	78.75	56.50	43.50
2	Reserves	19.83	(31.00)	1.34	(3.91)	(75.79)	2.38	(35.56)	22.35	(72.78)
3	Liabilities	129.65	38.49	19.82	1.43	689.55	87.36	793.69	274.84	1419.56
4	Total Liabilities	156.29	7.73	21.40	0.02	698.06	121.37	836.88	353.69	1390.28
5	Total Assets	156.29	7.73	21.40	0.02	698.06	121.37	836.88	353.69	1390.28
	Long Term Investments - fellow subsidiaries	0.01	–	–	–	–	–	–	–	–
	- others	–	0.13	–	–	–	–	–	–	–
	Current Investments	–	–	–	–	–	–	–	–	–
6	Total Investments (excluding subsidiary companies)	0.01	0.13	–	–	–	–	–	–	–
7	Turnover	132.92	–	57.31	–	35.52	10.67	66.85	31.39	135.14
8	Profit before taxation	0.67	(7.95)	0.22	(0.01)	(44.73)	(2.86)	(30.08)	(20.74)	(73.02)
9	Provision for taxation	–	–	0.12	–	–	1.14	–	–	–
10	Profit after taxation	0.67	(7.95)	0.10	(0.01)	(44.73)	(4.00)	(30.08)	(20.74)	(73.02)
11	Interim dividend - Equity	–	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	–	–	–	–	–	–	–
14	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	L&T Power Limited	L&T Modular Fabrication Yard LLC
	Financial year ending on	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-12-2009	31-3-2010	31-3-2010	31-3-2010	31-12-2009
	Currency				Sri Lankan Rupees	Nigerian Naira	Sri Lankan Rupees			Omani Riyal
	Exchange rate on the last day of financial year				0.3953	0.3165	0.3953			120.8575
1	Share Capital (including Share Application money pending allotment)	57.16	0.44	488.85	8.06	0.33	58.15	683.40	153.49	10.48
2	Reserves	7.66	6.14	21.51	4.72	(0.22)	(7.66)	329.17	(1.28)	(1.01)
3	Liabilities	462.11	6.76	223.49	13.64	0.04	30.31	3391.17	0.91	148.90
4	Total Liabilities	526.93	13.34	733.84	26.42	0.15	80.80	4403.73	153.12	158.37
5	Total Assets	526.93	13.34	733.84	26.42	0.15	80.80	4403.73	153.12	158.37
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–	–
	- others	–	–	38.14	–	–	–	25.00	–	–
	Current Investments	–	–	–	–	–	–	–	–	–
6	Total Investments (excluding subsidiary companies)	–	–	38.14	–	–	–	25.00	–	–
7	Turnover	88.05	9.09	4.77	5.41	–	–	450.42	–	136.52
8	Profit before taxation	11.73	2.54	18.45	3.71	(0.04)	(3.53)	165.32	(0.74)	2.18
9	Provision for taxation	3.95	0.88	8.36	0.38	–	–	54.46	–	–
10	Profit after taxation	7.78	1.66	10.09	3.33	(0.04)	(3.53)	110.86	(0.74)	2.18
11	Interim dividend - Equity	–	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	–	–	–	–	–	–	–
14	Proposed dividend - Preference	–	–	0.04	–	–	–	–	–	–

Information on Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956 (for the financial year or as on, as the case may be) (contd.)

Rs.crore

Sr. No.	Particulars	Larsen & Toubro Saudi Arabia LLC	Larsen & Toubro Readymix Concrete Industries LLC	Larsen & Toubro (Jiangsu) Valve Company Limited	L&T Electricals Saudi Arabia Co. Ltd. (LLC)	L&T Kuwait Construction General Contracting Company WLL	L&T (Qingdao) Rubber Machinery Company Limited	L&T-MHI Boilers Private Limited	L&T Uttaranchal Hydropower Limited	L&T Bangalore Airport Hotel Limited
	Financial year ending on	31-12-2009	31-12-2009	31-12-2009	31-12-2009	31-12-2009	31-12-2009	31-3-2010	31-3-2010	31-3-2010
	Currency	Saudi Riyal	UAE Dirham	Chinese Yuan Renminbi	Saudi Riyal	Kuwaiti Dinar	Chinese Yuan Renminbi			
	Exchange rate on the last day of financial year	12.4075	12.6700	6.8787	11.9725	162.0975	6.8787			
1	Share Capital (including Share Application money pending allotment)	4.64	1.27	36.91	22.29	32.02	26.84	150.10	123.05	72.00
2	Reserves	(22.87)	20.86	(5.80)	2.77	(1.88)	6.07	(56.42)	(0.65)	(0.12)
3	Liabilities	27.37	86.66	17.88	37.86	12.91	59.92	646.32	34.33	145.59
4	Total Liabilities	9.14	108.79	48.99	62.92	43.05	92.83	740.00	156.73	217.47
5	Total Assets	9.14	108.79	48.99	62.92	43.05	92.83	740.00	156.73	217.47
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–	–
	- others	–	–	–	–	–	–	–	–	–
	Current Investments	–	–	–	–	–	–	284.59	–	–
6	Total Investments (excluding subsidiary companies)	–	–	–	–	–	–	284.59	–	–
7	Turnover	–	107.71	28.36	55.86	55.71	51.42	29.67	–	–
8	Profit before taxation	(14.56)	15.30	(3.22)	2.71	0.99	0.89	(28.28)	0.33	(0.03)
9	Provision for taxation	–	–	–	–	–	–	0.003	0.23	0.05
10	Profit after taxation	(14.56)	15.30	(3.22)	2.71	0.99	0.89	(28.28)	0.11	(0.08)
11	Interim dividend - Equity	–	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	1.94	–	–	–	–	–	–	–
14	Proposed dividend - Preference	–	–	–	–	–	–	–	–	–

Sr. No.	Particulars	L&T Valdel Engineering Limited	L&T Vision Ventures Limited	Larsen & Toubro Electromech LLC	GDA Technologies Inc	GDA Technologies Limited	L&T Power Development Limited	Larsen & Toubro ATCO Saudia LLC	L&T Arun Excello Commercial Projects Private Limited	L&T Gulf Private Limited
	Financial year ending on	31-3-2010	31-3-2010	31-12-2009	31-3-2010	31-3-2010	31-3-2010	31-12-2009	31-3-2010	31-3-2010
	Currency			Omani Riyal	USD			Saudi Riyal		
	Exchange rate on the last day of financial year			120.8575	44.9000			12.4075		
1	Share Capital (including Share Application money pending allotment)	1.18	9.67	3.56	5.15	0.17	920.00	1.08	0.96	5.50
2	Reserves	29.94	(0.36)	48.82	(27.81)	28.80	(3.32)	(7.97)	35.52	(4.05)
3	Liabilities	20.56	1.09	141.35	55.00	5.50	13.77	11.36	52.93	4.60
4	Total Liabilities	51.68	10.40	193.73	32.34	34.46	930.45	4.47	89.41	6.05
5	Total Assets	51.68	10.40	193.73	32.34	34.46	930.45	4.47	89.41	6.05
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–	–
	- others	–	–	–	–	–	31.08	–	–	–
	Current Investments	11.69	–	–	0.10	–	–	–	–	–
6	Total Investments (excluding subsidiary companies)	11.69	–	–	0.10	–	31.08	–	–	–
7	Turnover	59.98	–	248.62	65.71	20.05	6.53	4.45	–	4.51
8	Profit before taxation	12.64	(0.29)	39.19	1.99	2.20	2.61	(3.82)	(1.13)	(4.00)
9	Provision for taxation	1.79	–	4.90	0.01	1.02	–	–	0.45	0.01
10	Profit after taxation	10.85	(0.29)	34.29	1.98	1.18	2.61	(3.82)	(1.58)	(4.01)
11	Interim dividend - Equity	–	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	7.25	–	–	–	–	–	–
14	Proposed dividend - Preference	–	–	–	–	–	–	–	–	–

Information on Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956 (for the financial year or as on, as the case may be) (contd.)

Rs.crore

Sr. No.	Particulars	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	L&T Transco Private Limited	L&T Realty Private Limited	L&T Strategic Management Limited
	Financial year ending on	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010
	Currency									
	Exchange rate on the last day of financial year									
1	Share Capital (including Share Application money pending allotment)	20.00	0.05	150.10	18.37	623.13	0.01	105.43	47.16	0.05
2	Reserves	(1.89)	0.01	(76.04)	80.79	(2.24)	(0.00)	(13.65)	(3.01)	(0.01)
3	Liabilities	47.79	3.29	926.78	169.44	226.08	0.00	0.44	292.37	0.01
4	Total Liabilities	65.89	3.35	1000.84	268.60	846.97	0.01	92.23	336.52	0.05
5	Total Assets	65.89	3.35	1000.84	268.60	846.97	0.01	92.23	336.52	0.05
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–	–
	- others	–	–	–	–	–	–	40.58	291.04	–
	Current Investments	–	–	112.04	–	–	–	–	–	–
6	Total Investments (excluding subsidiary companies)	–	–	112.04	–	–	–	40.58	291.04	–
7	Turnover	0.22	48.34	422.39	1.25	–	–	–	–	–
8	Profit before taxation	(1.45)	0.16	(64.90)	(2.99)	(0.05)	(0.001)	(8.43)	0.77	(0.001)
9	Provision for taxation	–	0.05	0.00	–	0.00	–	0.00	0.21	–
10	Profit after taxation	(1.45)	0.11	(64.90)	(2.99)	(0.06)	(0.001)	(8.43)	0.56	(0.001)
11	Interim dividend - Equity	–	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	–	–	–	–	–	–	–
14	Proposed dividend - Preference	–	–	–	–	–	–	–	–	–

Sr. No.	Particulars	L&T Infra & Property Development Limited	Qingdao Larsen & Toubro Trading Company Limited	L&T General Insurance Company Limited	L&T Siruseri Property Developers Limited	CSJ Infrastructure Private Limited	Bhilai Power Supply Company Limited	Andhra Pradesh Expositions Limited	Raykal Aluminium Company Private Limited	L&T South City Projects Limited
	Financial year ending on	31-3-2010	31-12-2009	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010
	Currency		Chinese Yuan Renminbi							
	Exchange rate on the last day of financial year		6.8787							
1	Share Capital (including Share Application money pending allotment)	0.01	0.54	29.00	0.05	45.89	0.05	0.01	1.39	56.48
2	Reserves	(0.00)	0.14	(8.09)	(0.01)	127.36	–	(0.01)	(0.62)	75.17
3	Liabilities	0.00	2.85	2.99	0.00	511.13	8.81	–	0.19	223.53
4	Total Liabilities	0.01	3.53	23.90	0.04	684.38	8.86	–	0.96	355.17
5	Total Assets	0.01	3.53	23.90	0.04	684.38	8.86	–	0.96	355.17
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–	–
	- others	–	–	–	–	–	–	–	–	–
	Current Investments	–	–	–	–	–	–	–	–	–
6	Total Investments (excluding subsidiary companies)	–	–	–	–	–	–	–	–	–
7	Turnover	–	3.37	–	–	–	–	–	–	–
8	Profit before taxation	(0.001)	0.02	(7.31)	(0.002)	(0.49)	–	(0.01)	(0.06)	(0.60)
9	Provision for taxation	–	–	–	–	0.02	–	–	–	–
10	Profit after taxation	(0.001)	0.02	(7.31)	(0.002)	(0.51)	-	(0.01)	(0.06)	(0.60)
11	Interim dividend - Equity	–	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	–	–	–	–	–	–	–
14	Proposed dividend - Preference	–	–	–	–	–	–	–	–	–

Information on Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956 (for the financial year or as on, as the case may be) (contd.)

Rs.crore

Sr. No.	Particulars	L&T Chennai - Tada Tollway Private Limited	L&T Seawoods Private Limited	L&T Realty FZE	Offshore International FZC	L&T Natural Resources Limited	L&T Capital Holdings Limited	L&T Electrical and Automation FZE	Larsen & Toubro Heavy Engineering LLC	Tamco Switchgear (Malaysia) SDN BHD
	Financial year ending on	31.3.2010	31.3.2010	31.12.2009	31.12.2009	31.3.2010	31.3.2010	31.12.2009	31.12.2009	31.12.2009
	Currency			UAE Dirham	USD			UAE Dirham	Omani Riyal	Malaysian Ringgit
	Exchange rate on the last day of financial year			12.6700	46.5300			12.6700	120.8575	13.5900
1	Share Capital (including Share Application money pending allotment)	42.00	858.26	9.66	0.27	0.05	1628.59	1.09	50.65	119.18
2	Reserves	(0.16)	(3.52)	2.08	(17.54)	(5.33)	2.80	21.14	(18.38)	94.51
3	Liabilities	168.91	1122.25	0.01	612.63	5.37	0.18	41.07	123.83	183.24
4	Total Liabilities	210.75	1976.98	11.75	595.36	0.10	1631.56	63.30	156.10	396.93
5	Total Assets	210.75	1976.98	11.75	595.36	0.10	1631.56	63.30	156.10	396.93
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–	0.01
	- others	–	–	–	–	–	156.14	–	–	–
	Current Investments	–	–	–	–	–	–	–	–	–
6	Total Investments (excluding subsidiary companies)	–	–	–	–	–	156.14	–	–	0.01
7	Turnover	–	–	–	–	–	5.36	123.14	10.22	582.24
8	Profit before taxation	0.03	(1.75)	0.30	(8.81)	(3.57)	2.87	18.19	(15.46)	101.27
9	Provision for taxation	0.03	–	–	–	–	0.06	–	–	25.33
10	Profit after taxation	0.003	(1.75)	0.30	(8.81)	(3.57)	2.81	18.19	(15.46)	75.94
11	Interim dividend - Equity	–	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	–	–	–	–	–	–	13.59
14	Proposed dividend - Preference	–	–	–	–	–	–	–	–	–

Sr. No.	Particulars	Tamco Shanghai Switchgear Co Ltd	Tamco Electrical Industries Australia Pty Ltd	PT Tamco Indonesia	L&T Plastics Machinery Limited	PNG Tollway Private Limited	Sutrapada SEZ Developers Limited	Sutrapada Shipyard Limited	L&T Port Sutrapada Limited	Chennai Vision Developers Private Limited
	Financial year ending on	31-12-2009	31-12-2009	31-12-2009	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-3-2010
	Currency	Chinese Yuan Renminbi	Australian Dollar	Indonesian Rupiah						
	Exchange rate on the last day of financial year	6.8787	41.8525	0.0049						
1	Share Capital (including Share Application money pending allotment)	26.97	45.20	0.22	16.00	84.55	0.05	0.05	4.16	0.01
2	Reserves	12.74	(47.22)	(37.76)	(0.45)	(0.83)	(0.01)	(0.01)	(0.91)	(0.01)
3	Liabilities	53.56	46.58	47.27	46.28	79.19	0.01	0.01	0.01	0.00
4	Total Liabilities	93.27	44.56	9.73	61.83	162.91	0.05	0.05	3.26	0.00
5	Total Assets	93.27	44.56	9.73	61.83	162.91	0.05	0.05	3.26	0.00
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–	–
	- others	–	–	–	–	–	–	–	–	–
	Current Investments	–	–	–	–	–	–	–	–	–
6	Total Investments (excluding subsidiary companies)	–	–	–	–	–	–	–	–	–
7	Turnover	84.34	59.93	16.18	132.64	–	–	–	–	–
8	Profit before taxation	(3.91)	7.01	0.40	5.95	(0.81)	(0.01)	(0.01)	(0.84)	(0.003)
9	Provision for taxation	–	–	–	0.19	0.02	–	–	0.00	–
10	Profit after taxation	(3.91)	7.01	0.40	5.75	(0.83)	(0.01)	(0.01)	(0.84)	(0.003)
11	Interim dividend - Equity	–	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	–	–	–	–	–	–	–
14	Proposed dividend - Preference	–	–	–	–	–	–	–	–	–

Information on Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956 (for the financial year or as on, as the case may be) (contd.)

