LARSEN & TOUBRO LIMITED

66th Annual Report 2010 | 2011

Business Re-structuring for Sustained 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

LARSEN & TOUBRO LIMITED

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

NOTICE

NOTICE IS HEREBY GIVEN THAT the Sixty-sixth Annual General Meeting of **LARSEN & TOUBRO LIMITED** will be held at **Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020 on Friday, August 26, 2011 at 3:00 p.m.** to transact the following business :-

1) To consider and adopt the Balance Sheet as at March 31, 2011, 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 Mr. K. Venkataramanan, who retires by rotation and is eligible for re-appointment;

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

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

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

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

   "**RESOLVED THAT** Mr. S. N. Subrahmanyan be and is hereby appointed as a Director retiring by rotation."

8) 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 appointment of Mr. Ravi Uppal, as the Whole-time Director of the Company with effect from November 1, 2010 upto and including October 31, 2015.

   RESOLVED FURTHER THAT Mr. Ravi Uppal, 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."

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 appointment of Mr. S. N. Subrahmanyan, as the Whole-time Director of the Company with effect from July 1, 2011 upto and including June 30, 2016.

   RESOLVED FURTHER THAT Mr. S. N. Subrahmanyan, 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 the provisions of Sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the said Act, approval be and is hereby accorded to the Board of Directors (hereinafter referred as "Board" which term shall be deemed to include any committee thereof) to pay to the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors of the Company effective from October 1, 2011, such remuneration comprising of salary, commission, perquisites & allowances, as may be determined by the Board from time to time within the maximum limits as mentioned in the Explanatory Statement and the consent of the Company be and is hereby also accorded to holding an office or place of profit or continue to hold an office or place of profit as Directors, nominated or as may be nominated by the Company, from time to time, on the Boards of its subsidiary/associate companies."

11) 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 ₹ 90,00,000/- (Rupees Ninety Lakh 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 19, 2011

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 7 to 11 set out above are annexed hereto.

[b] A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL 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 Friday, August 19, 2011 to Friday, August 26, 2011 (both days inclusive).

[d] Members are requested to furnish bank details, e-mail address, change of address etc. to Sharepro Services (India) Private Limited at 13 AB, Samhita Warehousing Complex, 2nd floor, Sakinaka Telephone Exchange Lane, Off. Andheri - Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072, who are the Company's Registrar and Share Transfer Agents so as to reach them latest by Thursday, August 18, 2011, 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
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
81	26.08.2010	31.03.2010	02.10.2017

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@larsentoubro.com to enable Investors to register their complaints, if any.

[i] The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit. Keeping in view the underlying theme and the circular issued by MCA, we propose to send all documents to be sent to Shareholders like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, etc. henceforth to the shareholders in electronic form, to the e-mail address provided by them and made available to us by the Depositories. Please note that these documents will also be available on the Company's website www.larsentoubro.com for download by the shareholders. The physical copies of the Annual Report will also be available at our Registered Office in Mumbai for inspection during office hours. In case you desire to receive the above mentioned documents in physical form, you are requested to send an e-mail to igrc@larsentoubro.com. Please note that you will be entitled to be furnished free of cost, with a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including the Profit & Loss Account and Auditors' Report, upon receipt of a requisition from you, any time, as a member of the Company.

Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participant. Members who hold shares in physical form are requested to register their e-mail addresses with Sharepro Services (India) Private Limited, Registrar and Share Transfer Agents of the Company.

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. 7 to 11 of the accompanying Notice dated May 19, 2011.

Item No. 7 :

Mr. S. N. Subrahmanyan was appointed as a Director with effect from July 1, 2011, in the casual vacancy that will be caused on account of retirement of Mr. K. V. Rangaswami on June 30, 2011. Pursuant to Section 262 of the Companies Act, 1956, Mr. S. N. Subrahmanyan will hold the office up to the date of the forthcoming Annual General Meeting. The Company has received a Notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956, proposing the candidature of Mr. S. N. Subrahmanyan for the office of a Director.

Except Mr. S. N. Subrahmanyan none of the Directors is concerned or interested in the resolution.

Item No. 8 :

The Board of Directors of the Company at its Meeting held on October 18, 2010, appointed Mr. Ravi Uppal, as a Whole-time Director of the Company with effect from November 1, 2010 upto and including October 31, 2015, subject to the approval of the members in the Annual General Meeting.

Mr. Ravi Uppal is a Mechanical Engineer from the prestigious Indian Institute of Technology (IIT) in Delhi and an alumnus of Indian Institute of Management (IIM), Ahmedabad. He has also completed his Advanced Management Program at Wharton Business School, USA.

Before taking on his present responsibility with the L&T Group, Mr. Uppal spent over 22 years with the ABB Group and was their President - Global Markets and Member of the ABB Group Executive Committee based in Switzerland.

From 2001 to 2007, Mr. Uppal was Vice Chairman & Managing Director of ABB in India and during his tenure, the operations saw a meteoric, seven-fold growth. Under his leadership, ABB was placed among India's leading Companies and won many accolades.

Preceding this tenure with ABB, he established and developed Volvo's operations in India from scratch as Volvo's Managing Director & Country Manager, ushering in a new era and concept of commercial transportation in the country. Prior to taking up the Volvo challenge, Mr. Uppal served with ABB for 16 years in several senior management capacities in India, the Middle East, North Africa, Germany and Sweden.

Amongst the many honours he has received, Mr. Uppal was awarded the Royal Order of the Polar Star by the King of Sweden and named a Knight of this Order, in recognition of his invaluable services to Sweden. He was also bestowed the Marketing Award 2005 by the Institute of Marketing Management, India and named among 'India's Best of the Best' by the magazine 'Smart Manager'. He has also been honoured as a Distinguished Alumnus by IIT (Delhi).

Mr. Uppal is actively involved with several industry forums and academic institutions. He also takes a keen interest in social and community development initiatives.

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.

At the Annual General Meetings of the Company held on September 23, 2004, and 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. Ravi Uppal during his tenure as Whole-time Director.

As from November 1, 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 : ₹ 5,50,000 (Rupees Five Lakh Fifty thousand only) per month in the scale of ₹ 4,00,000 - ₹ 25,000 - ₹ 6,00,000 - ₹ 30,000 - ₹ 7,50,000, with the annual increment due on April 1 every year.

Commission : Upto 0.1% per annum of the operating net profits after tax of the Company for and from the year 2010-11 on a pro-rata basis and excluding profits on separation of Company's business, sale of Company's stake in subsidiary and associate companies, including Joint venture Companies.

The actual commission will be decided, based on parameters set periodically, by the Board, which will include the performance of the Company, the business and the individual.

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

The above perquisites will exclude value of Stock Option benefits, if any, computed as per Income Tax Act/Rules, which will be borne by the Company.

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

Accordingly, the Resolution at Item No. 8 is proposed for approval of the members for appointment of Mr. Ravi Uppal, 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 agreement entered into by the Company with Mr. Ravi Uppal, in respect of his appointment as Whole-time Director, contains terms and conditions of his appointment including remuneration.

The Board recommends approval of the appointment of Mr. Ravi Uppal, as Whole-time Director of the Company.

Mr. Ravi Uppal, the Whole-time Director of the Company, being the appointee, is interested in the proposed Resolution.

The Agreement entered into with Mr. Ravi Uppal will be open for inspection by members 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.

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

Item No. 9 :

The Board of Directors of the Company at its Meeting held on April 6, 2011, appointed Mr. S. N. Subrahmanyan, as a Whole-time Director of the Company with effect from July 1, 2011 upto and including June 30, 2016, subject to the approval of the members in the Annual General Meeting.

Mr. S. N. Subrahmanyan, 51, is a civil engineer with post graduate qualifications in business management. He joined L&T in 1984 starting off as project planning engineer, and was soon handpicked for senior responsibilities.

Mr. Subrahmanyan is currently Senior Vice President and Head - Buildings & Factories and Infrastructure Independent Companies.

The Buildings & Factories business has grown rapidly under Mr. Subrahmanyan's leadership, and has executed many prestigious jobs such as ICICI Bank, National Stock Exchange Buildings and Tidel Park.

Mr. Subrahmanyan's notable achievements include playing a pivotal role in securing and managing EPC contracts for construction of four major international airports in India at Bangalore, Hyderabad, Delhi and Mumbai.

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.

At the Annual General Meetings of the Company held on September 23, 2004, and 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. S. N. Subrahmanyan during his tenure as Whole-time Director.

As from July 1, 2011, 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 : ₹ 5,00,000 (Rupees Five Lakh only) per month in the scale of ₹ 4,00,000 - ₹ 25,000 - ₹ 6,00,000 - ₹ 30,000 - ₹ 7,50,000 with the annual increment due on April 1 every year.

Commission : Upto 0.1% per annum of the operating net profits after tax of the Company for and from the year 2011-12 on a pro-rata basis and excluding profits on separation of Company's business, sale of Company's stake in subsidiary and associate companies, including Joint venture Companies.

The actual commission will be decided, based on parameters set periodically, by the Board, which will include the performance of the Company, the business and the individual.

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

The above perquisites will exclude value of Stock Option benefits, if any, computed as per Income Tax Act/Rules, which will be borne by the Company.

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

Accordingly, the Resolution at Item No. 9 is proposed for approval of the members for appointment of Mr. S. N. Subrahmanyan, 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 agreement to be entered into by the Company with Mr. S. N. Subrahmanyan, in respect of his appointment as Whole-time Director, will contain the terms and conditions of his appointment including remuneration.

The Board recommends approval of the appointment of Mr. S. N. Subrahmanyan, as Whole-time Director of the Company.

Mr. S. N. Subrahmanyan, the proposed Whole-time Director of the Company, being the appointee, is interested in the proposed Resolution.

The Agreement to be entered into with Mr. S. N. Subrahmanyan will be open for inspection by members 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.

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

Item No. 10 :

At the Annual General Meetings of the Company held on September 23, 2004 and August 25, 2006, the shareholders had approved the overall limit for payment of remuneration to Chairman & Managing Director and Whole-time Directors of the Company within the limits and subject to the terms and conditions set out in the resolution passed at that meeting read with the explanatory statement.

Since then, the Company has made remarkable progress in its various businesses, significantly increased its revenues and profits and has considerably enhanced shareholder value. The strategic plan for the period 2010-15 (Lakshya 2015) has identified for each business unit strategy and strategic initiatives, including detailed assessment of portfolios, organizational structure and capital structure. The assessment revealed notable opportunities across all business segments of the Company. The Company's plans involve growing aggressively on a large revenue base both in domestic and international markets. All these involve managing complexities, attracting talent including global talent, managing the ongoing transformation and working out a simplified structure to manage the business/ Company to sustain profitable growth.

Considering the above, it is proposed to revise the existing limits of remuneration payable to Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors of the Company.

The enhanced limits of remuneration will, however, continue to be subject to the condition that the total managerial remuneration shall not exceed 5% of the net profits of the Company for each of the Managing/ Whole-time Directors of the Company and 10% of the net profits of the Company for all the Managing/Whole-time Directors of the Company.

The Board of Directors of the Company appoint/re-appoint the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors on the Board after receiving recommendation from the Nomination and Remuneration Committee, subject to the approval of the members in General Meeting.

The Nomination and Remuneration Committee revises the remuneration payable to the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors based on overall performance of the Company, the concerned business and the performance of the individual Director.

In order to fix/revise appropriately the remuneration payable to the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors from time to time, the Board of Directors recommend passing a comprehensive Resolution to authorize the Board to approve and fix/revise suitably the remuneration payable to the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors from time to time.

Specific approval of the members will be sought for appointment/ re-appointment of the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors individually in General Meetings.

The agreement that will be entered into with the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors will contain terms & conditions as to the powers and duties of the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors, provision for earlier determination of the appointment by either party by giving six months notice in writing to the other party, non-participation in any selling agency of the Company etc.

The standard terms and conditions which will be included in the agreements that will be entered into with the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors, inter alia, will contain the following:

1. The Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors shall, subject to the supervision and control of the Board of Directors of the Company, manage the business and affairs of the Company.

2. Period of Agreement: As may be determined by the Board, but not exceeding 5 (five) years.

3. Remuneration Payable:

   [a] Salary:

   To be fixed by the Board in the scale of ₹ 16,00,000 - ₹ 2,00,000 - ₹ 28,00,000 per month for Chairman & Managing Director, in the scale of ₹ 12,00,000 - ₹ 1,60,000 - ₹ 21,60,000 per month for Chief Executive Officer & Managing Director, if any, in the scale of ₹ 10,00,000 - ₹ 1,25,000 - ₹ 16,25,000 per month for Deputy Managing Director, if any and in the scale of ₹ 6,50,000 - ₹ 75,000 - ₹ 10,25,000 – ₹ 1,00,000 – ₹ 15,25,000 per month for Whole-time Directors.

   [b] Commission:

   On the net profits after tax of the Company and excluding extraordinary/ exceptional profits or losses arising from sale of business/ assets, sale of shares in Subsidiary & Associate Companies/ Special Purpose Vehicles/ Joint Ventures and also from sale of strategic investments/ adjustment in valuation of strategic investments, to be fixed by the Board. Upto 0.30% p.a. for Chairman & Managing Director, upto 0.25% p.a. for Chief Executive Officer & Managing Director, if any, Upto 0.18% p.a. for Deputy Managing Director, if any and upto 0.15% p.a. for Whole-time Directors.

   [c] Perquisites and Allowances:

   [i] The Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors shall be entitled to perquisites consisting of, *inter alia*, free furnished accommodation (Company owned or leased/ rented) or house rent in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, medical and personal accident insurance, benefits applicable to other employees etc. in accordance with the rules of the Company. The aforesaid perquisites may be in the form of reimbursement or allowance but will be restricted to ₹ 25 lakh per annum excluding perquisite value of free furnished accommodation for Chairman & Managing Director, up to ₹ 20 lakh per annum excluding perquisite value of free furnished accommodation for Chief Executive Officer & Managing Director, if any, up to ₹ 18 lakh per annum excluding perquisite value of free furnished accommodation for Deputy Managing Director, if any, up to ₹ 15 lakh per annum excluding perquisite value of free furnished accommodation for Whole-time Directors. For the purpose of calculating the above ceiling, the perquisite shall be evaluated as per Income-tax Rules, 1962, wherever applicable.

   The above perquisites will exclude value of Stock Option benefits, if any, computed as per Income Tax Act/Rules, which will be borne by the Company.

   [ii] The Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors shall be entitled to Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund, benefits of Gratuity and Pension Scheme for Senior Management Staff, earned leave and encashment of earned leave at the end of the tenure and long service awards, as per the rules of the Company and these shall not be included in the computation of perquisites.

   [iii] Company car with driver (owned/leased or hired) for use on Company's business, telephone and other communication facilities at residence, will not be considered as perquisites.

   [iv] In the event of loss or inadequacy of profits in any financial year, the remuneration payable to the Chairman & Managing Director, Chief Executive

Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors shall not exceed the maximum limits prescribed under Schedule XIII of the Companies Act, 1956.

[v] The Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors, so long as they function as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

[vi] The Company shall reimburse to the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors, entertainment, travelling and all other expenses incurred by them for the business of the Company.

[d] The limits stipulated herein above are the maximum limits and the Board may, on the recommendation of the Nomination and Remuneration Committee, pay to the Chairman & Managing Director, Chief Executive Officer & Managing Director, if any, Deputy Managing Director, if any and Whole-time Directors appropriate remuneration commensurate with their authorities and responsibilities and revise the same from time to time within the maximum limits stipulated by this resolution.

[e] The Board recommends passing of the Ordinary Resolution set out at item No.10 of the Notice convening the Meeting. Mr. A.M. Naik, the Chairman & Managing Director of the Company, Mr. Y.M. Deosthalee, Mr. K. Venkataramanan, Mr. V.K. Magapu, Mr. M.V. Kotwal, Mr. Ravi Uppal, Mr. S. N. Subrahmanyan on his appointment with effect from July 1, 2011, who are the Whole-time Directors of the Company, may be deemed to be concerned or interested in the resolution at item No. 10 insofar as it relates to variation in the maximum limits of remuneration applicable to them. This explanation together with the accompanying Notice is and should be treated as an abstract of the variation of the terms of contracts under Section 302 of the Companies Act, 1956.

Item No. 11 :

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 Auditors should be made by a Special Resolution.

The Auditors, have informed us vide letter dated May 13, 2011, 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 19, 2011

Registered Office:

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

(ANNEXURE TO NOTICE DATED MAY 19, 2011)

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. K. Venkataramanan**	**Mr. Ravi Uppal**	**Mr. S. N. Subrahmanyan**
Date of Birth	December 11, 1944	May 9, 1952	March 16, 1960
Date of Appointment on the Board	May 28, 1999	November 1, 2010	With effect from July 1, 2011
Qualifications	B. Tech. – IIT, New Delhi	B. Tech (Electrical and Electronics), MBA - IIM, IFL – Sweden, AMP	B.Sc., Engg. (Civil) & MBA (Finance)
Expertise	Vast experience in Product Engineering & Project Management.	Vast experience in general management in various MNCs.	Vast experience in Contracts & Costing and Project Management.
Directorships held in other public companies including private companies which are subsidiaries of public companies (excluding foreign and private companies)	1. L&T-Valdel Engineering Limited 2. L&T Powergen Limited 3. Nabha Power Limited 4. Raykal Aluminium Company Private Limited 5. Kesun Iron And Steel Company Private Limited 6. L&T Sapura Offshore Private Limited 7. L&T Sapura Shipping Private Limited	1. L&T Power Limited 2. L&T-Sargent & Lundy Limited 3. L&T Howden Private Limited 4. L&T-MHI Boilers Private Limited 5. L&T-MHI Turbine Generators Private Limited	-
Memberships/ Chairmanships of committees across all companies	**Member** **Audit Committee** 1. Nabha Power Limited	**Chairman** **Audit Committee** 1. L&T Power Limited **Member** Audit Committee 1. L&T - Sargent & Lundy Limited	-
Shareholding of Non-Executive Directors	Not Applicable	Not Applicable	Not Applicable
Relationships between directors inter-se	Nil	Nil	Nil

(ANNEXURE TO NOTICE DATED MAY 19, 2011)

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. S. Rajgopal	Mr. S. N. Talwar	Mr. A. K. Jain
Date of Birth	July 17, 1935	November 21, 1937	April 18, 1946
Date of Appointment on the Board	November 23, 2001	July 6, 2004	May 29, 2008
Qualifications	M.A., I.A.S. (Retd.)	Solicitor, Incorporated Law Society; Bombay, B.Com; LLB	B. Com (Hons), MDPA, I.A.S. (Retd.)
Expertise	Has held various important positions with the Government of Maharashtra and retired as Union Cabinet Secretary, Government of India	Vast experience in Corporate laws, Corporate tax, Foreign Exchange law and Commercial law	Has held various important positions with the Government of Uttar Pradesh and Government of India. Retired as Secretary, Government of India, Ministry of Finance, Department of Disinvestment
Directorships held in other public companies including private companies which are subsidiaries of public companies (excluding foreign and private companies)	1. UltraTech Cement Limited	1. Merck Limited 2. Samson Maritime Limited 3. Biocon Limited 4. Birla Sun Life Insurance Company Limited 5. Blue Star Limited 6. Blue Star Infotech Limited 7. ELANTAS Beck India Limited 8. Esab India Limited 9. Greaves Cotton Limited 10. Shrenuj & Co Limited 11. Solvay Pharma India Limited 12. Sonata Software Limited 13. L&T Metro Rail (Hyderabad) Limited	1. ITI Limited 2. L&T Finance Holdings Limited
Memberships/ Chairmanships of committees across all companies	**Member** **Audit Committee** 1. UltraTech Cement Limited	**Chairman** **Audit Committee** 1. Blue Star Limited 2. FCI OEN Connectors Limited 3. Merck Limited 4. Samson Maritime Limited **Member** **Audit Committee** 1. Biocon Limited 2. Blue Star Infotech Limited 3. ELANTAS Beck India Limited 4. Greaves Cotton Limited 5. Solvay Pharma India Limited	**Chairman** **Shareholders'/Investors' Grievance Committee** 1. Larsen & Toubro Limited 2. L&T Finance Holdings Limited **Member** **Audit Committee** 1. ITI Limited
Shareholding of Non-Executive Directors	900	6,000	*400
Relationships between directors inter-se	Nil	Nil	Nil

* held jointly with SUUTI

Chairman's Message

A. M. Naik
Chairman & Managing Director

The execution schedule of our existing orders remained largely on track. We also continued to gain significantly through our focus on competency, quality assurance and delivery.

Dear Shareholders,

The macro business environment in the year under review was characterized by uncertainty and volatility. The Company also experienced extended prospect-to-award timelines. Nevertheless, the execution schedule of our existing orders remained largely on track. We also continued to gain significantly through our focus on competency, quality assurance and delivery. This ensured that the external environment did not impinge unduly on our performance, and we could successfully navigate through the economic cross currents to convert profitable business opportunities into contracted customer commitments.

Performance Overview

The Company has once again registered impressive performance on all important parameters during FY11. Order Inflows for the year, though volatile from quarter to quarter, recorded a growth of 15%. Revenues, driven by a robust Order Book position in the beginning of the year, registered a 19% growth for the year which was commendable considering the challenging execution environment that all sectors witnessed throughout the fiscal. EBITDA Margins, by and large, held up to FY10 levels despite higher input prices which were mitigated through timely and cost efficient execution of orders on hand. The closing Order Book position at the end of FY11 recorded an impressive ₹ 130,217 crore which is in excess of two years of backlog. Profit after Tax at ₹ 3,676 crore excluding Exceptional and Extraordinary items, grew 15% during the year. Robust operating cash flows contributed to the healthy financial condition of the Company.

The performance of the Subsidiary & Associate companies during the year was also encouraging. The Group total income for the year reached ₹ 52,089 crore while the Group Profit after Tax excluding Exceptional and Extraordinary items, recorded an impressive ₹ 4,238 crore, an increase of 12% year on year.

I am happy to announce that the Board has recommended an enhanced dividend of ₹ 14.50 per equity share on a face value of ₹ 2 per share for the year.

Gearing for growth

The Company has taken a number of measures during the year under review to ensure that it accelerates its growth momentum going forward. Major steps include:

i. Restructuring

A 5-year strategic plan for our businesses was completed in FY11 after extensive consultations and a detailed review of our portfolio and organization structure. This plan has led to an organizational remodeling which would facilitate growth through greater levels of empowerment and delegation while sharpening accountability. L&T has accordingly been restructured into multiple Independent Companies (ICs) within the L&T Parent Company. Although not legal entities, Independent Companies are vertically integrated business segments with their own internal boards which include a number of independent directors and a representative director from the parent company on each IC Board. This will allow greater independence in functioning and provide external and broader business perspectives to the IC management. The new structure has been rolled out and is beginning to function.

ii. Business Integration

The Company is today the largest vertically integrated EPC player in the domestic infrastructure space. This has been achieved over the years through successful efforts to encompass all value creating and critical activities in each core business that it operates in. In Hydrocarbon, the Company straddles the design-fabrication-installation value chain. In Power, the facilities for manufacture of supercritical boilers turbines, and critical piping which have been commissioned, have plugged a vital gap in our EPC Power offerings to customers. In addition, all the power auxiliaries like Electrostatic Precipitators, Axial Fans and Heaters are approaching completion. Along with other essential existing facilities, the Company is capable of offering comprehensive Balance of Plant solutions to Power Generation customers. In the Infrastructure space, the Company is one of the largest developer-cum-EPC players with a diverse portfolio of strategic concessions in the areas of Roads, Ports, Power Generation, Metro Rail and Urban Infrastructure.

iii. Capacity Expansion

The Company has added capacities in different businesses to capture the next growth wave. In addition to commissioning of the manufacturing facilities for Boilers, Turbines and other Power auxilliaries, the Company has also expanded its facilities in Hazira and created a Knowledge City in Vadodara thus integrating the total capabilities of EPC and Manufacturing. The manufacturing of heavy forgings and castings at Hazira is nearing completion. At Oman, in addition to the Modular Fabrication Facility for Oil & Gas structures, the new Heavy Engineering facilities are now operational. In Kattupalli, the Shipbuilding facility and the container port facility are getting ready shortly.

iv. Technology

The ability to understand, develop and successfully apply new technologies is a key differentiator of the Company. This has contributed to the dominant position in the sectors that we operate in, viz, Infrastructure, Power, Hydrocarbon, Process and Switchgear. The

Company actively scouts for technology partners in areas where offerings to customers can be enhanced. Engagement with these technology majors are in the form of Joint Ventures or technology alliances or Process Qualifications from Process Licensors. Relationships with all existing partners have been productive and rewarding.

*v. **Talent Management***

The Company recognizes that talent management is a constantly evolving discipline which needs to engage with a dynamic environment. Built on an entrenched set of core principles, the Company's HR policies are designed to ensure that it remains the employer of choice. Compensation packages have been revised to ensure that superior resources are sufficiently incentivized to join and stay with the company. The Company also offers an unmatched canvas of professional opportunity for growth and development.

*vi. **Information Technology***

The Company believes in IT as a business enabler which can add a cutting edge difference to its capabilities. Business verticals run advanced transaction processing systems through backend integrated ERP systems that enable online data capture and seamless integration of functions within the business verticals. The Company is constantly enhancing decision support systems that can offer businesses further advantages in the marketplace.

Renewable Energy

The prospects of irreversible climatic change have added urgency to initiatives for clean and renewable energy initiatives around the world. The Company believes that the seeds of growth for renewable energy planted now will, in time, bear fruit that will make these ventures viable. It 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. The Company is also actively involved in setting up of Hydro Electric Power Generating stations both as an EPC contractor and as a Power developer.

Sustainable Development

Sustainable development is the key to an organization to survive and thrive. Accordingly, we have set out on a multi-year journey to achieve world class sustainable development through conservation of natural resources, environment protection, employee engagement and welfare measures that affect different parts of society. Your Company is one of the 28 Indian companies whose Sustainability Reports are available in the public domain and is the first Indian company in the Engineering & Construction Segment to publicly report on its sustainability performance. The Company has reported on all Core Performance Indicators (49) under the 'Global Reporting Initiative' and the reports have been externally assured for authenticity of the information presented. The last report (2010) has been credited with a 'GRI Checked' Application Level A+ rating.

Economic Scenario

The Indian economy and factors impacting key sectors like Infrastructure, Power and Hydrocarbon experienced macro headwinds during the year. Difficulty in land acquisition, slow pace of granting environmental clearances, non-allocation of fresh coal blocks for mining, unexpected shortage of gas production from the KG basin gas fields, governance issues at the political and bureaucratic level, high inflation led by food, commodity, oil prices and increasing interest rates all combined to slow down the pace of project award decisions. Consequently, Institutional Investors, both domestic and foreign, turned bearish on the India Infrastructure theme. There were, however, a number of strong macro tailwinds as well that were mitigating the adverse situation. These include a steady correction of the fiscal deficit through better-than-expected proceeds from 3G Telecom License auction, sustainable buoyancy in both direct and indirect tax revenues, GDP growth rate of around 8.5%, the consequent increase in per capita income and the consumption spends, a sustained rate of domestic savings hovering around 35% of nominal GDP and the intention of the Government to push for reforms. Aided by these favorable factors, the Company expects the growth momentum in the economy to continue inspite of the near term challenges.

Outlook

The Company believes that in the forthcoming year, it will still continue to bag important E&C Projects across the sectors that it operates in and hence further grow its Order Book position by the end of the forthcoming year. Some areas of opportunities are detailed as under –

1) Infrastructure & Construction

*a) **Transportation Infrastructure***

This area, which covers, roads, railways (national and metro rails), ports and airports shows encouraging signs on some fronts. The pace of NHAI awards for road concessions is picking up speed. Project awards are expected in areas such as Dedicated Freight Corridor, airport and port expansion in different parts of the country. Some Tier-2 cities are planning metro or mono rails as the solution to urban traffic congestion and some airport prospects in India and abroad are being targeted.

b) *Water*

This area has seen large underspends in the first 4 years of the 11th Five Year plan and is heading towards becoming a serious infrastructure bottleneck. Apart from social repercussions arising out of urban water supply shortages, the large planned capacity additions in the power sector are likely to place a strain on water resources across the country. Harnessing glacial flows and abundant rainfall by reservoir building, bulk water transmission infrastructure and purification through water treatment plants are increasing opportunities that the Company sees in future. Converting seawater into potable water with desalination plants throws up increasing business prospects both in domestic and Middle East markets. Industrial opportunities in the form of effluent treatment plants also offers an increased market.

c) *Urban Building Infrastructure*

The Company sees growing business opportunities in other parts of urban infrastructure such as hospitality, educational institutions and healthcare facilities. Urban population pressure is leading to a multiplicity of different forms of housing in Tier-1 and Tier-2 cities. The revival of the IT sector is also opening up increased business in IT and Office Space.

d) *Mining, Metals & Material Handling*

With the evident growth in the mining and industrial components of GDP coupled with a domestic imbalance in the demand-supply of steel, the Company sees abundant opportunities in mining equipment and capacity addition in the metals sector. Larger business prospects in Material Handling is being driven by power capacity addition, increase in ports and expansion of ferrous and non-ferrous metals production capacities.

2) Heavy Engineering

a) *Heavy Industrial Equipment*

The Company's heavy engineering facilities in Hazira located in Coastal Gujarat is widely acclaimed for its world class design, manufacturing capabilities and on-time execution track record of technologically complex large sized equipment orders for process plants in India and abroad. This is standing the Company in good stead when scouting for business in domestic and international markets and is expected to facilitate growth in Power and Hydrocarbon sectors. The new heavy engineering facility in Oman is strategically located for conversion of prospects to business in the Middle East.

b) *Nuclear Power*

While the tsunami damage to the Fukushima nuclear plants in Japan have triggered a worldwide relook at the need for nuclear power as an energy source, it is the considered view of the Company that this may push back large ordering of nuclear power capacity addition in the world by a few years. As far as India is concerned, the ambitious program of ramping up the installed base to 20GW by 2020 and to 63GW by 2032 is likely to be on track with a couple of years delay because of more stringent safety measures that will become mandatory during construction of nuclear power plants. The JV with Nuclear Power Corporation of India Ltd. is progressing and the completion of facilities for the forging plant is on schedule. The Company believes that large scale ordering of new facilities will happen over the next few years and your Company is well poised to exploit this potential.

c) *Defence*

The Company is gearing up to catch growth opportunities when the Government policy changes would allow private sector participation in India's defence program in a significant manner. The Company is presently building a shipyard at Kattupalli near Chennai for catering to the requirements of Indian Navy when such prospects materialize.

3) Thermal Power

a) Coal-based

Inspite of difficult hurdles in this sector in the form of land acquisition and getting coal linkages, the Company is positive on the various business prospects in this area. The Company is uniquely placed to exploit this growth opportunity since it now offers the full range of products and services in this space such as turnkey power plant construction, manufacture of supercritical boilers and turbines, other critical auxiliary equipment such as piping, electrostatic precipitators, axial fans and heaters as well as the entire range of Balance of Plant offerings.

b) Gas-based

The Company has an established track record of putting up gas-based power plants for customers on time and within costs. This gives a push to the increasing market of gas fired power plants that are on the anvil once the visibility of increased gas availability improves.

4) Power Transmission & Distribution

The Company is one of the major players in EPC sector for Transmission Line and Substation projects, boosted by its manufacturing facility for rolling out transmission towers. This sector has been under-invested over the last few years and we anticipate a healthy rise in the award of T&D projects that are slated to be awarded, including a number of HSTC (High Speed Transmission Corridors) that are due to evacuate power from generating stations to end-user locations.

5) Hydrocarbon

The Company has, over the years, built an enviable reputation of being able to deliver large complex projects in upstream, mid and downstream and fertilizer sectors. It is well placed to bag orders that come up for awards for pipelines, wellhead platforms and process platforms in the upstream sector and for refineries and petrochemicals in the mid and downstream sectors. These opportunities are being seen both in India and in the Middle East. The Company has 3 Fabrication Facilities located at Hazira in Gujarat, Kattupalli in Tamil Nadu and Sohar in Oman which enables the business to cater to different geographies in India and abroad. Plans for making increased gas available to the fertilizer sector through policy directives is spurring capacity expansion in this sector where the Company has a demonstrated track record of executing EPC projects.

6) Electrical & Electronics

This business segment witnessed mixed fortunes during the year under review with project awards showing sluggishness but industrial demand for off-the-shelf switchgear products showing increased offtake. The Company now sees signs of stabilizing markets and growth potential for both project and product businesses during the year ahead.

7) Machinery & Industrial Products

This business continued to register all round growth during FY11 largely driven by improved demand for valves and construction and mining businesses.

The new plant for manufacture of Specialized Valves in Coimbatore which commenced operations in FY10 has started catering to the demands of the Power Sector.

The expanded capacity in the manufacturing campus at Kansbahal near Rourkela is now catering to the requirements of Apron Feeders and Wheel Loaders and the new foundry at Coimbatore in Tamil Nadu is now providing Wind Mill Castings.

During the year, the Company divested its stake in L&T Case Equipment Pvt. Ltd. and at the same time acquired the stake of its JV partners Messer Eutectic Castolin Holding GmbH and Eutectic Corporation, USA in Ewac Alloys Ltd., which offers specialized welding solutions. This is in line with its ongoing business portfolio review.

8) Information Technology Business

L&T Infotech, which suffered a slowdown in business during the global economic crisis, is back on the growth path and revenues grew by around 30% in FY11 on a consolidated basis. The trend in share of revenue has been relatively stable across industry verticals, business horizontals and geographies.

9) Financial Services

The 2 flagship Companies within the Financial Services business, viz., L&T Finance Ltd. and L&T Infrastructure Finance Ltd., have continued their growth trajectory. On a combined basis, their Total Income, Profit after Tax and Net Worth grew by 48%, 61% and 41% respectively aided by their focus on Returns, Asset quality and efficient liability and interest cost management. L&T Infrastructure Finance Ltd. also raised around ₹ 650 crore of retail subscription through 2 tranches of its first ever issue of tax-free infrastructure bonds after getting Infrastructure Finance Company status from the Reserve Bank of India. Their total asset book has grown to over ₹ 17,000 crore at the end of FY11 from ₹ 11,000 crore a year ago. The Company believes that these businesses will continue to grow at an encouraging pace.

10) Developmental Projects

Developmental Business has been playing an increasingly strategic role in the growth of the Company. The Company now has a rich portfolio of concessions and ownership rights in areas of Roads, Power Plants, Metro Rail, Ports and Urban Infrastructure. A brief profile of each part of the total portfolio is given as under –

a) Roads

The Company has a basket of 15 road concessions covering 5,700 lane-km. Some of these projects are operational and some are under construction.

b) Power

The Company has a concession for coal fired plants in Punjab and 4 concessions for hydroelectric plants totaling planned generating capacity of over 2,800 MW. Development of these plants are in varying stages of maturity.

c) Metro Rail

The Company bagged the largest Metro Rail concession awarded in the country till date with a total estimated project cost in excess of ₹ 16,000 crore. The project has been financially closed and execution of the different parts of the project is expected to start soon. The project is expected to be completed within the stipulated time of 5 years from the appointed date.

d) Ports

The Company has now commissioned its 27 Million Tonne capacity deep water port at Dhamra in Coastal Orissa and expects this venture to start contributing to revenues in a meaningful manner from FY12 onwards. The container port at Kattupalli in Tamil Nadu is expected to be commissioned by end FY12.

11) International Business

International business for the Company came down during the global slowdown 2 years ago. Since then, the countries where the Company is focusing on have shown signs of recovery and the Company is hopeful of increased business from those countries. The Middle East holds ample opportunities in the areas of Hydrocarbon, Power Transmission & Distribution and selective Infrastructure areas such as roads and airports.

Before concluding, I would like to appreciate the efforts of all the employees of this organization for taking the Company to greater heights once again – this achievement would not have been possible without their whole-hearted and unstinting efforts.

I would also like to thank all my colleagues on the Board who have jointly steered the Company during an uncertain period in FY11 and all other stakeholders like shareholders, Financial Institutions, members of our supply chain and regulators for providing their support to our efforts.