Rs.crore

Sr. No.	Particulars	L&T Ahmedabad - Maliya Tollway Private Limited	L&T Halol - ShamlajiTollway Private Limited	L&T Rajkot - VadinarTollway Private Limited	L&T Engserve Private Limited	Peacock Investments Limited	Lotus Infrastructure Investments Limited	Mango Investments Limited	L&T Aviation Services Private Limited	L&T Investment Management Limited
	Financial year ending on	31-3-2010	31-3-2010	31-3-2010	31-3-2010	31-12-2009	31-12-2009	31-12-2009	31-3-2010	31-3-2010
	Currency					USD	USD	USD		
	Exchange rate on the last day of financial year					46.5300	46.5300	46.5300		
1	Share Capital (including Share Application money pending allotment)	63.02	65.27	55.02	0.01	0.004	0.004	0.004	1.00	110.00
2	Reserves	(0.67)	(0.43)	(0.29)	(0.21)	(0.06)	(0.06)	(0.06)	(0.05)	(84.86)
3	Liabilities	138.45	224.75	104.58	0.21	0.07	0.07	0.07	0.05	9.27
4	Total Liabilities	200.80	289.58	159.31	0.01	0.01	0.01	0.01	1.00	34.40
5	Total Assets	200.80	289.58	159.31	0.01	0.01	0.01	0.01	1.00	34.40
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–	–
	- others	–	–	–	–	–	–	–	–	–
	Current Investments	–	–	–	–	–	–	–	–	28.21
6	Total Investments (excluding subsidiary companies)	–	–	–	–	–	–	–	–	28.21
7	Turnover	–	–	–	–	–	–	–	–	3.52
8	Profit before taxation	(0.58)	(0.27)	(0.11)	(0.21)	(0.06)	(0.06)	(0.06)	(0.05)	(27.19)
9	Provision for taxation	0.04	0.11	0.12	–	–	–	–	–	–
10	Profit after taxation	(0.62)	(0.37)	(0.23)	(0.21)	(0.06)	(0.06)	(0.06)	(0.05)	(27.19)
11	Interim dividend - Equity	–	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	–	–	–	–	–	–	–
14	Proposed dividend - Preference	–	–	–	–	–	–	–	–	–

Sr. No.	Particulars	L&T Mutual Fund Trustee Limited	Larsen and Toubro Infotech LLC	L&T Trustee Company Private Limited	L&T Asset Management Company	L&T Real Estate India Fund	Nabha Power Limited	Pathways FZE	L&T Technologies Limited
	Financial year ending on	31-3-2010	31-3-2010	31-3-2010	31-12-2009	31-12-2009	31-3-2010	31-12-2009	31-3-2010
	Currency		USD		USD	USD		UAE Dirham	
	Exchange rate on the last day of financial year		44.9000		46.5300	46.5300		12.6700	
1	Share Capital (including Share Application money pending allotment)	0.05	–	0.01	0.00	0.00	732.21	0.20	0.05
2	Reserves	0.03	1.40	(0.00)	(0.06)	(0.10)	0.13	(0.11)	(0.00)
3	Liabilities	0.04	1.27	0.00	0.07	0.11	1.32	0.006	0.00
4	Total Liabilities	0.12	2.66	0.01	0.01	0.01	733.66	0.10	0.05
5	Total Assets	0.12	2.66	0.01	0.01	0.01	733.66	0.10	0.05
	Long Term Investments - fellow subsidiaries	–	–	–	–	–	–	–	–
	- others	–	–	–	–	–	–	–	–
	Current Investments	0.05	–	–	–	–	2.00	–	–
6	Total Investments (excluding subsidiary companies)	0.05	–	–	–	–	2.00	–	–
7	Turnover	–	23.79	–	–	–	509.65	55.86	–
8	Profit before taxation	(0.001)	1.48	(0.00)	(0.06)	(0.11)	0.19	(0.10)	(0.003)
9	Provision for taxation	–	–	–	–	–	0.06	–	–
10	Profit after taxation	(0.001)	1.48	(0.00)	(0.06)	(0.11)	0.13	(0.10)	(0.003)
11	Interim dividend - Equity	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - Equity	–	–	–	–	–	–	–	–
14	Proposed dividend - Preference	–	–	–	–	–	–	–	–

Information on Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956 (for the financial year or as on, as the case may be) (contd.)

Rs.crore

Sr. No.	Particulars	L&T Samakhiali Gandhidham Tollway Private Limited	L&T Special Steels and Heavy Forging Private Limited	L&T Emsys Private Limited
	Financial year ending on	31.3.2010	31.3.2010	31.3.2010
	Currency			
	Exchange rate on the last day of financial year			
1	Share Capital (including Share Application money pending allotment)	0.01	150.00	0.01
2	Reserves	–	(5.61)	(0.09)
3	Liabilities	0.47	11.94	0.09
4	Total Liabilities	0.48	156.33	0.01
5	Total Assets	0.48	156.33	0.01
	Long Term Investments - fellow subsidiaries	–	–	–
	- others	–	–	–
	Current Investments	–	54.19	–
6	Total Investments (excluding subsidiary companies)	–	54.19	–
7	Turnover	–	–	–
8	Profit before taxation	–	(4.60)	(0.09)
9	Provision for taxation	–	0.06	–
10	Profit after taxation	–	(4.65)	(0.09)
11	Interim dividend - Equity	–	–	–
12	Interim dividend - Preference	–	–	–
13	Proposed dividend - Equity	–	–	–
14	Proposed dividend - Preference	–	–	–

A. M. NAIK
Chairman & Managing Director
Mumbai, May 17, 2010

Note: The above information is presented in accordance with the exemption received from the Central Government as stated on page no. 23 of the Annual Report.

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Consolidated Financial Statements 2009-2010

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, 2010 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	9065.84	1013.39
B	Foreign subsidiaries	1885.17	3242.55
C	Joint ventures	33.20	185.07
		Net carrying cost of investment	**Current year/period share of profit or (loss)**
D	Associates	119.96	15.65

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, 2010, 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	0.41	–
B	Joint ventures	1333.66	0.02
		Net carrying cost of investment	**Current year/period share of profit or (loss)**
C	Associates	59.81	6.89

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, 2010;

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 & TANNAN
Chartered Accountants
ICAI registration no.109982W
by the hand of

R. D. KARE
Partner
Membership no.8820

Mumbai, May 17, 2010

Consolidated Balance Sheet as at March 31, 2010

	Schedule		As at 31-3-2010 Rs.crore	As at 31-3-2010 Rs.crore	As at 31-3-2009 Rs.crore	As at 31-3-2009 Rs.crore
SOURCES OF FUNDS:						
SHAREHOLDERS' FUNDS:						
Share capital	A		120.44		117.14	
Employee stock options application money [Note no.8(e)]			25.09		-	
Reserves and surplus	B		20521.37		13598.09	
Employee stock options outstanding		610.30				
(previous year: Rs.511.47 crore)						
Less: Deferred employee compensation expense		285.94				
(previous year: Rs.239.00 crore)			324.36		272.47	
				20991.26		13987.70
Minority interest				1087.25		1058.58
LOAN FUNDS:						
Secured loans	C		14185.92		10494.94	
Unsecured loans	D		8470.14		7905.01	
				22656.06		18399.95
Deferred payment liabilities [Note no.33]				1951.26		1970.09
Deferred tax liabilities [Note no.25]				508.45		541.12
TOTAL				47194.28		35957.44
APPLICATION OF FUNDS:						
Fixed assets:						
Tangible assets:	E(i)					
Gross block			10957.95		9125.33	
Less: Depreciation and impairment			2762.84		2338.81	
Net block			8195.11		6786.52	
Less: Lease adjustment			239.36		239.36	
			7955.75		6547.16	
Capital work-in-progress			4114.68		2962.35	
				12070.43		9509.51
Intangible assets:	E(ii)					
Gross block			5150.09		3336.55	
Less: Amortisation and impairment			745.41		471.52	
Net block			4404.68		2865.03	
Capital work-in-progress			2503.75		3243.06	
				6908.43		6108.09
Fixed assets held for sale (at lower of cost or estimated realisable value)				0.08		0.08
Investments	F			9927.86		6805.40
Deferred tax assets [Note no.25]				355.42		410.29
Loans and advances towards financing activities	G(i)			10935.15		7109.94
Current assets, loans and advances:	G(ii)					
Inventories			2378.23		2501.66	
Sundry debtors			12527.98		11491.13	
Cash and bank balances			3321.59		1459.04	
Other current assets			7443.29		4672.43	
Loans and advances			5094.70		5417.94	
			30765.79		25542.20	
Less: Current liabilities and provisions:	H					
Liabilities			21294.61		17538.42	
Provisions			2474.27		1989.93	
			23768.88		19528.35	
Net current assets				6996.91		6013.85
Miscellaneous expenditure (to the extent not written-off or adjusted)	I			–		0.28
TOTAL				47194.28		35957.44
CONTINGENT LIABILITIES	J					
SIGNIFICANT ACCOUNTING POLICIES	Q					

(For notes forming part of the consolidated accounts see page nos.203 to 228)

A. M. NAIK
Chairman & Managing Director

As per our report attached
SHARP & TANNAN
Chartered Accountants
ICAI registration no.109982W
by the hand of
R. D. KARE
Partner
Membership no.8820
Mumbai, May 17, 2010

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE
N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN
Directors

Mumbai, May 17, 2010

Consolidated Profit and Loss Account for the year ended March 31, 2010

	Schedule	2009-2010		*2008-2009*	
		Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
INCOME:					
Sales & service (gross)	K	43854.24		*40607.87*	
Less: Excise duty		340.66		*420.87*	
Sales & service (net)			43513.58		*40187.00*
Other operational income	L(i)		456.22		*324.06*
Other income	L(ii)		2594.83		*592.25*
			46564.63		*41103.31*
EXPENDITURE:					
Manufacturing, construction and operating expenses	M	32256.16		*30230.07*	
Staff expenses	N	3065.83		*2636.49*	
Sales, administration and other expenses	O	2278.07		*2644.52*	
Interest expenses and brokerage	P	691.92		*528.06*	
Depreciation, impairment and obsolescence of tangible assets		640.51		*537.54*	
Amortisation and impairment of intangible assets		340.11		*192.09*	
		39272.60		*36768.77*	
Less: Overheads charged to fixed assets		52.02		*24.48*	
			39220.58		*36744.29*
Profit before transfer from revaluation reserve			7344.05		*4359.02*
Add: Transfer from revaluation reserve			1.30		*1.31*
Profit before tax before extraordinary items			7345.35		*4360.33*
Provision for current taxes including fringe benefit tax [Note no.24]		2039.77		*1389.51*	
Provision for deferred tax [Note no.25]		(2.37)		*35.36*	
			2037.40		*1424.87*
Profit after tax before extraordinary items			5307.95		*2935.46*
Less: Additional tax on dividend distributed/proposed by subsidiary companies			1.35		*0.80*
			5306.60		*2934.66*
Add: Share in profit/(loss) (net) of associate companies			105.95		*50.90*
			5412.55		*2985.56*
Add/(less): Minority interest in (income)/losses			(97.53)		*31.44*
Profit after minority interest before extraordinary items			5315.02		*3017.00*
Gain/(loss) on extraordinary items (net of tax) [Note no.14]			135.72		*772.46*
Profit attributable to Group shareholders			5450.74		*3789.46*
Less: Dividend paid for the previous year		2.04		*0.28*	
Additional tax on dividend paid for previous year		0.35		*0.05*	
			2.39		*0.33*
Profit available for appropriation			5448.35		*3789.13*
Less: Transfer to debenture redemption reserve			143.34		*43.34*
Transfer to reserve u/s 45 IC of the RBI Act, 1934			55.34		*35.27*
Transfer to tonnage tax reserve			–		*1.10*
Transfer to reserve u/s 36(1)(viii) of the Income Tax Act, 1961			6.08		*2.03*
Profit available for distribution			5243.59		*3707.39*
Proposed dividend			752.75		*614.97*
Additional tax on dividend			125.02		*104.52*
Balance carried to Balance Sheet			4365.82		*2987.90*
Basic earning per equity share before extraordinary items (Rupees)	[Note no.21]		89.61		*51.56*
Diluted earning per equity share before extraordinary items (Rupees)	[Note no.21]		87.92		*50.87*
Basic earning per equity share after extraordinary items (Rupees)	[Note no.21]		91.90		*64.76*
Diluted earning per equity share after extraordinary items (Rupees)	[Note no.21]		90.16		*63.89*
Face value per equity share (Rupees)	[Note no.21]		2.00		*2.00*
SIGNIFICANT ACCOUNTING POLICIES	Q				
(For notes forming part of consolidated accounts see page nos.203 to 228)					

A. M. NAIK
Chairman & Managing Director

As per our report attached
SHARP & TANNAN
Chartered Accountants
ICAI registration no.109982W
by the hand of
R. D. KARE
Partner
Membership no.8820
Mumbai, May 17, 2010

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE   S. RAJGOPAL   M. M. CHITALE
N. MOHAN RAJ   BHAGYAM RAMANI   A. K. JAIN
Directors

Mumbai, May 17, 2010

Consolidated Cash Flow Statement for the year ended March 31, 2010

			2009-2010	2008-2009
			Rs.crore	*Rs.crore*
A.	**Cash flow from operating activities:**			
	Profit before tax (excluding minority interest and extraordinary items)	... ...	7345.35	*4360.33*
	Adjustments for:			
	Dividend received	... ...	(310.23)	*(289.09)*
	Depreciation (including obsolescence), amortisation and impairment	... ...	979.32	*728.32*
	Exchange difference on items grouped under financing activity	... ...	(60.52)	*374.35*
	Interest expense	... ...	691.92	*528.06*
	Interest income	... ...	(136.58)	*(137.23)*
	(Profit)/loss on sale of fixed assets (net)	... ...	(9.84)	*(5.46)*
	(Profit)/loss on sale of investments (net)	... ...	(1987.03)	*(106.97)*
	Employee stock option - discount forming part of staff expenses	... ...	170.31	*174.79*
	Provision/(reversal) for diminution in value of investments	... ...	21.61	*9.62*
	Operating profit before working capital changes	... ...	6704.31	*5636.72*
	Adjustments for:			
	(Increase)/decrease in trade and other receivables	... ...	(7550.45)	*(6500.99)*
	(Increase)/decrease in inventories	... ...	564.57	*(525.49)*
	(Increase)/decrease in miscellaneous expenditure	... ...	0.28	*28.26*
	Increase/(decrease) in trade payables and customer advances	... ...	4153.85	*3007.78*
	Cash generated from operations	... ...	3872.56	*1646.28*
	Direct taxes refund/(paid) (net)	... ...	(1754.72)	*(1150.32)*
	Net cash (used in)/from operating activities	... ...	2117.84	*495.96*
B.	**Cash flow from investing activities:**			
	Purchase of fixed assets	... ...	(4539.71)	*(5477.59)*
	Sale of fixed assets	... ...	59.71	*97.10*
	Purchase of long term investments	... ...	(109.45)	*(878.22)*
	Sale of long term investments	... ...	2305.92	*264.26*
	(Purchase)/sale of current investments (net)		(3269.67)	*(550.22)*
	Loans/deposits made with associates companies and third parties (net)	... ...	(113.84)	*106.27*
	Advance towards equity commitment	... ...	(0.93)	*(0.69)*
	Interest received	... ...	101.93	*106.41*
	Dividend received from associates	... ...	20.28	*57.95*
	Dividend received from other investments	... ...	310.23	*289.09*
	Consideration received on disposal of subsidiaries	... ...	48.47	*166.66*
	Consideration paid on acquisition of subsidiaries	... ...	(79.18)	*(412.93)*
	Cash and cash equivalents acquired pursuant to acquisition of subsidiaries	... ...	32.06	*34.39*
	Cash and cash equivalents discharged pursuant to disposal of a subsidiary	... ...	(2.65)	*(0.51)*
	Cash (used in)/from investing activities (before extraordinary items)	... ...	(5236.83)	*(6198.03)*
	Extraordinary items:			
	Cash received (net of expenses) on sale/transfer of Petroleum Dispensing Pumps & Systems business (net of tax Rs.21.61 crore)	... ...	129.07	–
	Cash received (net of expenses) on sale/transfer of Ready Mix Concrete business (net of tax 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)	... ...	(5107.76)	*(5076.89)*
C.	**Cash flow from financing activities:**			
	Proceeds from issue of share capital	... ...	2132.74	*23.04*
	Proceeds from long term borrowings	... ...	8657.42	*5201.74*
	Repayment of long term borrowings	... ...	(3909.07)	*(523.54)*
	(Repayments)/proceeds from other borrowings (net)	... ...	(438.54)	*675.05*
	Payment (to)/from minority interest	... ...	11.44	*146.15*
	Loans from associate/joint venture companies (net of repayments)	... ...	(20.02)	*20.00*
	Dividends paid	... ...	(617.01)	*(438.77)*
	Additional tax on dividend	... ...	(104.86)	*(70.56)*
	Interest paid	... ...	(831.33)	*(553.92)*
	Net cash (used in)/from financing activities	... ...	4880.77	*4479.19*
Net (decrease)/increase in cash and cash equivalents (A + B + C)		... ...	1890.85	*(101.74)*
Cash and cash equivalents at beginning of the year		... ...	1459.04	*1560.78*
Less: Cash and bank balance transferred on subsidiary becoming an associate		... ...	(28.30)	–
Cash and cash equivalents at end of the year		... ...	3321.59	*1459.04*

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 loss of Rs.25.92 crore *(previous year unrealised gain of Rs.25.64 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, please refer note no.12 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
ICAI registration no.109982W
by the hand of
R. D. KARE
Partner
Membership no.8820
Mumbai, May 17, 2010

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE
N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN
Directors

Mumbai, May 17, 2010

Schedules forming part of the Consolidated Accounts

	As at 31-3-2010 Rs.crore	As at 31-3-2009 Rs.crore
Schedule A		
Share capital:		
Authorised:		
1,62,50,00,000 equity shares of Rs.2 each	325.00	*325.00*
(previous year: 1,62,50,00,000 equity shares of Rs.2 each)		
Issued:		
60,21,95,408 equity shares of Rs.2 each	120.44	*117.14*
(previous year: 58,56,87,862 equity shares of Rs.2 each)		
Subscribed and paid up:		
60,21,95,408 equity shares of Rs.2 each [Note no.6]	120.44	*117.14*
(previous year: 58,56,87,862 equity shares of Rs.2 each)		
	120.44	*117.14*

	As at 31-3-2010		As at 31-3-2009	
	Rs.crore	Rs.crore	Rs.crore	Rs.crore
Schedule B				
Reserves and surplus:				
Revaluation reserve:				
As per last Balance Sheet	32.11		*25.90*	
Addition during the year	–		*7.52*	
Less: Transferred to Profit and Loss Account	1.30		*1.31*	
		30.81		*32.11*
Capital redemption reserve:				
As per last Balance Sheet	3.14		*3.16*	
Add: Transferred from retained earnings	0.13		*–*	
Less: Utilised for issue of bonus shares	–		*0.02*	
		3.27		*3.14*
Capital reserve:				
As per last Balance Sheet	46.61		*10.81*	
Addition during the year	–		*35.80*	
		46.61		*46.61*
Capital reserve on consolidation:				
As per last Balance Sheet	15.70		*15.98*	
Addition during the year	1.04		*–*	
Deduction during the year	2.50		*0.28*	
		14.24		*15.70*
Reserve u/s 45 IC of the RBI Act, 1934:				
As per last Balance Sheet	111.02		*75.75*	
Add: Transferred from Profit and Loss Account	55.34		*35.27*	
		166.36		*111.02*
Debenture redemption reserve:				
As per last Balance Sheet	43.34		*–*	
Add: Trasferred from Profit and Loss Account	143.34		*43.34*	
		186.68		*43.34*
Securities premium account:				
As per last Balance Sheet	4199.29		*4187.26*	
Addition during the year	2249.19		*69.62*	
	6448.48		*4256.88*	
Less: Utilised for issue of bonus shares	–		*58.50*	
Transfer to retained earnings	–		*0.01*	
Share/bond issue expenses (net of tax)	45.84		*–*	
(Reversal)/write-back of provision made in previous year	–		*(0.92)*	
		6402.64		*4199.29*
Carried forward		6850.61		*4451.21*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2010		As at 31-3-2009	
	Rs.crore	Rs.crore	Rs.crore	Rs.crore
Schedule B (contd.)				
Brought forward		6850.61		4451.21
Foreign projects reserve:				
As per last Balance Sheet	7.83		10.83	
Less: Transferred to retained earnings	7.83		3.00	
		–		7.83
Housing projects reserve:				
As per last Balance Sheet	1.73		3.98	
Less: Transferred to retained earnings	1.73		2.25	
		–		1.73
Tonnage tax reserve:				
As per last Balance Sheet	2.09		0.99	
Add: Transferred from Profit and Loss Account	–		1.10	
Less: Transferred to retained earnings	2.09		–	
		–		2.09
Foreign currency translation reserve:				
As per last Balance Sheet	112.68		(11.24)	
Addition/(deduction) during the year	(75.63)		123.92	
		37.05		112.68
Reserve u/s 36(1)(viii) of Income tax Act, 1961:				
As per last Balance Sheet	3.80		1.77	
Add: Transferred from Profit and Loss Account	6.08		2.03	
		9.88		3.80
Hedging reserve (net of tax):				
As per last Balance Sheet	(282.40)		(4.85)	
Addition/(deduction) during the year (net)	227.74		(277.55)	
		(54.66)		(282.40)
Retained earnings:				
As per last Balance Sheet	9301.15		6307.99	
Add/(Less): Transferred from/(to):				
Foreign projects reserve	7.83		3.00	
Housing projects reserve	1.73		2.25	
Tonnage tax reserve	2.09		–	
Capital redemption reserve	(0.13)		–	
Securities premium account	–		0.01	
Profit and Loss Account	4365.82		2987.90	
		13678.49		9301.15
		20521.37		13598.09

	As at 31-3-2010		As at 31-3-2009	
	Rs.crore	Rs.crore	Rs.crore	Rs.crore
Schedule C				
Secured loans:				
Redeemable non-covertible fixed rate debentures		3848.02		1700.00
Redeemable non-covertible floating rate debentures		350.00		200.00
Loans from banks:				
Cash credits/working capital demand loans	635.56		796.76	
Other loans	8962.05		7441.12	
Interest accrued and due	0.15		1.98	
		9597.76		8239.86
Loans from financial institutions		390.14		355.08
		14185.92		10494.94

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule D				
Unsecured loans:				
3.50% Foreign currency convertible bonds		898.00		*–*
Redeemable non-covertible fixed rate debentures		325.00		*400.00*
Redeemable non-covertible floating rate debentures		–		*35.00*
Fixed deposits		–		*0.01*
Short term loans and advances:				
From banks	1305.24		*2136.16*	
From others	166.93		*25.33*	
Lease finance	0.18		*0.46*	
Sales tax deferment loan	27.23		*18.89*	
Commercial paper	1405.00		*640.00*	
		2904.58		*2820.84*
Other loans and advances:				
From banks	4214.83		*4386.30*	
Lease finance	0.40		*0.54*	
Sales tax deferment loan	66.91		*101.14*	
From others	60.42		*161.18*	
		4342.56		*4649.16*
		8470.14		*7905.01*

Schedule E(i)
Fixed Assets - Tangible:

Rs.crore

Particulars	Cost/valuation						Depreciation						Impairment	Book value	
	As at 1-4-2009	Transfer on business combination	Additions	Foreign currency fluctuation	Deductions	As at 31-3-2010	*Up to 31-3-2009*	Transfer on business combination	For the year	Foreign currency fluctuation	Deductions	Up to 31-3-2010	As at 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
OWNED ASSETS:															
Land-freehold	*863.09*	–	393.74	(0.07)	38.51	1218.25	–	–	–	–	–	–	–	1218.25	*863.09*
Ships	*263.69*	–	17.91	–	210.14	71.46	*55.01*	–	4.10	–	51.60	7.51	–	63.95	*208.68*
Buildings	*1403.42*	–	587.23	(12.95)	11.52	1966.18	*226.01*	–	48.69	(1.39)	4.45	268.86	0.70	1696.62	*1176.71*
Railway sidings	*0.25*	–	–	–	–	0.25	*0.25*	–	–	–	–	0.25	–	–	–
Plant and machinery	*4953.60*	2.14	1274.02	(50.55)	161.28	6017.93	*1510.35*	1.48	464.59	(12.40)	97.30	1866.72	0.49	4150.72	*3443.16*
Furniture and fixtures	*328.61*	0.10	57.37	(2.33)	11.03	372.72	*144.88*	0.04	40.53	(0.73)	8.69	176.03	0.08	196.61	*183.73*
Vehicles	*188.38*	0.95	55.16	(5.69)	8.74	230.06	*90.01*	0.14	26.04	(2.81)	5.86	107.52	–	122.54	*98.37*
Aircraft	*9.26*	–	4.48	–	3.12	10.62	*7.98*	–	0.66	–	3.12	5.52	–	5.10	*1.28*
Owned assets given on operating Lease:															
Plant and machinery	*564.20*	–	23.22	–	17.67	569.75	*223.89*	–	18.74	–	7.97	234.66	6.93	328.16	*333.38*
Buildings	*427.02*	–	22.37	(4.02)	93.39	351.98	*25.60*	–	7.42	(0.32)	1.51	31.19	–	320.79	*401.42*
Vehicles	*119.21*	–	44.87	–	19.15	144.93	*43.09*	–	19.89	–	10.41	52.57	–	92.36	*76.12*
Lease adjustment	–	–	–	–	–	–	–	–	–	–	–	–	–	(239.36)	*(239.36)*
Owned assets (sub total-A)	*9120.73*	3.19	2480.37	(75.61)	574.55	10954.13	*2327.07*	1.66	630.66	(17.65)	190.91	2750.83	8.20	7955.74	*6546.58*
LEASED ASSETS:															
Assets taken under finance lease:															
Plant and machinery	*3.67*	–	–	–	0.76	2.91	*3.09*	–	0.53	–	0.72	2.90	–	0.01	*0.58*
Vehicles	*0.93*	–	–	–	0.02	0.91	*0.93*	–	–	–	0.02	0.91	–	–	–
Assets taken under finance lease (sub total-B)	*4.60*	–	–	–	0.78	3.82	*4.02*	–	0.53	–	0.74	3.81	–	0.01	*0.58*
Total (A+B)	*9125.33*	3.19	2480.37	(75.61)	575.33	10957.95	*2331.09*	1.66	631.19	(17.65)	191.65	2754.64	8.20	7955.75	*6547.16*
Previous year	*7195.56*	*162.42*	*2387.42*	–	*620.07*	*9125.33*	*1883.46*	*79.22*	*538.49*	–	*170.08*	*2331.09*	*7.72*		
Add: Capital work-in-progress														4114.68	*2962.35*
														12070.43	*9509.51*

Schedules forming part of the Consolidated Accounts (contd.)

Schedule E (contd.)

Schedule E(ii)

Fixed Assets - Intangible:

Rs.crore

Particulars	Cost/valuation						Amortisation						Impairment	Book value	
	As at 1-4-2009	Transfer on business combination	Additions	Foreign currency fluctuation	Deductions	As at 31-3-2010	*Up to 31-3-2009*	Transfer on business combination	For the year	Foreign currency fluctuation	Deductions	Up to 31-3-2010	As at 31-3-2010	As at 31-3-2010	*As at 31-3-2009*
Goodwill on consolidation	*467.92*	–	196.58	19.29	–	683.79	*66.94*	–	47.06	(0.23)	–	113.77	42.00	528.02	*358.98*
Land-leasehold	*347.12*	–	130.73	(5.99)	7.30	464.56	*11.04*	–	6.27	(0.58)	2.67	14.06	–	450.50	*336.08*
Specialised softwares	*200.97*	1.38	56.20	(0.73)	11.61	246.21	*113.18*	1.03	50.93	(0.10)	10.58	154.46	–	91.75	*87.79*
Lumpsum fees for technical knowhow	*28.43*	–	10.67	0.16	1.20	38.06	*16.99*	–	3.93	0.20	1.20	19.92	–	18.14	*11.44*
Toll collection rights	*2289.11*	–	1476.66	–	51.30	3714.47	*218.37*	–	231.13	–	51.30	398.20	–	3316.27	*2070.74*
Trade marks	*3.00*	–	–	–	–	3.00	*3.00*	–	–	–	–	3.00	–	–	*–*
Total	*3336.55*	1.38	1870.84	12.73	71.41	5150.09	*429.52*	1.03	339.32	(0.71)	65.75	703.41	42.00	4404.68	*2865.03*
Previous year	*792.47*	*12.52*	*2550.35*	–	*18.79*	*3336.55*	*293.25*	*2.96*	*147.39*	–	*14.08*	*429.52*	*42.00*		
Add: Capital work-in-progress														2503.75	*3243.06*
														6908.43	*6108.09*

Notes:

1 Additions to freehold land include Rs.4.63 crore being the book value of leasehold land reclassified as freehold land pursuant to acquisition of ownership rights in it.

2 Cost/valuation of:

(i) Freehold land includes:

(a) Rs.0.14 crore *(previous year: 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 6 years, with extension of 3 years, at the end of which sale deed would be executed, on fulfillment of certain conditions by the Company.

(b) Rs.15.25 crore for land taken at Nagpur on lease from Maharashtra Airport Development Company Limited for a period of 99 years with effect from June 1, 2008 vide agreement dated June 20, 2008 for developing IT Infrastructure facilities.

(c) Rs.18.57 crore added during the year in respect of which lease agreements are yet to be executed.

3 Cost/valuation of buildings includes ownership accommodation:

(i) (a) in various co-operative societies and apartments and shop-owners' associations: Rs.96.99 crore, including 2478 shares of Rs.50 each and 50 shares of Rs.100 each.

(b) in proposed co-operative societies Rs.21.17 crore.

(ii) of Rs.4.39 crore in respect of which the deed of conveyance is yet to be executed.

(iii) of Rs.8.48 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.192.73 crore *(previous year: 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.10.01 crore *(previous year: Rs.1.38 crore)* and Rs.0.48 crore *(previous year: Rs.0.79 crore)* on account of impairment loss. Amortisation for the year on intangible assets includes Rs.Nil *(previous year: Rs.41.28 crore)* on account of impairment loss.

7 Capital work-in-progress - tangible assets includes advances Rs.124.98 crore *(previous year: Rs.654.17 crore)*. Capital work-in-progress - intangible assets includes advance Rs.58.05 crore *(previous year: Rs.6.28 crore)* and Rs.0.92 crore *(previous year: Rs.1.74 crore)* on account of 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.

9 One of the subsidiaries has revalued land in the financial year 2008-2009 , based on an estimated market valuation recommended by an external valuer as at March 31, 2008 which resulted in a net increase of Rs.24.69 crore.