The Company is committed to the pursuit of value creation through profitable growth of its businesses and we reaffirm our commitment to uphold highest standards of governance.

Thank you,

A. M. Naik
Chairman & Managing Director
Mumbai, May 19, 2011

Oil & gas platforms

New Delhi airport

Supercritical turbine for power plants

Reactors for clean fuel projects

Seven decades of leading India Inc.'s thrust into high-tech engineering, manufacture and construction.
Seven decades of providing the technological impetus to critical sectors: infrastructure, oil & gas, power, refinery, fertilizer, steel, water….
Seven decades of engaging ourselves in something every one of us at L&T is proud about – building the India of our dreams.

www.Larsentoubro.com

LARSEN & TOUBRO

It's all about Imagineering

Media campaigns highlight
L&T's continuing role in nation-building

Contents

LARSEN & TOUBRO

Company Information

Board of Directors

Mr. A. M. Naik	Chairman & Managing Director
Mr. Y. M. Deosthalee	Whole-time Director & Chief Financial Officer
Mr. K. Venkataramanan	Whole-time Director & President (Engineering & Construction Projects)
Mr. K. V. Rangaswami	Whole-time Director & President (Construction)
Mr. V. K. Magapu	Whole-time Director & President (IT, Engineering Services & Corporate Initiatives)
Mr. M. V. Kotwal	Whole-time Director & President (Heavy Engineering)
Mr. Ravi Uppal	Whole-time Director & President (Power)
Mr. S. Rajgopal	Non-Executive Director
Mr. S. N. Talwar	Non-Executive Director
Mr. M. M. Chitale	Non-Executive Director
Mr. Thomas Mathew T.	Nominee – LIC
Mr. N. Mohan Raj	Nominee – LIC
Mr. Subodh Bhargava	Non-Executive Director
Mrs. Bhagyam Ramani	Nominee - GIC
Mr. A. K. Jain	Nominee - SUUTI
Mr. J. S. Bindra	Non-Executive Director

Company Secretary
N. Hariharan

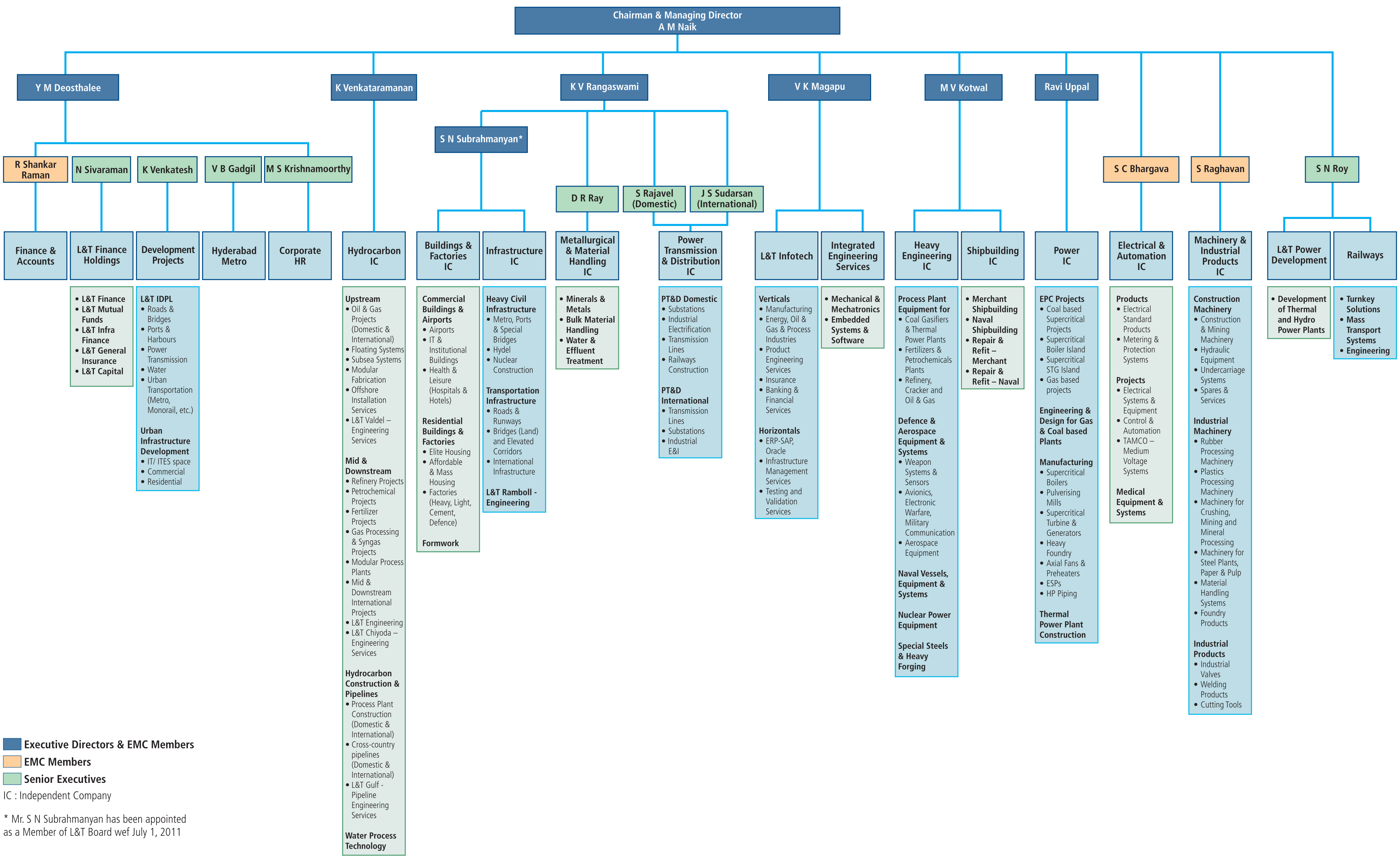
Registered Office
L&T House, Ballard Estate, Mumbai - 400 001

Auditors
M/s. Sharp & Tannan

Solicitors
M/s Manilal Kher Ambalal & Co.

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

66th ANNUAL GENERAL MEETING AT BIRLA MATUSHRI SABHAGAR 19, MARINE LINES, MUMBAI 400 020. ON FRIDAY, AUGUST 26, 2011 AT 3.00 P. M.



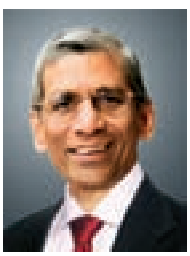
Executive Directors & EMC Members
EMC Members
Senior Executives
IC : Independent Company

* Mr. S N Subrahmanyan has been appointed as a Member of L&T Board wef July 1, 2011

LARSEN & TOUBRO

Leadership Team

A. M. Naik
Chairman &
Managing Director



Y. M. Deosthalee
Chief Financial Officer

K. Venkataramanan
President
(Engineering &
Construction Projects)

K. V. Rangaswami
President
(Construction)

V. K. Magapu
President
(IT, Engineering Services
& Corporate Initiatives)

M. V. Kotwal
President
(Heavy Engineering)

Ravi Uppal
President
(Power)

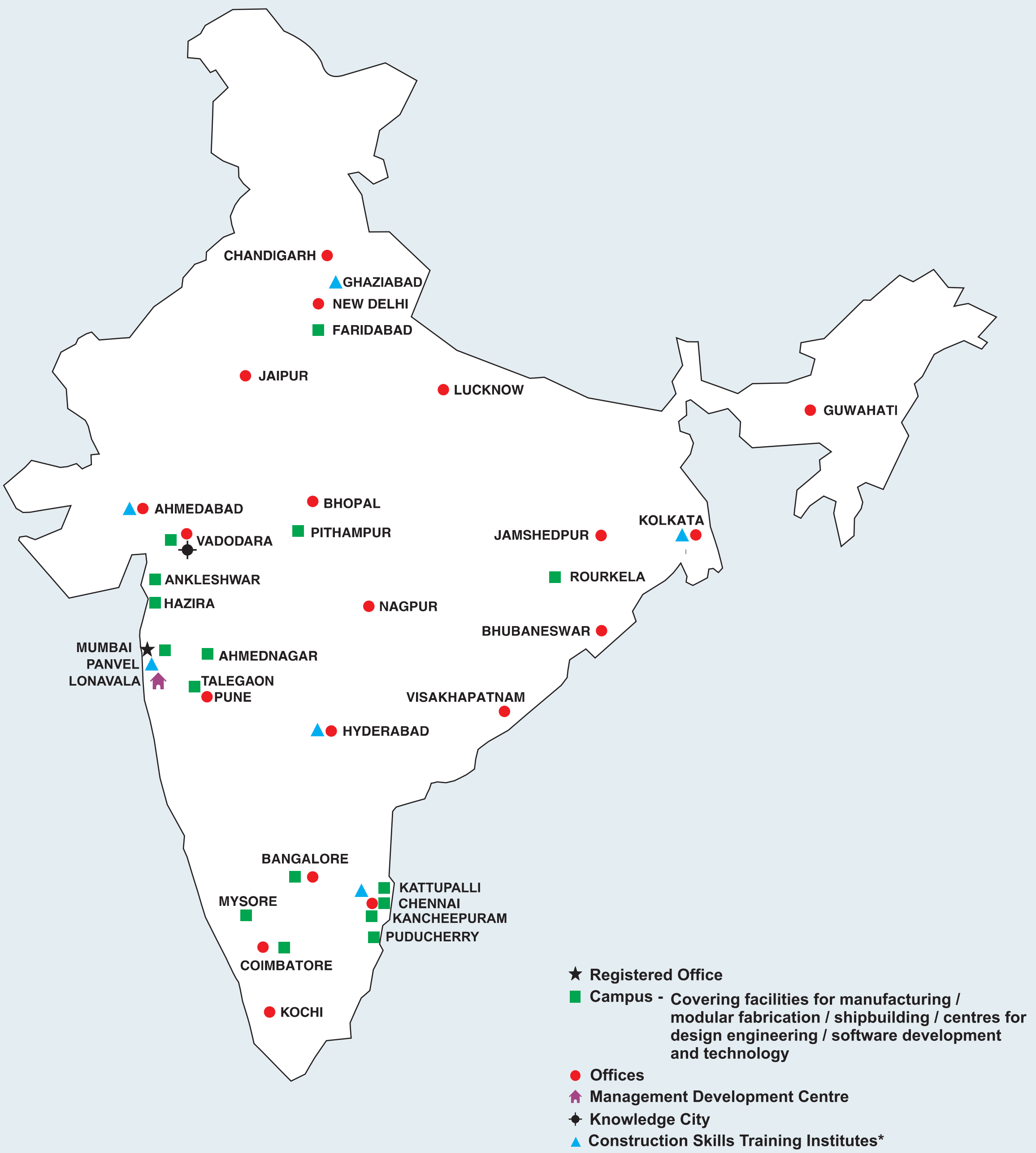
S. N. Subrahmanyan
Sr. Vice President
(Buildings &
Infrastructure)

R. Shankar Raman
Sr. Vice President
(Finance & Legal)

S. Raghavan
Sr. Vice President
(Machinery &
Industrial Products)

S. C. Bhargava
Sr. Vice President
(Electrical &
Automation)

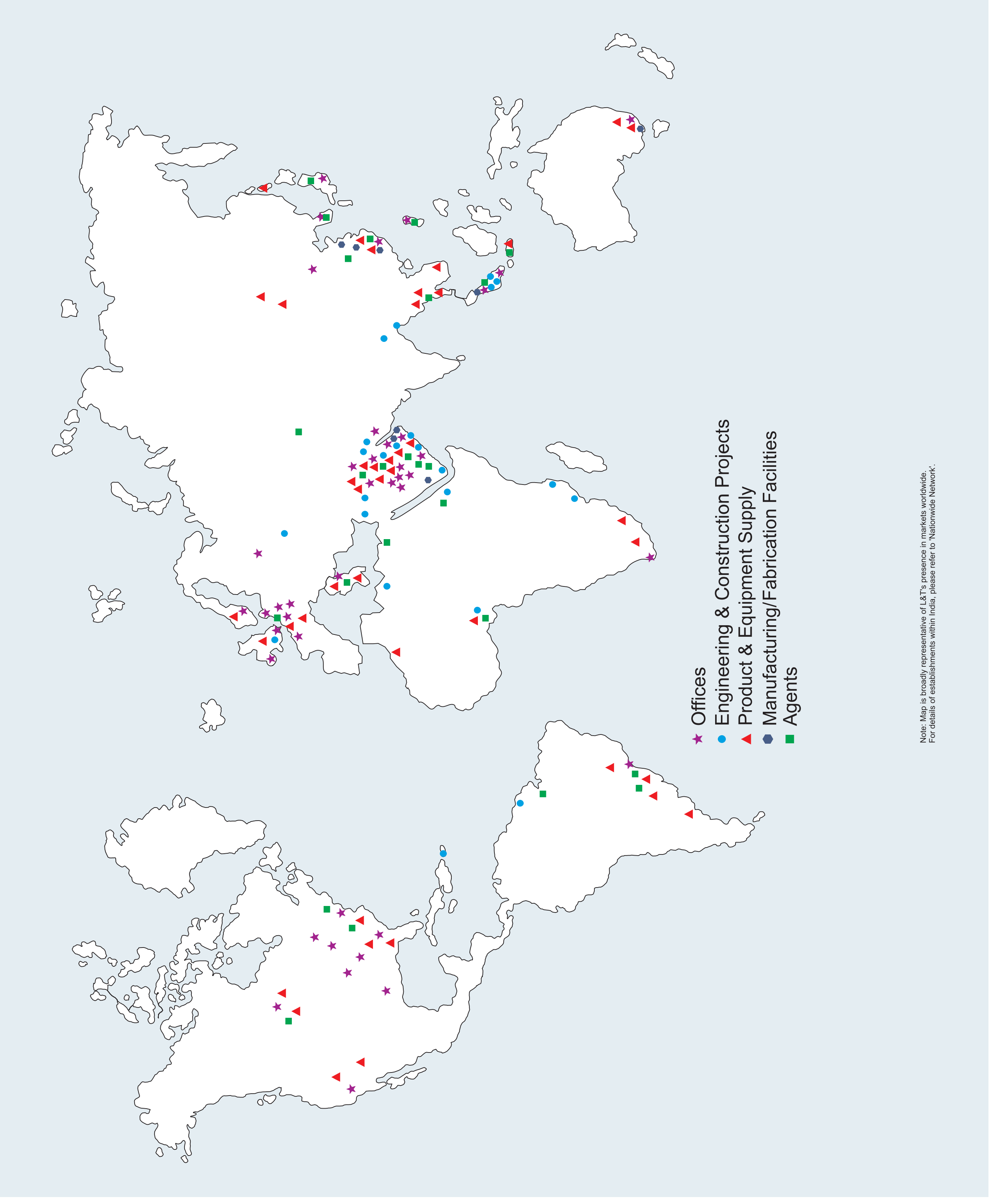
A Nationwide Network



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

*Part of L&T's Corporate Social Initiatives

A Global Presence



STANDALONE FINANCIALS-10 YEAR HIGHLIGHTS

₹ crore

Description	2010-2011	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	43886	36996	34045	25187	17901	14966	13255	9807	9870	8167
Other income	1852	2385	1032	676	522	519	732	461	302	277
Gross revenues	45738	39381	35077	25863	18423	15485	13987	10268	10172	8444
Net sales & service	43496	36675	33647	24855	17567	14735	13050	9561	9360	7726
PBDIT^^	6817	5726	4662	3403	2245	1480	1115	945	1047	1102
Profit before tax (excluding extraordinary/exceptional items)	5571	4806	3940	3068	1982	1235	933	769	510	401
Profit after tax (excluding extraordinary/exceptional items)	3676	3185	2709	2099	1385	863	631	533	433	347
Extraordinary items (net of tax)	71	136	773	–	–	70	–	–	–	–
Exceptional items (net of tax)	211	1055	–	74	18	79	353	–	–	–
Profit after tax (PAT)	3958	4376	3482	2173	1403	1012	984	533	433	347
Dividend including dividend distribution tax	1030^	880^	720	572	428	349	407	225	211	174
Balance Sheet										
Share capital	122	120	117	58	57	27	26	25	249	249
Share application money	–	25	–	–	–	–	–	–	–	–
Reserves	21724	18167	12343	9497	5711	4613	3343	2750	3314	3095
Net worth	21846	18312	12460	9555	5768	4640	3369	2775	3563	3344
Deferred tax liability (net)	263	77	48	61	40	77	95	114	841	853
Loan funds	7161	6801	6556	3584	2078	1454	1859	1324	3176	3463
Capital employed	29270	25190	19064	13200	7886	6171	5323	4213	7580	7660
Net fixed assets	7458	6366	5195	3645	2225	1605	1083	1015	4056	4264
Investments	14685	13705	8264	6922	3104	1920	961	966	1160	918
Net working capital (NWC)	7128	5119	5605	2630	2547	2625	3238	2185	2300	2413
Miscellaneous expenditure (to the extent not written–off)	–	–	–	3	10	21	41	47	64	65
Ratios and statistics										
PBDIT incl. other income as % of total income @	15.12	15.09	13.44	13.37	12.43	9.75	8.30	9.43	10.84	13.76
PAT excluding extraordinary/exceptional items as % of total income $	8.15	8.39	7.81	8.25	7.67	5.71	4.70	5.32	4.48	4.34
ROCE % *	15.10	15.92	18.52	21.12	20.71	16.70	14.63	14.40	7.65	7.47
RONW % **	18.33	20.73	24.67	28.21	26.84	21.88	21.05	20.66	12.91	9.69
Gross Debt:Equity ratio	0.33:1	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
NWC as % of gross sales & service	16.24	13.84	16.47	10.44	14.23	17.54	24.43	22.28	23.30	30.42
Current ratio	1.26	1.24	1.34	1.19	1.27	1.38	1.58	1.47	1.58	1.81
Basic earnings per equity share (₹) #	65.33	73.77	59.50	37.80	25.11	19.02	19.41	10.71	8.71	6.98
Book value per equity share (₹) ##	358.45	303.69	212.31	162.95	101.14	83.50	63.48	54.18	69.57	65.13
No. of equity shareholders	8,53,485	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
No. of employees	45,117	38,785	37,357	31,941	27,191	23,148	19,848	18,996	21,873	22,922

~ Figures for the years 2001–2002 and 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 ₹ 30.39 crore for FY 2010–2011 and ₹ 14.77 crore for FY 2009–2010, paid by direct subsidiary companies for which set off was availed by the parent company as permitted under the Income Tax Act.

@ PBDIT including other income 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 – 10 YEAR HIGHLIGHTS

₹ *crore*

Description	2010–2011	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	51978	43854	40608	29561	20700	16747	14599	11107	10857	9195
Other income	1653	3050	916	684	1071	577	696	488	267	239
Gross revenues	53631	46904	41524	30245	21771	17324	15295	11595	11124	9434
Net sales & service	51552	43514	40187	29199	20336	16500	14379	10849	10327	8714
PBDIT^^	8677	7198	5600	4097	3013	1904	1404	1271	1240	1341
Profit before tax (excluding extraordinary/ exceptional items)	6527	5527	4344	3384	2510	1472	1052	921	469	414
Profit attributable to Group shareholders (excluding extraordinary/ exceptional items)	4238	3796	3007	2304	1810	1051	697	600	380	290
Extraordinary items (net of tax)	71	136	773	–	–	70	–	–	–	–
Exceptional items (net of tax and minority interest)	147	1519	9	21	430	196	353	147	–	–
Profit attributable to Group shareholders	4456	5451	3789	2325	2240	1317	1050	747	380	290
Dividend including dividend distribution tax	1030	880	720	572	428	349	407	225	211	174
Balance Sheet										
Share capital	122	120	117	58	57	27	26	25	249	249
Share application money	–	25	–	–	–	–	–	–	–	–
Reserves	24929	20846	13871	10773	6865	4937	3290	2622	2968	2889
Net worth	25051	20991	13988	10831	6922	4964	3316	2647	3217	3138
Minority interest	1026	1087	1058	923	646	107	105	54	50	44
Loan funds	32829	22656	18400	12120	6200	3499	3454	2769	4701	4978
Deferred payment liabilities	4512	1951	1970	196	232	–	–	–	–	–
Deferred tax liability (net)	311	153	131	122	107	127	138	214	913	928
Capital employed	63729	46838	35547	24192	14107	8697	7013	5684	8881	9088
Net fixed assets	28165	18979	15618	8523	5440	2973	2215	2140	5539	5824
Investments	9216	9861	6805	5552	2478	1676	615	624	528	358
Loans & advances towards financing activities	17366	11176	7110	6161	2410	1012	406	375	323	218
Net working capital (NWC)	8982	6822	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 @	16.37	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 $	7.99	8.49	7.32	7.72	8.66	6.25	4.73	5.29	3.59	3.24
ROCE % *	12.24	13.48	14.47	16.94	20.99	17.62	14.92	14.01	7.16	6.82
RONW % **	18.43	21.75	24.32	26.68	30.71	25.78	23.96	21.24	12.45	9.24
Gross Debt: Equity ratio	1.31:1	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	0.86:1	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	17.28	15.56	14.81	13.28	18.17	17.98	25.59	22.49	22.03	28.41
Current ratio	1.29	1.29	1.31	1.25	1.36	1.40	1.64	1.50	1.55	1.79
Basic earnings per equity share (₹) #	73.56	91.90	64.76	40.44	40.10	24.75	20.70	15.01	7.65	5.83
Book value per equity share (₹) ##	410.95	348.06	238.27	184.31	121.39	89.36	62.44	51.58	61.99	60.82

~ Figures for the years 2001–2002 and 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 items)].

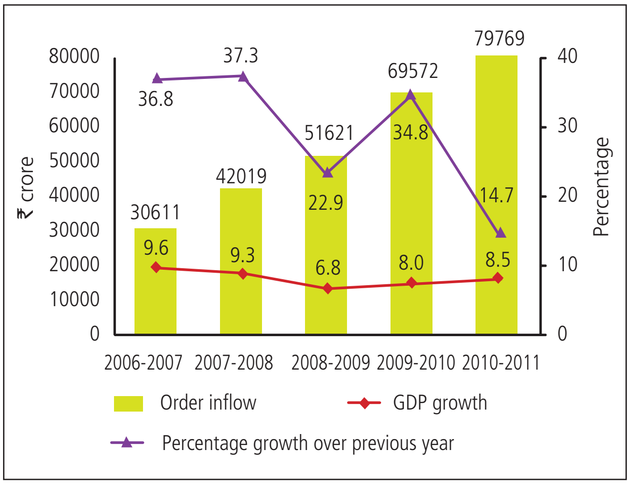
* ROCE [(profit available for appropriation excluding extraordinary/exceptional items+minority interest+interest–tax on interest)/(average capital employed excluding revaluation reserve, miscellaneous expenditure, borrowed funds of financial services business and deferred payment liabilities)].

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

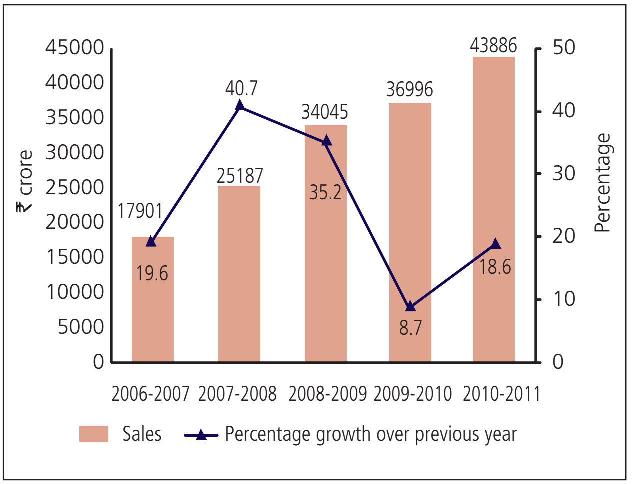
Basic earnings per equity share has been calculated including extraordinary/exceptional items and adjusted for all the years for issue of bonus shares/restructuring during the respective years.

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

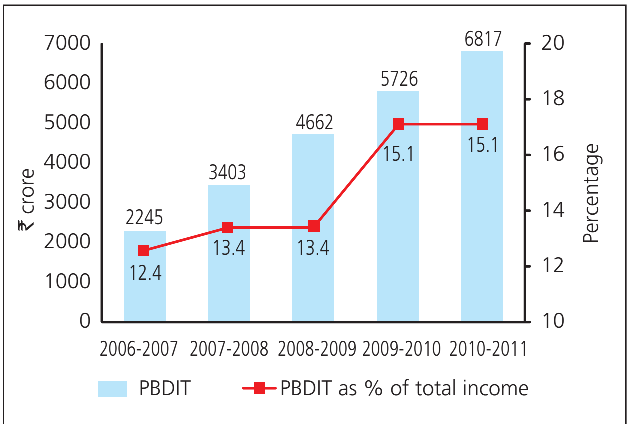
L&T - ORDER INFLOW



L&T - SALES

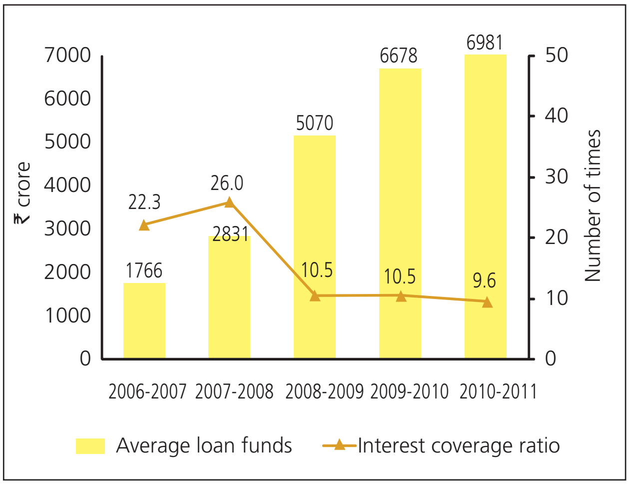


L&T - PBDIT AS % OF TOTAL INCOME

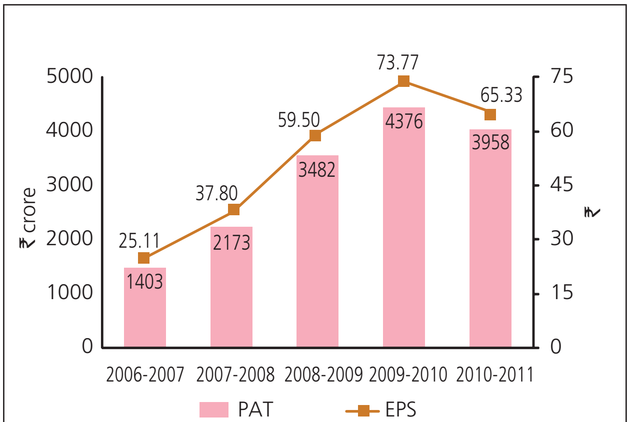


Total income and PBDIT exclude exceptional/extraordinary items

L&T - INTEREST COVERAGE RATIO

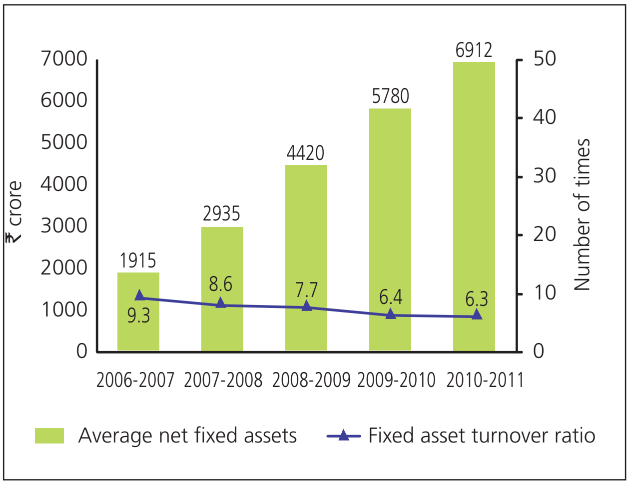


L&T - PAT AND EPS

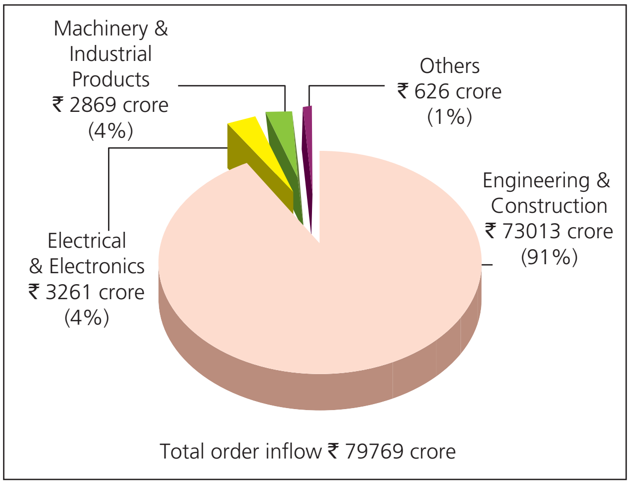


Including extraordinary/exceptional items

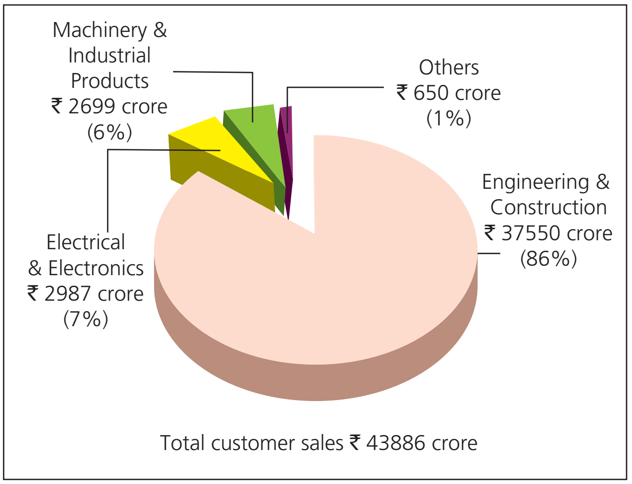
L&T - FIXED ASSET TURNOVER RATIO



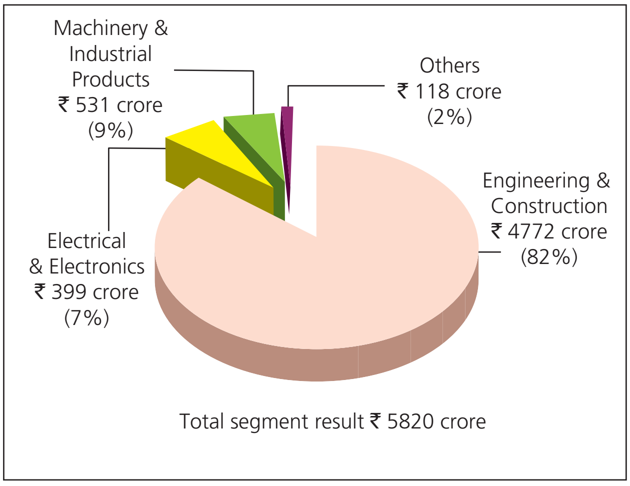
L&T - SEGMENT-WISE ORDER INFLOW 2010-2011



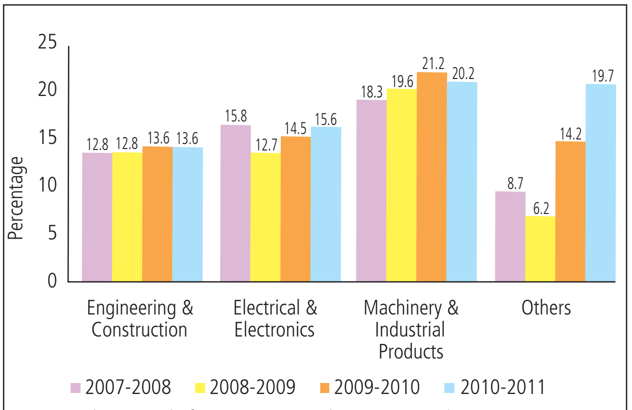
L&T - SEGMENT-WISE SALES 2010-2011



L&T - SEGMENT-WISE RESULT 2010-2011

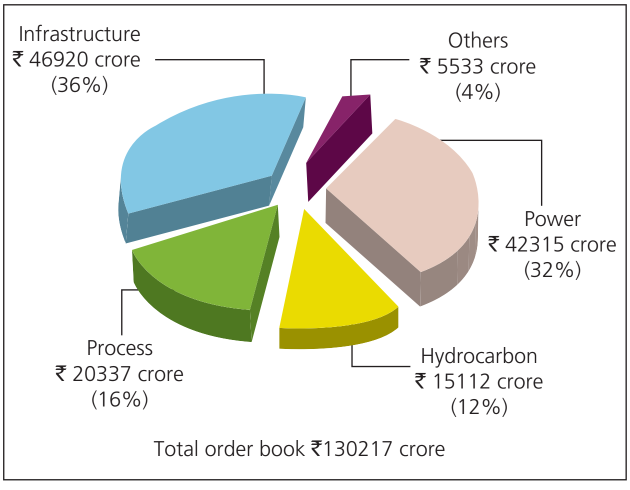


L&T - SEGMENT-WISE EBITDA MARGINS*

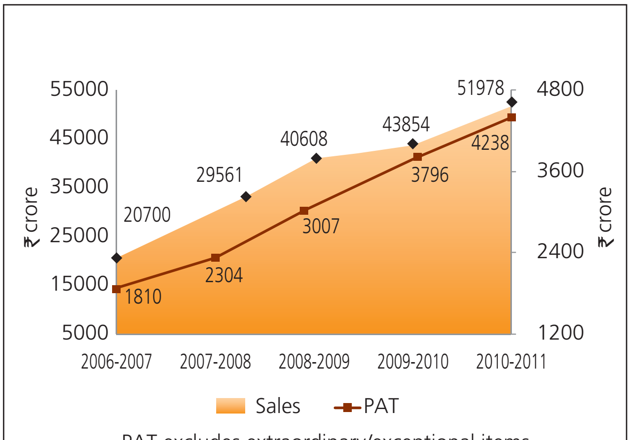


*Earnings before interest, tax, depreciation and amortisation as percentage of gross segment revenue

L&T - SECTOR-WISE ORDER BOOK AS AT MARCH 31, 2011

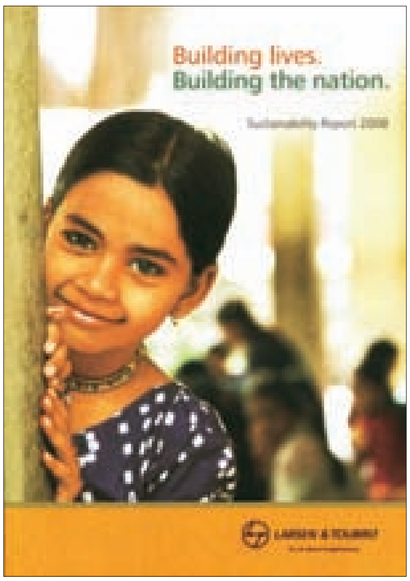


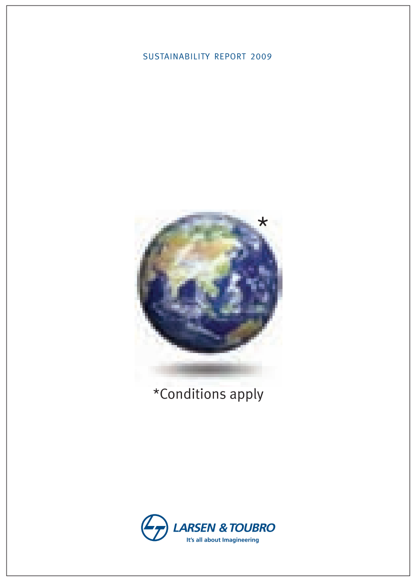
L&T CONSOLIDATED SALES AND PAT

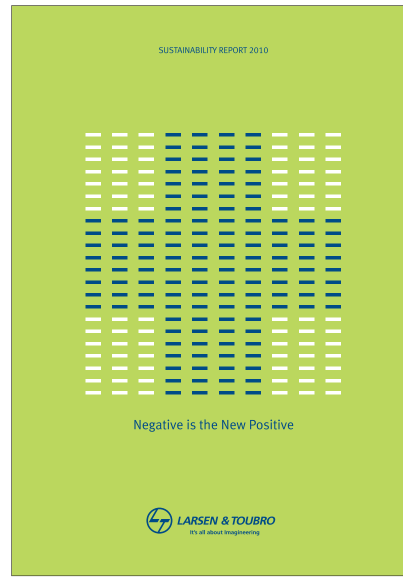


PAT excludes extraordinary/exceptional items

Extending Reach, Deepening Involvement







All of L&T's Sustainability Reports were GRI Checked Application Level A+ reports, signifying a high level of transparency.

Nearly half a decade ago we responded to the growing groundswell of opinion regarding climate change and the widespread recognition of the need for holistic growth, by setting out to map and measure our sustainability performance. The results of the first study were disseminated internally. A year later we became the first Indian company in the engineering & construction space to publish a Corporate Sustainability Report. Marking a watershed, the report received the highest certification from the apex international body in the field and was well received across industry.

Four years into our journey, we recognise that we are now entering a critical phase. This is the cusp where the momentum of initial enthusiasm needs to be reinvigorated with the stronger, more lasting force of conviction. We are happy to report that our sustainability movement has proven itself to be resilient and robust enough to withstand the pressures of transition. Its roots have grown deeper, and its reach wider. 'Green' thinking is now accepted as part of the collective mindset, and every business cluster is conscious that its performance is being viewed across the triple bottom-line.

Details of the Company's financial performance are featured in the other pages of this Annual Report. This section confines itself to the social and environmental aspects of sustainability.

Green environs at L&T campus, Talegaon, Maharashtra

Safety practices are consistent at all L&T project sites

Sound HR practices ensure high morale

Long before 'sustainability' became a business buzzword, L&T had begun pioneering – and putting into actual practice – its cardinal principles. Sustainability has only provided a formal structure to beliefs and practices to which L&T had always subscribed.

Sustainability is built into many aspects of our businesses. It influences all that we do, the manner in which we do it, and equally importantly, all that we consciously choose not to do.

Corporate Governance

Corporate governance and disclosure practices go beyond mandated legislation. We foster a work environment where integrity is built-in, where every action is viewed through the prism of transparency, fairness and professionalism and where accountability is a priority.

> We did not need to wait for legislated directives on sustainability. We were already ahead of the curve.

Social Responsibility

The Company's character – which is the sigma of the individual attitudes of its employees – reflects an egalitarian outlook. We understand that the expectations of society from industry are constantly changing. Instead of treating this as a obstacle to its objectives, we at L&T see this as an opportunity to make a difference.

> L&T-ites have never regarded themselves as part of some exalted corporate elite. They think and act as an organic part of the community around them. What concerns the average Indian, concerns the L&T universe as well.

L&T's major interventions in the lives of the underprivileged are through health, education and skill building. Implemented through L&T's establishments and employees, these initiatives are undertaken in partnership with the local authorities and NGOs to foster a holistic, sustained approach. Last year alone, we provided medical attention to over 220,000 mothers and children across India. Our corporate social initiatives touched 300,000 lives in 2010, in addition to the L&T Public Charitable Trust's vocational training and livelihood creation programmes for rural youth.

L&T-ites are encouraged to contribute their own time for community development initiatives. The Company provides a framework and streamlines such activities for individual employees. They can volunteer to teach at school, assist in health services or lend a helping hand in any ongoing social project.

" It is the Centre's guidance and support that makes its services excellent " - A dialysis patient

Vocational training enhances employability of local youth

Employees volunteer for social work in their own time. This special band of people needed a special word – *L&T-eers.*

2010-11 saw over 19,000 volunteering engagements, with 'L&T-eers' having contributed over 13,000 hours to various social causes.

We extend training initiatives to the community. Last year, our Construction Skills Training Institutes countrywide trained over 15,000 youth from underprivileged backgrounds, equipping them to face the future with dignity.

Human Capital

The single most crucial aspect of sustainability is the human factor. All action springs from wanting to begin, so we constantly endeavour to instill the principles of sustainability into our employees and other stakeholders. The learning and development initiatives we have designed keep our human capital at the forefront of changing dynamics, helping us nurture good corporate citizens, retain top performers and build a swathe of leaders organisation-wide.

We will continue to work to strengthening our position as the employer of choice and the preferred destination for the best minds.

Occupational Health & Safety

More than 400 qualified EHS professionals work across L&T, the highest in any construction company in India

Learning & Development

L&T's academy for leadership development at Lonavala near Mumbai crystallizes the value that the Company attaches to fostering the leaders of tomorrow. The centre is a powerful affirmation of the belief that the quality of leadership will be the key determinant of sustainability and lasting success. With its host of state of the art facilities for research and learning, this sprawling institution could rank among the finest academies in the corporate sector.

Training interventions are also mandated for career development. We believe that it is only continually evolving employees who can create a continuously evolving organisation.

Larsen & Toubro Public Charitable Trust sponsored the construction of five check dams for tribal farmers. Each check dam stores over 3.5 million litres of water and re-charges ground water

In Harmony with National Action Plan

As a company that is virtually synonymous with nation-building, it was natural that L&T would align its sustainability initiatives with major national missions. The following columns indicate how closely aligned are our initiatives with the Government of India's National Action Plan on Climate Change.

Solar

- Initiatives are in place to explore opportunities and develop engineering capabilities for solar power projects.
- 407 kW solar photovoltaic power project implemented at ECCD - Chennai.
- 1MW rooftop solar power plant planned at Hazira.
- Progressive implementation of solar street lights, power packs at construction sites plus solar powered water heaters and lighting.

Enhanced Energy Efficiency

- 15,440 GJ of energy saved through a host of initiatives.
- Energy audits conducted by Bureau of Energy Efficiency (BEE) accredited agencies at manufacturing locations of four Operating Divisions and L&T Infotech - projected savings 7.7 million kWh.
- L&T Infotech has established its first Green Data Centre at Powai which consumes around 30% less energy as compared to a conventional data centre.
- Wind energy constitutes 8% of L&T's electricity mix.
- An 8.7 MW wind farm in South India for captive consumption.

Sustainable Habitat

- ECCD has capabilities for design and construction of green buildings.
- Four of our buildings located within L&T campuses at Chennai, Hazira and Ahmednagar have already been certified as green buildings. A fifth building at Talegaon, is in the process of being certified as a Green Building.
- We plan to convert eight additional buildings into Green Buildings.

Water

- All L&T campuses are targeting zero waste water discharge. 9 locations out of 19 are already zero waste water discharge units.
- L&T has capabilities to execute large water management projects

Green India

- Over 35% of the available open land at our manufacturing locations has been converted into a green cover.
- To bring back green in nature's palette, we carry out tree plantations in and around our campuses and project sites across India.

- At Chennai, L&T employees initiated ' Project Green Hands' with a goal to plant 50,000 saplings, in the next 18 months, in and around the city.

Sustainable Agriculture

- Heavy Engineering has contributed to the green revolution and to the agricultural sector, by supplying equipment to most of India's fertiliser plants .
- Motor starters manufactured by Electrical & Automation address the needs of farmers.

Sustaining the Himalayan Ecosystem

- At our project sites, in Uttarakhand, Arunachal Pradesh and Himachal Pradesh, we provide saplings to the local communities to maintain and enhance green cover. Periodic inspections are carried out and locals are encouraged to ensure survival of trees.
- Infrastructure development, medical camps, skill building and employment opportunities have been generated in the neighbourhoods of our project sites in the Himalayan region.

Strategic Knowledge for Climate Change

To develop a future ready human resource equipped to deal with the business impact of climate change, we have undertaken the following initiatives at the organisational level:

- Organised Senior Management level programme on 'Business Case on Sustainability'.
- Our induction programme also includes training modules on Climate Change, Sustainable Development and EHS .
- Our executives participate in various programmes on climate change and low carbon emissions conducted by professional bodies in India and overseas.
- Recognising the need for certified energy auditors, L&T has planned focused training programmes for employees to qualify as energy auditors.

Towards a Greener Tomorrow

At L&T we are continuously adopting practices, developing technologies and seeking business opportunities that make progress compatible with reduced levels of energy consumption and carbon emission.

Optimising Energy Consumption

Following Lean Manufacturing Practices

Minimising Waste through High-impact Design

Conserving Water Resources

Propagating Green Buildings

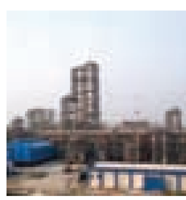
L&T's Green Product Portfolio

- Clean Fuel Projects
- Super Critical Thermal Power Plants
- Hydropower Projects
- Nuclear Power
- Renewable Energy
- Energy Efficient Products
- Green Buildings
- Mass Transit Systems

Solar Plant Installation at Chennai

Innovation - Re-inventing the Future

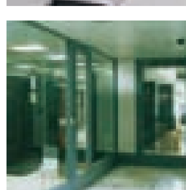
Innovation is one of the keys to remaining sustainable in competitive times. At L&T, we have several initiatives to reinforce knowledge competencies and strengthen the innovation system.



Motor Spirit Quality upgradation project at a refinery. L&T's innovative EPC capability is an 'enabler' that is helping industry go green.

L&T-made reactors for the '2020 Clean Fuel Project' of Kuwait National Petroleum Corporation. L&T has supplied over a hundred such reactors worldwide.

New T-ERA Switchboards incorporate innovative features that increase customer convenience and reduce environmental impact.



Green Data Centre at L&T Infotech reduces energy consumption by 30 per cent as compared to conventional data centres.

This report provides selected highlights of our sustainability performance. For complete information, illustrations, the Independent Assurance Statement and the GRI index, please view our Corporate Sustainability Report on www.Lntsustainability.com

Directors' Report

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

FINANCIAL RESULTS

	2010-2011 ₹ crore	*2009-2010 ₹ crore*
Profit before depreciation and tax	6,432.13	*6,295.27*
Less: Depreciation and amortization	600.28	*415.90*
	5,831.85	*5,879.37*
Add: Transfer from Revaluation Reserve	1.06	*1.30*
Profit before Tax and extraordinary items	5,832.91	*5,880.67*
Less: Provision for Tax	1,945.86	*1,640.87*
Profit after Tax (before extraordinary items)	3,887.05	*4,239.80*
Gain on extra-ordinary items (net of tax)	70.84	*135.72*
Profit after Tax and extraordinary items	3,957.89	*4,375.52*
Add: Balance brought forward from previous year	107.29	*100.50*
Less: Dividend paid for the previous year (including dividend distribution tax)	4.01	*2.39*
Balance available for disposal which the directors appropriate as follows:	4,061.17	*4,473.63*
Debenture Redemption Reserve	49.83	*43.34*
Proposed Dividend	882.84	*752.75*
Dividend Tax	112.82	*110.25*
General Reserve	2,910.00	*3,460.00*
	3,955.49	*4,366.34*
Balance to be carried forward	105.68	*107.29*
Dividend		
The Directors recommend payment of final dividend of ₹ 14.50 per equity share of ₹ 2 each on 60,88,52,126 shares	882.84	*752.75*

YEAR IN RETROSPECT

The gross sales and other income for the financial year under review were ₹ 45,738 crore as against ₹ 39,381 crore for the previous financial year registering an increase of 16%. The Profit before tax excluding extraordinary and exceptional items was ₹ 5,571crore and the Profit after tax excluding extraordinary and exceptional items of ₹ 3,676 crore for the financial year under review as against ₹ 4,806 crore and ₹ 3,185 crore respectively for the previous financial year, registering an increase of 16% and 15% respectively.

DIVIDEND

The Directors recommend payment of dividend of ₹ 14.50 per equity share of ₹ 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, 2011, 96.95% of the Company's total paid-up Capital representing 59,02,88,225 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 from either of the Depositories.

CAPITAL & FINANCE

During the year under review, the Company allotted 66,56,718 equity shares upon exercise of stock options by the eligible employees under the Employee Stock Option Schemes.

During the year under review, the Company tied up ₹ 800 crore of debt, through multiple issuances of Non-Convertible Debentures, which have maturity of 10 years and are unsecured. Of this, ₹ 260 crore have been drawn in 2010-11, the balance ₹ 540 crore to be drawn in 2011-12. In 2011-12, for one of the issuances, the Company has an option to not draw ₹ 270 crore and prepay ₹ 30 crore.

The debentures were issued for general corporate purposes. During the year under review, the Company repaid a part of the long term foreign currency loans, equivalent to about ₹ 430 crore.

CAPITAL EXPENDITURE

As at March 31, 2011, the gross tangible and intangible assets, including leased assets, stood at ₹ 9,770.61crore and the net fixed and intangible assets, including leased assets, at ₹ 7,458.13 crore. Additions during the year amounted to ₹ 1,705.68 crore.

DEPOSITS

22 Deposits totalling ₹ 0.03 crore which were due for repayment on or before March 31, 2011, were not claimed by the depositors on that date. As on the date of this report, deposits aggregating to ₹ 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 & Share Transfer Agent to locate the shareholders who have not claimed their dues.

During the year under review, the Company has transferred a sum of ₹ 70,44,129 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 ₹ 8,79,48,930 as on March 31, 2011.

SUBSIDIARY COMPANIES

During the year under review, the Company subscribed to/acquired equity shares in various subsidiary companies. These subsidiaries are either SPVs executing projects secured through Build Operate Transfer (BOT) route, or holding companies making investments in companies such as power and financial services. The details of investments in subsidiary companies made during the year are as under:

- 11,22,51,000 equity shares of ₹ 10 each in L&T-MHI Boilers Private Limited.
- 12,75,51,000 equity shares of ₹ 10 each in L&T-MHI Turbine Generators Private Limited.
- 6,34,32,835 equity shares of ₹ 10 each in L&T Finance Holdings Limited (formerly L&T Capital Holdings Limited).
- 50,000 equity shares of ₹ 10 each in L&T Solar Limited.
- 3,24,00,000 equity shares of ₹ 10 each of L&T Infrastructure Development Projects Limited.
- 114,90,00,000 equity shares of ₹ 10 each in L&T Power Development Limited.
- 15,00,006 equity shares of ₹ 10 each in L&T-Gulf Private Limited.
- 17,10,00,000 equity shares of ₹ 10 each in L&T General Insurance Company Limited.
- 2,600 equity shares of ₹ 10 each in L&T Krishnagiri Walajahpet Tollway Private Limited.
- 100 equity shares of ₹ 10 each in L&T Devihalli Hassan Tollway Private Limited.
- 2,40,00,000 equity shares of ₹ 10 each in L&T Aviation Services Private Limited.
- 50,10,000 equity shares of ₹ 10 each in L&T Howden Private Limited.
- 34,40,000 equity shares of ₹ 10 each in L&T Metro Rail (Hyderabad) Limited (formerly L&T Hyderabad Metro Rail Private Limited).
- 9,51,38,939 equity shares of ₹ 10 each in L&T Sapura Shipping Private Limited.
- 6,000 equity shares of ₹ 10 each in L&T Sapura Offshore Private Limited.
- 50,000 equity shares of ₹ 10 each in L&T PowerGen Limited.
- 4,14,720 equity shares of ₹ 100 each representing 50% stake of EWAC Alloys Limited.
- 10,400 equity shares of ₹ 10 each in L&T Samakhiali Gandhidham Tollway Private Limited.
- 1,53,00,000 equity shares of ₹ 10 each in L&T Kobelco Machinery Private Limited.
- 11,10,00,000 equity shares of ₹ 10 each in L&T Special Steels and Heavy Forgings Private Limited.
- Further contribution in 67,69,518 partly paid-up equity shares in L&T Infrastructure Development Projects Limited. With this contribution, these shares have become fully paid-up.

During the year, L&T-Sargent & Lundy Limited issued to the Company 13,76,065 equity shares of ₹ 10 each as bonus shares.

The Company transferred 6,52,65,000 equity shares of ₹ 10 each in L&T Halol-Shamlaji Tollway Limited to L&T Infrastructure Development Projects Limited.

The Company transferred 6,30,15,000 equity shares of ₹ 10 each in L&T Ahmedabad-Maliya Tollway Limited to L&T Infrastructure Development Projects Limited.

The Company transferred 10,000 equity shares of ₹ 10 each in L&T Transco Private Limited to L&T Infrastructure Development Projects Limited.

The Company sold 500 equity shares of ₹ 10 each in Kesun Iron & Steel Company Private Limited.

Three subsidiary companies had applied for strike off under the Easy Exit Scheme, 2010 (EES 2010). We have received communication from ROC that these companies have been struck off the register under Section 560(5) of the Companies Act, 1956 and they stand dissolved.

MCA, vide it's Circular No. 2/2011 dated February 8, 2011, has granted general exemption under Section 212(8) of the Companies Act, 1956, for not attaching annual reports of subsidiary companies subject to certain conditions being fulfilled by the Company. As required under the circular, the Board of Directors has, at its meeting held on April 6, 2011, passed a resolution giving consent for not attaching the Balance Sheet of the subsidiary companies. We have also given the required 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.

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 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 it's 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, are 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, 1956 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

MCA had released a set of guidelines on Corporate Social Responsibility (CSR) in December 2009. The Company is substantially complying with 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.

The activities carried out by the Company as a part of its CSR initiatives are briefly described on pages 18 to 22 and 101 of the Annual Report. 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, 2011 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

Mr. R. N. Mukhija and Mr. J. P. Nayak, Whole-time Directors of the Company retired at close of working hours of October 23, 2010 and March 31, 2011 respectively. The Directors record their appreciation of the valuable services rendered by Mr. R. N. Mukhija and Mr. J. P. Nayak.

The Board has inducted Mr. Ravi Uppal and Mr. S. N. Subrahmanyan as Whole-time Directors of the Company w.e.f. November 1, 2010 and July 1, 2011 respectively.

Mr. S. N. Subrahmanyan has been appointed as a Director with effect from July 1, 2011, in the casual vacancy to be caused by retirement of Mr. K. V. Rangaswami and holds office of Director until conclusion of the ensuing Annual

General Meeting. Mr. K. Venkataramanan, Mr. S. Rajgopal, Mr. A. K. Jain and Mr. S. N. Talwar 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 proposal 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 19, 2011

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

- Installation of 1000 KVAr of Automatic Power Factor Correction Panels for MFF-1, 2 & 3.
- Introduction of double circuit in High mast light towers to reduce illumination and power consumption during non-working hours.
- Installation of Auto temperature controller with the use of VFD and PID controller in HVAC of MFF EPC Block.
- Retrofitting on 3 MT EOT crane with installation of VFD, Fitment of variable frequency drives for EOT cranes in 20T & 40T hoists and Long Travel Movements at LTM, Manapakkam.
- Conversion of all the contractor welding rectifiers to Inverter based.
- Incorporation of transparent poly carbonate sheets at the time of design for new shops to make use of day-light for illumination.
- Replacement of CRT monitors with LCD monitors in MFF offices.
- Replacement of energy efficient HPSV SON-T lamp for open Yards in MFF-1 & 2.
- Procurement of 700 MT EOT and Goliath cranes having all motors driven through high efficient VFD controlling.
- Reduction in use of Material handling equipment & saving of fuel by improving overall plant layout in MFF.
- Replacement of Crawler cranes by Goliath bays in MFF-3 improving working efficiency and reducing fuel consumption.
- Conducting a majority of the MFF Blasting operation in controlled shop environment to realize more efficient blasting process and reduction of diesel consumption & compressor requirements.
- Installation of energy saver in Infotech building and sub-station.
- Optimization of chiller utilization in HVAC system.
- Installation of solar street light system in ECC campus.
- Replacement of package and split ac unit with chilled water type air handling unit – for 2 x 200 kva ups room at Energy Centre.
- Installation of solar rooftop in ECC campus.
- Use of Variable frequency drive for various applications such as Welding Positioners, EOT cranes, Machine tools to improve the motor efficiency and enhance energy saving.
- Use of energy saving devices like Occupancy sensors / movement detectors in shop offices, buildings, Wash rooms, unused space, etc.
- Replacement of incandescent lamps with LED lamps on shop floor for hand lamps and machine lamps.
- Replacement of axes feed drives and spindle drives with latest energy efficient drives and motors.
- Replacement of Air Circulator with the latest energy efficient Almonard make Air Circulator.
- Implementation of Infra-red heaters in place of pipe burners for job pre and post heating.
- Introduction of Thyristorised Electrical Control system for furnaces in place of Contactor control system.
- Introduction of energy efficient flux baking ovens.
- Installation of transparent sheets on roofs of D-Building Maintenance and Stores.
- Provision of Auto ON / OFF timer for HF Generator
- Modification of Automatic Film Viewer Machines in RT dept.
- Installation of Automation system in water tanks
- Use of Solar PV System for 2.5% of total building load
- Coolant supply system in drilling machines automated giving coolant feed only during drilling cycle.
- Replacement of higher wattage HPMV overhead high bay light fittings with lower wattage Metal halide light fittings in Fabrication shop at Kansbahal.
- Installation of real time clocks for bay lights in mould shop at LTM, Manapakkam.
- Optimized the operation of transformers at LTM, Manapakkam during night hours and holidays resulting in energy saving.
- Replacement of conventional 40 watt FTL tube light fittings by energy efficient mirror optics light fittings in Kansbahal Foundry office.
- Installation of automatic time switch for shop lighting and street lights at Kansbahal Foundry, Coimbatore foundry.

- Fitment of TFT monitors for all PC's and affixment of low emission films on glass windows to reduce energy consumption at Coimbatore Foundry.
- Reduction in daily running time of A/Cs at Coimbatore Foundry along with switching off lights and A/Cs during lunch breaks.
- Observed "Walk to work" day on 2nd Saturday of every month at Kansbahal; also observed "Earth Hour" on March 26, 2011.
- Maintained Unity Power Factor.
- Arresting air leakages resulting in 13% reduction in compressor consumption

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

- Modification of Main furnace with insulation modules for better heat retention.
- Modification of PLC programme of Homma machine to avoid idle running of coolant motors.
- Installation of duel fuel kit with PNG for Diesel Fired 1250 KVA Generator.
- Process improvement on manufacturing of Shell Gasifier Syngas Cooler Lower by eliminating full SR and doing part SR of two parts and subsequent Local SR after joining, thus avoiding building of large furnace which is difficult to control, less energy efficient. This also improved the manufacturing cycle time.
- Pre-fabrication of Rapper box with refractory filling in component stage, reducing cycle time and resulting in better resource utilization.
- Development of energy efficient square butt SAW process for long seam and circular seam welding in Torpedo Tubes, resulting in 80% saving in cycle time.
- Development of automatic locking and temperature recording mechanism for flux baking ovens to ensure proper completion of baking cycle and eliminating repairs / rework resulting from using improperly baked flux.
- Implementation of 3-axis CNC milling machine with automatic profile tracking device for clad removal and weld edge preparation in D'end petals.
- Implementation of energy efficient robotic welding process for Aluminum welding in Interceptor Boat project.
- Use of laser based tracking system for face machining of Octagonal flanges in End Shield project, eliminating need of programming and set-up time.
- Development of Nozzle Welder for welding of Nozzle to Shell using energy efficient SAW process in Steam generator project.
- Development and implementation of on-line tilt measurement system in T-frame (web to Flange) welding, reducing 20% cycle time per T-frame by eliminating manual measurement and waiting time.
- CNC Retrofitting of VDF Table Borer (Machine No. 122) at Kansbahal Machine shop resulting in increased productivity.
- Auto switch facility for all dust extraction system at Coimbatore Foundry.
- Connection of all compressors at Coimbatore Foundry to centralized on / off control resulting in switch on / off of the compressors based on air consumption.
- Installation of furnaces at Coimbatore Foundry with capture hood to avoid heat loss resulting energy saving.
- Installation of mechanical reclamation system at Coimbatore Foundry for furan sand recovery resulting in around 90% recovery.

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

- Replacement of Spindle motors of Kolb machines with AC motors and VFD in place of DC motors and drive and to avoid idle running of Coolant motors.
- PH Furnace Revamping / Modification to improve Combustion Efficiency.
- Installation of AC drives for all axes of machines such as New Skoda, SKZ-32, MKVTL.
- Implementation of Plasma Welding for Gasifier Transfer Duct & Inconel to reduce rework and ensure better quality of finished product.
- Procurement of Robotics system planned for Tube to Tube-sheet joint welding in Steam Generator project.
- Operation of Hydraulic motors of CNC M/c with PLC system.
- Changing of control of Brick Furnace from Cycle control to Firing Angle control.
- Implementation of a vacuum clamping system for clamping main deck with the skid in Interceptor Boat project, eliminating need of cleat welding and grinding.
- Installation of water flow meters in Kansbahal Colony quarters.
- Installation of solar water heater in Transit House at Kansbahal.

- Installation of power management system (SCADA) at main sub-station at Kansbahal Works.
- Installation of No-Loss drain valve at compressed air system at Kansbahal Foundry.
- Installation of Air Saving Nozzles at shop floor for mould cleaning purpose at Kansbahal Foundry.
- Installation of compressed air management system at Kansbahal Foundry.
- Thermal reclamation system implementation work in progress to achieve 98% furan sand recovery at Coimbatore Foundry
- Usage of LPG for ladle pre-heating instead of diesel at Coimbatore Foundry.
- Mould drying oven to replace manual drying by torches at Coimbatore Foundry.
- Routine replacement of conventional FTL / GLS with Cols.

(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:

- ***Chemical Engineering***

  Design, analysis and simulation of chemical processes and equipment, with special emphasis on Gas Processing applications (Gas / Liquid Separation, Gas Dehydration and Gas Sweetening Units); Process Gas Compressor Modules; Ammonia and Urea Processes; Flow simulation studies for Oil & Gas Projects; Solid handling processes in Petrochemical applications; Refractory engineering for chemical plant equipment; Modeling and process simulation of fixed bed and entrained bed coal gasifies; Failure analysis and troubleshooting of various process units.

- ***Material Science & Corrosion Engineering***

  Material selection / material characterization for equipment and systems in various Hydrocarbon Projects; Failure Analysis studies for components such as boiler / heater tubes, furnace coils, coupling spacers etc., Welding of thick duplex stainless steels components for high-pressure Oil & Gas applications, Eco-friendly corrosion inhibitors, Surface engineering of metals and non-metals, Development of Composites with functional properties, Nano-materials for strategic applications.

- ***Thermal Engineering***

  Application of CFD technique in design optimization and troubleshooting of equipment and systems (such as 3-Phase Separators, Flare stacks, Riser Pipe and Cyclones); Modeling of heat transfer mechanism in specialized application (such as Reactor–Regenerator, Orifice Chamber); Failure analysis and troubleshooting involving heat exchangers, boilers, heaters and furnaces; Capability development in Once through Steam Generator and Super Critical Boiler technology; Dynamic simulation of captive power plant; Low-temperature thermal desalination processes; Furnace waste heat recovery using molten salt system.

- ***Rotating Machinery***

  Advanced engineering studies in Vibration and Acoustics for machinery and piping; Stress analysis and fatigue life assessment of specialized systems (such as Orifice Chamber); Surge analysis of piping systems subjected to thermal and acoustic excitation; Troubleshooting of machinery vibration problems; Failure analysis of ID fan couplings; Performance testing and commissioning of turbo-machinery for Hydrocarbon & Power applications; Product development / design optimization of Coal Pulverizes for Supercritical Boilers.

- ***Mechanical Engineering***

  Design solutions for products through advanced Finite Element analysis; Thermal fatigue analysis of spent catalyst stand pipe; Stress analysis of critical items such as piping nozzles and production manifolds for oil and gas processing applications; Structural stress analysis for jackets and drilling rigs; Experimental stress analysis of critical equipment during load / pressure tests.

- ***Water Technologies***

  Technology evaluation for water, sludge and effluent treatment processes; Design and detailing of water / wastewater facilities, sludge and effluent treatment plants in Hydrocarbon & Power Projects, Application of advanced treatment technologies such as sea water / brackish water thermal desalination, membrane bioreactor, sequential batch reactor, up flow anaerobic sludge blanket reactor etc.; Lab scale pilot plant studies for determining characteristics and treat ability aspects of water & wastewater; Design and execution of complete Brackish Water Reverse Osmosis (BWRO) facility for in-house project.

- Development of an indigenous Creep Testing Machine of capacity 1000 ken for testing high strength concrete.
- Development of software for simplified and economical design of piled raft foundations suitable for high rise buildings.
- Continued Research on the application of recycled materials in base and Sub-Base Layers for pavement construction.
- Use of Mechanistic Design approach for Industrial Pavements and Floors.
- Conducting study on Deep Soil Mixing techniques for soil stabilization
- Application of Soil Modification technique for large earth fills.
- Designing the mix and evaluation of high strength concrete for application in high rise towers.
- Development of concrete with no cement and water for in situ construction.
- Development of Contiguous Flight Auger Pile technology.
- Use of Trench Cutter Technology for Deep Vertical Shaft.
- Use of Large Scale Precast Piling technology.
- Improvement in the pile bore process by Polymer Drilling Fluid to replace conventional Bentonite.
- Improvement in Pile socketing in Rock by Rotary Piling Machines.
- Development of Unmanned Underwater Vehicles.
- Development of Marine Propulsion Systems.
- Development of Underwater Weapon Launch Systems
- Development of Missile Telemetry Systems.
- Development of Composite Material technology for projects under Marine BU.
- Development of Composite Material Components and Assemblies for BARC, NAVY & ISRO.
- Development of welding Simulation Technology.
- Development of Waste Heat Recovery Boiler for Nitric acid plant.
- Development of Moisture Separator Reheater for Nuclear Power Plant.
- Development of a new Coal Crusher (Ring Granulator model 1217 U)
- Development of a new and bigger Surface Miner (Model KSM 403).
- Development of Rubber Processing Machinery such as 130"/131" Vertical Chuck Loader (VCL) for OTR Tyres, 95" Mechanical Slide Back Press with VCL, 65.5" Slide Back Hybrid Platen Tyre Cure Press (TCP), 51" Hydraulic TCP with VCL & Segmental Mould Operators, 68.5" Slide Back Hybrid Platen TCP, 51" Single Cavity Mechanical TCP with VCL and PCI, 104" TCP with Oil Hydraulic VCL.
- Design and development of new products and product ranges of Air circuit breaker (ACB), Moulded case circuit breaker (MCCB), Contactors, Relays, Switch Disconnector-Fuse and Change over devices.
- Design and development of new product ranges of Low Voltage Power control centre (PCC) and Motor control centre (PCC) Switchboards.
- New platform products have been developed / introduced during the year as under:
    - o U-POWER Omega Air Circuit Breakers and Matrix protection & Control units
    - o MO contactors up to 110 A.
    - o C-Line changeover switch
    - o Stored energy motor operator for MCCBs`
    - o 10 kA breaking capacity in Tripper range
    - o T-ERA Low Voltage panels for Power Control & Motor Control centers
- M-COMP: A new product developed for complete Solution for Motor Protection.
- Cement Automation Package.
- Electronic Toll Collection.

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

- Complete process simulation, design solutions and optimization for Hydrocarbon projects involving Refinery, Fertilizer, Gas Processing and Chemical Plants. In-house expertise for complete Refractory solutions in high-temperature equipment for process plants.
- Development of in-house capability in flow simulation studies for Oil & Gas Projects.
- Successful testing / commissioning of plants and equipment in various Hydrocarbon projects, through multi-disciplinary technology support.
- Material evaluation / characterization; selection of alternative materials; failure analysis support; preservation and corrosion protection of critical

equipment. Development of new materials for strategic applications.

- Successful troubleshooting / design optimization of thermal equipment and systems using advanced CFD technique; Expertise in dynamic simulation of captive power plant; Capability development in newer applications such as low-temperature thermal desalination and energy storage through molten salt system.
- Successful troubleshooting / failure analysis of machinery for various projects; Development of in-house expertise in advanced FEA and fatigue analysis techniques for specialized systems (Orifice Chamber / associated piping); Design upgrade and optimization of coal pulverizers. Successful conduct of acceptance testing of critical machinery.
- Development of in-house capability for analyzing flow-induced vibration and acoustic vibration in oil & gas piping systems subjected to transient process conditions, including surge analysis in thermal – fluid systems.
- Establishment of in-house capability in design / analysis of complex structures and piping systems for Oil & Gas applications, subjected to critical operating conditions involving non-linear effects, shock / impact, thermal fatigue and high-pressure / high-temperature processes.
- Development of Creep Testing Machine in-house.
- Conservation of large quantity of natural aggregates by the use of recycled pavement materials.
- Use of low energy construction practices in pavement construction.
- Improvement in ground improvement techniques in large sites.
- In house testing facility created for reliable results and timely delivery of test results for faster construction and knowledge upgradation.
- Construction of high rise towers.
- Introduction of Contiguous Flight Auger Pile at 1300 MW Power Plant at Rajpura, Punjab.
- Construction of Deep Vertical Shaft using Trench Cutter Technology at New Delhi, INFRA OC-Bridges & Metros BU.
- Use of Process Approach for Gas Terminal for GSPC Kakinada, E&C-HCP BU for large scale Precast Piling.
- Use of Polymer Drilling Fluid to Replace Bentonite Drilling Mud for Bored Piling at TISCO Jamshedpur, CMRL-Chennai, MMH&W OC and INFRA OC
- Replacement of Tripod-Winch-Bailer with Rotary Piling Machines for Pile socketing in Rock at CMRL-Chennai, Mumbai Monorail, Nasik Elevated Express WayINFRA-OC.
- Development of capabilities of Deep Soil Mixing (DSM) as an Effective Ground improvement Technique to replace piling.
- Proposing Highway Pavement - Stage Construction Design based on traffic volume and design MSA as part of value engineering in three GSRDC projects as a part of value engineering.
- Implementation of value engineering initiatives like standardization of major / minor bridge structures (span & cross section), pier formwork, optimization of major bridge superstructures, optimization of foundations resulting in both time & cost reduction.
- Indigenisation & development of products for Indian defence and space sector.
- Wider range of products to meet specific application requirements for crushing.
- Higher production and better fuel efficiency in the operation of bigger Surface Miner.
- Ability to offer new products for Rubber Processing for varied requirements and positioning of our products well against offerings by international competitors.
- Savings in Foreign Exchange
- Increase in Product Range coupled with Technology upgradations and cost reduction.
- More contemporary and competitive product offering.
- Boosted our capabilities to offer products against stiff international competition.
- New platform variants launched to meet requirements of market including two variants in single phase and one variant in poly-phase.
- Single phase platform was redesigned for ease of production.
- MPS has initiated development activity on the eco system required for smart meters and developed technologies for communication of meter data over GSM network / low range radio / power line.

3. Future Plan of Action:

- In-house design / simulation capability of Ammonia and Urea Processes.
- Rate-based model development and simulation for Pre-Reformer, HTER and Auto-thermal Reformer.
- Capability development in flow assurance studies using OLGA software.
- Residue up-gradation processes in Refinery.
- Process design capabilities in Petrochemical / Polymer Plants.