10 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 31-3-2010		*As at 31-3-2009*	
		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		*0.50*
Investment in associates: [see note below]					
Fully paid equity shares of associate companies		234.50		*224.48*	
Fully paid preference shares of associate companies		–		*10.00*	
		234.50		*234.48*	
Add/(deduct):					
Accumulated share in profit/(loss) of the associate companies at the beginning of the year		317.85		*351.64*	
Adjustment pursuant to subsidiary becoming an associate		(27.37)		*–*	
Adjustment pursuant to dilution/divestment of stake and buy-back in associates		(16.00)		*(26.74)*	
		508.98		*559.38*	
Add/(deduct):					
Share in profit/(loss) (net) of associate companies - current year		105.95		*50.90*	
Commitment to fresh infusion of equity		3.21		*3.16*	
Dividend received from associate companies during the year		(20.28)		*(57.95)*	
Unrealised profits in respect of transactions with associate companies		(74.36)		*(71.17)*	
Provision for diminution in value		(17.49)		*(0.56)*	
			506.01		*483.76*
Debentures			67.00		*–*
Other fully paid equity shares			794.57		*1102.27*
Bonds			–		*0.50*
			1368.08		*1587.03*
Current investments:					
Government and trust securities	538.32				
Less: Provision for diminution in value	3.81				
		534.51		*–*	
Other fully paid equity shares *(previous year: Rs.8.67 crore)*	4.60				
Less: Provision for diminution in value *(previous year: Rs.1.67 crore)*	0.11	4.49		*7.00*	
Bonds *(previous year Rs.258.45 crore)*	151.90				
Less: Provision for diminution in value *(previous year: Rs.4.36 crore)*	1.49	150.41		*254.09*	
Debentures		777.17		*–*	
Mutual funds *(previous year: Rs. 3604.14 crore)*	6619.47				
Less: Provision for diminution in value *(previous year: Rs.3.84 crore)*	4.71	6614.76		*3600.30*	
Other securities		478.44		*1356.98*	
			8559.78		*5218.37*
			9927.86		*6805.40*

Note: Investments in associates include goodwill of Rs.31.52 crore *(previous year: Rs.35.71 crore)*, net of cumulative amortisation of Rs.10.40 crore *(previous year: Rs.6.21 crore)* and is net of capital reserve of Rs.0.26 crore *(previous year: Rs.0.01 crore).*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2010		*As at 31-3-2009*	
	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	483.90		*364.17*	
Infrastructure and other loans	9140.22		*5857.89*	
Considered doubtful:				
Infrastructure and other loans	62.55		*15.72*	
	9686.67		*6237.78*	
Less: Provision for non performing assets	62.55		*15.72*	
		9624.12		*6222.06*
Unsecured loans:				
Considered good:				
Bills discounted	184.31		*219.97*	
Other loans	1126.72		*667.91*	
Considered doubtful:				
Other loans	1.35		*0.07*	
	1312.38		*887.95*	
Less: Provision for non performing assets	1.35		*0.07*	
		1311.03		*887.88*
		10935.15		*7109.94*

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule G(ii)				
Current assets, loans and advances:				
Current assets:				
Inventories:				
Stock-in-trade, manufacturing work-in-progress and stock on hire: (at cost or net realisable value whichever is lower)				
Stock-in-trade:				
Raw materials	397.80		*556.01*	
Components	340.35		*344.96*	
Construction materials	122.89		*118.83*	
Stores, spare parts and loose tools	130.23		*116.23*	
Finished goods	399.85		*464.65*	
Property development land	417.10		*323.85*	
Completed property	130.08		*9.75*	
	1938.30		*1934.28*	
Manufacturing work-in-progress	438.81		*566.26*	
Stock on hire	1.12		*1.12*	
		2378.23		*2501.66*
Carried forward		2378.23		*2501.66*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule G(ii) (contd.)				
Brought forward		2378.23		*2501.66*
Sundry debtors:				
Secured:				
Debts outstanding for more than 6 months:				
Considered good	10.29		*13.43*	
Considered doubtful	41.21		*14.33*	
	51.50		*27.76*	
Other debts:				
Considered good	159.83		*139.11*	
	211.33		*166.87*	
Less: Provision for doubtful debts	41.21		*14.33*	
	170.12		*152.54*	
Unsecured:				
Debts outstanding for more than 6 months:				
Considered good	3048.04		*2408.39*	
Considered doubtful	517.10		*427.85*	
	3565.14		*2836.24*	
Other debts:				
Considered good	9309.82		*8930.20*	
	12874.96		*11766.44*	
Less: Provision for doubtful debts	517.10		*427.85*	
	12357.86		*11338.59*	
		12527.98		*11491.13*
Cash and bank balances:				
Cash on hand	20.40		*11.42*	
Cheques on hand	249.04		*285.24*	
Balances with scheduled banks:				
on current accounts	933.82		*472.10*	
on fixed deposits including interest accrued thereon	1474.90		*284.82*	
on margin money deposit accounts	2.36		*19.33*	
Balances with non-scheduled banks [Note no.12]	641.07		*386.13*	
		3321.59		*1459.04*
Other current assets:				
Interest accrued on investments	45.51		*17.07*	
Due from customers (Construction and project related activity)	7340.33		*4604.12*	
Others	57.45		*51.24*	
		7443.29		*4672.43*
Loans and advances:				
Secured, considered good:				
Loans against mortgage of house property	17.12		*21.93*	
Unsecured:				
Considered good:				
Associate companies:				
Advances recoverable	11.07		*26.29*	
Inter-corporate deposits	–		*5.00*	
Advances towards equity commitment	0.93		*0.69*	
Inter-corporate deposits	3.60		*5.86*	
Advances recoverable in cash or in kind [Note no.17]	5010.38		*5319.11*	
Balance with customs, port trust, etc.	49.75		*37.26*	
Lease receivables	1.85		*1.80*	
Considered doubtful:				
Deferred credit against sale of ships	18.67		*21.09*	
Advances recoverable in cash or in kind	71.52		*63.86*	
	5184.89		*5502.89*	
Less: Provision for doubtful loans and advances	90.19		*84.95*	
		5094.70		*5417.94*
		30765.79		*25542.20*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2010		*As at 31-3-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule H				
Current liabilities and provisions:				
Liabilities:				
Acceptances		40.50		*58.54*
Sundry creditors:				
Due to: Micro and small enterprises	24.51		*11.43*	
Others [Note no.11]	11634.58		*8912.34*	
		11659.09		*8923.77*
Due to customers (Construction and project related activity)		2499.88		*3083.06*
Advances from customers		6903.29		*5341.85*
Items covered by investor education and protection fund:				
Unpaid dividend	12.79		*10.33*	
Unpaid matured deposits	0.09		*0.13*	
Unpaid matured debentures/bonds	–		*0.15*	
Interest accrued on bonds	0.01		*0.02*	
		12.89		*10.63*
Due to directors		45.19		*36.37*
Interest accrued but not due on loans		133.77		*84.20*
		21294.61		*17538.42*
Provisions for:				
Current taxes (Net of payment made Rs.1359.41 crore; *previous year: Rs.1327.48 crore*)	596.26		*304.77*	
Proposed dividend	752.75		*614.97*	
Additional tax on dividend	126.37		*104.51*	
Gratuity	20.04		*0.93*	
Compensated absences	354.14		*292.11*	
Employee pension schemes	135.61		*151.80*	
Post-retirement medical benefit plan	82.55		*74.40*	
Long service awards	5.80		*8.37*	
Other provisions (AS-29 related) [Note no.22]	400.75		*438.07*	
		2474.27		*1989.93*
		23768.88		*19528.35*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2010	As at 31-3-2009
	Rs.crore	Rs.crore
Schedule I		
Miscellaneous expenditure (to the extent not written off or adjusted)		
Voluntary Retirement-cum-Pension Schemes/Voluntary Retirement Schemes	–	0.28
	–	0.28

	As at 31-3-2010	As at 31-3-2009
	Rs.crore	Rs.crore
Schedule J		
Contingent liabilities:		
(a) Claims against the Company not acknowledged as debts	188.90	199.94
(b) Sales-tax liability that may arise in respect of matters in appeal	177.63	82.99
(c) Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company in WRIT	67.76	15.30
(d) Customs duty demands against which the Group has filed appeals before appellate authorities which are pending disposal.	0.35	0.54
(e) Income-tax liability (including interest and penalty) that may arise in respect of which the Company is in appeal	135.99	102.24

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".

	2009-2010	2008-2009
	Rs.crore	Rs.crore
Schedule K		
Sales & service:		
Manufacturing, trading and property development activity	6227.59	6811.46
Construction and project related activity	33153.67	29824.12
Software development products and services	1966.18	2068.74
Income from financing activity/annuity based projects	1476.01	1124.81
Toll collection and related activity	337.41	97.24
Servicing	294.50	293.64
Commission	153.72	210.37
Engineering and service fees	245.16	177.49
	43854.24	40607.87

Schedules forming part of the Consolidated Accounts (contd.)

	2009-2010 Rs.crore	*2008-2009 Rs.crore*
Schedule L(i)		
Other operational income:		
Equipment and property rentals	85.92	*93.58*
Technical fees	7.75	*3.29*
Property maintenance recoveries	19.56	*17.01*
Facility management income	7.20	*4.67*
Profit on sale of fixed assets (net)	6.25	*3.25*
Unclaimed credit balances	24.68	*24.95*
Miscellaneous income	304.86	*177.31*
	456.22	*324.06*

	2009-2010		*2008-2009*	
	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	32.99		*58.06*	
Income from long term investments:				
Interest on debentures, bonds and Government securities	0.08		*12.71*	
Income from current investment:				
Interest on debentures, bonds and Government securities	103.51		*66.46*	
		136.58		*137.23*
Dividend income:				
From long term investments:				
Trade investments	12.74		*11.81*	
Other investments	–		*0.30*	
	12.74		*12.11*	
From current investments	297.49		*276.98*	
		310.23		*289.09*
Profit on sale of investments:				
Profit on sale of long term investments (net) [Note no.16(a)]	1923.58		*12.70*	
Profit on sale of current investments (net)	63.45		*94.27*	
		1987.03		*106.97*
Profit on sale of fixed assets (net)		3.59		*2.21*
Lease rental		9.68		*10.93*
Unclaimed credit balances		0.09		*1.08*
Miscellaneous income		146.52		*36.51*
Provision no longer required written back		1.11		*8.23*
		2594.83		*592.25*

Schedules forming part of the Consolidated Accounts (contd.)

	2009-2010		2008-2009	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule M				
Manufacturing, construction and operating expenses:				
Materials consumed:				
Raw materials and components	6722.49		*7242.48*	
Construction materials	8374.14		*8336.78*	
	15096.63		*15579.26*	
Less: Scrap sales	64.93		*69.78*	
		15031.70		*15509.48*
Purchase of trading goods		1530.95		*1644.52*
(Increase)/decrease in stocks:				
Closing stock:				
Finished goods	399.85		*464.65*	
Work-in-progress	1112.36		*1535.29*	
	1512.21		*1999.94*	
Less: Opening stock:				
Finished goods	464.65		*359.79*	
Work-in-progress	1535.29		*1516.63*	
	1999.94		*1876.42*	
		487.73		*(123.52)*
Value of materials, tools, and WIP transferred on sale of undertaking		(20.45)		*–*
Sub-contracting charges		9141.83		*7670.77*
Stores, spares and tools		1160.08		*1070.32*
Excise duty		(3.45)		*(5.22)*
Power and fuel		375.45		*534.28*
Royalty and technical know-how fees		2.99		*24.49*
Packing and forwarding		134.75		*123.65*
Hire charges - plant and machinery and others		350.53		*407.42*
Bank guarantee charges		111.71		*40.70*
Engineering, technical and consultancy fees		467.00		*428.29*
Insurance		162.65		*80.38*
Rent		159.75		*138.20*
Rates and taxes		36.81		*35.03*
Travelling and conveyance		317.96		*268.67*
Repairs to plant and machinery		38.76		*53.55*
Repairs to buildings		7.44		*12.14*
General repairs and maintenance		124.14		*102.80*
Interest and other financing charges		667.65		*637.72*
Software development expenses (including provision for gratuity fund Rs.2.25 crore; *previous year Rs.2.87 crore*)		1089.36		*1257.78*
Cost of built up technology park space and property development land:				
Opening 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*	
Add: Expenses on construction during the year	208.35		*310.71*	
Less: Value of WIP transferred on sale of stake in subsidiary	11.80		*–*	
	704.73		*642.23*	
Less: Internal capitalisation during the year	–		*12.87*	
	704.73		*629.36*	
Less: Closing Stock:				
Work-in-progress	65.93		*174.58*	
Completed property	130.08		*9.75*	
Property development land	417.10		*323.85*	
	613.11		*508.18*	
		91.62		*121.18*
Other expenses [Note no.16(c)]		789.20		*197.44*
		32256.16		*30230.07*

Schedules forming part of the Consolidated Accounts (contd.)

	2009-2010		*2008-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule N				
Staff expenses:				
Salaries, wages and bonus		2518.90		*2190.54*
Contribution to and provision for:				
Provident funds and pension fund	84.44		*74.53*	
Superannuation/employee pension schemes	55.34		*25.20*	
Gratuity funds	52.77		*29.19*	
		192.55		*128.92*
Welfare and other expenses		354.38		*317.03*
		3065.83		*2636.49*

	2009-2010		*2008-2009*	
	Rs.crore	Rs.crore	*Rs.crore*	*Rs.crore*
Schedule O				
Sales, administration and other expenses:				
Power and fuel		55.35		*55.27*
Packing and forwarding		135.26		*203.33*
Professional fees		165.74		*177.02*
Insurance		30.61		*24.86*
Rent		172.06		*172.78*
Rates and taxes		80.21		*62.08*
Travelling and conveyance		244.59		*302.10*
Repairs to buildings		12.45		*18.78*
General repairs and maintenance		152.42		*128.13*
Directors’ fees		0.29		*0.33*
Telephone, postage and telegrams		106.49		*110.06*
Advertising and publicity		75.30		*66.98*
Stationery and printing		42.62		*45.03*
Commission:				
Distributors and agents	39.43		*43.58*	
Others	47.46		*11.50*	
		86.89		*55.08*
Bank charges		48.91		*38.09*
Miscellaneous expenses		358.00		*661.69*
Bad debts and advances written off	112.36		*87.08*	
Less: Provision for doubtful debts and advances written back	29.71		*75.34*	
		82.65		*11.74*
Discount on sales		57.83		*45.60*
Provision for doubtful debts,advances and non-performing assets (net)		199.19		*264.69*
Provision for foreseeable losses on construction contracts		124.37		*53.17*
Provision for diminution in value of investments (net)		21.61		*9.62*
Other provisions [Note no.22]		25.23		*138.09*
		2278.07		*2644.52*

	2009-2010	*2008-2009*
	Rs.crore	*Rs.crore*
Schedule P		
Interest expenses and brokerage:		
Debentures and fixed loans	500.70	*322.26*
Others	191.22	*205.80*
	691.92	*528.06*

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, 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 represents the cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is determined as a proportion of cost of work performed to-date to the total estimated contract costs.

Full provision is made for any loss in the period in which it is foreseen. Project and construction related work-in-progress is reflected at cost till such time the outcome of the job cannot be ascertained reliably and at realisable value thereafter.

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 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) Revenue relatable to construction services rendered in connection with Build-Operate-Transfer (BOT) projects undertaken by the group is recognized 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.

ix) Revenue from service related activities is recognised using the proportionate completion method.

x) Commission income is recognised as and when the terms of the contract are fulfilled.

xi) Revenue from engineering and service fees is recognised as per the terms of the contract.

xii) 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.

xiii) Trusteeship fees are accounted on an accrual basis in accordance with the trust deed and are dependent on the net asset value as recorded by the respective mutual fund schemes.

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 business and is recognised when the right to receive the income is established as per the terms of the contract.

d) Interest income is accrued at applicable interest rate.

e) Dividend income is accounted when the right to receive the same is established.

f) 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 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. The carrying amount of investment in associate companies is reduced to recognise any decline which is other than temporary in nature and such determination of decline in value, if any, is made for each investment individually.

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, 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	The Company’s interest in jointly controlled entities are proportionately 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 accounted 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.

The interest element implicit in the actuarial valuation of defined benefit plans is classified under interest expense and balance charge is recognised as employee benefits 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

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

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:

Finance leases:

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 given under leases where the Company has transferred substantially all the risks and rewards of ownership to lessee, are classified as finance leases. Where under a contract, the Company has agreed to manufacture/construct an asset and convey, in substance, a right to the beneficiary to use the asset over a major part of its economic life, for a pre-determined consideration, such arrangement is also accounted as finance lease.

iii) Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Wherever the asset is manufactured/constructed by the Company, the fair value of the asset, representing the net investment in the lease, is recognised as sales revenue in accordance with the Company's revenue recognition policy. 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) Initial direct costs relating to assets given on finance leases are charged to Profit and Loss Account.

Operating leases:

i) 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.

ii) Assets leased out under operating leases are capitalised. Rental income is recognised on accrual basis over the lease term.

(Also refer to policy on depreciation, *infra*)

8. Depreciation

a) Indian companies

i) Owned assets

a) Revalued assets:

Depreciation is provided for based on 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 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 straight line method 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

Schedules forming part of the Consolidated Accounts (contd.)

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 National Highway Authority of India (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 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; or

b) the reversal of impairment loss recognised in previous periods, if any.

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

Recoverable amount is determined:

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

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

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

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 "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.

   i) Manufacturing work-in-progress at lower of cost including related overheads or net realisable value.

   In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.

b) Finished goods at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods.

c) Property development land at lower of cost or net realisable value.

d) Completed property is valued at lower of cost or net realisable value.

Schedules forming part of the Consolidated Accounts (contd.)

13. Government grant

Grants received from NHAI in the nature of “promoter contribution” are credited to “capital reserve”.

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, 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 of monetary items at each Balance Sheet date 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 and amortisation 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 and amortisation is accounted at the same rate at which assets are converted.

Schedules forming part of the Consolidated Accounts (contd.)

ii) Revenues and expenses at yearly average exchange rates prevailing during the year.

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.

h) 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 under “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.