- Process technology for coal gasification.
- Modularization of Process Plants.
- Carbon Capture and Sequestration techniques.
- Use of CFD techniques for performance assessment of coal gasifiers.
- Solar Thermal Power Plants using paraboloid concentrator / solar tower.
- Application of Ocean Thermal Energy Conversion (OTEC) for power generation.
- Use of molten salt system for thermal energy storage.
- Steady-state and transient (Water Hammer) analysis of fluid systems.
- Advanced Finite Element Analysis (FEA) techniques for process equipment subjected to thermal shock.
- Techniques for Reliability, Availability & Maintainability (RAM) studies for Process Plants and Packages.
- Development of design / analysis methodology for Floating Structures using FEA.
- Study on state-of-the art Creep Analysis techniques.
- Methodology for Limit Stage Design and Analysis for Pressure Vessels.
- Study on advancements in critical equipment metallurgy (such as Ammonia Converter).
- Development of aluminium silicate nano particles.
- Carbon Fibre production technology.
- Development of composite materials for Radome.
- Development of in-house design / analysis capability involving Recycle, Reuse and Zero-discharge Technologies.
- Robotics and automation for construction site.
- Study on precast structural systems.
- Optimum Design of Large capacity transmission Towers.
- New Pavement Technology at intersections, Toll Plaza and parking bays.
- Studies on Anti-Fuel damage mixtures.
- Design and sensitivity analysis of Micro-Pile systems.
- Deep excavation system for infrastructure projects.
- Development of Roller compacted concrete with large size aggregates for hydroelectric projects.
- Studies on pumpable concrete for large heights.
- Development of Pre stressed concrete blocksand mortar less walls
- Alternate materials in construction.
- Implementation of Cable Crane system for dam concreting.
- Development of modular liner construction in nuclear projects.
- Alternate methods for Marine Piling.
- Implementation of Rigid Pavement Design.
- Development of knowledge on Mechanistic pavement design.
- Development of new / upgraded products in defence equipments, space equipment and Mobile Crushing Plant product line.
- Development of Hydraulic presses for passenger car and truck- bus tyres and development of all electric presses for the same segment.
- Continuous Improvement and research on solidification characteristics in GGG 70 grade of castings.
- Develop platform product ranges on new technology platform, thereby creating a technology differentiation in the product.
- Incorporate technologically cutting edge to the product portfolio.
- Through the new product ranges, new applications will be addressed.
- New markets and geographies will be created for newer business opportunities.
- Participation in the various national and international Standard Organizations will ensure that the product designs are always contemporary and meet latest regulatory requirements.
- Development of Material Handling Package
- We have identified Smart Grid as lead initiative in Power Distribution space and following is envisaged :
    - o Meter Data Acquisition System (MDAS)
    - o Control Systems for Renewable Energy Sources
- ***CEFD – Centre for Excellence and future development***

  CEFD was started a year back and is responsible for developing sustainable and carbon neutral built spaces. As a step forward in this process, CEFD is focusing on enhancing energy efficiency, indoor environmental quality, occupant comfort and climate responsiveness in the upcoming projects. The thrust areas of CEFD are as follows:

Performance Enhancement in Built spaces	Assisting energy efficiency during design
	Comfort and energy analysis of existing and upcoming projects
	Experimental testing and thermal performance evaluation of building envelope systems for existing buildings

Developing new technology systems	Energy efficiency and indoor environmental quality in buildings	Developing design guidelines for office spaces which involves spatial design optimization, envelope optimization and material selection for various climatic zones
		Developing energy performance database for various glazing systems which will further be used to create a tool for glazing and frame selection
	Life cycle costing	LCC analysis to support selection of building systems
	Tools / Interface development	HTML interface to assist shading design for major Indian cities
Sustainability Initiatives	Facilitation and coordination for green rating	
Capacity Building	Collaborative research initiatives with organizations like IITs, IISc, TERI and research laboratories in US, Canada and Europe	
	Knowledge enhancement programs for various divisions of B&F (IC)	

4. Expenditure on R&D:

(₹ crore)

	2010-2011	*2009-2010*
Own Funded:		
(a) Capital	40.72	*5.56*
(b) Recurring	68.26	*85.98*
Sub-Total	108.98	*91.54*
Customer Funded:	16.46	–
Total	125.44	*91.54*
Total R&D expenditure as a percentage of total turnover	0.29%	*0.25%*

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief made towards technology absorption, adaptation and innovation:

- Interaction with external agencies / technology partners for exposure to the latest products / designs, manufacturing technologies, processes, analytical techniques and engineering protocols.
- Active involvement with International / National Professional Societies (such as IChemE, AIChE / CCPS, IIChE, ICC, FRI, ASME, NACE, ASM, ASTM, AISC, ACS, TERI, HTFS, HTRI, STLE, TSI, NAFEMS, TSI, etc.)
- Knowledge sharing through 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.
- Nomination of R&D engineers to external training programs, expert groups and technical committees.
- Collaborative efforts with educational / research institutions for research projects.
- Use of state-of-the-art equipment, instrument and software.
- Analyzing feedback from users to improve processes and services.
- Development and implementation of large single pour technology in Nuclear Reactor Building Concreting works.
- Designing and implementation of high-lift formwork system with 4.8m height (as against conventional 2.40m height) for Dam Pier Construction in Shrinagar HEP Project reducing the cycle time by 30%.
- Designing and detailed use of Bridge Erection Equipment (Launching Girder) in multiple projects (Sahar Elevated Project & Nasik Elevated Highway Project) resulting in savings in construction time and cost.
- Use of alternate materials in Port Construction such as GGBF Slag as replacement for Cement, Dredged Sand used in Road Embankment / filling works, Steel fibers used in pavement works to optimize thickness and Fly Ash Bricks used in place of conventional clay bricks.
- 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.
- Development of remote welding technique for repair on live nuclear reactor vault.

- Development of mechanization / welding automation on shop floor for specific application.
- Robot for welding overlay application.
- Indigenisation of the Transfer Duct of Shell Gasifier.
- Adaptation of crushing technology for various applications.
- Magma software for metal flow analysis gives metal flow stream into the mould, impact of metal flow, possible causes of rejection during metal flow resulting minimum trial runs during development of new items.
- ATAS software for thermal analysis gives solidification behavior of metal to analyze and ensure right composition.
- Impact of Chemistry and Liquidus Temperature on cooling characteristics in SG Iron castings.
- Wider range of products to meet specific application requirements for crushing.
- Indigenized various components for Rubber Processing Machinery by designing, developing specifications and adapting to Indian conditions.
- Establishment of Switchgear Design and Development Center (SDDC) at Mumbai and Coimbatore comprising of more than 300 engineers with diverse skill sets and expertise in design of multi-generation platform products and systems.
    - o State-of-the art CAD / CAE facilities and a well equipped test laboratory to translate the technologies and product concepts into product designs.
    - o Engagement of Technology Development Group in development and tracking of future technologies which could be integrated in products, tracking and monitoring of technologies currently in embryonic stage to provide significant opportunities in the future.
- Distributed Management System (DMS) thru implementation of on-going job.

2. **Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.:**
    - Successful simulation / optimization of process design and engineering for various Hydrocarbon 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 optimized design for Coal Pulverizers.
    - Establishment of in-house capability for advanced engineering analysis involving Modeling & Simulation, Computational Fluid Dynamics, and Stress Analysis through Finite Element Methods, Vibration & Acoustics, Rotor Dynamics and Tribology.
    - Development of expertise in performance testing of critical turbo-machinery.
    - Effective solutions to design / analysis problems involving complex structures and piping systems for offshore Oil & Gas applications.
    - Successful testing / commissioning of plants and equipment in various projects, through multi-disciplinary technology support.
    - Acquisition of in-house expertise in areas such as composite / nano materials, advanced corrosion control methods, coating and wear protection techniques and water treatment techniques.
    - Establishment / upgrade of state-of-the art laboratory facilities for material characterization, chemical analysis, corrosion control, vibration and acoustics studies, experimental stress analysis etc., in order to provide comprehensive technology support to business units. This has reduced the dependence on external agencies and enabled effective execution of projects.
    - Indigenization (import substitution) & development of products for Indian Defence and Space sector
    - Expansion of product range and export opportunities.
    - Product improvement.
    - Increase in know-how within the country.
    - Improved material characteristics in heavy section castings.
    - Reduced rejection on account of Metallurgical Parameters.
    - Optimizing the chemistry and product mix for desired product Quality helping reduce cost.
    - Development of multi generation platform products by New Product Development groups:
        - o Groups develop platform product ranges on new technology platform, thereby creating a technology differentiation in the product and

lending a technologically cutting edge to the product portfolio.

- o Matrix – protection and Control units, MO contactors and T-ERA Low Voltage panels for Power Control & Motor Control centers are intrinsically cost competitive products.
- o The life cycle management group keeps existing products contemporary through product improvements.
- o Application specific need is addressed by life cycle management group by creating product variants.

- Absorption of DMS application know-how.

3. Information regarding technology imported during the last 5 years

Technology Imported	Year of Import	Status
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 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 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):

The E&C (Projects) Division (E&C-P) has a track record of executing a number of large size, complex projects including in GCC region where it has established a good presence.

E&C-P is approved & pre-qualified as EPC contractor by major International players like Petronas, PTT Exploration & Production Company Limited (PTTEP), Shell, Exxon Mobil, Chevron, Conoco Phillips, ADNOC, KNPC, KOC, QP, Saudi Aramco, GASCO, ENOC, Chemanol, BANAGAS.

Major International projects executed recently include wellhead platform project of Maersk Oil Qatar, Gas handling facilities for GASCO, Gas Pipeline for Qatar Petroleum and Construction of Jet fuel Depot project for Kuwait Aviation Fuelling Company.

The Division continues to focus on GCC countries and in addition is looking at business opportunities in North Africa, South East Asia and Australia. As part of strategic plan 2015, a number of initiatives have been taken in this regard.

Capitalizing on world class fabrication facilities at strategically located yards & in-house engineering capabilities, the Division is well poised to scale up International operations.

PT&D International Business Group of the Construction Division has played a significant role in the power evacuation, power transmission and distribution projects across the GCC countries. Projects are executed on EPC basis for the HV Substation / Transmission Line with complete In-house Design, Engineering, Procurement and Construction including Civil & MEP services. Major areas of operation include GIS Substations-upto 400 kV, Transmission Line–upto 400 kV, underground EHV Cabling, Electrical & Instrumentation works for Industries / Oil and Gas Sectors. Our operations are wide spread in GCC Countries and mainly situated in UAE, Oman, Qatar, Kuwait & Saudi Arabia. The Company is also exploring business opportunities in South & North Africa.

Business Environment:

Real GDP growth in the GCC is estimated to have rebounded to 4.8% in 2010 from 0.7% in 2009. Sustained expansionary fiscal policies, supported by higher oil prices, helped spur faster growth in non-oil sectors. Although the overall market was improving, project award decisions for most of the Transmission & Distribution projects especially in UAE got delayed due to certain structural changes. Dubai is still reeling under the post-recession effect.

Business Performance:

The Postponement / delay in award of projects by Government sector in UAE had its impact on the company's performance parameters in terms of order inflow as compared to previous year.

PT&D business reported significant increase in both revenue and profitability. The Sales for the year is ₹ 3,170 crore, rose by 28% as compared to ₹ 2,475 crore for the previous year. Order book of the SBG as on 31st March, 2011 is ₹ 3,961 crore. The Company has drawn up ambitious plans for its emerging business in the new geographical areas viz. Bahrain, Saudi Arabia & African continent.

The 2011 outlook for GCC countries remains positive & real GDP growth is projected to accelerate to 6% in 2011 from an estimated 4.8% in 2010 as sustained public infrastructure spending, supported by higher oil prices, helps spur faster non-oil growth. With oil prices expected to rise to an average of $85/b in 2011, GCC public finances will remain reassuringly strong, despite increased spending. Also due to recent geo-political disturbances witnessed in MENA region, the government has proactively been spending more money on improving the infrastructure facilities which will pave way for more business opportunities. Major government projects which are deferred in UAE / Qatar are expected to get finalized in the year 2011-12. 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 Power Transmission Business and penetration in to Middle East market is expected to provide lots of opportunities to sustain the growth momentum.

Heavy Engineering (HE):

HE has been actively pursuing with the following customers:

- Ansaldo, ENEL, Alstom, Technicas Reunidas, MHI, Toshiba etc for overseas orders in Power Plant.
- Shell to get approved as Indian source for various equipments in Refinery & other sectors.
- Aker Solutions for Medicine Bow project in USA.
- Sasol for CTL Projects worldwide.

HE is looking at exploiting the good performance of supplying Shell gasifiers in China to expand and acquire business of Shell gasification worldwide. 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 (MENA) continues to be focus market for the Division. Orders for supply of critical equipment to fertilizer projects have been received from Oman and Algeria. China continues to remain a major market for the Division's products.

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

Opportunities for export of Defence, Nuclear Power & Aerospace equipment are being explored 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.

Electrical & Electronics Business (EBG):

Electrical Standard Products (ESP) business has obtained TSE certification for its products in Turkey, identified a channel partner and has commenced supplies in the country. ESP has entered into a new brand labeling arrangement for Air Circuit Breakers (ACBs) & Moulded Case Circuit Breakers (MCCBs) with NHP, Australia. The product enhancement actions have been initiated and supplies to NHP are expected to commence in this financial year. The business has also started offering type tested solutions to panel builders through standard kits to boost its international sales.

The Electrical Systems & Equipment (ESE) business booked a major order for Ruwais Refinery Expansion Project in the Gulf. The business is expecting more opportunities from the gulf region and expects to grow in Utilities, Water projects and oil & gas segment.

TAMCO Switchgear (one of the subsidiaries of the Company) won a major order from TNB, Malaysia for supply of AIS, GIS & RMU. The unit also won a three year contract from Integral Energy, Australia for 36kV, 25KA GIS and breakthrough order for 36KV, 40kA GIS.

During the year, the Division registered a total of 151 Patent applications, 1 Trademark and 7 Designs. This was the fourth consecutive year that the business has filed more than 100 Patent applications.

Manufacturing & Industrial Products (MIP):

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 an order for prototype from a new customer in Germany for supply of Hydraulic Tyre Curing Press. On successful completion, LTM will supply these presses to their plants worldwide.

During 2010-11, the physical export of Industrial machinery from Kansbahal was ₹ 20.93 crore, primarily due to good order booking in 2009-10. However, there was a fall in Deemed Exports due to very low orders on Pulp & Paper Machinery.

Valves business of the Company bucked the trend of past years and with the steady increase in the oil prices, many projects have been announced by Oil Majors, particularly, Middle East. The business scenario in Oil & Gas looks very positive with major investments planned in Middle East, Australia and SE Asia, almost close to US$ 170Bn planned in Middle East alone.

Another source of opportunity for Company is that global oil-majors are now looking for long term agreements with valve manufacturers with attractive volumes and exclusivity for better cost control. Our international network has been strengthened with personnel posted in key growing markets such as China and Middle East with additional postings planned in Korea, South Africa and Europe.

The Company is also focusing on Power sector including overseas nuclear plants to offer high pressure and custom built valves. With the manufacturing plant at Coimbatore having obtained the N and NPT stamp qualification, the Division is well placed to address the nuclear business abroad, especially North America.

A few initiatives detailed:

The following initiatives are being followed on a continuous basis by the Company:

- 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 internal processes towards operational excellence and creating a lean high performance organization.
- Knowledge dissemination through various platforms within 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 for catering to the training and development needs of employees.

Total foreign exchange used and earned:

(₹ crore)

	2010-2011	*2009-2010*
Foreign Exchange earned	6,367.78	*6,866.21*
Foreign Exchange saved / deemed exports	1,941.85	*1,510.05*
Total	8,309.63	*8,376.26*
Foreign Exchange used	12,401.55	*9,158.88*

Annexure 'B' to the Directors' Report

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

(I) Employee Stock Ownership Scheme-1999-2003

A. PRE RESTRUCTURE:

	Particulars (1)	**ESOP SERIES**					
		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 ₹ 199/- per share.	The average market price on the Stock Exchange, Mumbai, on the date of grant i.e., June 1, 2000 – ₹ 184/- per share.	The average market price on the Stock Exchange, Mumbai, on the date of grant i.e., April 19, 2002 – ₹ 172/- per share.	The average market price on the Stock Exchange, Mumbai, on the date of grant , i.e., April 19, 2002 – ₹ 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 – ₹ 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 – ₹ 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 ₹ 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	₹ 10,43,180/-	₹ 96,44,360/-	₹ 21,93,000/-	₹ 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 (1)	ESOP SERIES					
		SAR-1999 (2)	**2000** (3)	**2002-A** (4)	**2002-B** (5)	**2003-A** (6)	**2003-B** (7)
(j)	Employee-wise details of Options granted to –						
	i) Senior Managerial Personnel:						
	Mr. A.M. Naik	1,25,000	2,00,000	2,00,000	2,00,000	2,00,000	2,00,000
	Mr. J.P. Nayak	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. Y.M. Deosthalee	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. K. Venkataramanan	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. R.N. Mukhija	30,000	60,000	85,000	80,000	85,000	85,000
	Mr. V. K. Magapu	20,000	35,000	35,000	40,000	22,500	22,500
	Mr. K.V. Rangaswami	16,000	25,000	25,000	27,000	17,500	17,500
	Mr. M.V. Kotwal	16,500	27,000	27,000	30,000	17,500	17,500
	Mr. A. Ramakrishna	80,000	1,25,000	1,25,000	90,000	60,000	-
	Mr. P.M. Mehta	30,000	60,000	85,000	40,000	-	-
	Mr. M. Karnani	40,000	42,000	-	-	-	-
		5,37,500	8,74,000	8,82,000	8,67,000	7,62,500	7,02,500
	ii) Any other employee who receives a grant, in any one year, of Options amounting to 5% or more of Options granted during that year	None	None	None	None	None	None
	iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None	None	None	None	None	None

Consequent to the demerger (sanctioned by the High Court of Judicature at Bombay on April 22, 2004) of Cement Business of the Company and restructuring of the share capital the outstanding SARs were converted into equivalent number of Options and the total number of Options in force as above were readjusted in proportion to the restructured equity capital i.e., one Option for an equity share of the face value of ₹ 2/- for every two Options and repriced at ₹ 14/- per Option in respect of ESOP Series 1999, 2000, 2002-A & 2002-B and ₹ 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 ₹ 2/- each)						
							35,30,380
(b)	The pricing formula (Adjusted grant price per share)	₹ 14/-				₹ 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 ₹ 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	₹ 55,59,694/-	₹ 2,61,15,138/-	₹ 2,52,53,536/-	₹ 2,52,63,140/-	₹ 14,23,34,010/-	₹ 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 ₹ 14/- and ₹ 70/- was readjusted to ₹ 7/- and ₹ 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 ₹ 2/- each)						33,03,244
(b)	The pricing formula (Adjusted grant price per share)	₹ 7/-				₹ 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 ₹ 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	₹ 70,000/-	₹4,36,01,390/-	₹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 ₹ 7/- and ₹ 35/- was readjusted to ₹ 3.50 and ₹ 17.50 respectively.

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

(I) Employee Stock Ownership Scheme-1999-2003

D. POST RESTRUCTURE (POST BONUS ISSUE 2008):

	Particulars (1)	ESOP SERIES 1999 (2)	2000 (3)	2002-A (4)	2002-B (5)	2003-A (6)	2003-B (7)
(a)	(1) Options granted (outstanding and adjusted consequent to Bonus Issue)	Nil	16,800	21,500	39,700	31,452	23,04,226
	(2) Options granted post Bonus Issue						5,94,800
	(Equity shares of ₹ 2/- each)						28,99,026
(b)	The pricing formula (Adjusted grant price per share)	₹ 3.50				₹ 17.50	
(c)	Options vested (adjusted on Bonus Issue)	Nil	16,800	21,500	39,700	31,452	1,63,926
	Add: vested post Bonus Issue	-	-	-	-	-	17,89,012
	Total	Nil	16,800	21,500	39,700	31,452	19,52,938
(d)	Options exercised	Nil	Nil	Nil	Nil	Nil	18,30,362
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of ₹ 2/- each)	Nil	Nil	Nil	Nil	Nil	18,30,362
(f)	Options lapsed	Nil	Nil	Nil	Nil	Nil	1,35,784
(g)	Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Money realised by exercise of Options	Nil	Nil	Nil	Nil	Nil	₹ 3,20,31,335/-
(i)	Total Number of Options in force -						
	Vested	Nil	16,800	21,500	39,700	31,452	1,02,482
	Unvested	Nil	Nil	Nil	Nill	Nil	8,30,398
	Total	Nil	16,800	21,500	39,700	31,452	9,32,880
(j)	Employee-wise details of Options granted	Please refer to Part A (j)					
	Options granted to Senior Managerial Personnel post Bonus Issue 2008:						
	Mr. Ravi Uppal	-	-	-	-	-	20,000

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

(II) Employee Stock Option Scheme - 2006

A. PRE BONUS ISSUE 2008:

	Particulars (1)	ESOP SERIES 2006 (2)	ESOP SERIES 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 ₹ 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 – ₹ 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 – ₹ 2,198/- per share (Discounted grant price per share – ₹ 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 ₹ 2,404/- was readjusted to ₹ 1,202/-.		
(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 ₹ 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 ₹ 1202/- was readjusted to ₹ 601/-.

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999			
(II) Employee Stock Option Scheme - 2006			
B. POST BONUS ISSUE 2008:			
		ESOP SERIES	
	Particulars (1)	**2006** (2)	**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	67,15,050
	(Equity shares of ₹ 2/- each)	1,36,24,276	1,21,16,606
(b)	The pricing formula (Adjusted grant price per share)	₹ 601/-	
(c)	Options vested (Adjusted on Bonus Issue)	13,94,276	29,688
	Add: Vested post Bonus Issue	1,15,47,845	29,98,030
	Total	1,29,42,121	30,27,718
(d)	Options exercised	88,23,834	17,27,137
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of ₹ 2/- each)	88,23,834	17,27,137
(f)	Options lapsed and/or withdrawn	8,25,999	14,52,935
(g)	Variation of terms of Options	Nil	Nil
(h)	Money realised by exercise of Options	₹ 530,31,24,234	₹ 103,80,09,337
(i)	Total Number of Options in force –		
	Vested	37,17,133	11,80,945
	Unvested	2,57,310	77,55,589
	Total	39,74,443	89,36,534
(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	

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999		
	Employee Stock Ownership Scheme -1999-2003 and Employee Stock Option Scheme 2006	
(k)	Diluted Earning per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standards (AS) 20	(a) Diluted EPS before extraordinary items ₹ 63.20 (b) Diluted EPS after extraordinary items ₹ 64.35
(l)	The difference between employee compensation cost using intrinsic value method and the fair value of the Options and impact of this difference on profits and on EPS.	Had fair value method been adopted for expensing the ESOP compensation: (a) the ESOP compensation charge debited to P&L A/c for the year 2010-11 would have been higher by ₹ 43.85 crore (excluding ₹ 3.31 crore on account of grants to employees of subsidiary companies). (b) Basic EPS before extraordinary items would have decreased from ₹ 64.16 per share to ₹ 63.68 per share. (c) Basic EPS after extraordinary items would have decreased from ₹ 65.33 per share to ₹ 64.85 per share. (d) Diluted EPS before extraordinary items would have decreased from ₹ 63.20 per share to ₹ 62.72 per share. (e) Diluted EPS after extraordinary items would have decreased from ₹ 64.35 per share to ₹ 63.87 per share.
(m)(i)	(a) Weighted average exercise prices of Options granted during the year where exercise price is less than market price.	₹ 555.36 per Option
	(b) Weighted average exercise prices of Options granted during the year where exercise price equals market price.	No such grants during the year
(m)(ii)	(a) Weighted average fair values of Options granted during the year where exercise price is less than market price.	₹ 1266.10 per Option
	(b) Weighted average fair values of Options granted during the year where exercise price equals market price.	No such grants during the year
(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	7.69%
	(ii) Weighted average expected life of Options	4.30 years
	(iii) Weighted average expected volatility	44.50%
	(iv) Weighted average expected dividends	₹ 53.72 per Option
	(v) Weighted average market price	₹ 1678.77 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 (Employee Stock Option Schemes and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolutions of the Company in general meetings held on August 26, 1999, August 22, 2003 and August 25, 2006.

SHARP & TANNAN
Chartered Accountants
ICAI registration no. 109982W

By the hand of
R. D. KARE
Partner

Mumbai, May 19, 2011
Membership No. 8820

Annexure 'C' To The Directors' Report

A. CORPORATE GOVERNANCE

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

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) Strategy & Operational Management – by the Independent Company Boards in each Independent Company (not legal entities) (IC) comprising of representatives from the Company Board, Senior Executives from the IC and Independent Members.

(iii) Executive Management – by the Executive Management comprising of the CMD/Executive Directors and four Senior Managerial Personnel and two Advisors to the Chairman.

(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 shareholders value. The Board reviews and approves management's strategic plan & business objectives and monitors the Company's strategic direction.

b. Executive Management Committee (EMC):

The EMC plays an important role in maintaining the linkage between IC's and the Company's Board as well as in realizing inter-IC synergies and cross cutting opportunities. The key responsibilities of the EMC include approval of policies cutting across IC's and at Corporate level such as capital investments, expansions, customer and supplier synergy, Corporate Social Responsibility (CSR) and reviewing the consolidated financials and budgets before they are presented to the Company's Board.

c. Chairman & Managing Director (CMD):

The CMD is the Chief Executive Officer of the Company. He is the Chairman of the Board and the Executive Management Committee. 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 (SMP):

The Executive Directors, as members of the Board, along with the Senior Management Personnel in the Executive Management Committee, 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.

f. Independent Company Board (IC Board):

The Company developed its strategic plan for 2010-15 ('Lakshya 2015'), which identified various opportunity areas for the Company to focus on, over the next five years. As a part of this exercise, there was a comprehensive detailing of the initiatives required to capture the identified opportunities, as well as the capital structure and organization required to support this.

Given the immense growth agenda ahead for all the businesses of the Company, there was a strong imperative to restructure the Company's organization model to enable this accelerated growth through greater empowerment and delegation, while at the same time, maintaining suitable levels of accountability and preserving the Company's core values and culture.

After studying various global and Indian best practices and taking into account the Company's unique circumstances, the entire Company was restructured into 10 Independent Companies (ICs) (not legal entities), with each IC having it's own Board. The IC Board comprises of representatives from the Company (Executive Director, Non-Executive Director and / or Advisors), Senior Executives of the IC and Independent Members. The Independent Members are typically industry experts, academicians, etc., identified in line with the needs of the IC. The IC Board will oversee amongst other matters, the overall business performance of the IC, strategy implementation, and the approval of capital, revenue and manpower budgets.

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, 6 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 and also if necessary, in locations, where the Company operates. During the year under review, 13 Meetings were held on April 1, 2010, May 17, 2010, July 27, 2010, July 31, 2010, August 1, 2010, August 2, 2010, August 27, 2010, August 28, 2010, September 24, 2010, September 28, 2010, October 18, 2010, November 8, 2010 and January 17, 2011.

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 Independent 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 are approved by the Members of the Board at the next Meeting. Senior Management Personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary.

The following composition of the Board of Directors is as on March 31, 2011. 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, 2011 are as follows:

Name of Director	Nature of Directorship	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	13	13	YES	3	0	1
Mr. J. P. Nayak*	ED	13	11	YES	4	1	4
Mr. Y. M. Deosthalee	ED	13	13	YES	9	2	2
Mr. K. Venkataramanan	ED	13	13	YES	7	1	–
Mr. R. N. Mukhija**	ED	13	11	YES	-	-	-
Mr. K. V. Rangaswami	ED	13	13	YES	3	2	-
Mr. V. K. Magapu	ED	13	13	YES	1	2	-
Mr. M. V. Kotwal	ED	13	13	YES	2	-	-
Mr. Ravi Uppal***	ED	13	2	-	5	1	1
Mr. S. Rajgopal	NED	13	13	YES	1	1	-
Mr. S. N. Talwar	NED	13	13	YES	14	6	4
Mr. M. M. Chitale	NED	13	12	YES	9	6	5
Mr. Thomas Mathew T. $	NED	13	11	YES	5	1	-
Mr. N. Mohan Raj $	NED	13	11	YES	1	1	-
Mr. Subodh Bhargava	NED	13	9	YES	10	5	3
Mrs. Bhagyam Ramani @	NED	13	8	NO	5	3	-
Mr. A. K. Jain #	NED	13	13	YES	2	1	2
Mr. J. S. Bindra	NED	13	13	YES	-	-	-

* ceased to be a director w.e.f. close of working hours of 31.03.2011.

** ceased to be a director w.e.f. close of working hours of 23.10.2010. As on 23rd October 2010, he was a director in 2 public companies and was a member of Shareholders' / Investors' Grievance Committee of the Company.

*** appointed as an ED w.e.f. 01.11.2010

$ 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 laid down in 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 Independent Companies and business segments
- Financing plans of the Company
- Minutes of meeting of Board of Directors, Audit Committee, Nomination & Remuneration Committee
- Details of any joint venture, acquisitions of companies or collaboration agreement
- Quarterly report on 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 / Independent Companies promptly.

F. BOARD COMMITTEES

The Board currently has 3 Committees: 1) Audit Committee, 2) Nomination & 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, formation of committee in Independent Companies
- 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
- Reviewing Treasury Policies
- Approval of the appointment of the Chief Financial Officer (CFO).

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

ii) Composition:

The Audit Committee of the Board of Directors was formed in 1986 and as on March 31, 2011 comprised three Non-Executive Directors, all of whom are independent.

iii) Meetings:

The Committee met 9 times during the year on April 22, 2010, May 17, 2010, July 27, 2010, October 18, 2010, November 27, 2010, December 17, 2010, January 17, 2011, March 10, 2011 and March 25, 2011. 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	9	9
Mr. N. Mohan Raj	Member	9	9
Mrs. Bhagyam Ramani	Member	9	9

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

The Chief Financial Officer and the Head of Corporate Audit Services 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 9001:2008 certified. The Head of Corporate Audit Services 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 Directors (ED) and Non-Executive Directors (NED) and, to review their remuneration package including their remuneration keeping in view provisions of Companies Act, 1956, to recommend IC Board Composition and remuneration to IC Members, 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, 2011, the Committee comprised 4 Non-Executive Directors and the Chairman & Managing Director.

iii) Meetings:

The Committee met 14 times during the year on April 1, 2010, May 17, 2010, July 27, 2010, September 16, 2010, September 19, 2010, September 24, 2010, September 28, 2010, October 18, 2010, November 8, 2010, November 23, 2010, December 23, 2010, January 5, 2011, January 17, 2011 and March 1, 2011. 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	14	13
Mr. S. N. Talwar	Member	14	14
Mr. Subodh Bhargava	Member	14	12
Mr. A. M. Naik	Member	14	14
Mr. Thomas Mathew T.*	Member	14	9
* Inducted as member on 16.09.2010			

iv) 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. 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.

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 Nomination & Remuneration 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 ₹ 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, Chairmanship of Committees etc.

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, 2011:

(a) Executive Directors:

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

(₹. Lakh)

Names	Salary	Perquisites	Retirement Benefits	Commission	Total
Mr. A. M. Naik	144.00	15.00	298.37	961.09	1418.46
Mr. J. P. Nayak*	75.60#	15.00	150.16	480.55	721.31
Mr. Y. M. Deosthalee	79.20	97.63	151.13	480.55	808.51
Mr. K. Venkataramanan	75.79	97.03	150.16	480.55	803.53
Mr. R. N. Mukhija**	40.45#	54.23	51.60	271.21	417.49
Mr. K. V. Rangaswami	69.00	13.80	122.43	384.44	589.67
Mr. V. K. Magapu	69.00	12.60	122.43	384.44	588.47
Mr. M. V. Kotwal	66.00	77.83	121.62	384.44	649.89
Mr. Ravi Uppal***	27.54	8.75	48.30	151.38	235.97

* retired w.e.f. the close of working hours of 31.03.2011
** retired w.e.f. the close of working hours of 23.10.2010
*** appointed w.e.f. 01.11.2010
# excludes Gratuity and Leave Encashment paid/payable on retirement

- 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:

(₹. Lakh)

Names	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Total
Mr. S. Rajgopal	2.60	2.60	16.34	21.54
Mr. S. N. Talwar	2.60	2.80	13.01	18.41
Mr. M. M. Chitale	2.40	1.80	15.00	19.20
Mr. Thomas Mathew T.	2.20*	2.20*	12.50*	16.90
Mr. N. Mohan Raj	2.20*	1.80*	13.53*	17.53
Mr. Subodh Bhargava	1.80	2.40	13.68	17.88
Mrs. Bhagyam Ramani	1.60*	1.80*	13.01*	16.41
Mr. A. K. Jain	2.60	0.80	15.00*	18.40
Mr. J. S. Bindra	2.60	–	US$ 95,000	–

* Paid to respective Institutions they represent.

Details of shares and convertible instruments held by the Non-Executive Directors as on March 31, 2011 are as follows:

Names	No. of Shares held
Mr. S. Rajgopal #	900
Mr. S. N. Talwar	6,000
Mr. M. M. Chitale	1,086
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:

The Committee has been in place since 2001. As on March 31, 2011 the Shareholders' / Investors' Grievance Committee comprised of 1 Non-Executive Director and 2 Executive Directors.

iii) Meetings:

During the year, the Committee held 4 meetings on May 17, 2010, July 27, 2010, October 18, 2010 and January 17, 2011. 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	4	2
Mr. A. K. Jain†	Chairman	4	4
Mr. J. P. Nayak	Member	4	4
Mr. R. N. Mukhija§	Member	4	3
Mr. V. K. Magapu‡	Member	4	1

* Ceased to be member w.e.f. 27.07.2010
§ Ceased to be member w.e.f. 23.10.2010
† Mr. A. K. Jain was appointed as Chairman w.e.f. 27.07.2010.
‡ Inducted as a member on 08.11.2010

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

iv) Number of Requests / Complaints:

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

During the year under review, 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	106	106	NIL
Shareholder Queries:				
Dividend Related	269	7,557	7,688	138
Transmission / Transfer	31	1,115	1,128	18
Demat / Remat	8	666	669	5

* Investor queries / complaints shown outstanding as on March 31, 2011 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 49 meetings during the year and approved the transfer of shares lodged with the Company.

G. OTHER INFORMATION

a) Training of Directors:

All our Directors are aware and are also updated as and when required, of their role, responsibilities & liabilities.

b) Information to Directors:

The Board of Directors has complete access to the information within the Company, which inter alia, includes items as mentioned on Pages 48 and 49 in Annexure 'C' to the Directors' Report.

Presentations are made regularly to the Board / N&R Committee / Audit Committee (AC) (minutes of AC & N&R Committee 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.

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 Independent Company / Business Unit, to the Board. Such interactions also happen when these Directors meet senior management in IC meetings and informal gatherings.

c) 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.

d) Statutory Auditors:

The Board has recommended to the shareholders, the re-appointment of Sharp & Tannan (S&T) as Statutory Auditors. S&T has furnished a declaration confirming their independence as well as their arm's length relationship with the Company, also 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. Mr. R. D. Kare has signed the audit report for 2010-11 on behalf of S&T.

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.larsentoubro.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: April 26, 2011

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
2009-2010	August 26, 2010	3.00 p.m.
2008-2009	August 28, 2009	3.00 p.m.
2007-2008	August 29, 2008	3.00 p.m.

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

Annual General Meeting held on August 26, 2010:

- To approve payment of commission to non-executive directors not exceeding 1% of the net profits of the Company.
- To approve raising of capital through QIP's by issue of shares / convertible debentures / securities upto an amount of USD 600 million or ₹ 2700 crore.
- To approve re-appointment of Statutory Auditors and remuneration payable to them.

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 ₹ 2400 crore.
- To approve re-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 ₹ 2400 crore.
- To approve re-appointment of Statutory Auditors and remuneration payable to them.

g) Postal Ballot:

No special resolution was passed through Postal Ballot in 2010-11. None of the Businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot. In April 2011, the Company has sought shareholders' approval through postal ballot for transfer of the Electrical & Automation ("E&A") business of the Company, to a subsidiary and / or associate company or to any other entity.

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 pages 164 to 174 of the Annual Report.
3. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2011 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 & Equity Analysts 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 subsidiary are available in downloadable formats. It will also be made available on the websites of the Stock Exchanges.
Corpfiling	Information to Stock Exchanges is now also being filed through corp-filing. 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 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.

H. GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting:

The Annual General Meeting of the Company has been convened on Friday, August 26, 2011 at Birla Matushri Sabhagar, Marine Lines, Mumbai – 400 020 at 3.00 p.m.

b) Financial calendar:

1.	Annual Results of 2010-11	May 19, 2011
2.	Mailing of Annual Reports	Third week of July, 2011
3.	First Quarter Results	During first week of August, 2011 *
4.	Annual General Meeting	August 26, 2011

5.	Payment of Dividend	August 30, 2011
6.	Second Quarter results	During third week of October, 2011 *
7.	Third Quarter results	During fourth week of January, 2012 *

* Tentative

c) Book Closure:

The dates of Book Closure are from Friday, August 19, 2011 to Friday, August 26, 2011 (both days inclusive) to determine the members entitled to the dividend for 2010-2011.

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).

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

e) Listing Fees to Stock Exchanges:

The Company has paid the Listing Fees for the year 2011-2012 to the above Stock Exchanges.

f) Custodial Fees to Depositories:

The Company has paid custodial fees for the year 2011-2012 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

g) Stock Code / Symbol:

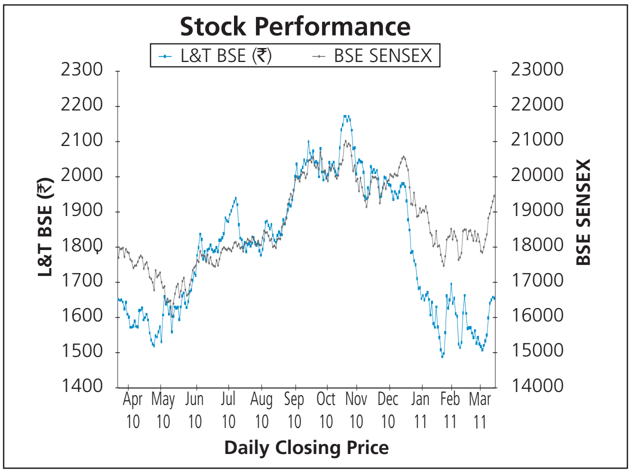
The Company's equity shares / GDRs are listed on the following Stock Exchanges and admitted for trading in London Stock Exchange:

Bombay Stock Exchange (BSE)	:	Scrip Code - 500510
National Stock Exchange (NSE)	:	Scrip Code - LT
ISIN Equity	:	INE018A01030
Reuters RIC	:	LART.BO
Luxembourg Exchange Stock Code	:	005428157
London Exchange Stock Code	:	LTOD

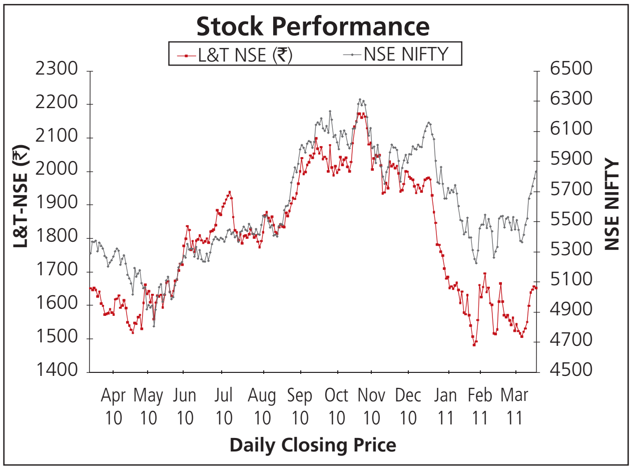
The Company's shares constitute a part of BSE 30 Index of the Bombay Stock Exchange Limited as well as NIFTY Index of the National Stock Exchange of India Limited.

h) Stock market data for the year 2010-2011:

Month	L&T BSE Price (₹)			BSE SENSEX		
2010	High	Low	Month Close	High	Low	Month Close
April	1,660.90	1,550.00	**1,608.35**	18,047.86	17,276.80	**17,558.71**
May	1,680.00	1,475.10	**1,628.60**	17,536.86	15,960.15	**16,944.63**
June	1,843.75	1,587.00	**1,804.55**	17,919.62	16,318.39	**17,700.90**
July	1,949.00	1,780.15	**1,797.10**	18,237.56	17,395.58	**17,868.29**
August	1,887.00	1,763.70	**1,812.45**	18,475.27	17,819.99	**17,971.12**
September	2,074.60	1,685.00	**2,044.70**	20,267.98	18,027.12	**20,069.12**
October	2,117.00	1,928.80	**2,021.85**	20,854.55	19,768.96	**20,032.34**
November	2,212.00	1,907.25	**1,949.85**	21,108.64	18,954.82	**19,521.25**
December	2,064.00	1,918.70	**1,979.05**	20,552.03	19,074.57	**20,509.09**
2011						
January	1,998.10	1,555.00	**1,641.15**	20,664.80	18,038.48	**18,327.76**
February	1,723.70	1,463.05	**1,528.05**	18,690.97	17,295.62	**17,823.40**
March	1,932.95	1,503.05	**1653.25**	19,575.16	17,792.17	**19,445.22**



Month	L&T NSE Price (₹)			NIFTY		
2010	High	Low	Month Close	High	Low	Month Close
April	1,661.85	1,546.90	**1,615.05**	5,399.65	5,160.90	**5,278.00**
May	1,684.70	1,475.10	**1,631.35**	5,278.70	4,786.45	**5,086.30**
June	1,843.00	1,585.00	**1,808.95**	5,366.75	4,961.05	**5,312.50**
July	1,950.70	1,780.00	**1,794.30**	5,477.50	5,225.60	**5,367.60**
August	1,886.50	1,762.00	**1,813.65**	5,549.80	5,348.90	**5,402.40**
September	2,075.00	1,802.00	**2,053.15**	6,073.50	5,403.05	**6,029.95**
October	2,119.90	1,928.10	**2,027.80**	6,284.10	5,937.10	**6,017.70**
November	2,212.70	1,894.75	**1,950.05**	6,338.50	5,690.35	**5,862.70**
December	2,064.00	1,918.55	**1,979.25**	6,147.30	5,721.15	**6,134.50**
2011						
January	1,998.00	1,572.65	**1,641.10**	6,181.05	5,416.65	**5,505.90**
February	1,725.00	1,461.00	**1,527.95**	5,599.25	5,177.70	**5,333.25**
March	1,696.55	1,502.20	**1,651.90**	5,872.00	5,348.20	**5,833.75**



i) Registrar and Share Transfer Agents (RTA):

Sharepro Services (India) Private Limited, Andheri, 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.

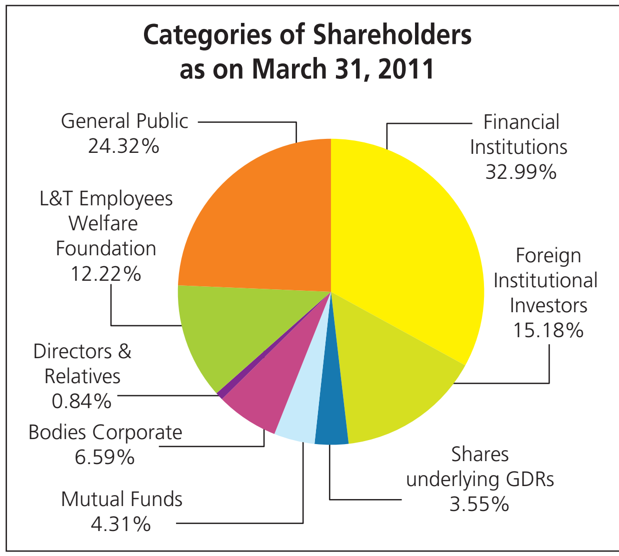
As required under Clause 47-C of the Listing Agreement, a certificate on half yearly basis confirming due compliance of share transfer formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

k) Distribution of Shareholding as on March 31, 2011:

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	8,06,176	94.46	5,96,50,936	9.80
501 – 1000	25,760	3.02	1,89,05,533	3.11
1001 – 2000	11,647	1.36	1,67,02,835	2.74
2001 – 3000	3,415	0.40	84,31,118	1.38
3001 – 4000	1,717	0.20	60,43,710	0.99
4001 – 5000	999	0.12	45,30,892	0.75
5001 – 10000	1,909	0.22	1,33,87,352	2.20
10001 and above	1,862	0.22	48,11,99,750	79.03
TOTAL	8,53,485	100.00	60,88,52,126	100.00

l) Categories of Shareholders is as under:

Category	31.03.2011		31.03.2010	
	No. of Shares	%	No. of Shares	%
Financial Institutions	20,08,33,146	32.99	19,85,77,575	32.98
Foreign Institutional Investors	9,24,07,708	15.18	8,69,55,554	14.44
Shares underlying GDRs	2,16,46,059	3.55	1,62,02,709	2.69
Mutual Funds	2,62,45,751	4.31	3,24,73,907	5.39
Bodies Corporate	4,01,23,114	6.59	3,77,85,910	6.27
Directors & Relatives	51,00,566	0.84	64,23,782	1.07
L&T Employees Welfare Foundation	7,44,04,116	12.22	7,44,04,116	12.36
General Public	14,80,91,666	24.32	14,93,71,855	24.80
TOTAL	60,88,52,126	100.00	60,21,95,408	100.00

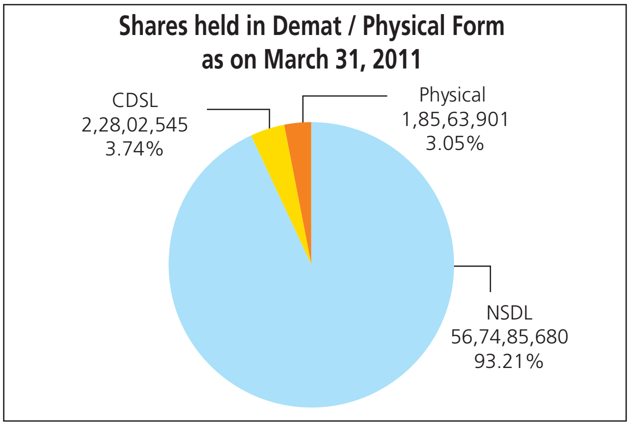


m) Dematerialization of shares:

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in dematerialized form. The Company had sent letters to shareholders holding shares in physical form emphasizing the benefits of dematerialization.

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	56,74,85,680	93.21
Held in dematerialized form in CDSL	2,28,02,545	3.74
Physical	1,85,63,901	3.05
Total	**60,88,52,126**	**100.00**



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

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

The Company has the following Foreign Currency Convertible Bonds outstanding as on March 31, 2011:

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 Equity Shares / GDR's since issue.	NIL
(iii)	Principal Value of Bonds outstanding as at March 31, 2011	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.

o) Listing of Debt Securities:

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

p) Debenture Trustees (for privately placed debentures)

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

q) Plant Locations:

The L&T Group's facilities for design, engineering, manufacture and modular fabrication are based at multiple locations within India including Ahmednagar, Bangalore, Chennai, Coimbatore, Faridabad, Hazira (Surat), Katupalli (Ennore), Raigad, Rourkela, Mumbai, Mysore, Pithampur, Puducherry, Talegaon and Vadodara. L&T's manufacturing footprint covers the Gulf (Oman, Saudi Arabia, Dubai), South East Asia (Malaysia, Indonesia), China and Australia. The L&T Group also has an extensive network of offices in India and around the globe.

r) Address for correspondence:

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

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

1. Sharepro Services (India) Private Limited
   Unit : Larsen & Toubro Limited
   Bldg. No.13 A B, 2nd Floor
   Samhita Warehousing Complex,
   Sakinaka Telephone Exchange Lane,
   Off Andheri-Kurla Road, Sakinaka
   Mumbai-400 072.
   Tel No. : (022) 6772 0300 / 6772 0400
   Fax No.: (022) 2859 1568 / 2850 8927
   E-Mail : Lnt@shareproservices.com;
   Sharepro@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

s) Investor Grievances:

The Company has designated an exclusive e-mail id viz. IGRC@LARSENTOUBRO.COM to enable investors to register their complaints, if any. The Company strives to reply to the complaints within a period of 3 working days.

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

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

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

u) Securities Dealing Code:

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

v) 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.

w) Corporate Governance Award:

The Company was awarded the "National Award For Excellence in Corporate Governance-2010", by the Institute of Company Secretaries of India.

x) Secretarial Audit:

As stipulated by SEBI, a Qualified Practising Company Secretary carries out *Reconciliation of Share Capital 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, 2011 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 18, 2011

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, 2011 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 AND TANNAN
Chartered Accountants
ICAI Registration No. 109982W

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

Mumbai, May 19, 2011

Notes

Management Discussion & Analysis 2010-2011

Global Economic Condition

The 21st century is seeing a fundamental reshaping of the way business, society and governments operate. In recent times, the economic crisis and its repercussions have accelerated the shift of economic power from the developed to the emerging nations and exposed a fragile world with limited capacity to respond to systemic risks. As a consequence, the global economic growth has stymied and likely to traverse in an uncertain zone for some years to come.

The major challenges besetting the world economy are managing the shift in balance of power from the developed to emerging economies, increasing competition for securing natural resources, improving productivity in the wake of growing skill mismatches, non-inclusive growth in the emerging economies and above all, a looming economic uncertainty and socio-political fragility. Today the global economy is awaiting a movement where governments define new ways of relating to each other, operate in new frameworks and business models, while coping with the ever-evolving challenges.

A more thoughtful analysis reveals that global rebalancing needs to be a long-term, collaborative process. It must encompass those excluded from the fruits of global prosperity and encourage those who have prospered to continue doing so in a sustainable manner. The recent economic crisis and socio-political tensions demonstrated that systemic risks can no longer be tidily contained and addressed in a single ecosystem but require a multi-disciplinary, multi-stakeholder effort to improve the global economic system's overall resilience.

Investments from developed economies have typically flown into emerging markets, which offer more dramatic growth and strong returns. However, some of these markets are associated with high volatility and socio-political tensions, giving rise to new set of investment risks. In addition, growing consumption demand in emerging markets is driving up commodity prices, both crude oil and other raw materials which is expected to impede the global economic recovery in the medium term.

Overview of Indian Economy

The Indian economy witnessed a higher growth in GDP of 8.5% for the year 2010-2011 over a growth of 8% in 2009-2010. A strong rebound in agriculture and continued momentum in some sectors of manufacturing and construction enabled the economy to achieve a higher growth in 2010-2011. Economic growth was supported on the demand side, by private consumption during the year, and accelerated investment in the first three quarters of 2010-2011. Consumer durables, Automobile sector and engineering goods shored up the overall industrial sector performance. In 2011-2012, the projected growth rate is in the range of 8% to 8.5%.

Aided by its young demographic profile, India is regarded as one of the youngest economies in the world with considerable opportunities as a consumer market and a manufacturing hub. To achieve a sustainable growth, the country needs to push forward critical governance reforms and innovative public-private partnerships to deliver rapid and inclusive growth and an enabling environment for upgrading infrastructure.

It is encouraging that Infrastructure has been the focal point of the government's budget proposals for 2011-2012, accounting for a record 49% of total plan allocation. In order to strengthen public-private partnerships it has proposed additional avenues for financing infrastructure projects. However, the resilience of the economy would continue to get tested in the medium term by the challenges thrown up by a struggling world economy and domestic pressures of inflation and increasing interest rates.

Construction and turnkey projects business scenario

Construction industry registered a higher growth of 8.1% for the year 2010-2011 led by an increased level of activity of industrial and infrastructure construction segments. The growth trend is likely to sustain through the next year on the back of renewed thrust on infrastructure. The real estate & ITeS facility construction has gained traction, despite stringent regulations and financing issues. Increasing award of public-private projects in Airports and Ports sectors, besides the conventional Roads & Bridges sector have also triggered the growth.

The gross capital formation for 2010-2011 is lower at 7.6% as against 13.8% achieved in 2009-2010. The Core Industries registered a lower growth of 5.8% in 2010-2011, largely due to supply side constraints. The sluggish growth for the past 2-3 years in the Core Sector is dampening the fresh investment decisions. Similarly the industrial sectors saw an erratic growth trend during the year, thereby delaying new capex decisions. It is expected that with supply side constraints easing, the confidence will re-emerge for undertaking fresh capacity addition projects.

In the Hydrocarbon sector, many greenfield and brownfield projects in all segments of industry got deferred. Internationally the Middle East & North Africa (MENA) region is experiencing socio-political tensions, which is dampening the investment climate in the hydrocarbon and infrastructure sectors of the region. However, with the hardening of the crude prices, prospects for turnkey projects in the Hydrocarbon sector in India and the Middle East, have increased.

Investments in Power sector are expected to be good over the next 5 years. While there is some slippage in achieving the targeted capacity additions during the 11th Plan, major capacity additions in the thermal power segment have been planned during 12th Five-year Plan, with special thrust to super critical technology. The sector, however, needs to tackle environmental and social issues expeditiously, besides tying up fuel sources so as to achieve the targeted growth in capacity.

Business Challenges

Sustained economic growth in India on the backdrop of slow recovery internationally, will continue to attract global EPC players to the country. The emerging prospects in the Middle East are also expected to witness intense competition. Low cost Chinese power plant equipment manufacturers, armed with tariff protection and shorter delivery schedules, pose a major challenge to domestic power equipment manufacturers. On the cost front, input prices are expected to rise further. The ability of businesses to handle competition will depend upon success of technology tie ups, pre-bid alliances, cost leadership and execution excellence.

Order prospects for infrastructure, power, fertilizer, defence & aerospace, water and railways sectors largely depend upon the government's ability to implement policy decisions and finance large scale projects. Power projects and new projects in minerals and metals sector face hurdles due to issues such as land acquisition, coal linkages and environmental clearances.

With increasing proportion of large sized Engineering, Procurment & Construction (EPC) orders under execution, meeting stiff delivery schedules set by demanding customers will require smart contract management and close project monitoring to achieve sales targets.

The year 2010-2011 saw sustained increase in the prices of major inputs and raw materials. Considering the huge need for domestic infrastructure, there could be some imbalance in the demand and supply scenario leading to increasing costs and pressures on margins.

Growth Strategies & Thrust Areas

Ensuring cost competitiveness, timely execution of projects within cost estimates, managing volatility, control over working capital, achieving operational efficiency, improved supply chain management will be the key success factors for the projects and product businesses to achieve the desired growth in the medium term. The major strategies for growth are enumerated below:

- **New business structure rollout:**

  The Company has embarked upon implementation of Lakshya Perspective Plan for the period 2010-2015. The first year of the Plan has successfully commenced with completion of most of the changes in policies & processes pursuant to formation of Independent Companies (ICs) and the new structure is effective April 1, 2011. The new IC structure is expected to facilitate scalable, high impact organisational structure in the near future. The formation of ICs would empower businesses to harness sectoral opportunities, enhance competitiveness, attract talent, create leadership bandwidth, increase accountability and strengthen performance culture.

- **Capacity Expansion:**

  Kattupalli, Hazira, Talegaon, Coimbatore and Vadodara are the major locations in India where the manufacturing and fabrication facilities are being beefed up to strengthen execution capability and speed up delivery. In a major milestone, the Company commissioned the country's first private sector completely integrated facilities for the manufacture of Super Critical Boiler and Turbine Generators at Hazira, Gujarat in 2010-2011. In the year 2011-2012, the manufacturing facility of Super Critical Boiler will be operational with full indigenisation and Turbine manufacturing facility will achieve 60% indigenisation.

  The Company has strengthened its position as a major EPC player in Hydrocarbon upstream sector with the commissioning of the modular fabrication yard at Kattupalli, Tamil Nadu and successful launch of the state-of-the-art heavy-lift-cum-pipe-lay vessel - LTS 3000 in 2010-2011.

- **International Business:**

  On the international front, the Company's modular fabrication facility in Oman has been commissioned and has successfully completed fabrication of one of the heaviest jackets for a Hydrocarbon Upstream project in 2010-2011. The Electrical & Automation IC has targeted increase in the output from its overseas production facilities in Saudi Arabia and UAE in 2011-2012. Electrical & Automation IC will explore new avenues in the coming year for leveraging the medium voltage switchgear range of TAMCO, Malaysia with the existing low voltage range in the domestic market.

- Presence in Gulf Cooperation Council (GCC) countries will be strengthened considering the upcoming potential in infrastructure and hydrocarbon sectors. Opportunities will be explored with right partners for forays into Saudi Arabia and Qatar.
- New geographies like Turkey, Burma and Commonwealth of Independant States (CIS) countries are being targeted to tap opportunities in mid & downstream sector by the Hydrocarbon IC. Brazil has plans for refinery expansion and HES IC will focus on developing local partnerships to exploit this potential.
- The subsidiary companies in China will tap the export market for Rubber Processing Machineries and Valves in the Middle East and Brazil by leveraging on the Company's established client relationship and brand image, besides strengthening the customer base in the local market.

- **Thrust Areas of Project Businesses:**

  The ICs in project business will focus on expanding customer base, strengthening business development efforts, better key account management, cost leadership, improved capacity utilization, technological tie ups to acquire capability to bid for high-end projects and forays into new business segments and geographies.

  - E&C (Projects) Division has plans to acquire new capabilities in areas of EPC for Coal Gassifier Plants, Poly Propelene Plants, Ammonia Plants, Rig Refurbishments and Sub-sea Systems. Business development initiatives will be strengthened to establish the IC as EPC player in Floating Systems.
  - Building & Factories IC and Infrastructure IC will enhance engineering and design band width to increase the proportion of high-end Design and Build jobs. Tie-ups are envisaged with leading international players for high rise construction technology and formwork. "Green Building" capability will be developed considering futuristic market trends.
  - Defence & Aerospace business has plans to form joint ventures with well-established international players in its strategic areas of interest.

- **Thrust Areas of Product Businesses:**

  Product businesses will work on enhancement of operational efficiencies, cost competitiveness and better supply chain management.

  - Various initiatives are underway to strengthen product range in Electrical and Automation IC. The IC will promote integrated solutions to gain competitive advantage.
  - The Industrial Machinery business will strengthen the product range in Apron Feeders, Mobile Crushers and Tyre Handling systems. Initiatives are planned for improving the capacity utilisation and vendor development.

- **Human Resource Development:**

  Attracting and retaining talent with requisite competencies, especially for the emerging businesses and focus on training and development to improve productivity are key thrust areas for businesses to strengthen competitive advantage. Various initiatives have been planned for career planning, employee engagement, competency building and succession planning.

The Company ended the year with a healthy Order Inflow of ₹ 79769 crore taking its Order Book position to ₹ 130217 crore, giving good revenue visibility in the medium term. Accordingly, the Company is setting its vision on a long term growth trajectory to achieve higher levels of value creation to its stakeholders.

In this backdrop, the Company's business divisions and the Subsidiary & Associate Companies present their operations review for the year 2010-2011.

Twin-tower complex at the L&T Campus in Chennai.

Engineering, Construction & Contracts Division

Overview

Engineering, Construction & Contracts Division (ECCD) undertakes engineering, design and construction of infrastructure, buildings, factories, water supply and metallurgical & material handling projects covering civil, mechanical, electrical and instrumentation engineering disciplines. Supported by a proven track record of over sixty-seven years, covering all types of buildings, industrial sectors and infrastructure development, the Division undertakes lumpsum turnkey construction with single-source responsibility. The Division has to its credit many prestigious land-mark constructions in the country. The Division has secured the 34th rank amongst the top 225 Global Contractors [source: Engineering News Record (ENR) August 30, 2010], improving its ranking over the last 5 years from 54th rank in ENR 2006.

Business Environment

The year 2010-2011 has been quite challenging for the construction industry as a whole. The overall Order Inflow to the industry has been tapering down over the last two years mainly on account of delayed project award with respect to Government contracts, increasing incidences of regulatory/ environmental issues and moderating outlook on real estate growth. However, with increasing emphasis on infrastructure development as a primary driver of economic growth in the 12th Five Year Plan, such initial delays in awarding of projects are considered to be only transitory in nature. Corroborating this, towards the end of the fiscal, the Order Inflows have started showing steady improvement.

For the construction industry, the primary drivers of growth remain robust. Business is expected to grow steadily over time pivoting on the three prime drivers viz; (a) infrastructure development; (b) core sector capacity enhancement; and (c) urbanisation. These growth drivers are irreversible and are underpinned by India's growing domestic demand and the existing social and physical 'infrastructure deficit'.

Construction industry is by nature pro-cyclical with greater sensitiveness to business cycle upturns/downturns. Keeping in balance, the present global and domestic economic scenario, the domestic construction sector is expected to grow in the range of 11-13% in nominal terms in 2011-2012.

Opportunities & Challenges

The Union Budget 2011 lays greater emphasis on infrastructure development with huge budgetary allocation for development expenditure. Additional initiatives on financing of private–public-partnership projects would give a fillip to faster financial closure. More importantly, project monitoring and delivery has been given adequate focus. Given the huge gap between infrastructure demand and supply in a rapidly growing economy like India, all businesses relating to urban infrastructure, power, roads & water would witness decent growth over a sustained period. Moreover, growth in Infrastructure sectors is relatively less sensitive to business cycles and thus forms a stable source of business.

With many segments of the manufacturing sector functioning at near capacity levels, there is need for supply augmentation through additional capacity creation in core sectors like ferrous and non-ferrous metals & chemicals etc. Thus, need for incremental capacity creation in core manufacturing sector is a long term trend in a domestic demand based growing economy like India. Construction industry especially the larger firms, are set to gain from this.

Rapid urbanisation, growing middle class income levels and the changing dimensions of urban needs would remain the primary driver for real estate demand for a long time. Notwithstanding, the relative sensitiveness of this sector to interest cycles and income cycles, the trend is very strong in India and would result in enormous business opportunities for the construction industry. The consequent need to enhance urban Infrastructure will further enhance construction opportunity.

Though real estate development in the Middle East had considerably slowed down in 2010-2011, the planned investments in infrastructure and oil & gas would offer enormous potential for the Division's International Business, particularly in Power Transmission & Distribution and Infrastructure.

ECCD is organised into Independent Companies (ICs) focusing specific businesses namely Building & Factories IC, Infrastructure IC, Metallurgical & Material Handling IC and Power Transmission & Distribution IC. Railway Infrastructure business unit of the Company focusses on construction of railway projects.

Buildings & Factories Independent Company (B&F IC)

Buildings & Factories Independent Company (B&F IC) undertakes engineering design and construction of airports, IT office spaces & institutional buildings, hospitals, hotels, residential buildings and factories and cement plants. The IC's thrust on providing *"Concept to Commissioning"* solutions to its customers across various business segments continues to be the key driver to maintain its leadership position, retaining the Key Customers and securing major orders.

Some of the major orders secured during the year 2010-2011 include design & construction of station buildings for Hyderabad Metro, construction of Seawoods Phase I complexes, construction of IT park for TCS, MRO (Maintenance, Repair and Overhaul) facility at Nagpur, AIIMS hospitals at Jodhpur & Bhubaneswar, residential buildings in Mumbai and Delhi (IREO, M3M, Wadhwa ,Godrej, Bengal NRI), factories (Maruti, P&G, COD Jabalpur) and cement plants for major industry leaders. B&F IC also achieved a significant mile stone by securing a major airport order in the international arena at Salalah, Oman in consortium with Galfar Engineering & Contracting SAOG.

A section of the swanky new terminal at Mumbai airport.

Wankhede Stadium, Mumbai – iconic venue of the cricket World Cup. L&T refurbished the stadium and provided critical switchgear.

B&F IC is fully geared up on the technology front for undertaking the new trends in civil engineering and construction technology like high rise towers, green buildings, MRO facilities and precast housing. Various initiatives including technological tie-ups have been implemented to improve upon the execution/delivery capabilities of complex and large value orders.

B&F IC has reported a significant growth in the revenues during the year 2010-2011. Some of the key notable projects completed by B&F IC include the Delhi International Airport Terminal 3 (well before the Common Wealth Games), Mahatma Mandir at Gandhinagar (completed in a record time of 182 days, which hosted the event of Vibrant Gujarat 2011) and Wankhede stadium project (which hosted Cricket World Cup finals 2011). The completion of these prestigious projects within stringent time line, demonstrates the B&F IC's superior project management/project execution capabilities in handling large design & build projects.

The opportunities in airport expansions, IT campus developments, upcoming metro stations, government thrust on hospitals and demand for affordable housing and factory expansions/ additions will be key drivers for the B&F IC's growth. On the back drop of a healthy order book, B&F IC is poised to register a satisfactory growth in the revenues during the year 2011-2012.

Infrastructure Independent Company (Infra IC)

Infrastructure Independent Company undertakes construction of roads and runways, land & marine bridges, elevated corridors, interchanges, elevated bridges, metros, ports, special bridges, hydel projects, nuclear facilities and defence projects.

- **Roads:** National Highway Authority of India (NHAI) remains the main contributor to the development of roads in the National Highways through Public Private Partnership model. During the year 2010-2011, Infra IC secured two BOT projects – Krishnagiri Walajahpet in Tamil Nadu and Gandhidham Samakhiali in Gujarat. It has also secured a project from a leading developer for the construction of Kandla – Mundra road. Infra IC is also looking at the opportunities available in international arena at UAE, Oman, Saudi & Qatar. During the year 2010-2011, Infra IC secured two major orders namely Al Sowah cable stayed bridge and Sheikh Khalifa interchange in Abu Dhabi.

- **Metros, Ports & Special Bridges:** Presently Metro projects are underway, mainly in Delhi, Chennai, Bangalore, Mumbai and Hyderabad. During the year 2010-2011, Infra IC secured the orders of Hyderabad Metro and the underground package of Chennai Metro. This year also witnessed successful completion of Delhi Metro.

  The Ports segment also has good potential with many private developers investing in development of greenfield ports.

At present, Infra IC is constructing L&T's own greenfield port cum shipyard project at Kattupalli near Chennai.

- **Hydel:** Hydro Power Sector has good potential in India as renewable source of energy. A positive trend is noticed in 2010-2011, that a few of the DPRs by private sector have been submitted to central water commission for techno commercial clearance. Further, Government of India has decided to accelerate the implementation of projects in Bhutan through the Indo-Bhutan co-operation agreement. All these developments augur well for the Hydel business.
- **Nuclear Construction:** Market opportunities are yet to unravel in a big way in nuclear power sector. However, Infra IC is fully geared up to take active part in India's Nuclear Power Programme.

Infra IC has started of focussed initiatives on cost competitiveness, value engineering and Strategic tie-ups which would assist the IC in reaching leadership position in its business. The thrust on Infrastructure by the Government continues to be the key driver.

Infra IC is clearly focussed in capitalising the current market trend. With specific thrust on business development, the IC is looking at new opportunities across the various business segments in India and on International front. With the healthy Order book, Infra IC is confident of registering a satisfactory growth in revenues during the year 2011-2012.

Rail Infrastructure Business

The Company established Railway Business Unit (RLBU) to cater to the emerging Rail Infrastructure projects in Urban Mass Transport Systems, construction of facilities for manufacturing and maintenance of Railway Rolling Stock and cross country rail connectivity projects in a focused manner. Within a short period, RLBU has established itself as a unique service provider for delivering turnkey solutions in various types of Railway projects, particularly in the areas of dedicated rail connectivity projects for Core Sector infrastructure developers, Railway Workshop modernisation/ upgradation projects and being a Systems Integrator for Mass Transit projects. The range of capabilities developed and services offered include Railway Electrification, Railway Signalling & Telecommunication, Railway Track laying, Infrastructure construction (both elevated and underground) and Electro-Mechanical services at stations for Mass transit projects. At present, RLBU is executing the country's first Monorail Project in Mumbai and is completing one of the largest cast-wheel manufacturing facility construction at Chhapra in Bihar for Indian Railways.

With the opening up of Rail Sector to private participation, the growing need for Rail based mass transport systems practically in all the major cities and definitive activities on the Dedicated Fright Corridor project (the flagship project of Indian Railways); RLBU sees tremendous opportunities for expanding its portfolio of various turnkey projects. Accordingly, it has

L&T constructed key sections of the prestigious Delhi Metro.

Blast furnace installation at Visakhapatnam.

built a strong engineering base at Faridabad and is leveraging on the Company's construction and project management skills in executing various on-going projects.

Metallurgical & Material Handling Independent Company (MMH IC)

The MMH IC continues to maintain its leadership position in the field of Metallurgical & Material Handling projects. Order Book is healthy as a result of good order inflow during the year. Some of the major orders received are: Blast Furnace (Paradeep Iron & Steel), Blast Furnace & Sinter Plant (SAIL - Bhilai), Continuous Annealing Plant & Coke Oven Battery (TATA Steel), EPC for Coal Crushing & Screening and Raw Material Handling System - 2 (Bhushan Steel), Pot Shells, Super structure, Project Monitoring Service (BALCO), Coal Handling Plant (GMR ,Chattisgarh) Coal Handling Plant (Elena Power Infrastructure Limited, Amravati), Coal Handling Plant (India bulls Real tech, Nashik).

MMH IC has proven, time and again its execution capabilities by successfully completing the projects ahead of time. The Major projects completed during the financial year were Dhamra port jointly developed by L&T and TATA, Upgradation of Blast Furnace #2 (SAIL - Bokaro) water supply scheme (Bisalpur Jaipur), JBIC funded Trivandrum Water supply scheme, Rayadurg & Hindupur Water Supply Scheme, Under Ground Reservoir & Booster Pumping Station for Delhi Jal Board, Anantapur Water Supply Scheme - Phase III, Nellore water supply scheme.

MMH IC is currently executing Blast Furnace & Sinter Plant for SAIL at Bhilai and the largest Pellet plant for Tata Steel at Jamshedpur and concurrently executing Thirteen Coal handling plants, which is a landmark achievement. Key success factors for the IC are high customer retention, operational efficiency and consistent performance.

Higher growth in the field of Ferrous & Non-ferrous, power sector and Government commitment towards infrastructure spending are going to be the key drivers for the MMH IC during 2011-2012. Healthy order book position gives MMH IC, better confidence of achieving the revenue growth for the year 2011-2012.

Power Transmission & Distribution Independent Company (PT&D IC)

PT&D IC offers EPC solutions in the field of Industrial Electrification, Substations, Switch Yards, Transmission Lines, Turnkey Railway Construction and Solar power. This IC has a strong presence both in India and the Middle East. Despite severe competition the IC has recorded a good growth in Order Inflow. Sales on the other hand registered moderate growth due to delay in project progress from clients, delay in order finalisations and change in order book mix tilting towards long duration jobs.

The major challenges faced by the IC are: volatility in commodity prices, environmental uncertainties and increase in competition. Initiatives such as pre-tender tie-up, hedging and continuous improvement in cost competitiveness will help to overcome the challenges.

The IC constantly widens vendor base and resorts to reverse auction for commodities to optimise the cost structure. Resource optimisation is ensured through Cluster approach i.e. managing similar projects within a geography/country through sharing of resources.

Major orders during the year include Solar orders, Ballast-less track works for Chennai Metro, E-BoP (Electrical Balance of Plant) for Amravati Thermal Power Plant in Nagpur and many Transmission Line orders in India. In the Middle-East the IC bagged more than a dozen substation and distribution orders from some of the leading players like Abu Dhabi TRANSCO, ADWEA etc. It obtained pre-qualification in countries like UAE, Qatar, Kuwait and Northern Africa for 220 KV substations/cabling, Transmission Lines upto 500KV. This would auger well for the order inflow in the years to come.

There are lot of positives for the PT&D business in India and the Middle East. In India, the Government utilities like PGCIL, NTPC and State Electricity Boards are likely to continue their investments. A sizeable amount of business is also expected from steel & material handling projects. STUs (State Transmission Utilities) will upgrade their network to 400KV/765KV levels. Solar Mission Phase – 2 will take off alongwith new Solar Business driven by Renewable Energy Certificate (REC) mechanism.

The 2011-2012 outlook for GCC countries remains positive and real GDP growth of the region is projected to accelerate to 6% in 2011-2012 from 4.8% in 2010-2011. The growth will be sustained through public infrastructure spending, supported by higher oil prices and faster non-oil growth. At the backdrop of geopolitical disturbances witnessed in MENA region, governments are proactively planning to spend more money on improving the infrastructure facilities which will pave way for more Transmission & Distribution opportunities.

Outlook

The Independent Companies have completed their strategic plans for the next 5 years with a strategic growth orientation. The thrust areas include increasing the market share, improving the competitiveness and expanding the geographical reach beyond current boundaries. However, in view of the uncertainty in some of the countries of interest, the businesses are carefully monitoring the developments in the new countries and will pitch in at an opportune time.

Overall, the outlook for the construction businesses remain strong given the macro economic indicators in general and a healthy construction order book at the year end in particular.

Transmission lines at Al Ain, UAE.

Booster compressor platform for Oil & Natural Gas Corporation.

Engineering & Construction (Projects) Division

Overview

Engineering & Construction Division designs, engineers and executes world-class projects for the hydrocarbon sector with single-point responsibility from front-end design through detailed engineering, modular fabrication, procurement, project management, construction and installation, to commissioning. Strategic alliances with world leaders enable the Division to access advanced know-how and deliver projects that meet stringent Health, Safety & Environment, quality requirements and time schedules.

The Division has a good track record of executing large size and complex projects on turnkey basis in Oil & Gas, Petroleum Refining, Petrochemicals, Fertilisers and Water Technology sectors.

Division's major capabilities include in-house engineering, R & D centers, engineering joint ventures with reputed international companies, offshore installation capabilities, world class fabrication facilities, experienced & competent project execution team and safe work culture.

Engineering & Construction Division is organised into three Strategic Business Groups (SBGs):

- Hydrocarbon Upstream
- Hydrocarbon Mid & Downstream
- Hydrocarbon Construction & Pipelines

During the year Division registered a good growth in Sales & PBIT.

Hydrocarbon Upstream (Upstream)

Hydrocarbon Upstream provides a wide range of EPC solutions and covers entire value chain of Oil & Gas encompassing production, processing and transportation. The SBG has established a presence in Jack-up rig refurbishment market and is now looking at new build of Jack-up rigs, Floating Production Storage & Off-loading (FPSO) Topsides and Subsea business.

Upstream has successfully executed large size projects in India, GCC countries, Africa for elite clientele comprising global companies such as ONGC, GSPC, Songas, Qatar Petroleum, Maersk Oil Qatar and Bunduq.

It has three fabrication facilities at strategically important locations – Hazira near Surat in Gujarat catering to business opportunities from West Coast of India (Mumbai High), Kattupalli near Chennai in Tamilnadu catering to opportunities from East Coast (Kakinada Gas Fields, KG Basin, South East Asia region) and Sohar at Oman catering to opportunities in and around MENA region. All fabrication yards put together have fabrication capacity of more than 100,000 MT.

During the year, the SBG expanded Upstream capabilities by commissioning Heavy Lift Cum Pipelay Vessel LTS 3000. In line with Strategic Plan 2010-2015, Upstream is targeting major projects in International region and key business development personnel are appointed and are located in these regions.

A major milestone for the SBG was achieved with the engineering & fabrication of heaviest jacket of 13200 MT at Oman yard in record time of ten months and achieving a smooth load out for ONGC's Mumbai High North Project. Another milestone was achieved in terms of sail out of fully refurbished Jack-up Rig. Significant efforts were put in to develop the yard at Kattupalli on a fast track basis and operationalise it for fabricating platform deck for the GSPC projects during the year.

Hydrocarbon Mid & Downstream (HMD)

Mid & Down Stream offers turnkey solutions encompassing engineering procurement, construction and commissioning (EPCC) to Petroleum Refining, Petrochemicals, Fertiliser and Onshore Gas Processing sectors.

It mainly operates from Mumbai, Vadodara and Faridabad. As a part of internationalisation initiative, business development capabilities are established in Sharjah (UAE) and Al Khobar (KSA).

HMD has been prequalified with all major state owned oil and gas producers in MENA and SEA regions such as ADNOC, KNPC, KOC, QP, Saudi Aramco, PDO, GASCO, ENOC, Chemanol, BANAGAS and Petronas to bid for large value EPC projects.

On domestic front HMD clientele includes PSU customers like IOCL, HPCL, BPCL, CPCL, ONGC, MRPL, OMPL, KRL, GNFC, NFL, RCF, IFFCO and private customers like RIL and Cairn.

HMD has built the capabilities and resources to execute multiple large value complex projects simultaneously meeting stringent safety, quality and delivery schedules.

HMD has rich experience of project execution with diverse technologies like UOP, Axens, Haldor Topsoe, CB&I Lummus, Black & Veatch, Ortloff, ExxonMobil, BOC Parsons, Du Pont (Invista) and Davy Process Technologies.

HMD has actively participated in almost all the fertilizer projects in India. Through strategic alliances with internationally renowned companies, the Company has access to world-class technologies offering process for manufacture of ammonia and urea. It has three Ammonia Plant modernisation projects under execution which are progressing as per schedule.

HMD has substantial experience in executing hydrogen generation and synthesis gas generation projects. It is foraying into Gas processing segment

and has two projects under execution for additional gas processing facilities from ONGC.

Having successfully executed two petrochemical projects, it is currently executing Aromatics Complex for OMPL at Mangalore.

Major jobs completed during the year include Sulphur Recovery Unit, (IOCL, Gujarat), Naphtha Cracker and Associated Units (IOCL, Panipat), Isomerisation Unit (IOCL,Panipat), Lube Oil Base Stock, (HPCL, Mumbai), Hydrogen Generation Unit (GGSRL, Bhatinda) & DCU Heater (IOCL, Gujarat)

Sulphur recovery plants for Indian Oil's Gujarat refinery.

Gas pipeline for Qatar Petroleum at Ras Laffan.

Hydrocarbon Construction & Pipelines (HCP)

HCP undertakes turnkey construction of Refinery, Petrochemicals, Chemical Plants, Fertilizers, Gas Gathering stations, Crude Oil & Gas Terminals, Underground cavern storage system for LPG and Cross-country pipelines in Oil & Gas covering civil, structural, piping, equipment and heavy lift works.

Major capabilities include Engineering Design & Research Centers, Heavy Lift Competency, Health Safety Environment Culture and Quality adherence.

HCP has recently executed prestigious orders for Cairn Energy India Limited for the development of their Oil & Gas fields in Rajasthan and the cross-country crude oil pipeline for conveying waxy crude from Barmer, Rajasthan to Salaya, Gujarat.

To cater to international market, it has business development offices at Sharjah and Saudi Arabia. It also has entire set up of project execution comprising workmen, efficient project & construction management systems supported by a fleet of key construction equipment, including all-terrain cranes, entire range of pipeline spreads & earthmoving equipment.

In order to service the clients in the MENA region more effectively the HCP has entered into joint venture with reputed local partners in Oman, Kuwait and Saudi Arabia

Business Environment

Domestic market, which is a major contributor to revenues, is increasingly getting flooded with new aggressive competitors, both Indian and foreign.

The Division is taking actions in terms of improving cost competitiveness, diversifying into new geographies & venturing into new product lines.

During the year a few orders got deferred both on domestic as well as on international front. The uncertainty over gas allocation policy and subsidy sharing has impacted the award of major fertilizer orders in India. In Middle East region, there is slow progress on tendering of projects particularly on account of recent political tensions. However, HCP has been successful in bagging a few orders with reputed clients.

During the year, there were input costs pressures on account of rising commodity prices and general inflationary situation. However, the Division has been able to maintain the operating margin through various initiatives undertaken such as expanding vendor base, low cost country sourcing, frame rate agreements with suppliers, value engineering & improved contract management.

Significant Initiatives

For sustaining growth momentum, Strategic Plan “Lakshya 2015” has been formulated identifying the key strategic initiatives along with milestone driven roadmaps.

Some of the key highlights of the year include:

- Pre-qualifications with major E&P International customers like Saudi Aramco, Abu Dhabi Marine Operating Company (ADMA OPCO), Zakum Development Company (ZADCO);

- Appointment of key business development personnel in targeted International regions;
- Tie-ups for new lines of business such as Air Separation Units, Coal Gasification
- Breakthrough in bagging Gas Processing & Rig Refurbishment order in India;
- Fast Track Development of Kattupalli Fabrication yard;
- Heavy Lift cum pipelay vessel has been commissioned and performed it's maiden offshore operations for Petronas.

Focus on operational excellence exercise is continuing for strengthening proposal engineering, project execution & controls, contract management, asset utilisation. Besides, the Division is integrating supply chain with construction plan and optimising the cost structure.

Moreover, the Division took some major steps to strengthen the safety culture across the organization and is working with DuPont Safety Systems.

Talent management

Hydrocarbon IC has a strong resource base of skilled and experienced people working in various disciplines. The ability to attract, develop and retain talent determines the strategic capability of organisations. A premium is placed on how talent is sourced, selected, trained, promoted and moved across the organisation.

Various leadership development programs have been initiated to groom emerging leaders across various levels.

Focused approach is adopted to increase employee engagement thereby improving productivity & creating feel good factor within the organisation.

Risk management

The Division has a matured Risk Management Process in place with clear policies and guidelines. Risk Management processes are ingrained in the system and have become an inherent part of our day to day operations. The process is aimed at Identification, Assessment and Mitigation of risks from pre-bid to completion of the project.

The Division has various challenges in the form of increasing competition, manpower attrition, newer geographies, forex and commodity price fluctuation. The same is mitigated through specific actions like appointing local representatives in target countries, proactive hedge management, operational excellence initiatives and employee engagement initiatives.

The Division has further strengthened its commitment to Risk Management processes by adoption of Industry best practices. Project Managers are undergoing Risk Induction Program conducted by ECRI (Engineering & Construction Risk Institute) on a continuous basis to get acquainted with Global Best Practices in Engineering & Construction Risk Management. Risk Management process is institutionalised across the Division and is contributing in enhancing/protecting operating margins.

Outlook

The world economy is seeing a turnaround. However, the recovery is

Jack-up drilling rig (right) for Lynemouth Drilling, U.K. and 13,500-tonne jacket for ONGC at L&T's Modular Fabrication Yard in Sohar, Oman.

L&T's heavy lift-cum-pipelay vessel installs a jacket off Malaysia.

uneven and vulnerable to downside risks. Political uncertainties in Middle East region have posed serious challenge to global recovery. Fiscal deficit position of US & major economies in Europe also adds up to cautious view on the growth momentum.

While developed economies are showing some sluggishness resulting in rise in unemployment levels, emerging economies have come back on growth track.

High crude oil price scenario is expected to continue in the near term. The induction of stimulus packages into the economy has created liquidity and thereby leading to inflationary pressures and higher commodity prices.

Worldwide Oil & Gas Capex plans are expected to remain high and are expected to provide good prospects to the business of the Division in 2011-2012.

Some of the key factors which will support growth in near future are:

- Increasing brownfield prospects especially in Middle East and North Africa region
- Market for new built Jack-up Rigs and FPSOs looking up in addition to the refurbishment market
- Refining units in India are going for downstream petrochemical units for Value Added Products (VAP)
- Good prospects are seen in new lines of businesses such as Gas Processing, Poly Propylene (PP) & Coal Gasification
- "Infrastructure" status given to fertilizer industry has created conducive environment for revamping & modification of fertilizer plants.
- With increased thrust on gas production and transportation, boost in investments in cross country gas pipeline projects is expected

On the back of healthy order book and good prospects during 2011-2012, the Division is expected to achieve healthy growth in the coming year.

Supercritical turbine under assembly at L&T's Hazira campus.

EPC Power Division

Overview

The 2010-2011 has seen the emergence of EPC Power Division as a credible player in the power sector. This is gratifying as the success of EPC Power is critical to the Company's performance. Definitive steps have been taken by the Division, whereby, the Company will be providing equipment and services encompassing nearly 75% to 85% in value terms of a thermal power plant.

On January 11, 2011, the Company dedicated its Boiler and Steam Turbine Generator manufacturing facilities at Hazira, Gujarat to the nation. The facilities have been set at an investment of nearly ₹ 2000 crore, to usher in a new era of super critical technology equipment in Indian power plants.

The year also saw substantial progress in setting up the facilities for manufacture of Power Auxiliaries at Hazira. The high pressure piping fabrication facility was commissioned and production has commenced in March 2011.

The facility for manufacture of Electrostatic Precipitators in Hazira, Gujarat is nearing completion and due for commissioning by September 2011. The joint venture with Howden, UK for the manufacture of axial fans and air-preheaters also made good progress in terms of factory construction and equipment ordering. With this EPC Power will have in-house capabilities to provide nearly 85% (by value) of equipment/services required in a power plant.

Performance Highlights

During the year, the ongoing projects made good progress, in line with the schedules. The Steam Turbine Generator (STG) for Unit 1 and all the Turbine components were delivered at the 2x800 MW site of APPDCL, Krishnapatnam. The 2x384 MW Gas-based power project of GMR group at Vemagiri near Rajahmundry, Andhra Pradesh maintained a brisk pace of execution and was ahead of schedule throughout. The first Gas Turbine is scheduled to be fired in the second quarter of 2011-2012.

The two BOP projects under execution for the Madhya Pradesh Power Generation Company Limited at Shree Singaji Thermal Power Project Khandwa, Madhya Pradesh and for DB Power Limited at Janjgir-Champa, Chhatisgarh have progressed satisfactorily. The Boiler Foundation at DB power site was completed within a record time of 4 months to help the customer catch up progress on the BTG scope executed by BHEL.

Customers having experienced the Division's project management and execution capabilities have appreciated the speed, responsiveness and dexterity of the Division. The Division has strived to create its own benchmarks in setting up site infrastructure. This coupled with its swiftness in mobilising personnel and equipment at site have only reinforced the confidence reposed by its customers.

Natural gas fired combined cycle power plant at Vemagiri in Andhra Pradesh

Business Environment

Power continues to be a thrust area in India due to the continuing scarcity across several regions. Several state owned entities and also Independent Power Producers (IPP) have planned new power plants as well as expansion of existing power plants based on thermal power, both gas and coal. Several measures are planned by the Government to promote investments in the power sector.

Despite the focused approach towards increasing the power generation capacity, the planned capacity additions and expansion in the sector have not met target. The planned addition as per the Eleventh Plan was about 78000 MW but the expected addition is likely to be around 51000 MW. The Twelfth Plan [2012-2017] envisages capacity addition of 105000MW in power development with thermal power expected to be the biggest beneficiary.

The government policy of encouraging companies in the state owned sector to source equipment from local manufacturers has seen several players foraying into power equipment manufacturing. Some of the players who are already in various stages of setting up greenfield facilities include JSW-Toshiba, BGR-Hitachi and Doosan. But most of these facilities are expected to take time in commissioning. The L&T-MHI combine with its lead of 2 years is expected to enjoy the first mover advantage for some time. Government policy of focusing more on Super-critical technology than Sub-critical technology gives an impetus to the Division's growth prospects.

Several IPP's are also continuing to source from Chinese suppliers despite concerns regarding performance. This coupled with the new capacities being added by both new and existing players could result in the power equipment market seeing overcapacity in a few years time resulting in a highly competitive environment. Absence of import duty on such supplies provides the Chinese Vendors a definitive advantage vis-à-vis supplies from indigenous facilities.

There has also been a tendency of IPP's to demand substantially smaller project schedules primarily on account of the quicker delivery schedules for critical equipment being offered by Chinese suppliers as well as the need to cash-in on the prevailing higher merchant power rates that could see a major drop as power supply in the country increases.

Some concerns prevail on the policy front as well. Several projects have seen delays due to concerns regarding the environmental impact, issues relating to land acquisition and compensation, non-availability of fuel linkages and water etc. Recent directives from the Ministry of Environment & Forests with regard to mining of coal as well as requirement for environmental clearance are likely to exacerbate the situation. Even on the gas front, the initial euphoria over discoveries in the KG D6 basin has not seen translation in the form of large investments for commercial exploitation of the assets.

The availability of gas for power plants has remained a contentious issue resulting in the investments in gas based power plants not being apace with those seen in the coal based power plants.

These issues relating to fuel and environment management, need to be viewed with a five to ten year perspective and concerted action is required to ensure the investments in the power sector continue if not expand from the trend seen in past few years.

If the target capacity additions envisaged in the 12th and 13th five year plans are to materialise, the policy environment has to be made conducive for investments and there has to be clarity on all the fronts.

The emergence of several new players in the generation as well power equipment manufacturing space has led to an acute shortage of skilled human resources for the power sector. In the medium to long-term, possible technological breakthroughs in non-conventional power generation, reduced availability of fossil fuels as well as water can present considerable risk to the company's business.

Significant Initiatives

The Division and subsidiaries under it namely, L&T-MHI Boilers Private Limited and L&T-MHI Turbine Generators Private Limited received ISO9000:2008 certification during 2010-2011.

The integration of the 'Thermal Power Plant Construction (TPPC)' business unit into EPC Power brings all the power plant construction related businesses of the Company under one roof and will enable the Division to have a more cohesive approach towards project management.

The drive to become an integrated player has seen the Division focus on manufacture of various power auxiliaries.

The Division has also achieved accelerated indigenisation in its manufacturing facilities with the objective of reduction in costs and foreign currency risks that will directly translate into better pricing.

The Division has also developed capability in the ultra super critical technology space and is in the process of educating prospective customers about the proven benefits from its use.

Interface Engineering that involves integration of the STG Island with the Boiler Island and the BOP packages will bring in more cohesiveness. Additionally, the involvement of MHI in this process is expected to add substantial value and provide traction for emerging as a complete turnkey solutions provider.

During the year 2010-2011, as part of its global sourcing initiative, the Division has expanded staff at it's China office for sourcing of components. Procurement from Chinese vendors will be explored wherever possible with the objective of reducing the cost without compromising on quality.

Measures have been initiated for engineering benchmarking and

L&T's integrated capabilities cover every phase of the power value chain.

L&T's joint venture with Mitsubishi Heavy Industries introduces world-class supercritical technology in India.

product standardisation that will enhance productivity through design optimisation and standardisation, reduce engineering cycle time, facilitate sourcing advantage and enhance other project management competencies. Concerted action through the above measures will provide avenues for cost reduction as well.

Human resources are an important element and the power sector has seen increased demand for qualified and skilled resources. With a long-term perspective, the Division has identified training and development as a key activity. Several programmes are being organised in association with the National Power Training Institute (NPTI) for providing the people with the necessary skills. The Division has also appointed senior and experienced people specifically for devising training methods and conducting programmes.

Emphasis has been made on use of Information Technology for almost all the activities and processes. Implementation of SAP based enterprise software has been with a focus on business processes rather than purely as financial accounting transaction software.

The endeavor to leverage on information technology in project execution has enabled the Division in identifying the risks at inception, tracking the project progress in real time among other benefits.

There is a strong focus and emphasis on contracts and risk and management. A dedicated team of competent professionals has been assigned the task of tracking and monitoring risks arising from projects commencing from the bid stage through execution phase till project closure.

Outlook

The year 2010-2011 saw slew of power project prospects being delayed due to various reasons. With more clarity emerging on policy fronts, the Division expects several projects to be tendered this year both by IPP's and state owned entities. The policy regime now favors establishing power plants based on super critical technology and sourced from indigenous facilities. The Ultra-Super Critical Technology which is yet to be introduced in India, also will provide an avenue for innovation led growth. With most of the manufacturing facilities already commissioned, the Division is poised to harvest from the project awards expected from both private and state owned entities. Its key differentiators of execution excellence, technology leadership to offer energy efficient and resource efficient solutions will enable the Division in continuing to envisage good market opportunities.

L&T manufactured key systems for the PSLV launch. (Picture courtesy: ISRO)

Heavy Engineering Division

Overview

Heavy Engineering Division is organised into two Independent Companies (IC) namely Heavy Engineering Independent Company and Ship Building Independent Company.

Heavy Engineering Independent Company (HE IC)

HE IC manufactures and supplies custom-designed, engineered critical equipment & systems to core sector industries like Fertiliser, Refinery, Petrochemical, Chemical, Oil & Gas, Thermal & Nuclear Power, Aerospace and Equipment & Systems for Defence applications.

The IC has manufacturing & fabrication facilities at Mumbai, Hazira, Baroda and Visakhapatnam. A Strategic Systems Complex for integration and 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 Tamil Nadu to cater to the needs of precision-machined/manufactured components & assemblies.

Defence Electronics Systems design & engineering is supported through a dedicated Strategic Electronics Centre including a new product development centre at Bengaluru. Dedicated production engineering and manufacturing process development centres support manufacturing at each location. Detailed design and engineering centers support Project Management teams at all locations. The IC has three “Technology Development Centres” that operate from Powai – for new product development in process plant equipment and for strategic equipment & systems, as well as one focused on electronic systems/sub-systems.

A heavy fabrication facility, set up as a Joint Venture in Oman, manufactures a range of equipment for the hydrocarbon & power sector.

Business Environment

The Order Inflow and Sales during 2010-2011 were adversely impacted due to the overall sluggish global economic scenario in most of the business segments of the IC. The deferment/cancellation of some of the planned projects across geographies have led to a drop in Export Orders.

A number of domestic fertilizer projects are awaiting the announcement of Urea & Gas Allocation policy from the government. China offers a major business potential for Methanol plant equipment. With oil prices maintaining upward trends, the outlook for coal gasification equipment looks promising. In addition to China, there are opportunities in countries like Vietnam, Indonesia and Australia for coal gasification equipment. The IC also sees good business opportunity in prospective Indian CTL projects. Overall outlook for power plant business from Indian market is robust. However, competition from the Chinese and

'Clean Fuel' reactors being despatched from L&T's Hazira Works for Kuwait National Petrochemical Corporation.

Korean suppliers is putting pressure on the pricing. Idle capacities with competitors is putting severe pressure on margins and terms of delivery. The localisation policies of some of the countries and preference to local suppliers by some of the EPC Companies due to socio-political compulsions is putting the IC at a disadvantage. Despite the intense competition, the IC sees good prospects from revival of overseas projects in grassroot refineries and petrochemicals, as well as in refinery modification, revamp and upgrade at home.

The Defence sector shows great promise in the medium to long term – both in land and marine business segments. The Armed Forces, as well as the Indian Coast Guard have plans of large scale induction, which provides good business prospects to the IC. Ministry of Defence (MOD) continues showing preference for DPSUs shipyards by nominating major programs leaving only auxiliary ships to open competition. There are opportunities to tap in Defence offset programs and in Communication programs of the Army and Navy. With the first wave of Make programs and Buy & Make Indian programs in Defence, the IC sees major opportunities in co-development to be followed by co-production over long term.

Post Japan nuclear crisis the nuclear sector is likely to see delays in new investments and selection of suitable sites.

Significant Initiatives

In the quest for the exclusive position in the global process plant equipment business and for gaining an early-mover advantage in the defence equipment sector, the IC has embarked upon a number of key initiatives under a campaign titled "UDAAN" which means flight or breaking free to scale new heights.

Some of the major initiatives under "UDAAN" are:

- Implementing Theory of Constraints
- Enterprise-wide Collaboration for Alignment with Strategy (ECAS)
- Employee Engagement
- Innovation
- Sustainability

"Critical Chain Project management" methodology of the "Theory of Constraints" is used for improving execution and delivery performance. As an initiative to improve operational velocity, the IC has undertaken the implementation of the Strategy and Tactics (S&T) Tree during the year.

The IC had launched a major initiative - "Enterprise-wide Collaboration for Alignment with Strategy" (ECAS) - which aims at aligning operations to the strategy of customer intimacy through a collaborative culture. A number of cross-functional teams have been working on various projects for Organisational Excellence within a 90-day timeline.

Through the Employee Engagement initiative, the IC seeks to get an unbiased perception of employees on a number of dimensions. The feedbacks shape direction for future improvement initiatives and helps increasing a healthy, productive, and customer-focused work environment.

The IC nurtures its human resources and constantly focuses on talent acquisition for organizational excellence. It fosters a learning culture through training & skill-development programs.

To continuously seek newer and better ways of design, manufacturing and execution, the IC has inculcated a culture of innovation through collaboration and creative thinking. Besides, Product Lifecycle Management solution implemented across locations helps improve knowledge management and collaborative working across functions.

Automation of design and drawing activities has helped considerably in reducing cycle time of engineering activities and improving quality of the design process. Extensive automation in manufacturing operations and re-engineering of IT-enabled systems has helped the IC to improve its systems and processes.

The Technology Development Centres continuously focus on new product development and development of improved manufacturing technology. These Centres are also engaged in joint development of new products and technologies in partnership with national laboratories. Given the business scenario, business units have a mandate to create a pull on these centers to grow the share of own products in the business mix of the IC.

To consolidate all our developmental efforts in manufacturing technology, a centralised Manufacturing Technology Competency Centre has been formed. Planning Competency Centres have been created in individual Business Units in order to strengthen Planning, Methods Engineering and Project implementation.

During the year, the IC received its maiden international patent granted in 17 European countries, while 12 patent applications are awaiting clearance.

Ship Building Independent Company (SB IC)

Presently, the IC has its ship building facility operational at Hazira in Gujarat. Construction of a new modern Shipyard is in progress at Katupalli in Tamilnadu. The new yard will focus on construction and repairs/refits of Defence and Specialised Commercial Vessels.

Currently, 6 Heavy Lift/RoRo vessels are under construction at the Hazira Yard. 4 vessels are scheduled for delivery in 2011-2012 and the balance, in the following year.

Business Environment

The Heavy Lift sector has shown saturation due to large number of vessels being built in the lower segment (up to 700 ton crane lifting capacity). This has caused a lack of enthusiasm among vessel owners.

There is intense competition from Chinese and Korean yards putting pressure on both delivery terms as well as on price.

The subsidy scheme for Indian shipbuilders expired in August 2007. The Ship Builders Association of India has made representations regularly to the Government for continuation of the subsidy scheme to render competitiveness to the Indian shipyards. Industry sources project that a new

L&T's ship-building facility at Hazira is geared to manufacture specialised high-tech ocean-going vessels.

Acronitrile reactor – one of the world's largest – for a petrochemical plant in Thailand.

subsidy plan would be rolled out soon. Efforts are on through various forums to maintain the same level of subsidy as in the earlier scheme.

Significant Initiatives

The shipyard management is focusing on establishing proper systems and processes to increase the operational efficiencies and reduce cycle time to meet customer expectations on quality and delivery. There have been sustained efforts to tie-up with a major global shipyards for technology transfer. The Company has also recruited industry experts to train our existing staff to enable us to achieve global standards of quality shipbuilding.

Outlook

The HE IC sees some of the international grassroot refineries, gas & fertilizer projects heading towards financial closure, in the near future. Major domestic upgrade & expansion projects are also expected to be decided shortly. South America, Europe, Middle East and South East Asia offer good potential for upgrade/expansion projects. The HE IC also expects good prospects from overseas Gas/LNG projects. The domestic fertilizer projects are expected to take off once the Government announces its new Urea and Gas Allocation policy. Fertilizer projects are expected in gas rich regions like Brazil, Algeria, Vietnam, Malaysia, Indonesia and Russia. There are prospects for coal gasification projects from China and Australia, as well as from India.

The Japanese nuclear crisis is leading to a thorough review of Safety Standards in their ability to handle multiple natural disasters simultaneously. The Nuclear Sector Regulator is likely to be accorded autonomy for overseeing Safety of Nuclear Plants. As a result of these structural changes, slowdown of 1-2 years is expected in Nuclear Renaissance. Site selection criteria are likely to undergo change and will be more rigorous as compared to past. The HE IC is exploring new opportunities to reduce the impact.

The SB IC envisions itself to consolidate its position as an established platforms builder for the Indian Navy and Coast Guard and also enter into repairs and refits. Additional focus is being given on the Marine Equipment segment. With the opening up of the Defence sector and the thrust on indigenous product development and system integration capability, the share of private suppliers is expected to increase. The opening of the sector and indigenisation thrust by the Government is driving new private players to enter in the Defence sector. These would, in times to come, add to the competition in this segment. The upcoming shipyard at Katupalli as a deep water yard however, is expected to give the SB IC an added advantage.

It is also working on formation of Joint Ventures in key technology areas for Defence applications, with leading technology/system providers, which would lay the foundation for growth in the years to come. With the economic recessionary trend yet far from over, the coming year is likely to be challenging. However, the SB IC is well poised to harness the good market opportunities in the medium to long term.

The increasing oil prices are showing a revival in the Oil Exploration sector. Thereby, the business prospects for offshore supply vessels and other support vessels have shown an upswing, especially from the Middle East. In the backdrop of many large public/private sector companies planning to increase/replace their fleet, the domestic market shows promise for the Ship Building IC.

The other sector which shows promise is Coal, with a large number of Thermal Power plants due to come on line in the next five years. The dependence on imported coal is due to increase which will require coastal vessels to tranship from large ocean carriers. The IC also expects a growth in medium sized container vessels to carry between 2000-2500 TEU's from main line ports to feeder ports.

Overall, the Division's both ICs envisage good market opportunities in the medium to long term.

Multi-barrel rocket launch system designed by L&T.

L&T's offers India's widest range of switchgear.

Electrical & Electronics Division

Overview

The Division comprises Electrical & Automation Independent Company and Medical Equipment & Systems business.

Electrical & Automation Independent Company (EA IC)

The IC manufactures switchgear components and a host of electrical and automation products. The IC consists of two Strategic Business Groups - Products Group and Projects Group. The two business units under Products Group are - Electrical Standard Products (ESP) and Metering & Protection Systems (MPS). The two business units under Projects Group are - Electrical Systems & Equipment (ESE) and Control & Automation (C&A). The Projects Group has three subsidiary companies - L&T Electricals Saudi Arabia, L&T Electrical & Automation FZE in the UAE and TAMCO Switchgear with manufacturing facilities in Malaysia, Indonesia and Australia.

In all, the IC has five manufacturing facilities in India and six overseas facilities located in the Gulf region, south-east Asia and the Asia Pacific.

Business Environment

The Indian industrial manufacturing has shown positive signs of growth during the year with the prime drivers being Infrastructure and Power sectors. Private sector participation in Power segment has been increasing from about 11% in 2006 to 20% in 2010. De-licensing of the power generation sector, development of electricity markets and the procurement of power through competitive bidding process by distribution companies have helped increase private sector's participation.

The IC benefited from this development by bagging new orders and completed last financial year with a strong order book as well as moderate growth in the top line. A stiff competitive environment, delay in project activities in the international market, rising inflation and the volatile commodity market continue to pose hurdles to higher growth for the business.

Significant Initiatives

In order to expand its international business, Standard Products business unit identified Turkey as a potential market and participated at 'WIN Exhibition' which is the biggest industrial trade fair for electrical and electronic products and solutions in Turkey. The objective of participation was to create awareness about L&T brand, products and solutions and to establish connect with prospective customers to promote business in the new geography. The retail channel of Standard Products business unit, Disti Select Partners (DSPs), showed a significant growth in revenue with its present strength of 5,000 across the country.

Manufacturing achieved new milestones during the year. Metering business unit touched the two million mark of manufacturing energy meters, a growth of more than 100% over the previous year. One of the largest selling standard products, the second generation Moulded Case Circuit Breaker (MCCB), DH100, also created a record production by reaching two millionth mark. Metering business unit also bagged an order of supplying 7,50,000 units of meters from the Kerala state electricity board.

Electrical Systems & Equipment unit made a breakthrough with the Korean EPCs (Engineering Procurement & Construction) and booked orders for various packages of Ruwais Refinery Expansion (RRE) of Takreer in Abu Dhabi. This business unit hopes to consolidate its position in Abu Dhabi as well as with Korean EPCs as a preferred supplier.

During the year, L&T Electricals Saudi Arabia was awarded a 'frame agreement' through Bechtel Corporation for supply of Low Voltage Motor Control Centers (MCCs) to Saudi Arabia Mining Company's (MA'ADEN) integrated aluminum 'mine-to-metal' project. This frame agreement will assist the business unit for tapping investments in non-oil projects with EPC contractors of global repute.

Control & Automation business unit displayed its offerings and specialised solutions for 'Smart Grid' such as Automatic Meter Reading, SCADA/ DMS (Supervisory Control & Data Acquisition/Distribution Management System) solutions for Power Distribution Companies at the 'Smart Energy India 2011' forum in New Delhi. Through this forum, The Company's offerings in the Smart Grid space were demonstrated and Control & Automation business unit expects bigger opportunities in this arena.

The IC focused on various excellence initiatives in order to be at par with the best companies in the industry. One of such initiatives was to make the supply chain leaner and agile and successful completion of this initiative was reflected in improved order fill rate. It also contributed to Infrastructure development of Common Wealth Games by supplying more than 500 'U-POWER' Air Circuit Breakers (ACBs) along with 'D-sine' Moulded Case Circuit Breakers and various other accessories that facilitated protection and control of electrical systems of this mega sports event.

On the Human Resource front, the IC continued its effort to improve upon employee engagement. Leadership development continued to have a focus across all the businesses. Numerous initiatives were taken for developing leadership qualities in young employees.

New Product Development

The IC sustained its leadership position in the domestic market through its focus on new product Design and Development activities. The new products introduced in the last five years contributed 41% of the revenue in 2010-2011 and has resulted into highest percentage of New Product Intensity. The new products introduced during the year included Digital Panel Meters and DIN range of Meters,

L&T offers custom-engineered switchboards.

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

1000 series of AC Drives, Servo and HMI (Human Machine Interface). The year also saw products introduced in order to complete the range of MO Contactors and C Line Changeover Switches. For international market, a higher breaking capacity of Tripper range was also introduced.

There was also introduction of stored energy motor operator for Moulded Case Circuit Breakers (MCCBs), new MOG range of Motor Protection Circuit Breakers (MPCBs) and M-COMP – a complete solution for motor protection. During the same period, an iVision software system was introduced for power management, plant automation, terminal automation and high-way traffic management. On Medium Voltage front, Malaysia-based TAMCO, achieved a breakthrough in the development of Air Insulated Switchgear (AIS) of 40 kA family.

Intellectual Property Rights

The IC continues to add significantly to the Company's portfolio of Intellectual Property Rights. In 2011-2012, the IC registered a total of 151 Patent applications, 1 Trademark and 7 Designs. This was the fourth consecutive year that the IC has filed more than 100 Patent applications.

Process Improvement

The IC has always believed in continuous process improvement for all its operations. Having implemented SAP ECC 6.0 across all business locations in India, last year TAMCO Switchgear facility in Malaysia and L&T Electrical & Automation FZE in the UAE also went 'live' on SAP ECC 6.0. The SAP implementation will integrate various business processes to achieve seamless flow of information, avoid redundant processes and synchronize with the best practices across the businesses.

Continuing on its LEAN manufacturing journey for process improvement through waste reduction, the business completed 111 projects on Value Stream Mapping (VSM). In addition, 169 Lean projects were completed during the year that resulted into reduction in lead time of various processes and reduction in inventory. Under the Six Sigma initiative, 52 green belts and 17 black belts were added and 232 projects were completed. On Value Engineering front, the savings on account of various value engineering projects have added to the profitability of the business. All the process improvement initiatives have also been extended to the suppliers for improvement in the overall value chain.

The strong commitment of the business towards manufacturing excellence was showcased through a successfully conducted 'Shingijutsu Kaizen' event at Ahmednagar Switchgear Works (ASW), which resulted in the completion of several improvement projects. During the year, The IC focused on mapping its internal processes and made several improvements in order to be cost competitive and more efficient. In the process, the IC won several awards during the year. The Human Resources team won Golden Peacock award for its training and development initiatives. The Indian Value Engineering Society

(INVEST) awarded the IC the prestigious Vasantrao Rolling trophy, recognizing the successful deployment of Value Engineering methodology for material and cost saving at all levels.

Medical Equipment & Systems (MED)

Medical Equipment & Systems is a strategic business unit offering world class and state-of-the-art medical equipment to the medical fraternity. During 2010-2011 Medical Business saw increased acceptance for its Patient Monitors by renowned hospitals in the country. This business also upgraded the technology base for 'Pulse Oximetry' module and 'Non-Invasive Blood Pressure' module. In June 2010 FDA conducted an inspection of the Medical manufacturing facility at Mysore and 3 products of the Medical Business were given US-FDA approval in March 2011.

There was introduction of three new products under Patient Monitors, viz. a low cost standalone pulse oximeter – Astral P, a dual display monitor based Skyline 100 a central nurses station and a cost effective three parameter monitor – Astra. Electrosurgical units also saw introduction of two new products: Octave and VeSeal.