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 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 31-3-2010 Proportion of ownership interest (%)	As at 31-3-2010 Proportion of voting power held (%)	*As at 31-3-2009 Proportion of ownership interest (%)*	*As at 31-3-2009 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	50.00	50.00	*50.00*	*50.00*
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	*99.99*	*99.99*
6	International Seaport Dredging Limited*	India	–	–	*46.02*	*46.02*
7	L&T-Valdel Engineering Limited	India	100.00	100.00	*95.00*	*95.00*
8	India Infrastructure Developers Limited	India	99.99	99.99	*99.99*	*99.99*
9	L&T Shipbuilding Limited	India	100.00	100.00	*100.00*	*100.00*
10	L&T Infra and 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	50.00	50.00	*50.00*	*50.00*
19	L&T Power 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	L&T Finance Limited	India	99.99	99.99	*99.99*	*99.99*
25	L&T Capital Company Limited	India	100.00	100.00	*100.00*	*100.00*
26	L&T General Insurance Company Limited	India	100.00	100.00	*100.00*	*100.00*
27	L&T Power Development Limited	India	100.00	100.00	*100.00*	*100.00*
28	Raykal Aluminium Company Private Limited	India	80.00	80.00	*80.00*	*80.00*
29	L&T Uttaranchal Hydropower Limited	India	100.00	100.00	*100.00*	*100.00*
30	L&T Infrastructure Development Projects Limited	India	84.27	84.27	*79.65*	*79.65*
31	L&T Panipat Elevated Corridor Limited	India	84.27	84.27	*79.65*	*79.65*
32	Narmada Infrastructure Construction Enterprise Limited	India	84.27	84.27	*79.65*	*79.65*
33	L&T Krishnagiri Thopur Toll Road Limited	India	84.27	84.27	*79.65*	*79.65*
34	L&T Western Andhra Tollways Limited	India	84.27	84.27	*79.65*	*79.65*
35	L&T Vadodara Bharuch Tollway Limited	India	84.27	84.27	*79.65*	*79.65*
36	L&T Transportation Infrastructure Limited	India	84.27	84.27	*79.65*	*79.65*

Notes forming part of Consolidated Accounts (contd.)

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2010 Proportion of ownership interest (%)	As at 31-3-2010 Proportion of voting power held (%)	*As at 31-3-2009 Proportion of ownership interest (%)*	*As at 31-3-2009 Proportion of voting power held (%)*
	Indian subsidiaries (contd.)					
37	L&T Western India Tollbridge Limited	India	84.27	84.27	*79.65*	*79.65*
38	L&T Interstate Road Corridor Limited	India	84.27	84.27	*79.65*	*79.65*
39	International Seaports (India) Private Limited	India	84.27	84.27	*79.65*	*79.65*
40	L&T Urban Infrastructure Limited	India	63.20	63.20	*59.74*	*59.74*
41	L&T South City Projects Limited	India	32.23	32.23	*30.47*	*30.47*
42	L&T Siruseri Property Developers Limited	India	32.23	32.23	*30.47*	*30.47*
43	Cyber Park Development and Construction Limited	India	32.23	32.23	*30.47*	*30.47*
44	L&T Vision Ventures Limited	India	42.98	42.98	*40.62*	*40.62*
45	L&T Tech Park Limited	India	32.23	32.23	*30.47*	*30.47*
46	L&T Phoenix Info Parks Private Limited @	India	–	–	*30.47*	*30.47*
47	L&T Bangalore Airport Hotel Limited	India	46.77	46.77	*44.21*	*44.21*
48	CSJ Infrastructure Private Limited	India	51.83	51.83	*41.82*	*41.82*
49	L&T Arun Excello Commercial Projects Private Limited	India	32.23	32.23	*30.47*	*30.47*
50	L&T Arun Excello IT SEZ Private Limited	India	32.23	32.23	*30.47*	*30.47*
51	L&T Infocity Limited	India	56.25	56.25	*53.17*	*53.17*
52	L&T Hitech City Limited	India	41.63	41.63	*39.34*	*39.34*
53	Hyderabad International Trade Expositions Limited	India	32.68	32.68	*30.90*	*30.90*
54	Andhra Pradesh Expositions Private Limited	India	32.68	32.68	*30.90*	*30.90*
55	L&T Capital Holdings Limited	India	99.99	99.99	*99.99*	*99.99*
56	L&T Port Sutrapada Limited	India	100.00	100.00	*100.00*	*100.00*
57	Sutrapada SEZ Developers Limited	India	100.00	100.00	*100.00*	*100.00*
58	Sutrapada Shipyard Limited	India	100.00	100.00	*100.00*	*100.00*
59	PNG Tollway Private Limited (formerly known as L&T PNG Tollway Private Limited)	India	74.00	74.00	*74.00*	*74.00*
60	Chennai Vision Developers Private Limited	India	100.00	100.00	*100.00*	*100.00*
61	L&T Ahmedabad-Maliya Tollway Private Limited	India	100.00	100.00	*100.00*	*100.00*
62	L&T Halol-Shamlaji Tollway Private Limited	India	100.00	100.00	*100.00*	*100.00*
63	L&T Rajkot-Vadinar Tollway Private Limited	India	100.00	100.00	*100.00*	*100.00*
64	L&T Engserve Private Limited	India	100.00	100.00	*100.00*	*100.00*
65	L&T Natural Resources Limited	India	100.00	100.00	*100.00*	*100.00*
66	L&T-Plastics Machinery Limited (formerly known as L&T-Demag Plastics Machinery Limited)	India	100.00	100.00	*100.00*	*100.00*
67	L&T Technologies Limited	India	100.00	100.00	–	–
68	L&T EmSyS Private Limited	India	100.00	100.00	–	–
69	L&T Special Steels & Heavy Forgings Private Limited	India	74.00	74.00	–	–
70	L&T Trustee Company Private Limited	India	100.00	100.00	–	–
71	L&T Aviation Services Private Limited	India	99.99	99.99	–	–
72	Nabha Power Limited	India	100.00	100.00	–	–
73	L&T Investment Management Limited (formerly known as DBS Cholamandalam Asset Management Limited)	India	99.99	99.99	–	–
74	L&T Mutual Fund Trustee Limited (formerly known as DBS Cholamandalam Trustees Limited)	India	99.99	99.99	–	–
75	L&T Samakhiali-Gandhidham Tollway Private Limited	India	100.00	100.00	–	–

* The Company has become an associate w.e.f May 16, 2009 and shown under "Associates" in item no. 22 below. For the previous year ended March 31, 2009, the Parent Company controlled the composition of board of directors.

@ The Parent Company has sold its stake w.e.f March 30, 2010.

Notes forming part of Consolidated Accounts (contd.)

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2010 Proportion of ownership interest (%)	As at 31-3-2010 Proportion of voting power held (%)	*As at 31-3-2009 Proportion of ownership interest (%)*	*As at 31-3-2009 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	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*
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. ##	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	Kindgom of 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	Peoples Republic of China	100.00	100.00	*95.00*	*95.00*
17	Qingdao Larsen & Toubro Trading Company Limited	Peoples Republic of China	100.00	100.00	*95.00*	*95.00*
18	Larsen & Toubro (Jiangsu) Valve Company Limited	Peoples Republic of China	100.00	100.00	*69.70*	*69.70*
19	Larsen & Toubro Readymix Concrete Industries LLC ##	UAE	49.00	100.00	*49.00*	*75.00*
20	Larsen & Toubro Saudi Arabia LLC	Kingdom of Saudi Arabia	100.00	100.00	*100.00*	*100.00*
21	Larsen & Toubro (Wuxi) Electric Company Limited	Peoples Republic of China	100.00	100.00	*100.00*	*100.00*
22	Larsen & Toubro ATCO Saudi LLC ##	Kingdom of 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	80.37	80.37	*75.67*	*75.67*
25	L&T Infocity Lanka Private Limited	Sri Lanka	29.25	29.25	*27.65*	*27.65*
26	L&T Electrical & Automation FZE	UAE	100.00	100.00	*100.00*	*100.00*
27	Tamco Switchgear (Malaysia) SDN. BHD.	Malaysia	100.00	100.00	*100.00*	*100.00*
28	Tamco Shanghai Switchgear Company Limited	Peoples Republic of China	100.00	100.00	*100.00*	*100.00*
29	Tamco Electrical Industries Australia Pty Limited	Australia	100.00	100.00	*100.00*	*100.00*
30	PT Tamco Indonesia	Indonesia	100.00	100.00	*99.00*	*100.00*
31	Larsen & Toubro Heavy Engineering LLC	Sultanate of Oman	70.00	70.00	*70.00*	*70.00*
32	L&T Real Estate India Fund ***	Republic of Mauritius	100.00	100.00	–	–
33	L&T Asset Management Company Limited ***	Republic of Mauritius	100.00	100.00	–	–
34	Larsen & Toubro Infotech LLC	USA	100.00	100.00	–	–
35	Peacock Investments Limited ###	Republic of Mauritius	100.00	100.00	–	–
36	Mango Investments Limited ###	Republic of Mauritius	100.00	100.00	–	–
37	Lotus Infrastructure Investments Limited ###	Republic of Mauritius	100.00	100.00	–	–
38	Pathways FZE	UAE	100.00	100.00	–	–

** The Company has been liquidated during the year.
The Parent Company, together with its subsidiaries controls the composition of board of directors.
*** Accounts have been consolidated for the period March 24, 2009 to December 31, 2009.
Accounts have been consolidated for the period September 11, 2008 to December 31, 2009.

Notes forming part of Consolidated Accounts (contd.)

Sr. no.	Name of associate company	Country of incorporation	As at 31-3-2010 Proportion of ownership interest (%)	As at 31-3-2010 Proportion of voting power held (%)	*As at 31-3-2009 Proportion of ownership interest (%)*	*As at 31-3-2009 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*
6	International Seaport (Haldia) Private Limited	India	18.80	18.80	*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	31.60	31.60	*29.87*	*29.87*
10	NAC Infrastructure Equipment Limited	India	30.00	30.00	*30.00*	*30.00*
11	Second Vivekananda Bridge Tollway Company Private Limited *	India	–	–	*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*
14	Vizag IT Park Limited	India	14.63	14.63	*13.82*	*13.82*
15	Larsen & Toubro Qatar & HBK Contracting LLC	Qatar	24.50	50.00	*24.50*	*50.00*
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	20.86	20.86	*19.71*	*19.71*
19	Feedback Ventures Private Limited	India	23.16	23.16	*23.16*	*23.16*
20	Salzer Cables Limited **	India	–	–	*48.21*	*48.21*
21	JSK Electricals Private Limited	India	26.00	26.00	*26.00*	*26.00*
22	International Seaport Dredging Limited	India	24.74	24.74	–	–
23	Salzer Electronics Limited ***	India	26.06	26.06	–	–
24	Asia Alloys Precicasters Private Limited	India	26.00	26.00	–	–
25	Rishi Consfab Private Limited.	India	26.00	26.00	–	–

The Parent Company has sold its stake during the year w.e.f September 30, 2009.

* The Company is no longer an associate due to divestment/reduction of stake during the year.

@The Company is under liquidation.

** The Company has been merged with Salzer Electronics Limited.

*** Accounts have been consolidated for nine months period ended December 31, 2009.

Sr. no.	Name of joint venture	Country of residence	As at 31-3-2010 Proportion of ownership interest (%)	*As at 31-3-2009 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	42.14	*39.83*
10	L&T Bombay Developers Private Limited	India	31.60	*29.87*

Notes forming part of Consolidated Accounts (contd.)

Sr. no.	Name of joint venture (Contd.)	Country of residence	As at 31-3-2010 Proportion of ownership interest (%)	*As at 31-3-2009 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)*	Republic of Mauritius	–	*50.00*
13	Larsen & Toubro Limited-Shapoorji Pallonji & Company Limited Joint Venture (Ebene Cybercity Project, Mauritius)*	Republic of Mauritius	–	*50.00*
14	IndIran Engineering Projects and System**	Iran	50.00	–
	Jointly controlled operations-Indian joint ventures			
15	L&T-HCC Joint Venture	India	–	–
16	Patel-L&T Consortium	India	–	–
17	Consortium of Samsung Heavy Industries Co. Ltd., Korea and L&T	India	–	–
18	Consortium of Global Industries Offshore LLC, USA and L&T	India	–	–
19	L&T-KBL (UJV) Hyderabad	India	–	–
20	Consortium of Toyo Engineering Company and L&T	India	–	–
21	L&T-SVEC Joint Venture	India	–	–
22	L&T-KBL-MAYTAS UJV	India	–	–
23	L&T and Scomi Engineering BHD. Joint Venture	India	–	–
	Jointly controlled operations-foreign joint venture			
24	Lurgi L&T KQKS Consortium	Malaysia	–	–

*The joint venture has been closed w.e.f December 31, 2009.

** The accounts have been consolidated for the period ending December 31, 2009

3. During the year ended March 31, 2010, an amount of Rs.51.25 crore was amortised from goodwill arising on acquisition of subsidiary and associate companies. *(previous year: Rs.44.28 crore)*

4. Reserves and surplus shown in the consolidated Balance Sheet includes 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.

5. The effect of acquisition (including newly formed)/disposal of stake in subsidiaries during the year on the consolidated financial statements is as under:

   a) Acquisitions(including newly formed):

Rs.crore

Name of subsidiary companies	Effect on Group profit/(loss) after minority interest for the period ended March 31, 2010	Net Assets as at 31-3-2010
L&T Special Steels & Heavy Forgings Private Limited	(3.44)	144.39
L&T Technologies Limited	–	0.05
L&T Trustee Company Private Limited	–	0.01
L&T Aviation Services Private Limited	(0.05)	0.95
L&T EmSyS Private Limited	(0.09)	(0.08)
L&T Investment Management Limited (formerly known as DBS Cholamandalam Asset Management Limited)	(9.44)	57.37
L&T Mutual Fund Trustee Limited (formerly known as DBS Cholamandalam Trustees Limited)	–	0.08
Nabha Power Limited	(0.51)	731.70
L&T Samakhiali-Gandhidham Tollway Private Limited	–	0.01
L&T Asset Management Company Limited	(0.06)	(0.06)
L&T Real Estate India Fund	(0.11)	(0.10)
Peacock Investments Limited	(0.06)	(0.05)
Lotus Infrastructure Investments Limited	(0.06)	(0.05)
Mango Investments Limited	(0.06)	(0.05)
Pathways FZE	(0.13)	0.06
Larsen and Toubro Infotech LLC	1.48	1.40
Total	**(12.53)**	**935.63**

Notes forming part of Consolidated Accounts (contd.)

b) Disposal:

Rs.crore

Name of subsidiary companies	Effect on Group profit/(loss) after minority interest for the period ended March 31, 2010	Net assets as at 31-3-2010	*Effect on Group profit/(loss) after Minority Interest for the period ended March 31, 2009*	*Net assets as at 31-3-2009*
L&T Phoenix Infoparks Private Limited	(0.89)	58.64	*(0.44)*	*61.55*
Total	**(0.89)**	**58.64**	***(0.44)***	***61.55***

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: 44,96,76,280)* 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.87.47 crore)* and capital redemption reserve: Rs.0.12 crore *(previous year: Rs.0.12 crore)*.

iii) 2,00,88,346 *(previous year: 1,48,67,485)* equity shares were allotted as fully paid up on exercise of grants under Employees Stock Ownership Schemes.

b) During the year, the Company has issued and allotted 1,12,86,685 equity shares of Rs.2 each by way of Qualified Institutional Placement (QIP) at an issue price of Rs.1659.30 per share. The shares rank pari passu in all respects with the existing equity shares of the Company.

c) On October 21, 2009, the Company issued 5 years & 1 day, 3.50% US$ denominated Foreign Currency Convertible Bonds (‘FCCB’) at par, aggregating to US$ 200 million (INR 928.80 crore as on the date of issue) comprising 2000 bonds of US$ 1,00,000 each. The bonds are convertible into the Company’s fully paid up equity shares of Rs.2 each at a conversion price of Rs.1908.20 per share at the option of the bond holders at any time after December 1, 2009 up to October 15, 2014.

The bonds are redeemable, subject to fulfilment of certain conditions, in whole but not in part, at the option of the Company, on or at any time after October 21, 2012 at the principal amount together with accrued interest till the date fixed for redemption, unless the bonds have been previously redeemed, converted or purchased and cancelled.

d) 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 31-3-2010	*As at 31-3-2009*
Employee stock options granted and outstanding #	1,75,51,015	*2,12,89,375*
3.5% 5 years & 1 day, US$ denominated Foreign Currency Convertible Bonds	49,07,243	–

the number of options has been adjusted consequent to bonus issue wherever applicable.

7. The Directors recommend payment of final dividend of Rs.12.50/-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 60,21,95,408 shares outstanding as at March 31, 2010 amounting to Rs.752.75 crore.