Outlook

The electrical sector in India is expected to significantly grow as a result of several Government initiatives. Allocation in Union Budget 2011-2012 for Rural Electrification projects under Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) is expected to boost electrical sector in the country. The Government has also envisaged significant capacity addition to meet its mission of power to all. These are major opportunities for the IC and will act as drivers of growth. The business is optimistic of robust growth through its electrical and automation solutions in sectors such as power, infrastructure, oil & gas and cement in the coming years.

On international business front, Gulf markets are expected to be the major contributors. Various Oil & Gas projects in Gulf region are showing revival and Utility industries are coming up with new projects. The business envisages a major opportunity in Qatar for the FIFA 2022 World Cup for which preparations will begin in this financial year.

Financial year 2011-2012 looks upbeat with increased Government spending in Healthcare, likely increase in number of new medical colleges and large hospitals expanding their operations. Increasing presence in the low cost segment and strengthening presence the mid to high-end segment with further skill building of sales and service workforce will remain key initiatives of this business in current financial year.

Overall, EAIC & Medical business will focus on expanding its products and services offering in domestic market, increasing international business and reducing overall level of working capital.

Control hub of a process plant, engineered by L&T.

Hydraulic tyre-curing press.

Machinery & Industrial Products Division

Overview

Machinery & Industrial Products Division (MIPD) comprises three Strategic Business Groups – Construction & Mining Machinery, Industrial Machinery and Industrial Products.

Construction & Mining Machinery SBG

This group markets and renders support for Construction & Mining Equipment and comprises the Construction & Mining marketing unit (CMB), Service centers for Earthmoving Machines. Its manufacturing JV facility for Earthmoving Machinery is located at Bangalore and the facility for undercarriage systems of its Subsidiary is at Talegaon.

Industrial Machinery SBG

Industrial Machinery SBG consists of Machinery for Paper and Pulp, Crushing, Mining and Mineral Processing Industries, Steel, Rubber & Plastic Processing Industries and also castings for Wind power and other engineering sectors. This group comprises manufacturing campus at Rourkela for Mineral Crushing Solutions, plants at Chennai for manufacturing Rubber Processing Machinery catering to tyre industry and a newly set up Foundry at Coimbatore.

The group also comprises facilities under JV Company for manufacture of Internal Mixers and Twin Screw Roller Head Extruders (TSRs) for the Tyre Industry, wholly owned Subsidiary for manufacture of Plastic Processing Machinery and a foreign subsidiary at Qingdao, China for manufacture of Rubber Processing Machinery, such as Tyre Curing Press.

Industrial Products SBG

Industrial Products SBG consists of businesses related to Industrial Valves, Welding Equipment & Products and Cutting tools. The Company's facility for manufacturing Valves for Power Sector is located at Coimbatore while the Chennai facility is under the separate JV company. The manufacturing facility for Welding products located in Gujarat under a wholly owned Subsidiary is also part of the SBG.

The Division has a separate Product Development Center at Coimbatore rendering Engineering and Product Development support across all the businesses.

Business Environment

a) Economic & Policy Environment

The Construction Equipment Industry has shown fair amount of recovery, largely on account of the road sector and pick-up in general construction activities. This has reflected in better performance of CMB in the year 2010-2011 compared to the previous year. The growth of Indian cement industry continued with finalisation of many new greenfield and brownfield projects. There has been continued investment in Pulp & Paper industry as well which fetched good orders in the year 2010-2011.

Renewed focus by the State Governments on non-conventional energy has favoured investment in wind turbines. Automotive and Engineering Sectors fared better and showed good growth during 2010-2011. Fuelled by the increasing demand of automobiles, the domestic market continued on its upsurge in investments on Radial Passenger car tyres and Truck & Bus Radial tyres in the year 2010-2011. Some revival in the international scenario was also seen, with investments in Brazil, China and Russia.

b) Competition and Challenges

Most International Construction equipment manufacturers are present in the Indian market on their own or in Joint Ventures with Indian Players. CMB continues to face close competition from other domestic players in excavator market.

The business scenario in Oil & Gas looks very positive with close to US$ 170Bn investments in Middle East alone being planned. However, North America and Europe continue to have dearth of major projects. Despite the higher demand in the domestic market, overall project costs are coming down due to competitive bids from EPCs in Korea and China. This has made European and American EPCs also to cut down costs drastically and consequently prices of valves are under severe pressure. Global Oil majors are also looking for long term agreements with valve manufacturers to peg the price levels with attractive volumes and exclusivity for better cost control.

On Power sector front in India, many private players have successfully commissioned the supercritical power plants and confidently going ahead with more plants in 660MW size. This has attracted many international valve manufacturers to set up shop in India. With this additional capacity among valve manufacturers in India, the intensity of competition is likely to increase in power projects.

There has been excess foundry capacity in China resulting in competitive imports into India. Consequently, it is expected that retention of customers may become an issue on account of price pressure.

Performance Highlights

CMB has maintained its leadership position in the Construction and Mining Equipment, exploiting opportunities in the market. The Company's foray into large-size Mining Equipment has been successfully received by the market and the unit is strengthening its position in this market. During the year 2010-2011, CMB entered large size mining machinery arena by supplying 17 units of 240 Ton Komatsu Model 830E Dump Trucks to M/s Hindustan Zinc Limited.

LTM Business Unit (LTM BU) undertakes manufacture & sale of Rubber Processing Machinery. LTM BU was successful in competing with the Global competition and secured several orders from the Domestic and International Tyre Companies. LTM BU continues to enjoy a majority market share in

Limestone crusher manufactured at L&T's Kansbahal Works, Odisha

L&T's valve-manufacturing unit in Coimbatore.

the domestic market and over 10% share in the global market for the Tyre Curing Presses. The Foundry business unit supplying castings for wind sector has over 45% of the market share with good customer acceptance.

Valves business has been focusing on Oil & Gas in the international market, both downstream and upstream segments. The renewed thrust in the projects has helped the business achieve the projected order booking by closely working with EPCs. MRO business has slowed down due to cost cutting measures in refineries/petrochemicals and severe competitive pressures from Chinese and Koreans. The Company's Valves manufacturing Unit at Coimbatore developed a range of Valves for the Power sector and has commenced deliveries during this year. With rationalised product portfolio, it has been able to address the Power segment requirements in India and get breakthrough order for Ultra High Pressure valves (above #2500 rating) for the supercritical power plant in India.

Significant Initiatives

CMB has been able to expand its after-sales support capability through long term full maintenance contracts and site support agreements for its products to help improve machine uptime and capping operating costs thus helping customers in improving their competitive position. Dealers and customers have been provided with attractive finance options for equipment and others, through tie-up with major financiers such as L&T Finance and others.

At Kansbahal (KBL), in Odisha, manufacturing of stainless steel 'SINGLE DRUM PULPER' was also taken up, which will help the Company to become a global supplier of this product. LTM BU has completed its first supply of Automatic Tyre Handling systems to a leading Domestic Tyre Company in co-operation with Cimcorp, Finland. Several new variants of Tyre Curing presses were also developed and supplied by LTM BU during the year 2010-2011.

The Division's Valves manufacturing Unit developed a range of Valves for the Power sector and has commenced deliveries during the year. The Unit also became the first Indian Valve manufacturer to get the coveted 'N' and 'NPT' Stamp from ASME for supplying to the global Nuclear Industry. During the year, it received new approvals from major Oil companies like ADCO, ADMA OPCO, Saudi Electric Company and PT Petramina.

In the year 2010-2011, the international valves sales network has been strengthened with personnel posted in key growing markets such as China and Middle East with additional postings planned in Korea, South Africa and Europe. Domestic stockist network has been reinforced with appointment of new ones in tier-2 towns to penetrate the market effectively. This network has been further supported by recruiting stockist field engineers who are well trained in products and sales process.

Efforts towards developing new products, such as mobile crushers & screens, all-electric injection moulding machine and tyre curing presses, continue at Product Development Center at Coimbatore.

Outlook

The market demand for Hydraulic Excavators is expected to improve in 2011-2012 on account of the increase in spending in the urban infrastructure, roads, general construction sectors and spending by the Government on various infrastructure projects.

It is expected that the Mining Equipment business will continue to see a growth on account of investments being made both in the public and private sectors to augment coal production. The demand for metals like iron ore, zinc etc. is also expected to help growth of this business segment. Gap between coal demand and supply, continues to provide a growing opportunity for Mining Equipment. CMB is well placed to take advantage of these opportunities through supply of large size Mining Equipment both to the public and private coal producing companies. However, environmental and land acquisition issues may present impediments in the near term for expansion in mining equipment demand.

The Valves business saw a return of order booking, both from the Hydrocarbon and Power sectors, during the year and this augurs well for the ensuing years.

With the implementation of the private sector projects in many states and the NTPC's plan for new units there is a good scope for Valves business in the coming year. It is also pursuing opportunities with the Chinese contractors who have secured a large number of these projects in India.

Demand for Industrial Machinery from Mineral Processing and Infrastructure segments continue to show an upward trend. This should provide good business opportunities for KBL in Crushing & Screening segment as well as Wheel Loaders. It is also expected that the 'MARC' Contracts for Surface Miners shall generate much larger business volumes in the coming years.

The Global tyre companies announced their projects in India and a few of them have started acquiring land and initiated the project construction. It is anticipated that the investment plans of tyre majors will result in sizeable business opportunities for equipment suppliers. As a result, the Company is poised to take advantage of this situation with its plants in India and China.

With a view of consolidating and enhancing the Welding Products business, the Company bought out the stake of its partner in EWAC Alloys Limited which has now become a wholly-owned subsidiary. The prospects for this business continue to look good. New investments in machine tools by customers continued in 2010-2011 adding to growth in market size and the Cutting Tool business of the Division is expected to register good growth in 2011-2012 as well.

Overall, the Division envisages a moderate improvement in the Industrial growth indices in the coming year and its businesses are better equipped to harness the market potential.

L&T-Komatsu's hydraulic excavator at a granite quarry.

Knowledge City, Vadodara.

Integrated Engineering Services

Overview

Integrated Engineering Services (IES) provides leading-edge engineering solutions to multiple industry sectors covering automotive, aerospace, consumer electronics, consumer packaged goods, marine, medical devices, off-highway equipment, railways, pharmaceuticals, oil & gas, utilities and industrial products.

It has global headquarter at Vadodara, Gujarat and operates from dedicated off-shore engineering centers at Vadodara, Mysore, Mumbai, Chennai and Bangalore in tandem with onsite teams to cater to engineering requirements of global clients, many of them are Fortune 500 Companies. It has more than 4,000 dedicated associates to deliver high-quality engineering and design solutions.

Business Environment

Over the past decade, Global Engineering R&D spend has been growing steadily and continuous investment in Engineering R&D is considered an imperative by companies, not only to pursue innovation for new markets and new products but also to gain margin enhancements.

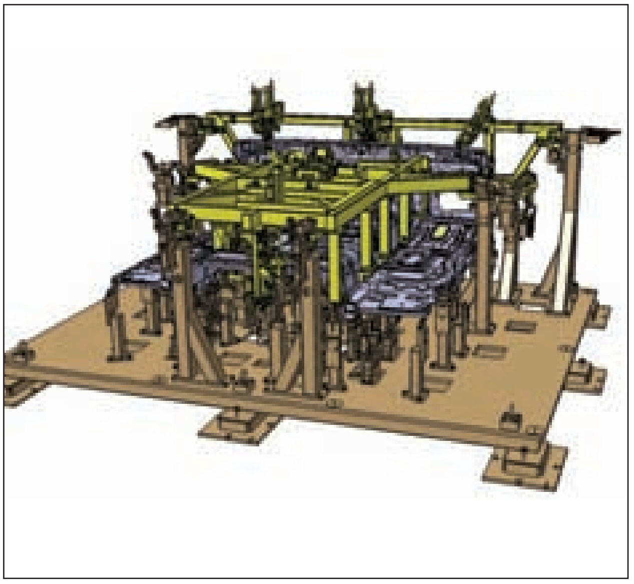
Engineering R&D has been one of the early adopters of the "Globalisation" phenomenon. The impact of the trend can be felt on Engineering R&D services market as companies are no longer offshoring only for cost benefits, but are increasingly utilising offshoring:

- to achieve flexible resource capacity (especially in industries with cyclical engineering workload and short product lifecycles)
- to reduce the 'Time-to-Market'
- to develop localised products for emerging markets.

Engineering R&D outsourcing to India is increasing at fast pace and analysts predict that this will quadruple to $ 40-45 billion by 2020 from $8.3 billion in 2009. The major growth in outsourcing to India is expected from Infrastructure, Energy, Chemical, Pharmaceutical, Consumer Electronics, Medical Devices, Automotive, and Aerospace domain because of the availability of capable technical workforce in India.

Medical Devices and Aerospace are the most prominent sectors for the outsourcing having less competition between service providers. These industries are very reluctant to open captive units because of high cost of operation, giving a reasonable chance to service providers to harness the opportunity.

Increasing sophistication and maturity of Engineering R&D services industry has meant a significant change in customer perception of service providers. Customers have begun to view service providers as their strategic partners owing to greater confidence in their enhanced Engineering R&D capabilities. Companies are now providing services from basic process



Transforming ideas into working models through leading-edge engineering solutions for multiple industry sectors.

support to high value-added services such as full product development. In addition, customers have started looking to their Indian partners to leverage on their products.

Significant Initiatives

IES has taken following major initiatives in Medical Devices, Aerospace, and Process Engineering (Pharmaceuticals, Chemical, Energy, and infrastructure) domain to tap the described opportunity resulting significant increment in revenue and margin.

- It has realigned the portfolio of the Process Engineering Services which will permit IES to become one-stop-shop for the customers.
- IES has continuously explored new customers and capture the potential in European, African, and Asian market.
- Action in the field of branding has improved the recognition of the L&T IES as a brand globally.
- IES has revised its capability portfolio with addition of new services like Railway Engineering, Manufacturing Engineering Services, Design consultancy etc.

Through the strategic actions, IES continues to endorse its commitment to customer satisfaction and achieve fast track growth. IES has added around 1500+ new employees, 20+ clients, and achieved significant growth in the revenue in 2010-2011.

Outlook

Slow global economic recovery along with the tightening of outsourcing norms, dented the growth of all sectors in the year 2010-2011. However, even in such a challenging environment, IES has managed to hold its market share and expects the momentum to continue in the year 2011-2012. The investment in emerging verticals of Aerospace and Medical Devices is expected to yield substantial results in terms of incremental revenues from these two verticals. Besides this, the addition of new services and European focused sales are also expected to be the main drivers of growth envisaged for the coming year.

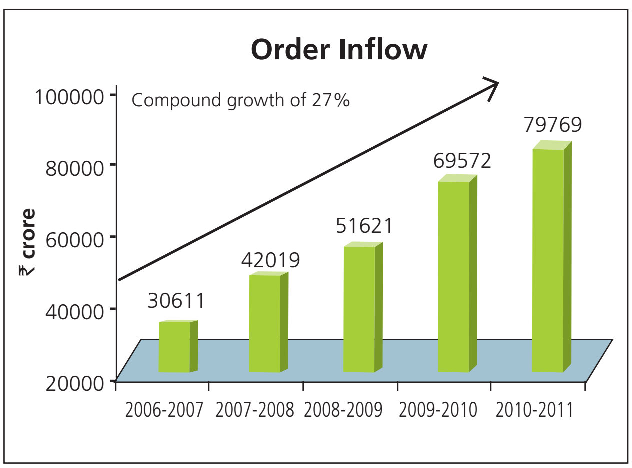
Financial Review 2010-2011

L&T Standalone

I. ENCOURAGING PERFORMANCE AMIDST CHALLENGES

The Company reinforced its leadership position in its various businesses through its good sales growth, healthy order book and improved segment EBITDA margins.

The Company secured fresh orders totaling to ₹ 79769 crore in the year 2010-2011, registering a growth of 14.7% over the previous year. Slower pace of activities in certain sectors constrained order inflow growth to some extent. EPC Power, Buildings & Factories, Minerals & Metals and Power Transmission & Distribution businesses contributed significantly to the order inflows during the year. Large project orders above ₹ 500 crore each constituted 60% of the total Order Inflow for the year.

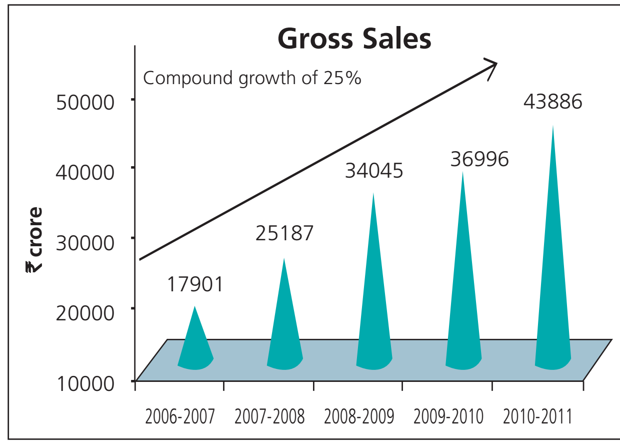


The Order Book at the close of the year was ₹ 130217 crore. Over the past 5 years, the compound annual growth rate of Order Inflow is 27% and of Order Book is 37%.

Income from Sales & Services

Gross Sales and Services revenue for the year at ₹ 43886 crore grew by 18.6% over 2009-2010. During the year, many project orders advanced from initial engineering phase to procurement and construction phase as scheduled. Execution of Power project orders, in particular, accelerated during the year, contributing significantly to the revenue growth.

A compounded annual growth in Revenue of 25% over the last 5 years, underscores the Company's position of



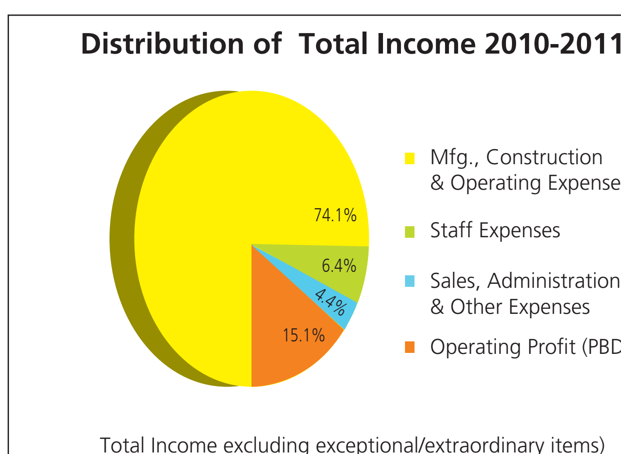
eminence in its various businesses and its strength to harness opportunities offered by growing Indian economy.

Other Operational Income at ₹ 409 crore also grew by 14% over the previous year.

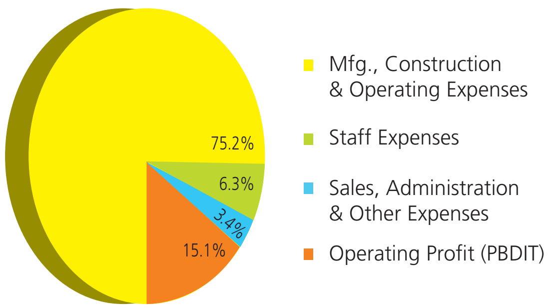
Operating Cost and Margin Analysis

Manufacturing, Construction and Operating expenses for the year 2010-2011 amounted to ₹ 33432 crore, translating into 74.1% of the Total Income at ₹ 45100 crore excluding exceptional/extraordinary items. As compared to the previous year, these costs reduced by 110 basis points, aided by a combination of favourable factors such as, better job mix, judicious contract management, improved operational excellence etc.

The Staff Expenses for the year 2010-2011 at ₹ 2885 crore increased by 21.2% as compared to the previous year,



Distribution of Total Income 2009-2010



Total Income excluding exceptional/extraordinary items)

representing 6.4% of the Total Income. There was a net addition of 6332 employees during the year, taking the Company's manpower strength to 45117 as at March 31, 2011. Attraction and retention of talent for the emerging businesses as also for the existing expanding businesses has been one of the focus areas of the Company.

Sales and Administration expenses for 2010-2011 at ₹ 1966 crore represent 4.4% of Total Income recording an increase by 100 basis points over that of the previous year, largely due to higher provision for warranty expenses, exchange differences due to variation and professional fees.

Profit before Depreciation, Interest and Tax (PBDIT), excluding Other Income and exceptional/extraordinary items for the year 2010-2011 at ₹ 5623 crore increased by 16.8% over the previous year. Despite hardening of input costs during the year, the Operating Margin was 12.8% as against 13% for the previous year. A slew of initiatives such as deployment of risk mitigation strategies, superior execution of projects and astute cost management have enabled the Company to sustain its Operating Margins over the recent years.

Depreciation & Amortisation charge

Depreciation and amortisation charge for the year 2010-2011 at ₹ 600 crore increased by 44% over the previous year. During the year, the Company revised downward useful life of certain categories of fixed assets, as mandated by the Accounting Standard 6, resulting in higher charge of depreciation for the year. The increased depreciation charge for 2010-2011 also reflects the full impact of the additions to the fixed assets carried out in the previous year and part impact of the additions made during the current year.

Other Income

Other Income for the year amounted to ₹ 1443 crore as against ₹ 2025 crore for the previous year.

During the year, the Company divested its stake in L&T Case Equipment Private Limited, an associate company and a part stake in Kesun Iron & Steel Company Private Limited, a subsidiary company. Other Income included an exceptional gain of ₹ 238 crore on sale of these stakes. A provision was made in the earlier years for the diminution in the value of a strategic investment. During the year, a part of the said provision amounting to ₹ 24 crore was reversed pursuant to the divestment of a part stake in the said investment and disclosed as an exceptional gain. Net of tax, total exceptional gain for the year worked out to ₹ 211 crore.

Other gains on sale of investments included ₹ 69 crore earned on sale of part investment in the equity shares of Satyam Computer Services Limited.

Dividends from Group companies during the year amounted to ₹ 231 crore as against ₹ 109 crore in the year 2010-2011. Temporary surplus funds invested in low risk short term investments earned an income of ₹ 164 crore.

Finance Cost

Interest expense for the year amounted to ₹ 647 crore as against ₹ 505 crore for the previous year. The increase is largely attributable to borrowings done in the second half of the previous year to fund the Company's expansion plans. The Company managed its borrowing prudently during the year thereby avoiding the impact of high interest rates prevailing in the economy during most part of the year and contained the average borrowing cost for the year ended March 31, 2011 at 8.0% p.a.

Profit after tax and EPS

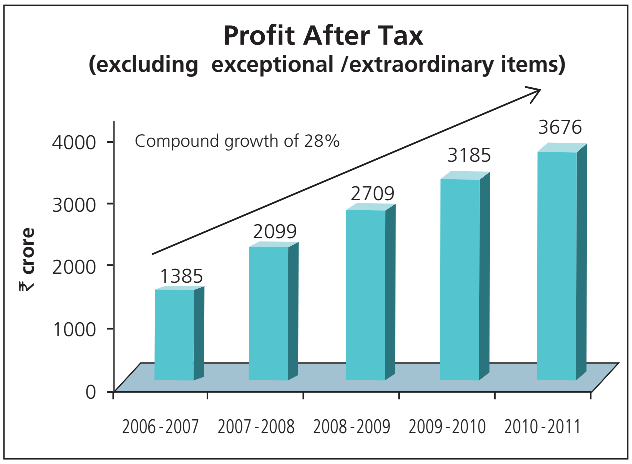
Besides exceptional gains of ₹ 211 crore earned during the year as elaborated under 'Other Income' above, an extraordinary gain of ₹ 71 crore was recorded, representing reversal of proportionate provision made for the diminution in the value of investment in Satyam Computer Services Limited, pursuant to the part sale of the said investment in 2010-2011.

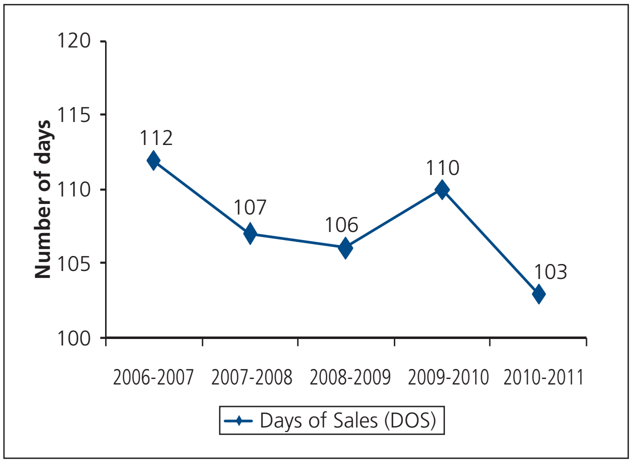
Previous year PAT included extraordinary and exceptional gains of ₹ 1191 crore.

Exclusive of extraordinary and exceptional items, the Profit after tax (PAT) at ₹ 3676 crore recorded a growth of 15.4% over the previous year. Overall PAT including extraordinary and exceptional items, for the year was ₹3958 crore vis-à-vis ₹4376 crore for the year 2009-2010.

The Earnings per Share (EPS) at ₹64.16 showed a reduction of 10% over the previous year. However, excluding extraordinary and exceptional gains, EPS for the year at ₹60.68 recorded a growth of 13%.

Over a period of 5 years, PAT excluding exceptional & extraordinary items registered a compound growth of 28% and EPS increased 2.4 times from ₹24.79 in 2006-2007 to ₹60.68 in 2010-2011.





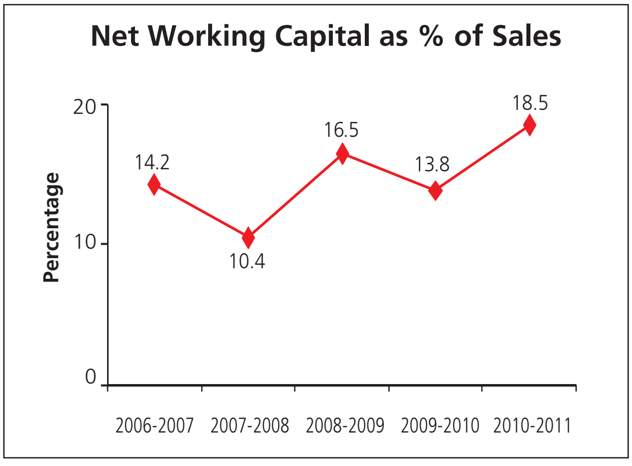
Gross working capital as at March 31, 2011 was ₹ 34951 crore, representing 79.6% of sales vis-à-vis 71.3% for the previous year. The increase was mainly due to higher job work in process, and increased advances to Group companies to fund their growth initiatives. Net customer receivables as at the end of the year stood at ₹12428 crore, reflecting 103 Days of Sales, lower than 110 Days Sales for the previous year.

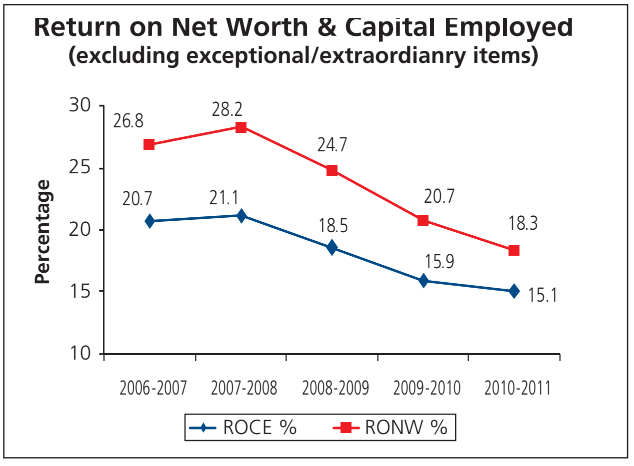
Net working capital as at March 31, 2011 increased over the previous year due to relatively lower vendor credits and lower advances from customers.

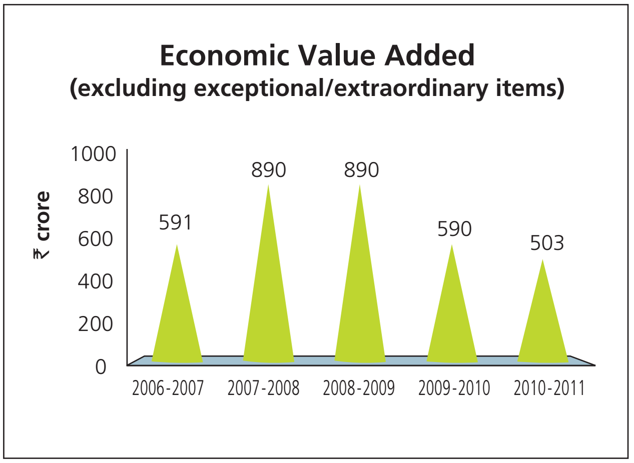
At the Company level, investments and loans to subsidiary and associate companies increased by ₹ 3074 crore. Major investments have been made in Power Development, Ship Building, Power Equipment Manufacturing ventures, Developmental Projects business and Financial Services. Accordingly, the overall Funds Employed by the Company at ₹29271 crore as at March 31, 2011 increased by ₹4081 crore as compared to the previous year end position.

Funds Employed and Returns

The Company incurred ₹ 1673 crore towards capital expenditure during the year. While project businesses invested in creating additional fabrication facilities and in adding construction equipment, the product businesses expanded the existing production facilities at Coimbatore, Hazira, Ahmednagar and Talegaon.







Return on Net Worth (RONW) for the year 2010-2011 is at 18.3% as against 20.7% for the previous year. Return on Capital Employed (ROCE) for the year 2010-2011 at 15.1% also shows a marginal drop over the ROCE of 15.9% for the previous year. The relative reduction in the returns is attributable to the investments through Group companies in the emerging businesses and expansion of facilities that are yet to reach peak utilization levels.

Economic Value Added from normal operations stands at a positive ₹ 503 crore.

Liquidity & Gearing

Cash accruals from the operations were lower by ₹ 1624 crore as compared to the previous year mainly due to higher gross working capital and relatively lower increase in the trade payables and customer advances. The divestment proceeds of ₹ 795 crore supplemented the operational cash accruals. During the year 2010-2011, the Company repaid some of its long term loans. In the previous year, the Company had raised additional capital by way of Qualified Institutional Placement and also issued Foreign Currency Convertible Bonds.

Liquidity & capital resources	₹ crore	
	2010-2011	***2009-2010***
Cash & Cash equivalents at the start of year	**1432**	***775***
Add: Net cash provided/(used) by:		
Operating activities	3861	*5485*
Capital expenditure	(1673)	*(1572)*
Investments in group companies	(2116)	*(2141)*
Other investing activities	556	*(4000)*
Divestment proceeds	795	*1641*
Financing Activities	(1125)	*1244*
Cash & Cash equivalents at the end of year	**1730**	***1432***

The overall cashflow position during the year reflected a balanced utilisation pattern. Net additional cashflow of ₹ 298 crore was generated during the year 2010-2011.

With a significant increase in Net Worth, the gross Debt Equity ratio improved from 0.37:1 as at March 31, 2010 to 0.33:1 as at March 31, 2011. After adjusting investment in liquid funds, the Company virtually enjoys a debt-free status.

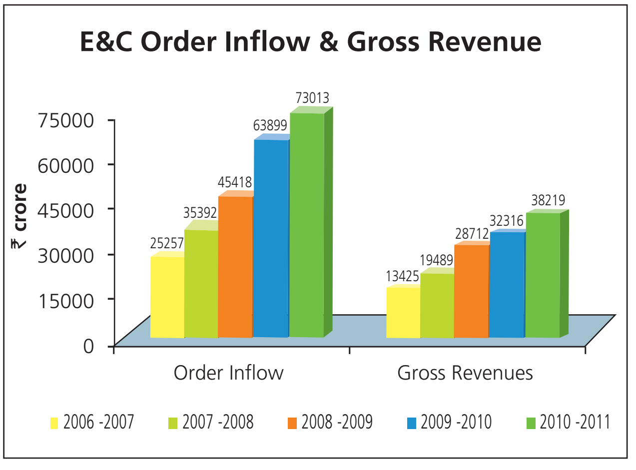
SEGMENT WISE PERFORMANCE

Engineering & Construction Segment (E&C)

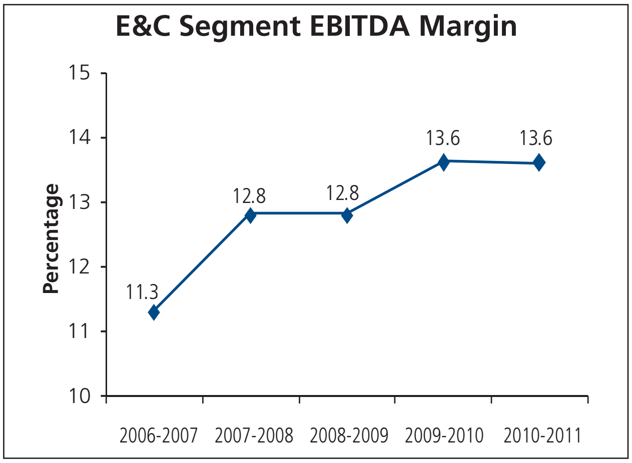
E&C segment recorded a good performance during the year 2010-2011 with all round growth in various operating and financial parameters, despite intense competition, spiraling input costs, subdued tendering activity in certain sectors and lower international prospects.

Order inflow of the segment during the year at ₹ 73013 crore registered a growth of 14.3%. Orders mainly emanated from Power, Building & Factories, Mineral & Metals, Power Distribution & Transmission and Infrastructure businesses.

The gross revenue for the year at ₹ 38219 crore grew by 18.3% over the previous year, driven by EPC Power, Hydrocarbon and Construction businesses.



Good execution coupled with prudent risk mitigation measures enabled the segment to record EBITDA margin at 13.6% for 2010-2011. During the year, the businesses of E&C segment carried out significant capital expenditure on capacity additions and augmentation of construction plant & machinery. As a result, segment funds employed as at March 31, 2011, increased by ₹ 1256 crore to ₹ 7546 crore.



Electrical & Electronics Segment (E&E)

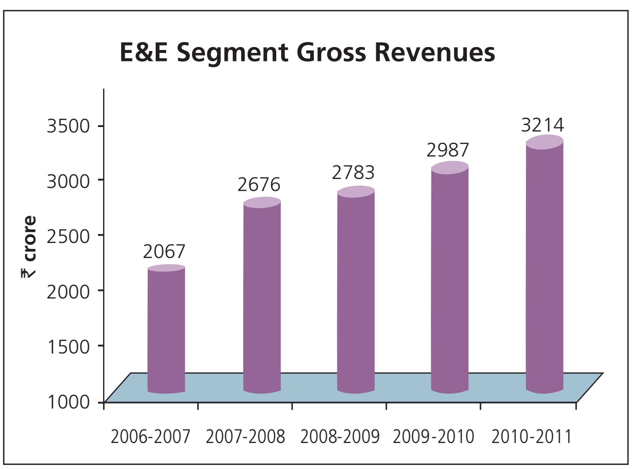
Rising input costs, intense competition and subdued international markets posed considerable challenges for the businesses of the segment during the year. The segment revenue at ₹ 3214 crore for the year 2010-2011, registered a modest growth of 7.6% over the previous year. The EBITDA margin for the year was 15.6% mainly contributed by Electrical Standard Products and Metering Protection & Systems businesses.

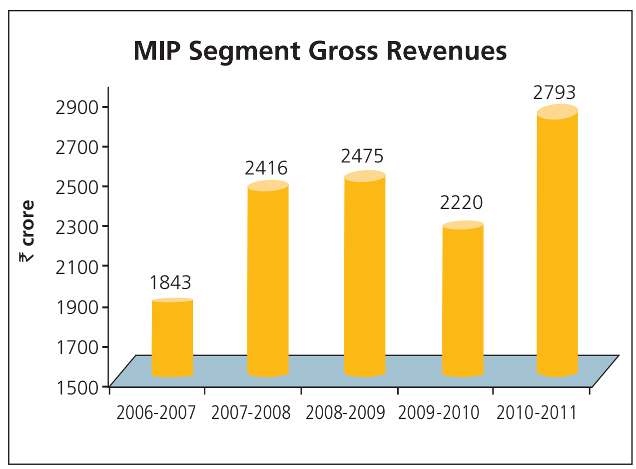
The segment closing Funds Employed at ₹ 1186 crore, increased by 4.8% as compared to that of previous year.