8. 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 4 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 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)	
		2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*
1	Grant price (prior to bonus issue)-Rupees	–	*7*	–	*7*	–	*7*	–	*35*	–	*35*	–	*1202*	–	*1202*
	Grant price (post bonus issue)-Rupees	3.50	*3.50*	3.50	*3.50*	3.50	*3.50*	17.50	*17.50*	17.50	*17.50*	601	*601*	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	16800	*8400*	21500	*10750*	39700	*19850*	31452	*15726*	1959888	*971468*	13324860	*7036899*	5895175	*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	–	–	–	–	–	–	–	–	–	*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	–	–	–	–	–	–	–	–	51622	*50912*	336341	*261900*	633070	*133664*
11	Options granted post bonus issue	–	–	–	–	–	–	–	–	164300	*153800*	-	-	2808090	*646295*
12	Options exercised post bonus issue [see note 2.(c)]	–	–	–	–	–	–	–	–	947586	*447226*	4144794	*37516*	593587	*19012*
13	Options granted and outstanding at the end of the year	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	1124980	*1959888*	8839975	*13324860*	7476608	*5895175*
	of which-														
	Options vested	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	85644	*226326*	4759655	*5321810*	769990	*279136*
	Options yet to vest	–	–	–	–	–	–	–	–	1039336	*1733562*	4080320	*8003050*	6706618	*5616039*

c) Employee stock options (ESOP) exercised during the year 2009-2010 include options pending for allotment# of shares as on March 31, 2010 as follows:

Series	No. of options
2003B	49000
2006A	41382
2006	378474

\# since allotted in April' 2010

d) During the year, the Company has recovered Rs.3.60 crore *(previous year: Rs.4.80 crore)* from its subsidiary companies towards the stock options granted to their employees, pursuant to the employee stock option schemes.

e) Application money received for the aforesaid options amounting to Rs.25.09 crore will be appropriated towards share capital Rs.0.09 crore and securities premium account Rs.25.00 crore on allotment of shares.

9. Stock ownership schemes of subsidiary companies:

a) Employee stock ownership scheme ('ESOS Plan')

Under the employee stock ownership scheme (ESOS) of one of the domestic subsidiary of the Company, 25,84,459 options are outstanding as at March 31, 2010. *(previous year: 25,31,159)* 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.

Notes forming part of Consolidated Accounts (contd.)

All vested options can be exercised on the first exercise date as may be determined by the Compensation Committee prior to date of IPO of said subsidiary. The details of the grants under the aforesaid scheme are summarised below:-

ESOP Series		I, II & III		IV-XVIII		XIX-XX	
		2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*
1	Grant price (Rupees)	25		10		10	
2	Options granted and outstanding at the beginning of the year	393003**	*393003***	2139506	*2102770*	–	–
3	Options granted during the year	–	–	–	*61250*	61250	*61250*
4	Options cancelled/lapsed during the year	–	–	9300	*24514*	–	–
5	Options exercised and shares allotted during the year	–	–	–	–	–	–
6	Options granted and outstanding at the end of the year of which-	393003	*393003*	2130206	*2139506*	61250	*61250*
	Options vested	393003	*393003*	970917	*970917*	–	–
	Options yet to vest	–	–	1159289	*1168589*	61250	*61250*

** Includes the adjustment made during the year on account of reinstatement of options inadvertently considered as cancelled/ lapsed in earlier years

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 (‘Sub-Plan’) for the employees and directors of its foreign subsidiary. 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 5 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 96,500 options. 58,693 options have been vested while 37,807 options remain unvested, as at the end of the year.

Employees stock options granted and outstanding as at the end of the year on unissued share capital represent options 26,80,959 *(previous year: 26,67,659).*

c) Employee stock option plan 2008 (ESOP 2008).

The employee stock option plan 2008 of one of the domestic subsidiary of the Company is designed to provide stock options to employees in a specific category. All grants under the plan are to be issued and allotted by the allotment committee of the Board of the said subsidiary. The options are to be granted to the eligible employees based on certain criteria and approval of the allotment committee of the Board and as per the detailed and respective employee stock option agreements that the said subsidiary enters into with them.

The options have been granted on September 10, 2009. Options have been granted at an exercise price equal to the fair market value of the shares as determined by an independent valuer.

The employees shall be allotted a pre-defined number of equity shares against each option and the options will vest over a period of five years from the date of grant at a pre-defined percentage of the total vesting, which shall each be subject to the condition that the employees will secure specific annual performance ratings for every allotment and Company achieving certain performance target.

Options can be exercised anytime within a period of 5 years from the date of vesting. The employees also have the exit option which they can exercise under certain events.

Summary of stock options	No. of stock options	Weighted average exercise price (Rs.)
Options outstanding on April 1, 2009	–	–
Options granted during the year	66,60,000	10.50
Options forfeited/lapsed during the year	1,20,000	–
Options exercised during the year	–	–
Options outstanding on March 31, 2010	65,40,000	10.50
Options vested but not exercised on March 31, 2010	–	–

Information in respect of options outstanding as at March 31, 2010.

Range of exercise price	Number of options	Weighted average remaining life
Rs.10.50	65,40,000	upto April 2013

Since the options have been granted at an exercise price equal to the fair market value of the shares as determined by an independent valuer there is no charge to the Profit and Loss Account.

Notes forming part of Consolidated Accounts (contd.)

10. Loans and advances include:
    a) rent deposit with whole-time directors: Rs.0.03 crore (*previous year: Rs.0.03 crore)*. The maximum amount outstanding at any time during the year Rs.0.03 crore *(previous year: Rs.0.03 crore)*.
    b) amount including interest accrued, due from the managing director and whole-time directors in respect of housing loan: Rs.0.61 crore *(previous year: Rs.0.63 crore)*. Maximum amount outstanding at any time during the year: Rs.0.63 crore *(previous year: Rs.0.73 crore)*.
11. Sundry creditors-Others include
    a) Advance of Rs.6.78 crore received from M/s.JRE Tank Terminals Private Limited under an agreement dated August 24, 2007 towards sale of 67,87,500 equity share of Rs.10 each in M/s. Ennore Tank Terminals Private Limited to be transferred on completion of 3 calendar years from the date of commencement of commercial operation. The said project has commenced commercial operations on January 15, 2009. Accordingly, the above equity shares will be transferred on or after January 15, 2012.
    b) Advance of Rs.12.10 crore received from M/s. Sical Logistics Limited against sale of 1,21,00,000 equity shares of Rs.10 each in Sical Iron Ore Terminals Limited at cost (including further shares, if any subscribed) to Sical Logistics Limited vide agreement for share sale and purchase dated December 17, 2008, subject to the condition that the transfer will be completed only after three years from the date of commencement of commercial operation by Sical Iron Ore Terminals Limited as per clause 18.2.2 (i) (d) of the license agreement dated September 23, 2006 with Ennore Port Limited.
12. 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.
13. Sales and service include Rs.142.83 crore *(previous year: Rs.117.72 crore)* for price variations net of liquidated damages in terms of contracts with the customers and shipbuilding subsidy Rs.56.80 crore *(previous year: Rs.25.49 crore)*.
14. Extraordinary items during the year comprise the following:
    a) Proportionate reversal of Rs.62.55 crore, out of the provision made in previous year in respect of the Company's investment in shares of Satyam Computer Services Limited (SCSL), pursuant to sale of a part of its holding in SCSL during the year.
    b) Gain of Rs.73.17 crore (net of tax of Rs.21.61 crore) on sale of the Company's Petroleum Dispensing Pumps & Systems business.
15. Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts"

Rs.crore

	Particulars	2009-2010	*2008-2009*
i)	Contract revenue recognised for the financial year	33153.67	*29824.12*
ii)	Aggregate amount of contract costs incurred and recognised profits (*Less* recognised losses) as at the end of the financial year for all contracts in progress as at that date	76811.42	*59657.50*
iii)	Amount of customer advances outstanding for contracts in progress as at the end of the financial year	6531.81	*4610.60*
iv)	Retention amounts due from customers for contracts in progress as at the end of the financial year	2638.12	*2136.09*

16. a) Profit on sale of long term investments under other income for the year ended March 31, 2010 includes the following:
    - Gain of Rs.20.71 crore recognised on divestment of the group's stake in a subsidiary company *(previous year: Rs.16.59 crore on divestment of group's stake in four subsidiaries)*.
    - Gain of Rs.173.48 crore (net) recognised on divestment/dilution of the group's stake in four of its associate companies.
    - Profit of Rs.1019.88 crore on sale of Company's long term investment in UltraTech Cement Limited and gain of Rs.621.13 crore on sale of investment in Bangalore International Airport Limited.

    b) An amount of Rs.40.07 crore [net gain] *(previous year: Rs.323.49 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".

    c) Other expenses under manufacturing, construction and operating expenses includes Rs.508.95 crore towards construction of 1400 MW power plant at Rajpura, Punjab.
17. Loans and advances include Rs.136 crore *(previous year: Rs.161 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.

18. Segment reporting:

a) During the year, segment reporting has been reconstituted in compliance with the threshold norms for reportable segments. Consequently, segment figures for the previous year have been regrouped.

b) Information about business segments (Information provided in respect of revenue items for the year ended March 31, 2010 and in respect of assets/liabilities as at March 31, 2010-denoted as "CY" below, previous year denoted as "PY")

i) Primary segments (business segments):

Rs.crore

Particulars	Engineering & Construction		Electrical & Electronics		Machinery & Industrial Products		Financial Services		Infrastructure Development		Others		Elimination		Total	
	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*	CY	*PY*
Revenue-including excise duty																
External	33798.64	*30547.40*	3617.08	*3247.19*	2510.80	*2663.47*	1436.85	*1031.52*	731.57	*533.48*	2215.52	*2908.87*			44310.46	*40931.93*
Inter-segment	1049.38	*975.13*	184.61	*149.39*	55.10	*41.89*	19.43	*94.49*	1.98	*14.83*	39.14	*80.45*	(1349.64)	*(1356.18)*	-	*-*
Total revenue	34848.02	*31522.53*	3801.69	*3396.58*	2565.90	*2705.36*	1456.28	*1126.01*	733.55	*548.31*	2254.66	*2989.32*	(1349.64)	*(1356.18)*	44310.46	*40931.93*
Result																
Segment result	4169.76	*3468.52*	491.34	*359.28*	464.70	*456.81*	406.77	*228.03*	195.08	*108.36*	332.17	*354.98*			6059.82	*4975.98*
Less: Inter-segment margins on capital jobs															151.67	*126.20*
															5908.15	*4849.78*
Unallocated corporate income/ (expenditure) (net)															1992.54	*(98.62)*
Operating profit (PBIT)															7900.69	*4751.16*
Interest expense															(691.92)	*(528.06)*
Interest income															136.58	*137.23*
Profit before tax (PBT)															7345.35	*4360.33*
Provision for current tax including fringe benefit tax															2039.77	*1389.51*
Provision for deferred tax															(2.37)	*35.36*
Profit after tax															5307.95	*2935.46*
(before extraordinary items)																
Profit from extraordinary items															135.72	*772.46*
Profit after tax																
(after extraordinary items)															5443.67	*3707.92*
Segment assets	28504.76	*22622.59*	2711.21	*2585.69*	1441.08	*1494.06*	12150.26	*7717.40*	11608.41	*9497.42*	1413.40	*1736.38*			57829.12	*45653.54*
Unallocable corporate assets															13134.04	9832.25
Total assets															70963.16	*55485.79*
Segment liabilities	18229.95	*14729.40*	941.49	*784.13*	922.47	*789.84*	10076.88	*6389.37*	2425.32	*2548.00*	452.63	*517.24*			33048.74	*25757.98*
Unallocable corporate liabilities															15835.91	*14681.53*
Total liabilities															48884.65	*40439.51*
Capital expenditure	2237.56	*2698.35*	157.31	*354.32*	305.18	*97.24*	269.89	*152.37*	2019.51	*4424.32*	67.96	*171.9*				
Depreciation (including obsolescence amortisation and impairment) included in segment expense	422.67	*363.78*	78.62	*60.80*	28.94	*21.83*	48.37	*58.61*	263.02	*87.28*	86.61	*79.49*				
Non-cash expenses other than depreciation included in segment expense	92.29	*139.43*	10.16	*13.90*	8.02	*10.58*	0.36	*0.76*	0.04	*–*	7.26	*8.35*				

ii) Secondary segments (geographical segments):

Rs.crore

Particulars	Domestic		Overseas		Total	
	CY	*PY*	CY	*PY*	CY	*PY*
External revenue by location of customers	32819.84	*28888.40*	11490.62	*12043.53*	44310.46	*40931.93*
Carrying amount of segment assets by location of assets	51697.58	*39143.79*	6131.54	*6509.75*	57829.12	*45653.54*
Cost incurred on acquisition of tangible and intangible fixed assets	4369.37	*7352.33*	688.04	*546.17*	5057.41	*7898.50*

Notes forming part of Consolidated Accounts (contd.)

c) 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 of services such as corporate finance, equipment finance, infrastructure financing, mutual fund services and related advisory services.
- **Developmental Projects** comprises development, operation and maintenance of basic infrastructure projects, toll collection including annuity based project, power development, development of urban infrastructure and providing related advisory services.
- **Others** include ready mix concrete, e-engineering services and embedded systems, information technology services and mining.

19. 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	Rishi Consfab Private Limited	8	Asia Alloys Precicasters Private Limited
9	International Seaport (Haldia) Private Limited	10	Salzer Electronics 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	20	International Seaport Dredging Limited

Notes forming part of 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 Tunneling Group	6	L&T-Hochtief Seabird Joint Venture
7	Desbuild-L&T Joint Venture	8	Larsen & Tourbo Limited-Shapoorji Pallonji & Company Limited Joint Venture (Ebene Cybercity Project)
9	Larsen & Tourbo Limited-Shapoorji Pallonji & Company Limited Joint Venture (Les Palles Exhibition Centre)	10	HCC L&T Purulia Joint Venture
11	L&T-AM Tapovan Joint Venture	12	L&T-Shanghai Urban Corporation Group Joint Venture
13	IndIran Engineering Projects and System		

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)	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	2009-2010 Amount	2009-2010 Amounts for major parties	*2008-2009 Amount*	*2008-2009 Amounts for major parties*
1	Purchase of goods & services (including commission paid)				
	Associates & joint ventures, including:	695.53		*935.15*	
	Audco India Limited		331.62		*627.65*
	EWAC Alloys Limited		115.94		*126.69*
	Salzer Electronics Limited		136.43		*–*
	TOTAL	695.53		*935.15*	
2	Sale of goods/power/contract revenue & services				
	Joint ventures:	597.62		*725.15*	
	The Dhamra Port Company Limited		539.19		*659.27*
	TOTAL	597.62		*725.15*	
3	Purchase/lease of fixed assets				
	Associates & joint ventures, including:	76.08		*6.23*	
	L&T-Case Equipment Private Limited		–		*2.37*
	L&T-Komatsu Limited		–		*1.19*
	EWAC Alloys Limited		–		*2.67*
	Audco India Limited		58.40		*–*
	TOTAL	76.08		*6.23*	

Notes forming part of Consolidated Accounts (contd.)

Rs.crore

Sr. No.	Nature of transaction/relationship/major parties	2009-2010 Amount	2009-2010 Amounts for major parties	*2008-2009 Amount*	*2008-2009 Amounts for major parties*
4	Subscription to equity and preference shares (including application money paid and investment in joint ventures)				
	Associates & joint ventures, including:	115.70		*89.21*	
	L&T Shanghai Urban Corporation Group		–		*13.57*
	The Dhamra Port Company Limited		87.94		*35.00*
	L&T-AM Tapovan Joint Venture		–		*19.17*
	L&T-Eastern Joint Venture		–		*9.71*
	TOTAL	115.70		*89.21*	
5	Receiving of services from related parties				
	Associates & joint ventures, including:	3.72		*8.81*	
	L&T-Chiyoda Limited		3.71		*7.30*
	L&T-Ramboll Consulting Engineers Limited		–		*1.38*
	TOTAL	3.72		*8.81*	
6	Rent paid, including lease rentals under leasing/hire purchase arrangements including loss sharing on equipment finance				
	Associates & joint ventures, including:	1.16		*1.07*	
	EWAC Alloys Limited		0.17		*0.35*
	L&T-Komatsu Limited		0.72		*0.72*
	L&T-Chiyoda Limited		0.28		*–*
	Key management personnel	0.06		*0.11*	
	Relatives of key management personnel	0.24		*0.14*	
	TOTAL	1.46		*1.32*	
7	Charges for deputation of employees to related parties				
	Associates & joint ventures, including:	26.85		*26.50*	
	EWAC Alloys Limited		2.78		*2.73*
	L&T-Case Equipment Private Limited		5.60		*5.27*
	Audco India Limited		8.32		*8.56*
	L&T-Komatsu Limited		4.16		*3.37*
	L&T-Chiyoda Limited		4.75		*4.46*
	TOTAL	26.85		*26.50*	
8	Dividend received				
	Associates & joint ventures, including:	20.28		*57.95*	
	L&T-Komatsu Limited		4.20		*28.80*
	EWAC Alloys Limited		4.56		*12.44*
	Audco India Limited		6.30		*9.00*
	Voith Paper Technology (India) Limited		3.95		*6.00*
	TOTAL	20.28		*57.95*	
9	Commission received, including those under agency arrangements				
	Associates & joint ventures, including:	115.96		*151.47*	
	L&T-Komatsu Limited		115.17		*149.57*
	TOTAL	115.96		*151.47*	

Notes forming part of Consolidated Accounts (contd.)

Rs.crore

Sr. No.	Nature of transaction/relationship/major parties	2009-2010 Amount	2009-2010 Amounts for major parties	*2008-2009 Amount*	*2008-2009 Amounts for major parties*
10	Rent received, overheads recovered and miscellaneous income				
	Associates & joint ventures, including:	24.79		*33.69*	
	L&T-Case Equipment Private Limited		2.85		*5.60*
	Audco India Limited		–		*7.49*
	L&T-Chiyoda Limited		6.65		*3.27*
	Metro Tuneling Group		–		*7.45*
	Ewac Alloys Limited		8.54		*–*
	L&T-Komatsu Limited		–		*2.74*
	TOTAL	24.79		*33.69*	
11	Interest received				
	Associates & joint ventures, including:	0.80		*1.01*	
	L&T-Case Equipment Private Limited		–		*1.01*
	International Seaport Dredging Limited		0.79		*–*
	Key management personnel	0.03		*0.03*	
	TOTAL	0.83		*1.04*	
12	Interest paid				
	Associates:	12.96		*7.77*	
	Audco India Limited		12.96		*7.77*
	TOTAL	12.96		*7.77*	
13.	Buy back of shares by				
	Associates:	27.23		*–*	
	Audco India Limited		27.23		*–*
	TOTAL	27.23		*–*	
14	Payment of salaries/perquisites				
	Key management personnel:	68.65		*56.46*	
	A.M. Naik		15.30		*12.55*
	J. P. Nayak		7.76		*6.39*
	Y.M. Deosthalee		8.70		*7.16*
	K. Venkataramanan		8.65		*7.11*
	R.N. Mukhija		8.60		*7.07*
	K.V. Rangaswami		6.33		*5.21*
	V.K. Magapu		6.32		*5.22*
	M.V. Kotwal		6.99		*5.75*
	TOTAL	68.65		*56.46*	

"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 Consolidated Accounts (contd.)

iii. Amount due to/from related parties:

Rs.crore

Sr. No.	Nature of transaction/relationship/major parties	As at 31-3-2010 Amount	As at 31-3-2010 Amounts for major parties	*As at 31-3-2009 Amount*	*As at 31-3-2009 Amounts for major parties*
1	Accounts receivable				
	Associates & joint ventures, including:	99.98		*209.87*	
	The Dhamra Port Company Limited		87.92		*183.16*
	TOTAL	99.98		*209.87*	
2	Accounts payable (including acceptance & interest accrued)				
	Associates & joint ventures, including:	359.30		*368.17*	
	Audco India Limited		306.97		*267.77*
	L&T-Hochtief Seabird Joint Venture		–		*62.86*
	TOTAL	359.30		*368.17*	
3	Loans & advances recoverable				
	Associates & joint ventures, including:	11.61		*118.54*	
	L&T-Ramboll Consulting Engineers Limited		1.61		–
	L&T-Chiyoda Limited		4.10		–
	Audco India Limited		1.62		–
	L&T-AM Tapovan Joint Venture		–		*71.26*
	L&T Camp Facilities LLC		1.49		–
	Key management personnel	0.64		*0.66*	
	Relatives of key management personnel	0.12		*0.10*	
	TOTAL	12.37		*119.30*	
4	Unsecured loans (including lease finance)				
	Joint ventures:	–		*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:	0.10		*23.46*	
	L&T Arun Excello Realty Private Limited		0.10		*8.03*
	The Dhamra Port Company Limited				*15.43*
	TOTAL	0.10		*23.46*	
6	Due to whole time directors				
	Key management personnel:	44.29		*35.47*	
	A.M. Naik		10.55		*8.45*
	J. P. Nayak		5.27		*4.22*
	Y.M. Deosthalee		5.27		*4.22*
	K. Venkataramanan		5.27		*4.22*
	R.N. Mukhija		5.27		*4.22*
	K.V. Rangaswami		4.22		*3.38*
	V.K. Magapu		4.22		*3.38*
	M.V. Kotwal		4.22		*3.38*
	TOTAL	44.29		*35.47*	

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective period.

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 had a selling agency agreement till August 31, 2009, with L&T-Plastics Machinery Limited (formerly known as 'L&T-Demag Plastics Machinery Private Limited'), a wholly owned subsidiary. As per the terms of the agreement, the Company was a selling and servicing agent of L&T-Plastics Machinery Limited. Pursuant to the aforesaid agreement, L&T-Plastics Machinery Limited was 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.19 (ii) *supra*.

20. 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, 2010 and the present value of minimum lease payments receivable as on March 31, 2010 is as under:

Rs.crore

Particulars		Minimum lease payments	
		Amount 31-3-2010	*Amount 31-3-2009*
1.	Receivable not later than 1 year	22.40	*3.67*
2.	Receivable later than 1 year and not later than 5 years	56.53	*3.33*
3.	Receivable later than 5 years	–	–
	Gross investment in lease (1+2+3)	78.93	*7.00*
	Less: Unearned finance income	15.81	*0.78*
	Present value of receivables	63.12	*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, 2010 and the present value as at March 31, 2010 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 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*
i.	Payable not later than 1 year	0.20	*0.50*	0.18	*0.46*
ii.	Payable later than 1 year and not later than 5 years	0.45	*0.60*	0.40	*0.54*
iii.	Payable later than 5 years	–	–	–	–
	Total	0.65	*1.10*	0.58	*1.00*
	Less: Future finance charges	0.07	*0.10*		
	Present value of minimum lease payable	0.58	*1.00*		

Notes forming part of Consolidated Accounts (contd.)

iii) 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 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, 2010 are as follows:

Rs.crore

Particulars	Minimum Lease Payments	
	As at 31-3-2010	*As at 31-3-2009*
i. Payable not later than 1 year	15.21	*18.34*
ii. Payable later than 1 year and not later than 5 years	16.62	*19.83*
iii. Payable later than 5 years	76.24	*2.10*
Total	108.07	*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.33.04 crore *(previous year: Rs.50.33 crore).*

21. 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**	
		2009-2010	*2008-2009*	2009-2010	*2008-2009*
Basic					
Profit after tax as per accounts (Rs.crore)	A	5315.02	*3017.00*	5450.74	*3789.46*
Weighted average number of shares outstanding	B	59,31,01,390	*58,51,18,186*	59,31,01,390	*58,51,18,186*
Basic EPS (Rupees)	A/B	**89.61**	***51.56***	**91.90**	***64.76***
Diluted					
Profit after tax as per accounts (Rs.crore)	A	5315.02	*3017.00*	5450.74	*3789.46*
Add: Interest/exchange difference (gain)/loss on bonds convertible into equity shares (net of tax) (Rs.crore)	B	18.50	–	18.50	–
Adjusted profit for diluted earnings per share(Rs crore)	C=A+B	5333.52	*3017.00*	5469.24	*3789.46*
Weighted average number of shares outstanding	D	59,31,01,390	*58,51,18,186*	59,31,01,390	*58,51,18,186*
Add: Weighted average number of potential equity shares that could arise on conversion of FCCBs	E	21,78,009	–	21,78,009	–
Add: Weighted average number of potential equity shares on account of employee stock options	F	1,13,27,980	*79,89,615*	1,13,27,980	*79,89,615*
Weighted average number of shares outstanding for diluted EPS	G=D+E+F	60,66,07,379	*59,31,07,801*	60,66,07,379	*59,31,07,801*
Diluted EPS (Rupees)	C/G	**87.92**	***50.87***	**90.16**	***63.89***
Face value per share (Rupees)		2	*2*	2	*2*

22. Disclosures required by Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions:

Rs.crore

Sr. no	Particulars of disclosure	Class of Provisions						
		Product Warranties	Excise Duty	Sales Tax	Litigation related obligations	Contractual rectification cost-Construction contracts	Others	Total
1	*Balance as at 1-4-2009*	*18.24*	*0.10*	*41.71*	–	*190.83*	*187.19*	*438.07*
2	Additional provision during the year	18.06	–	9.50	8.24	67.49	5.94	109.23
3	Provision reversed during the year	11.02	0.10	5.48	–	67.16	62.79#	146.55
4	Balance as at 31-3-2010 (4=1+2-3)	25.28	–	45.73	8.24	191.16	130.34	400.75

includes an amount Rs.62.55 crore being proportionate reversal of an extraordinary item of Rs.186.28 crore included in opening provision. (reference note no.14(a) *supra*)

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, 2010 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 sales tax represents mainly the differential sales tax liability on account of non-collection of declaration forms for the period prior to 5 years

iii. Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.

iv. 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 (Revised) "Construction Contracts".

c) Disclosures in respect of contingent liabilities are given as part of Schedule J to the Balance Sheet.

23. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs.9128.60 crore *(previous year: Rs.4350.85 crore)*.

24. Provision for current tax (net of tax deducted at source and advance tax) includes:

i) Provision for wealth tax Rs.2.70 crore *(previous year: Rs.3.37 crore)*

ii) Rs.134.41 crore being provision for income tax in respect of earlier years *(previous year: Rs.53.94 crore)*. The amount provided in current year mainly arose out of the retrospective amendment to Section 80IA of the Income Tax Act, 1961 brought about during the financial year 2009-2010

iii) Credit for Minimum Alternative Tax (MAT) entitlement Rs.26.59 crore *(previous year: Rs.18.59 crore)* under section 115JB of the Income Tax Act, 1961.

iv) Rs.27.81 crore *(previous year: Rs.21.88 crore)* in respect of income tax payable outside India.

v) Rs.0.37 crore *(previous year: Rs.0.50 crore)* being provision for income tax in respect of a subsidiary which was sold during the year.

vi) Reversal of excess provision for tax on fringe benefits of Rs.10.03 crore *(previous year: Rs.0.20 crore)* pertaining to earlier years.

25. 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 Consolidated Accounts (contd.)

b) Major components of deferred tax liabilities and deferred tax assets:

Rs.crore

Particulars	*Deferred tax liabilities/ (assets) 31-3-2009*	Charge/(credit)to Profit and Loss Account		Effect due to acquisition/ disposal	Charge/(credit) to Reserves				Deferred tax liabilities/ (assets) 31-3-2010
		Ordinary activity	Extra-Ordinary activity		Retained earnings	Translation reserve	Hedging reserve	Securities premium	
Deferred tax liabilities:									
Difference between book and tax depreciation	*370.52*	67.14	–	(7.54)	–	(0.19)	–	–	429.93
Gain on derivative transactions to be offered for tax purposes in the year of transfer to Profit and Loss Account	*121.03*	–	–	–	–	–	(88.55)	–	32.48
Disputed statutory liabilities paid and claimed as deduction for tax purpose but not debited to Profit and Loss Account	*26.74*	3.85	–	–	–	–	–	–	30.59
Others	*22.83*	(7.38)	–	–	–	–	–	–	15.45
Total	*541.12*	63.61	–	(7.54)	–	(0.19)	(88.55)	–	508.45
Deferred tax (assets):									
Provision for doubtful debts and advances debited to Profit and Loss account	*(157.09)*	(54.26)	–	–	–	–	–	–	(211.35)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to Profit and Loss Account	*(147.06)*	–	–	–	–	–	120.85	–	(26.21)
Unpaid statutory liabilities/provision for compensated absences debited to Profit and Loss Account	*(68.82)*	(20.30)	–	–	–	–	–	–	(89.12)
Unabsorbed depreciation/brought forward business losses	*(8.45)*	2.51	–	–	–	–	–	–	(5.94)
Other items giving rise to timing difference	*(28.87)*	6.07	–	–	–	–	–	–	(22.80)
Total	*(410.29)*	(65.98)	–	–	–	–	120.85	–	(355.42)
Net deferred tax liability/(assets)	***130.83***	**(2.37)**	**–**	**(7.54)**	**–**	**(0.19)**	**32.30**	**–**	**153.03**
Previous year	*121.72*	*35.36*	*2.69*	*(2.83)*	*–*	*(0.08)*	*(26.03)*	*–*	*130.83*

26\. 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.547.38 crore and Rs.34.21 crore respectively [refer accounting policy disclosed in Schedule Q vide para 2(a)(viii)]

c) Loans and advances include Rs.516.00 crore *(previous year: Rs.550.31 crore)* being cumulative construction costs incurred including related margins in respect of annuity based Build-Operate-Transfer (BOT) projects.

27\. 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 it's shareholding in L&T International FZE (the Holding Company of L&T Offshore International FZC) below 100% of the issued and allotted share capital.

e. To National Highway Authority of India, to hold minimum 26% stake in L&T Samakhiali Gandhidham Tollway Private Limited till 180 days from the date of concession agreement. However, the Company has decided to hold this stake for a period of 2 years after the construction period.

f. To National Highway Authority of India, to hold minimum 26% stake in L&T PNG Tollway Private Limited till the commercial operations date.

g. To Gujarat State Road Development Corporation Limited, to hold in L&T Ahmedabad Maliya Tollway Private Limited:
   - 100% stake during the construction period;
   - 51% stake for 5 years from the date of commercial operation date or end of construction of the project, whichever is later; and
   - 51% stake during operational period.

h. To Gujarat State Road Development Corporation Limited, to hold in L&T Rajkot-Vadinar Tollway Private Limited
   - 100% stake during the construction period;
   - 51% stake for 5 years from the date of commercial operation date or end of construction of the project, whichever is later; and
   - 51% stake during operational period.

i. To Gujarat State Road Development Corporation Limited, to hold in L&T Halol-Shamlaji Tollway Private Limited
   - 100% stake during the construction period;
   - 51% stake for 5 years from the date of commercial operation date or end of construction of the project, whichever is later; and
   - 51% stake during operational period.

j. To the lenders of L&T Ahmedabad Maliya Tollway Private Limited (a subsidiary of the Company), not to divest control without the prior approval of the lenders or Gujarat State Road Development Corporation Limited.

k. To the lenders of L&T Rajkot-Vadinar Tollway Private Limited (a subsidiary of the Company), not to divest control without the prior approval of the lenders or Gujarat State Road Development Corporation Limited.

l. 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 (joint venture 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 APPDCLs 2x800 MW Power Project-Steam Turbine Generator Package tender, near Krishnapatnam, Nellore District, Andhra Pradesh.

m. To City and Industrial Development Corporation of Maharashtra Limited (CIDCO) that it shall continue to hold not less than 51% stake in L&T Seawoods Private limited (LTSPL) until CIDCO execute the lease deed for land in favour of LTSPL.

28. L&T Infrastructure Development Projects Limited (IDPL), a subsidiary of the Parent Company:

i) has given the following undertakings jointly with Tata Steel Limited and The Dhamra Port Company Limited (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.

ii) has given the following 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.

Notes forming part of Consolidated Accounts (contd.)

iii) has pledged its investment in the equity shares of the following subsidiary companies to the lenders of term loan of the respective companies.

Rs.crore

Name of companies	As at 31-3-2010	*As at 31-3-2009*
(a) Subsidiary companies		
1. L&T Panipat Elevated Corridor Limited	42.99	*42.99*
2. L&T Krishnagiri Thopur Toll Road Limited	40.16	*40.16*
3. L&T Western Andhra Tollway Limited	28.81	*28.81*
4. L&T Vadodara Bharuch Tollway Limited	22.18	*22.18*
5. L&T Interstate Road Corridor Limited	27.59	*27.60*
(b) Jointly controlled entity		
1. The Dhamra Port Company Limited	125.71	*80.87*

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 Highway Authority of India, in the event of a termination of the concessionaire agreement pursuant to occurrence of the concessionaire event of default or any force majeure event as stated in the said concessionaire agreement.

29. 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 L&T Infotech Limited and L&T Capital Company Limited, amounting to Rs.14.77 crore, related to dividend of Rs.88.91 crore declared by them. Accordingly the additional tax on dividend includes Rs.14.77 crore paid by the aforesaid subsidiary companies.

30. 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 are as under:

Rs.crore

Category of derivative instruments	Amount of exposures hedged	
	As at 31-3-2010	*As at 31-3-2009*
i) For hedging foreign currency risks		
a) Forward contracts for receivables including firm commitments and highly probable forecasted transactions	10956.44	*4607.57*
b) Forward contracts for payables including firm commitments and highly probable forecasted transactions	7721.13	*7059.34*
c) Currency swaps	5583.69	*5125.81*
d) Option contracts	874.99	*1203.80*
ii) For hedging interest rate risks		
Interest rate swaps	300.00	*125.00*
iii) For hedging commodity price risks		
Commodity futures	34.38	*12.98*

b) Unhedged foreign currency exposures are as under:

Rs.crore

Unhedged foreign currency exposures	As at 31-3-2010	*As at 31-3-2009*
i) Receivables, including firm commitments and highly probable forecasted transactions	23755.61	*19213.48*
ii) Payables, including firm commitments and highly probable forecasted transactions	19686.05	*15240.00*

31. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits":

i. Defined contribution plans:

Amount of Rs.73.40 crore *(previous year: Rs.70.73 crore)* is recognised as an expense and included in "staff expenses" (Schedule N) in the Profit and Loss Account.

ii. Defined benefit plans:

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 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*
A Amounts to be recognised in Balance Sheet								
Present value of defined benefit obligation								
– Wholly funded	338.23	*289.74*	–	–	–	–	1364.97	*1127.81*
– Wholly unfunded	20.04	*0.93*	83.84	*75.83*	136.47	*152.78*	–	–
	358.27	*290.67*	83.84	*75.83*	136.47	*152.78*	1364.97	*1127.81*
Less: Fair value of plan assets	294.56	*255.06*	–	–	–	–	1350.42	*1151.80*
Less: Unrecognised past service costs	–	–	1.29	*1.43*	0.86	*0.98*	–	–
Amount to be recognised as liability or (asset)	63.71	*35.61*	82.55	*74.40*	135.61	*151.80*	14.55	*(23.99)*@
B Amounts reflected in the Balance Sheet								
Liabilities	63.71	*35.61*	82.55	*74.40*	135.61	*151.80*	20.95	*17.45*
Assets	–	–	–	–	–	–	–	–
Net liability/(asset)	63.71	*35.61*	82.55	*74.40*	135.61	*151.80*	20.95 #	*17.45* #

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	
		2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*	2009-2010	*2008-2009*
1	Current service cost	28.24	*18.86*	5.29	*4.12*	3.81	*4.55*	74.15**	*44.87***
2	Interest cost	22.19	*20.11*	6.04	*5.30*	11.90	*13.01*	103.07	*87.44*
3	Expected (return) on plan assets	(19.19)	*(16.04)*	–	–	–	–	(103.53)	*(88.86)*
4	Actuarial losses/(gains)	18.45	*9.46*	0.55	*9.44*	(28.60)	*5.18*	25.57	*(24.11)*
5	Past service cost	–	–	0.17	*0.13*	0.11	*0.11*	–	–
6	Effect of any curtailment or settlement	–	–	–	–	–	*(19.57)*	–	–
7	Adjustment for earlier years	0.16	*0.05*	–	–	–	–	–	–
8	Actuarial (loss)/gain not recognised in books	–	–	–	–	–	–	(25.11)	*25.53* +
9	Translation adjustments	(0.83)	–	–	–	–	–	–	–
10	Amount capitalised out of the above	(0.07)	*(0.07)*	–	–	–	–	–	–
	Total (1 to 10)	48.95	*32.37*	12.05	*18.99*	(12.78)	*3.28*	74.15	*44.87*
I	Amount included in "staff expenses"	52.77	*29.19*	11.42	*6.57*	0.67	*(21.14)*	74.15	*44.87*
II	Amount included in "manufacturing, construction and operating expenses"	2.25	*2.87*	–	–	–	–	–	–
III	Amount included in "interest expenses"	(6.07)	*0.31*	0.63	*12.42*	(13.45)	*24.42*	–	–
	Total (I to III)	48.95	*32.37*	12.05	*18.99*	(12.78)	*3.28*	74.15	*44.87*
	Actual return on plan assets	21.48	*29.09*	–	–	–	–	77.96	*112.97*

Notes forming part of 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 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*
Opening 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*
Add: Current service cost	28.24	*18.86*	5.29	*4.12*	3.81	*4.55*	74.15 **	*44.87 ** *
Add: Interest cost	22.19	*20.11*	6.04	*5.30*	11.90	*13.01*	103.07	*87.44*
Add: Contribution by plan participants								
i) Employer	–	–	–	–	–	–	–	–
ii) Employee	–	–	–	–	–	–	125.94	*88.34*
Add/(less): Actuarial losses/(gains)	20.74	*22.51*	0.55	*9.44*	(28.60)	*5.18*	–	–
Less: Benefits paid	(18.36)	*(15.51)*	(3.87)	*(3.34)*	(3.43)	*(2.83)*	(76.46)	*(102.14)*
Add: Past service cost	–	–	–	–	–	–	–	–
Add: Liabilities assumed in an amalgamation/ acquisition	0.12	*0.32*	–	–	–	–	–	–
Add: Adjustment for earlier years	14.67	*0.30*	–	–	–	–	10.46	*(4.86)*
Less: Effect of any curtailment or settlement	–	–	–	–	–	*(19.57)*	–	–
Closing balance of the present value of defined benefit obligation	358.27	*290.67*	83.84	*75.83*	136.47	*152.78*	1364.97	*1127.81*

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 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*
Opening balance of the fair value of the plan assets	255.06	*213.22*	1151.80	*1014.85*
Add: Expected return on plan assets *	19.19	*16.04*	103.53	*88.86*
Add/(less): Actuarial gains/(losses)	2.29	*13.05*	(25.57)	*24.11*
Add: Contribution by the employer	35.42	*27.91*	67.30	*44.24*
Add: Contribution by plan participants	–	–	123.66	*87.02*
Less: Benefits paid	(18.36)	*(15.51)*	(76.46)	*(102.14)*
Add: Business combinations/acquisitions	0.10	*0.33*	–	–
Add: Adjustments for earlier years	0.86	*0.02*	6.16	*(5.14)*
Closing balance of the plan assets	294.56	*255.06*	1350.42	*1151.80*

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 fund and gratuity fund. Expected rate of return on investments is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year. Yield on the portfolio is calculated based on a suitable mark-up over the benchmark Government securities of similar maturities.

The Company expect to fund Rs.43.67 crore *(previous year: Rs.33.38 crore)* towards its gratuity plan and Rs78.60 *(previous year: Rs.63.01 crore)* towards its trust-managed provident fund plan during the year 2009-10

@ 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 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 31-3-2010	*As at 31-3-2009*	As at 31-3-2010	*As at 31-3-2009*
Government of India securities	28%	*25%*	23%	*23%*
State Government securities	13%	*16%*	12%	*13%*
Corporate bonds	6%	*4%*	6%	*5%*
Equity shares of listed companies	3%	*1%*	–	–
Fixed deposits under special deposit scheme framed by Central Government for provident funds	12%	*14%*	23%	*27%*
Insurer managed funds	1%	*2%*	–	–
Public sector unit bonds	33%	*34%*	36%	*32%*
Others	4%	*4%*	–	–

f) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

		As at 31-3-2010	*As at 31-3-2009*
1	Discount rate:		
	a) Gratuity plan	8.01%	*7.67%*
	b) Company pension plan	8.01%	*7.67%*
	c) Post-retirement medical benefit plan	8.01%	*7.67%*
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 loss.

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	
	2009-2010	*2008-2009*	2009-2010	*2008-2009*
Effect on the aggregate of the service cost and interest cost	1.03	*0.88*	(1.59)	*(1.19)*
Effect on defined benefit obligation	6.11	*5.08*	(4.93)	*(3.80)*

Notes forming part of Consolidated Accounts (contd.)

g) The amounts pertaining to defined benefit plans are as follows:

Rs.crore

Particulars		As at 31-3-2010	*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	82.55	*74.40*	*58.74*	*47.09*
	Experience adjustment plan liabilities	5.73	*1.13*	*2.66*	*–*
2	Gratuity plan (funded/unfunded)				
	Defined benefit obligation	358.27	*290.67*	*244.08*	*212.63*
	Plan assets	294.56	*255.06*	*213.22*	*160.33*
	Surplus/(deficit)	(63.71)	*(35.61)*	*(30.86)*	*(52.30)*
	Experience adjustment plan liabilities	30.67	*8.38*	*16.44*	*25.84*
	Experience adjustment plan assets	2.29	*13.05*	*6.49*	*(3.03)*
3	Post-retirement pension plan (unfunded)				
	Defined benefit obligation	135.61	*151.80*	*151.35*	*118.56*
	Experience adjustment plan liabilities	(4.11)	*(6.89)*	*26.87*	*–*
4	Trust managed provident fund plan (funded)				
	Defined benefit obligation	1364.97	*1127.81*	*1014.16*	*933.74*
	Plan assets	1350.42	*1151.80*	*1014.85*	*947.84*
	Surplus/(deficit)	(14.55)	*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 15 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 5 years of continuous service. The company's scheme is more favorable 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 Consolidated Accounts (contd.)

32. The Company's share in respect of the assets, liabilities, reserves, income and expenses, related to its interests in the jointly controlled entities, incorporated in the consolidated financial statements are:

Rs.crore

				As at 31-3-2010	*As at 31-3-2009*
I	**Assets**	1	Fixed assets	1318.10	*803.98*
		2	Investments	109.09	*16.07*
		3	Current assets, loans and advances		
			(a) Inventories	127.55	*113.55*
			(b) Sundry debtors	15.68	*125.89*
			(c) Cash and bank balances	58.13	*61.42*
			(d) Other current assets	0.20	*0.07*
			(e) Loans and advances	275.19	*139.59*
II	**Liabilities**	1	Secured loans	954.36	*540.33*
		2	Unsecured loans	150.00	–
		3	Current liabilities and provisions		
			(a) Current liabilities	441.74	*452.62*
			(b) Provisions	2.39	*1.78*
III	**Reserves**			100.18	*89.86*
IV	**Income**	1	Sales	271.13	*472.81*
		2	Other income	7.00	*0.13*
V	**Expenses**	1	Operating expenses	175.41	*327.42*
		2	Staff expenses	20.77	*43.06*
		3	Sales administration and other expenses	18.59	*54.79*
		4	Interest expense	5.36	*3.83*
		5	Depreciation	56.28	*35.08*
		6	Provision for tax	2.55	*1.77*

33. Deferred payment liability of Rs.1951.26 crore *(previous year: Rs.1970.09 crore)* represents-

a) Negative grant of Rs.704.28 crore *(previous year: Rs.711.49 crore)* payable to National Highway Authority of India (NHAI), as per the concession agreement entered into with NHAI.

b) Deferred conversion fee liability of Rs.161.98 crore *(previous year: Rs.139.36 crore)* towards conversion of land from Industrial to commercial use as per the approval from Chandigarh Housing Board (CHB)

c) Lease premium amounting to Rs.1085.00 crore *(previous year: Rs.1085.00 crore)* payable to City and Industrial Development Corporation of Maharashtra (CIDCO) pursuant to conferment of development-cum-leasehold rights to execute the lease deed for land.

d) Future consideration payable Rs.Nil crore *(previous year: Rs.34.24 crore)* in respect of acquisition of subsidiaries.

In respect of the total amount of Rs.1951.26 crore, an amount of Rs.37.81 crore is payable within a period of one year.

34. 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.

35. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2010.

36. 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
ICAI registration no.109982W
by the hand of
R. D. KARE
Partner
Membership no.8820
Mumbai, May 17, 2010

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE
N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN
Directors

N. HARIHARAN
Company Secretary

Mumbai, May 17, 2010

Notes

Notes

LARSEN & TOUBRO LIMITED

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ATTENDANCE SLIP

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

ANNUAL GENERAL MEETING - AUGUST 26, 2010 AT 3.00 P.M.

		NAME & ADDRESS OF THE REGISTERED SHAREHOLDER
DP. Id		
Client Id/ Folio No.		
No. of Shares		

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 **Thursday, August 26, 2010**.

SIGNATURE

Note: Please complete this and hand it over at the entrance of the hall.

LARSEN & TOUBRO LIMITED

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FORM OF PROXY

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

ANNUAL GENERAL MEETING - AUGUST 26, 2010 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 ....

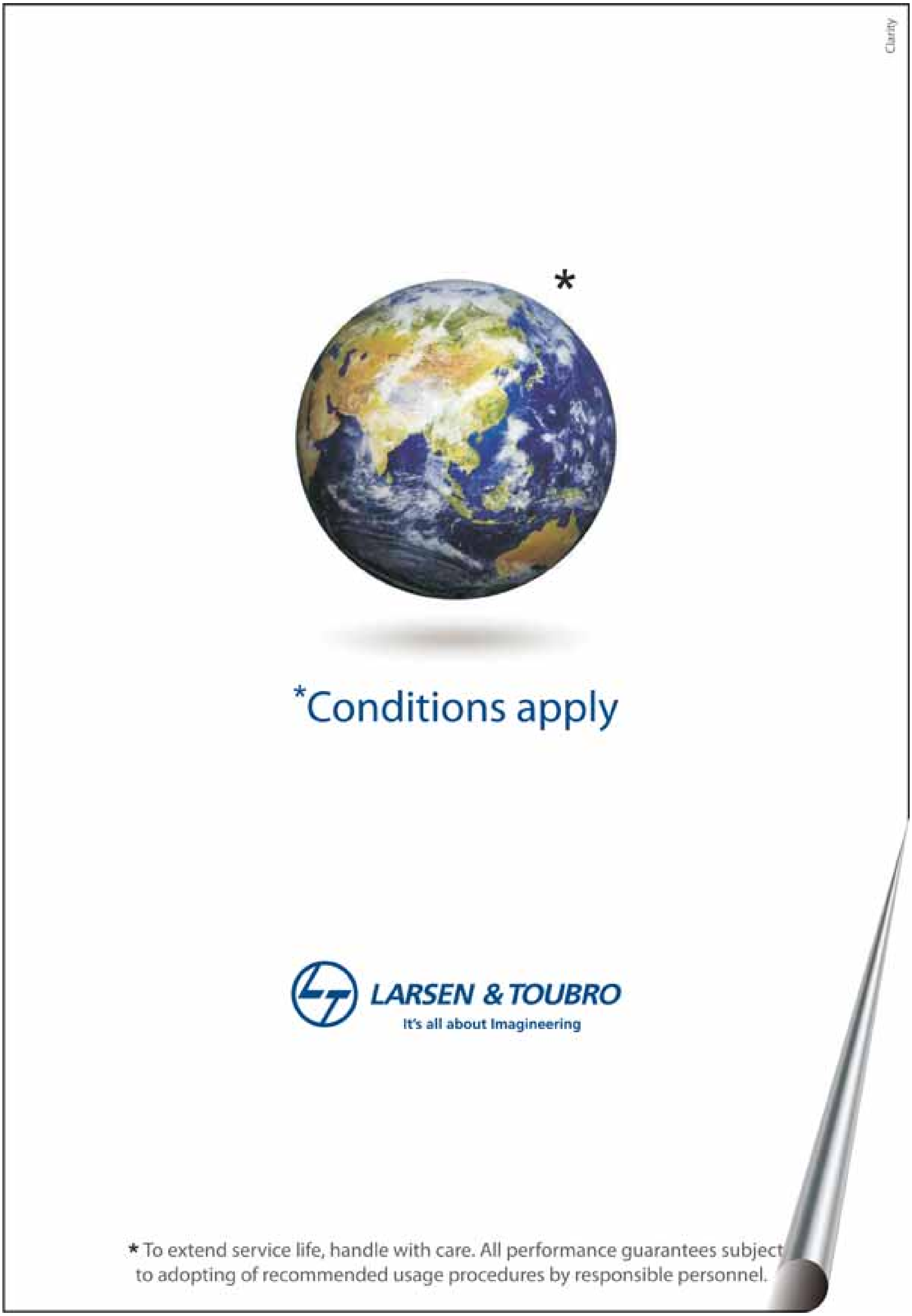
as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on **Thursday, August 26, 2010** and at any adjournment thereof.

Signed this .... day of ....2010.

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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