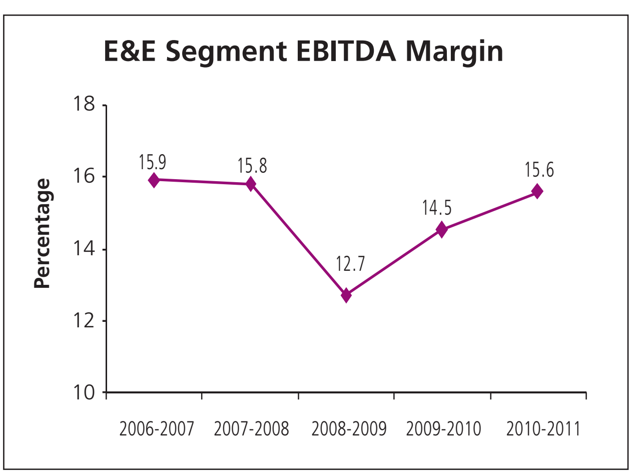
Machinery & Industrial Products Segment (MIP)

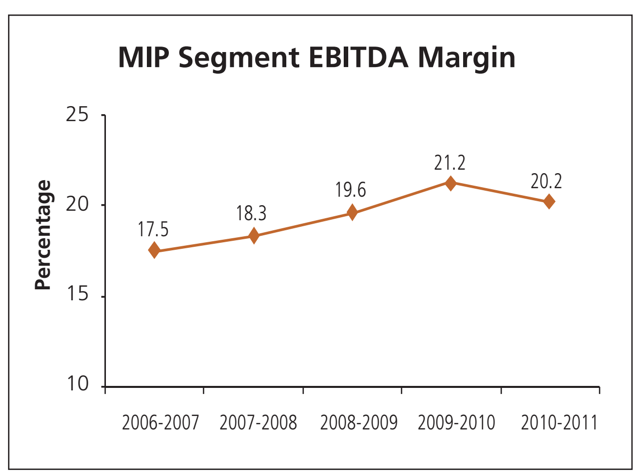
The segment revenue registered a growth of 25.8% for the year ended March 31, 2011 over the previous year, aided by an impressive increase in the sales recorded by Valves, Construction & Mining Machinery and Industrial Products businesses.

The segment margins, however, declined during 2010-2011 largely due to subdued exports of Valves and lower proportion of sale of construction machinery spare parts. These product lines commanded higher margins. The Net Funds Employed in the segment at ₹ 470 crore showed an









increase as compared to the previous year, largely due to significant increase in the year end working capital.

"Others" Segment

Integrated Engineering Services (IES) included as part of the "Others" segment, showed a robust growth of 60.8% in revenue for 2010-2011 at ₹ 532 crore. An improved business condition, especially in the USA and 'vertical' focused business approach, enabled the segment to post growth in its revenue. Backed by strong sales growth and better capacity utilisation, EBITDA margin of IES at 19.7% showed an improvement of 5.4%, as compared to the previous year. The Net Funds Employed in the segment at ₹ 543 crore showed an increase of 42.2% as compared to the previous year, largely due to the increase in the year end working capital.

II. RISK MANAGEMENT

Business uncertainties have magnified manifold in the recent times. Sluggish world economies in the aftermath of the financial crisis, severe natural disaster, simmering civil unrest in many parts of the globe, rising oil prices, debates over safety standards of nuclear installations, acts of terrorism, international sanctions on certain economies and lack of probity in public life, are some of the factors that seem to destabilise the very foundation on which sound business models are built. Inherent business risks of an organisation notwithstanding, these extrinsic developments seem to hold the centre-stage in an organisation's risk management initiatives.

The Company's business portfolio is dominated by Engineering and Construction segment which accounts for 86% of its total turnover. This segment's business has its unique risk characteristics, being a technology intensive, long-delivery and lump-sum price denominated project activity, fraught with unforeseen events that continually challenge its cost and delivery commitments. Extreme volatility in forex and commodity prices, deteriorating credit-worthiness of the customer, delays in project execution, inability of sub-vendors to maintain supplies of agreed quality and delivery etc. may leave high impact on a project's profitability. Intensifying competition, stringent pre-qualification standards, pressure on margins and unfavourable cash-flow stream in certain projects add to the risk complexion of this business.

The Company has always been alive to these challenges and has been able to identify, assess and effectively mitigate the risks through a structured process of risk management. Its project management team has the requisite expertise and long years of experience in tracking most of these uncertainties well ahead in time, and putting in place appropriate mechanism for risk mitigation. To add credibility to the risk management culture in the Company, the top management team has been leading the process of risk due diligence, by actively participating in the debate on risk evaluation and mitigation.

In order to optimise management bandwidth, the Company has progressively increased the size of orders for bidding and execution. Backed by an effective risk management framework, this strategy has helped the Company in improving the profitability of its project business, and generating sustainable margins. Further, its presence in almost all core sectors of the economy has had the effect of ring-fencing it from the vagaries of downturn witnessed by one or more of these sectors at any given point of time.

As part of an active business risk management, the Company has continued with its investment strategy in future growth avenues. Its investment in creating a shipbuilding-cum-port facility as also a new yard for large modular fabrication, putting up its heavy forging workshop, and establishing its manufacturing bases for power auxiliaries will have its effect in de-risking the Company by way of opening up newer vistas of business opportunities and helping strengthen its position of pre-eminence in the various sectors where it operates.

International business development and execution of projects in demanding overseas territories, have helped the Company and its project team reach a standard of excellence comparable to the world class. In this process, the Company has not only been able to open up newer pastures of business to combat the risk of sagging prospects in some of its established markets, but it also succeeded in establishing a higher benchmark for itself and its people. It is, however, ever vigilant to ensure that its property and people are safe in the various foreign jurisdictions where it operates. A process of country clearance is followed, as a part of risk management discipline, before venturing into any new country for the first time.

The risk management culture in the Company has got its roots firmly embedded into the various facets of its business decision-making. The risk management process has been focusing more on risk awareness, risk reward relationships & risk enablement and not on encouraging a culture of risk aversion.

Internal Controls

Due to the evolving and expanding nature of its business activities, the Company faces new challenges of data, system and process security, emerging out of business transactions and processes, which are large in volume and varied in nature. The company has an Internal Control mechanism to facilitate formulation and revision of policies and guidelines in order to align them with changing business needs. The areas of internal control weakness in business and financial processes are identified through a regime of routine checks and remedial actions taken to correct the deficiencies, wherever noticed.

The Internal control policy is supported by other well documented procedures and guidelines for specific areas of operation. The documents typically enlist a standard operating procedure along with responsibility and authority level matrix to ensure effective implementation of the same.

Increasing use of information technology in transaction and payment processing, has its associated risks of fraud. The Company regularly reviews controls in areas of electronic fund transfer and ensures that all the requisite controls are built-in. Specific guidelines are issued mandating additional controls to be built, wherever gaps are observed in the process.

In order to ensure the efficacy as well as efficiency of the process, the Risk Management & Internal Control processes are periodically audited by the internal audit as well as the statutory auditors. The Audit Committee of the Board is kept abreast on a regular basis, about the key observations during such audits, and follow-up measures taken.

III. FINANCIAL RISKS

a) Capital Structure, Liquidity and Interest rate risks

The Company continues to maintain a prudent capital structure, which helps in better managing economic risks and positioning for growth. The Company has consciously followed a policy of moderate financial leverage, as it provides strength to the parent company balance sheet and contributes to maintaining a healthy credit profile. It also provides flexibility for future fund raising options, which is especially important in volatile global markets.

The Company maintains adequate comfortable levels of liquidity, judiciously deployed into short term investments in line with its treasury policy. The Company also regularly assesses and ensures other means of sourcing liquidity, such as ready lines with the banking system and quick access to capital markets. The Company regularly evaluates the required levels of liquidity in line with business needs and economic factors. As an initiative towards managing liquidity and interest rate risks, the Company issued innovative debentures which tie in the interest rates but provide funds at a future point of time. To manage interest rate risks, the Company uses 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. It also has exposures to foreign currency denominated financial assets and liabilities. The business related financial risks are to a reasonable extent, especially in case of commodities, managed contractually by inclusion of price pass through or variations clauses. The Company's loan portfolio is managed both by choice of loan currency and by contracting appropriate treasury products, with a view to balancing risks while optimising borrowing costs. Appropriate hedging tools are used under the framework of a Board approved Risk Management Policy. Financial risks in each business portfolio are reviewed periodically and managed concurrently. The process is also subject to an annual review by the Audit Committee.

IV. LEVERAGING IT FOR BUSINESS BENEFITS; OPTIMISING IT COSTS

Every business activity and process is well-supported through appropriate Information Technology systems to increase efficiency and employee productivity. The investments made consistently over the years, provide the Company with a robust IT Infrastructure backbone supported by ERP and other applications used in various businesses. The Information Technology function has the twin objective of "Running IT" at the most optimum cost with excellent support, security and reliability and also "Leveraging IT" by development and deployment of new solutions that provide competitive advantage to the businesses. A number of initiatives and projects are being executed on an on-going basis in both these areas. Implementation of IT solutions for the new businesses and rolling out of existing solutions to new units/locations have kept pace with our growth initiatives. To facilitate better interactions, state-of-the-art Tele-presence (video conference) rooms have been set up at major locations, taking communication between senior executives to a new level thereby increasing efficiency, communication effectiveness and saving in travel costs and time.

In keeping with current trends, an enterprise social computing portal incorporating the latest web 2.0 technologies and concepts has been launched in the Company to enhance communication and collaboration to tap the creativity and innovation of the younger workforce.

The Company continues to govern its Information Technology function with a focus on value delivery, business alignment, total cost of ownership, service & support and risk management & mitigation.

V. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company acknowledges its responsibility of playing an instrumental role in environment protection, and building social equity to safeguard interests of our future generations, which are some of the major challenges of today. It has put in place an active organisation structure to address the social and environmental challenges effectively and ensure that the commitment to conduct business with an innate sense of responsibility is disseminated at all the levels within the Company. The emphasis is not only on increasing profits but also improving the efficiency of business processes to minimise the environmental and social cost.

The Company has a structured system to identify environmental and social issues at various stages of business planning and execution so that effective mitigation plan is developed and negative environmental and social impacts avoided for new projects as well as for existing plants.

It is well appreciated in the Company that uncontrolled use of natural resources such as water and energy will lead to irreversible damages to the environment, affecting the well-being of our future generations. It has accordingly undertaken several initiatives to conserve water at its manufacturing units and project locations. “Zero Discharge approach” has been adopted at manufacturing locations leading to reduction of fresh water consumption at five of our locations, which are now zero discharge campuses. This was achieved through implementation of principle 3R’s i.e. Reduce, Reuse and Recycle. Remaining locations are progressing on the same path.

Energy conservation has been identified as one of the key initiatives in L&T’s operations. Targets related to energy conservation included:

- Conducting energy audit at all manufacturing and office locations
- Monitoring and conserving energy
- 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 were some of the energy conservation initiatives which have been implemented at L&T’s manufacturing locations. An energy conservation culture has been effectively promoted among its stakeholders.

Occupational Health and Safety continues to be an unremitting focus area. The Company’s 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 Corporate Social Initiatives (CSI) cell works closely with community leaders and local NGOs to assess pressing community needs and enable in evolving 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.

As an Engineering and Construction industry leader, the Company is committed to conserve resources and help create infrastructure & buildings that give better service to the users. Collaborating with leading institutes, L&T manufactures products that are affordable and energy intelligent, thereby helping businesses to achieve more sustainable result.

SUBSIDIARIES & ASSOCIATES (S&A) PORTFOLIO:

Promoting Sustained Business Growth

As on March 31, 2011, Larsen & Toubro Group had 118 subsidiaries, 18 associates, and 12 joint venture companies under its belt. These Group companies broadly operate in and focus on the following businesses:

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. Investments in overseas S&A companies

Some of the ventures initiated in the emerging business sectors during last couple of years are still in formative stage and are yet to contribute to the Group's revenues.

For the year ended March 31, 2011, Consolidated revenue were at ₹ 52089 crore after elimination of inter-company sales at the Group level. The consolidated profit after tax excluding exceptional and extraordinary items at ₹ 4238 crore increased by 12% over the previous year.

The consolidated gross Debt:Equity ratio as at March 31, 2011 was 1.31:1, as against the previous year's Debt:Equity ratio of 1.08:1.

A review of the major S&A 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 one of the fastest growing IT Services company. Being a full-services IT firm with a blue-chip client roster, it offers comprehensive, end-to-end software solutions and services in the industry verticals such as Manufacturing (Auto, Industrial Products, CPG, Chemical, Hi-tech, Aero, Construction Equipment and Engineering & Construction), Energy & Petrochemicals, Banking, Financial Services and Insurance.

L&T Infotech delivers business solutions to its clients, leveraging its substantial domain experience and depth in technologies like SAP, Oracle (including PeopleSoft/ JD Edwards/Siebel), Microsoft, EAI and DW/BI. In addition to application development and maintenance services (ADM), the Company offers strong capabilities in infrastructure management (IMS), and independent verification and validation testing (IV&V) services. The Company provides a winning edge to clients in its areas of focus, through domain-specific solutions, sharp technical skills, proven frameworks and pre-tested solutions, that leverage its business-to-IT connect.

L&T Infotech has its presence globally in USA, Canada, Europe, Asia, South Africa, Middle East, Australia and New Zealand.

Business Environment

The year witnessed improved demand and signs of recovery in major global markets, thereby provided newer opportunities in the IT sector. The clients increased their discretionary spending and service providers continued to reinvent value propositions. As per NASSCOM estimates, the Indian IT-BPO export market is expected to grow by 16%-17% in the coming year with total IT industry revenues are expected to touch $ 69 billion.

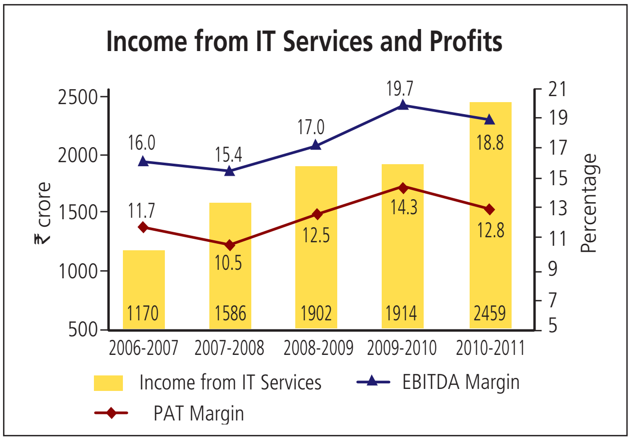
The IT industry continues to face challenges such as shifting of focus of clients from basic outsourcing for cost arbitrage, to high-end business transformational projects, continued pressure from protectionist measures and uncertainty & volatility in global markets.

Operations & Performance

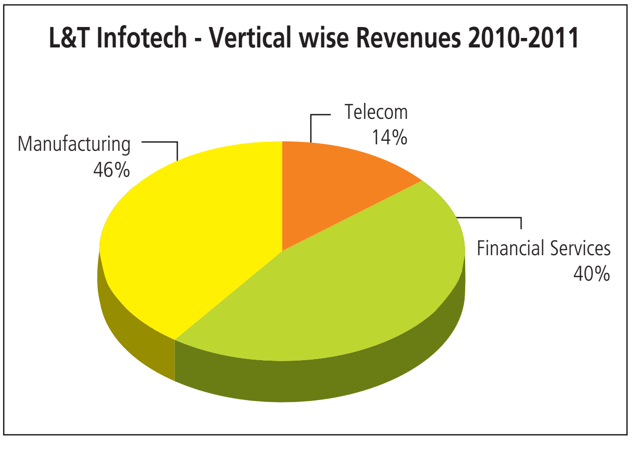
- L&T Infotech recorded total revenue of ₹ 2355 crore during the year 2010-2011 compared to ₹ 1812 crore achieved in 2009-2010, registering an increase of 30%. In USD term, the revenue grew by 34%. Export revenue of ₹ 2182 crore constituted 92.7% of the total revenue in 2010-2011 as against 92.9% (₹ 1683 crore) in 2009-2010
- Operating profit (PBDIT) during the year was higher by 18.6% at ₹ 434 crore as against ₹ 366 crore recorded in

2009-2010. However, operating profit as percentage to total income was at 18.8% in 2010-2011 as against 19.7% in 2009-2010. The decrease was mainly due to higher on-site operational costs

- Profit after tax at ₹ 313 crore grew by 11.3% compared to 2009-2010
- L&T Infotech has subsidiaries in Canada, Germany and USA
- During the year, the Company acquired transfer agency business unit from Citigroup Fund Services, Canada for total cash consideration of CAD 62.3 million (₹ 280.63 crore). A subsidiary company named "L&T Infotech Financial Services Technologies Inc." was formed for this purpose. This acquisition will help the group to expand its presence in the Canadian market



Segmental / Regional Performance: Industry-wise split of revenues



The export business continues to be predominantly North America based, the contribution being 68% for 2010-2011. Europe & Asia-Pacific contributed 15% and 7% respectively, while contribution of Middle East & Africa declined to 3%. Onsite services contributed 53% to export revenues as against 49% in previous year.

Outlook

The new opportunities unfolding in the IT sector require the industry to focus more on innovation and newer models of growth. The future will be centered on the ecosystem created by the confluence of technologies such as virtualisation, tele-presence and machine-to-machine communication. Technologies like cloud computing and Software as a Service (SaaS) model will drive the largest amount of spending in the software industry over the next few years.

L&T Infotech has taken several initiatives to be ready for these new opportunities:

- Focus on technology footprint expansion into Analytics, Mobile BI and DW appliances and additional COEs for Data Architecture and DW Appliances
- Capitalise on the stimulus package provided for IT in health insurance sector and tap the general insurance & reinsurance market in Europe
- Offerings for migration and set up of enterprise cloud infrastructure, cloud based integration services and SaaS enablement & package implementation
- Sustained efforts to reduce dependency on USA markets with higher penetration into Nordic, Asia Pacific and Gulf countries

Given the improved market conditions for IT sector and its preparedness to harness the newer opportunities, L&T Infotech is reasonably confident of sustaining the growth momentum in the medium term.

B. LARSEN & TOUBRO INFOTECH GMBH (L&T Infotech GmbH): Subsidiary Company

L&T Infotech GmbH, a wholly owned subsidiary of L&T Infotech, provides software services in Banking Financial Services & Insurance, Manufacturing and Product Engineering Services in Germany. During the year 2010-2011, the Company recorded total income of ₹ 57 crore as against ₹ 64 crore in 2009-2010. The decrease in revenues was mainly due to offshoring of a large multi-year engagement being executed by the Company as against higher onshore revenues in the previous year. Profit after tax was, however, higher at ₹ 2.01 crore as compared to ₹ 0.77 crore in 2009-2010.

C. LARSEN & TOUBRO INFOTECH CANADA LIMITED (L&T Infotech Canada): Subsidiary Company

L&T Infotech Canada, a wholly owned subsidiary of L&T Infotech, provides software services in Financial, Insurance and Oil & Gas Sectors in Canada. During 2010-2011, the total income of L&T Infotech Canada amounted to ₹ 15 crore, as against ₹ 17 crore in 2009-2010. Profit after tax during the year was marginally lower at ₹ 0.23 crore as compared to ₹ 0.33 crore in 2009-2010 due to lower sales.

D. GDA TECHNOLOGIES INC. (GDA Tech): Subsidiary Company

GDA Tech, a wholly owned subsidiary of L&T Infotech, was acquired in 2007 to strengthen IT outsourcing business in USA. The business of GDA Tech mainly comprised of (a) Conventional Intellectual Property (IP) and Custom Design & Manufacturing Services (CDMS) and (b) Services business. With effect from 2010-2011, the service business of GDA Tech was merged with L&T Infotech as a part of the initiative to integrate GDA operations.

During 2010-2011, the total income of GDA Tech amounted to ₹ 30 crore as against ₹ 66 crore for the previous year. After considering the restructuring of business carried out in 2010-2011, on like to like basis, the total income of IP and CDMS at ₹ 30 crore in 2010-2011 compares favourably with revenues of ₹ 21 crore from these business segments in the previous year. Profit after tax was for 2010-2011 at ₹ 2.17 crore as compared to ₹ 2.49 crore recorded in 2009-2010.

E. LARSEN & TOUBRO INFOTECH LLC (L&T Infotech LLC): Subsidiary Company

L&T Infotech LLC, a wholly owned subsidiary of L&T Infotech, operates in the United States. During 2010-2011, the total income of L&T Infotech LLC amounted to ₹ 42 crore, as against ₹ 24 crore in 2009-2010. Profit after tax was ₹ 0.19 crore as compared to ₹ 0.14 crore in 2009-2010.

F. L&T INFOTECH FINANCIAL SERVICES TECHNOLOGIES INC. (L&T Infotech FS): Subsidiary Company

L&T Infotech FS was formed during 2010-2011 as a wholly owned subsidiary of L&T Infotech, for acquisition of transfer agency business unit from Citigroup Fund Services in Canada. The total income of the Company after its acquisition for the quarter January-March 2011 amounted to ₹ 48 crore while profit after tax was recorded at ₹ 5.43 crore for the period.

II. FINANCIAL SERVICES

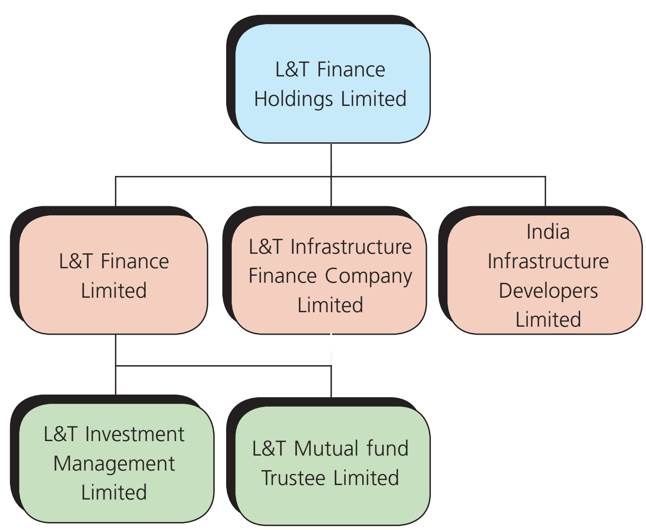
A. L&T FINANCE HOLDINGS LIMITED (L&T FH): Subsidiary Company

Overview

L&T FH, 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. It is registered with the Reserve Bank of India as a non-banking financial company. L&T FH 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.

Operations & Performance

The Company's investments in its subsidiaries and strategic investments increased from ₹ 1629 crore as at March 31, 2010 to ₹ 2119 crore as at March 31, 2011.



B. L&T FINANCE LIMITED (LTF): Subsidiary Company

Overview

LTF, a wholly owned subsidiary of L&T Finance Holdings Limited, is a diversified non-banking financial company with product offerings catering to various segments of the corporate and retail sectors. LTF 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

During 2010-2011, LTF recorded a significant improvement in all major performance parameters. 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:

- As on March 31, 2011 total assets grew to ₹ 10580 crore from ₹ 7567 crore on March 31, 2010, registering an increase of 40%
- Total income at ₹ 1398 crore recorded growth of 45% over the total income of ₹ 966 crore in 2009-2010
- Profit after tax during the 2010-2011 grew by 47% to ₹ 230 crore

Outlook

In the coming year, credit off-take is expected to be robust with increase in GDP and continued focus of the Government on infrastructure development. However, continued inflationary pressures may lead to monetary tightening, resulting in 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 Finance Holdings Limited, is a non-banking financial company focused on financing of infrastructure projects, across 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 2010-2011, on the strength of the growth momentum of the Indian economy and investment flow into infrastructure projects, supported by a positive environment for fund raising. The highlights of its financial performance are as below:

- As on March 31, 2011, total assets grew to ₹ 7487 crore from ₹ 4249 crore on March 31, 2010, registering an increase of 76%
- Total income at ₹ 704 crore recorded growth of 56% in 2010-2011
- Profit after tax during the 2010-2011 grew by 81% to ₹ 201 crore

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 growing 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 wholly owned subsidiary of L&T, is a portfolio manager registered with the Securities and Exchange Board of India, with funds over ₹ 1900 crore under its 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 did reasonably well in 2010-2011. The improved capital market had its positive impact on LTCCL's income and profits. The Company also made decent gains from its investment portfolio.

During 2010-2011, the Company's gross income recorded at ₹ 29 crore, registering a jump of 43% over

2009-2010. The profit after tax was significantly higher at ₹ 21 crore, an increase of 53% over 2009-2010. During the year 2010-2011, the Company declared an interim dividend of ₹ 7.20 per share.

E. L&T GENERAL INSURANCE COMPANY LIMITED (LTGI): Subsidiary Company

Overview

LTGI, a wholly owned subsidiary, received the license to operate as a General Insurer from the Insurance Regulatory and Development Authority (IRDA) on July 9, 2010. The Company commenced commercial operations as a General Insurer on October 1, 2010.

Operations & Performance

The operations of the Company mainly comprise Fire, Marine, Motor, Public Liability, Group Personal Accident and Group Health Insurance.

The Company is yet to complete one full year of operations. However, a good beginning has been made.

Outlook

The Indian General Insurance Industry has displayed an impressive performance in terms of premium income in the year 2010-2011. Health and Motor have been the fastest growing lines of business.

Going forward, the growth momentum in the General Insurance Industry is expected to continue. The Company is well positioned to exploit the growth opportunities.

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 3D 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 ₹ 72 crore during 2010-2011. Besides orders received from L&T, LTSL also bagged orders from Sargent & Lundy LLC, third party international and domestic customers.

The sales and other income for 2010-2011 at ₹ 90 crore registered a growth of 34%. Exports accounted for 29% of the total income. Profit after tax registered a 10% growth at ₹ 14 crore for 2010-2011 as compared to 2009-2010 level of ₹ 13 crore.

Outlook

LTSL will leverage the increased demand for power in the country supported by the 11th and the 12th plan capacity addition planned for 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 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 ₹ 97 crore recording a growth of 17% over 2009-2010. Profit after tax for the year stood at ₹ 9 crore.

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 Company recorded order inflows of ₹ 61 crore during the year. The order book as at March 31, 2011 stood at ₹ 42 crore. Sales revenue at ₹ 70 crore registered a growth of 17% over the previous year. Profit after tax for 2010-2011 was lower at ₹ 6 crore as compared to ₹ 11 crore in 2009-2010 mainly due to increase in operation costs.

D. L&T-RAMBØLL CONSULTING ENGINEERS LIMITED (LTR CE): Associate Company

Overview

LTR CE, a consultancy firm where L&T has 50% stake, was established in 1998 by L&T and RAMBØLL A/S of Denmark. The Company provides engineering and project consultancy services for transportation infrastructure projects relating to Ports & Marine, Roads & Airports and Bridges & Metros sector. LTR CE also offers consultancy services in SEZ Planning & Environmental Engineering.

Operations & Performance

The Company has consolidated its position in the domestic market as advisors and consultants to developers of projects. LTR CE registered a growth of 29% in total income for the year 2010-2011 at ₹ 45 crore. Profit after tax at ₹ 12 crore grew by 31% over 2009-2010.

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 at ₹ 26 crore during 2010-2011 grew significantly over ₹ 9 crore in 2009-2010. Profit after tax at ₹ 2 crore grew by 30% over the previous year.

F. L&T SHIPBUILDING LIMITED (LTSB): Subsidiary Company

Overview

L&T has identified shipbuilding as a major thrust area in the heavy engineering sector. LTSB, a wholly owned subsidiary of L&T, has been formed for development and operation of a Shipyard-cum-Minor Port Complex at Kattupalli, near Chennai,Tamil Nadu. The port complex of LTSB is planned to operate on a commercial basis with a capacity of 2 million TEUs per annum.

Operations & Performance

LTSB entered into a joint venture agreement with TIDCO to set up the port and shipyard at Kattupalli, Tamil Nadu. LTSB has successfully acquired 1148 acres of patta land at Kattupalli on long-term lease and has also received the formal SEZ approval from the Ministry of Commerce and Industry.

The construction activity at the project site is progressing well as per schedule. Capital dredging work along the harbour basin, started in January 2010, is nearing completion. The Company has also obtained approval from Directorate of Town and Country Planning, Tamilnadu to construct building and related facilities in shipyard and port areas.

The Company has started availing term loan funds from consortium of bankers during the year.

G. L&T SPECIAL STEEL AND HEAVY FORGINGS PRIVATE LIMITED (LTSHF): Subsidiary Company

Overview

LTSHF is a joint venture between L&T and Nuclear Power Corporation of India Limited (NPCIL) with L&T holding majority equity stake of 74%. The JV, formed in July 2009, is in the process of setting up a fully integrated special steel and heavy forgings manufacturing facility at Hazira, Gujarat. This facility will produce heavy forgings required for both the Hydrocarbon sector and the Nuclear Power sector.

Operations & Performance

The construction of facilities and erection of various plant and machinery is advancing as per schedule. The project is expected to commence production by the end of 2011-2012.

H. L&T SAPURA OFFSHORE PRIVATE LIMITED (LTSOPL) and L&T SAPURA SHIPPING PRIVATE LIMITED (LTSSPL): Subsidiary Companies

Overview

LTSOPL and LTSSPL are joint ventures between L&T and Nautical Power Pte Limited, Singapore, a wholly owned subsidiary of Sapura Crest Petroleum Bhd, Malaysia for operation of a Heavy Lift cum Pipe Lay Vessel (HLPV) and installation of offshore platforms and laying of pipes and cables under the sea for the Hydrocarbon Upstream Industry. The JV companies were formed in September 2010 with L&T holding majority of 60% equity stake in both the companies. Heavy Lift-cum-Pipe Lay Vessel was commissioned during the year 2010-2011.

Operations & Performance

In their first year of operation, JV Companies recorded sales of ₹ 251 crore and profit after tax of ₹ 23 crore for the period starting from September 2, 2010 to March 31, 2011. LTSSPL closed the year with order book of ₹ 107 crore.

International Companies

I. 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% and TZC holds 35% 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 ₹ 514 crore against ₹ 390 crore in 2009, thus registering a growth of 32%. Sales for the year at ₹ 458 crore registered an impressive growth of 84% over 2009. Profit after tax stood at ₹ 36 crore as against ₹ 34 crore in 2009.

Outlook

The Company has established itself as one of the major construction companies providing composite construction services in Civil, Mechanical, Electrical & Instrumentation (CMEI) works in Oman. The planned expenditure in the Oil & Gas sector of over OMR 6.5 billion (equivalent to over ₹ 75000 crore) during Eighth Five Year Plan by Oman Government is encouraging for the industry in general and the Company in particular. Considering its eminent position in Oman, the current growth momentum is expected to continue in the medium term.

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

Overview

LTMFYL is a joint venture company between Zubair Corporation & 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, Onshore Process Modules, in addition to fabrication of large size offshore platforms.

Operations & Performance

During the year 2010, LTMFYL's sales revenue stood at ₹ 252 crore, registering impressive growth of 85% over previous year. As a result, profit after tax for the year 2010 also improved at ₹ 31 crore vis-a-vis ₹ 2 crore in 2009.

K. LARSEN & TOUBRO ATCO SAUDI 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 2010 the Company's total income stood at ₹ 25 crore against ₹ 7 crore in 2009. The Company registered a modest profit of ₹ 0.09 crore as against a loss of ₹ 4 crore in 2009.

Outlook

Specific tie-ups with prominent EPC players in the Refinery & Petrochemical sector and demonstration of on-ground resources would open up opportunities for the Company. The recent pre-qualification with large and most prestigious customer in the Kingdom and pre bid alliance with certain leading EPC players will benefit the Company to gain competitive strength and obtain new project orders.

L. 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

The Order Inflow for the year 2010 at OMR 184 million (₹ 2135 crore) registered a growth of 25% over previous year. Order Book as at December 31, 2010 stood at OMR 252 million (₹ 2924 crore). The revenue at ₹ 1664 crore for the year grew by 7% over 2009. Profit after tax for the year 2010 grew by 11% to ₹ 110 crore.

Outlook

The economy of Oman has stabilised and is going through a phase of recovery. The Government of Oman is expected to increase allocation of funds for infrastructure development in 2011, which will augment the opportunity landscape for the Company in Power Transmission and Distribution, Infrastructure and Buildings and Utilities sectors.

M. 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 company in Kuwait and 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

Sales revenue for the year 2010 stood at ₹ 33 crore was lower by 41% as compared to 2009.

N. 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 of L&T.

Operations & Performance

With the construction and real estate activity slowing down in Middle East consequent to financial crisis, the demand for ready mix concrete reduced in 2010. Accordingly, the sales revenue at ₹ 57 crore was lower by 47% as compared to 2009.

IV. POWER EQUIPMENT MANUFACTURING

A. L&T-MHI TURBINE GENERATORS PRIVATE LIMITED: Subsidiary Company

Overview

L&T-MHI Turbine Generators Private Limited is a joint venture with Mitsubishi Heavy Industries, Japan (MHI) to manufacture super critical steam turbines & generators (STG package). L&T holds majority share of 51% of the equity in the Company to leverage on its EPC capabilities in the emerging mega power sector. The manufacturing facility at Hazira, Gujarat to produce STG equipment of capacity ranging from 500 MW to 1000 MW has been successfully commenced during the year.

Operations & Performance

The Company has secured fresh orders for 2 STG packages aggregating to ₹ 2467 crore recording a growth of 15% over the previous year. Consequently, the Order Book position stood at ₹ 3758 crore as on March 31, 2011. The gross sales at ₹ 1126 crore registered a significant growth over the sales of ₹ 422 crore in the previous year with 4 projects under execution.

B. L&T-MHI BOILERS PRIVATE LIMITED: Subsidiary Company

Overview

L&T-MHI Boilers Private Limited is a joint venture between L&T and MHI to manufacture and supply Supercritical

Boilers for large coal based power utilities. L&T holds the majority equity stake of 51% in the Company. The Company has completed its first phase of setting up the manufacturing facilities at Hazira, Gujarat. The total capacity being installed is 4000 MW.

Operations & Performance

The Company has secured orders worth ₹ 6960 crore registering a growth of 25% over the previous year. As a result, the Order Book position as on end 2010-2011 stood at ₹ 11447 crore. The Company has recorded healthy growth in gross sales at ₹ 1011 crore as against ₹ 30 crore in the previous year.

Outlook for Power Equipment Manufacturing

The Government's focus on setting up substantial power generation capacity in the country is the primary growth driver for L&T's Power Equipment Manufacturing subsidiaries viz. L&T-MHI Boiler and L&T-MHI Turbine which manufactures super-critical energy efficient and environment friendly high-end power equipment. While super-critical technology offers distinct advantage to these subsidiaries, achieving cost competitiveness presents major challenges in the wake of competition from Chinese equipment manufacturers. The Companies are confident of meeting the market requirements and become more cost competitive in the coming years.

V. POWER DEVELOPMENT PROJECTS

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, 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

As of March 31, 2011, L&T PDL is developing the following projects through its wholly owned subsidiaries (see table below):

During the year 2010-2011, L&T PDL has reported a total income of ₹ 14 crore mainly by way of project facilitation charges, advisory service fees. Profit after tax stood at ₹ 2 crore.

Outlook

Government's policy to encourage substantial capacity addition provides significant opportunities for private power developers. Several large projects (including Ultra Mega Power Projects and Case-2 Bids) are in the

Name of Project	Capacity (MW)	State	Name of Subsidiary	Current Status
Rajpura Thermal Power Plant – Phase I	1400	Punjab	Nabha Power Limited	Financial closure achieved during 2010-2011. Construction work is in progress.
Rajpura Thermal Power Plant – Phase II	700	Punjab	Nabha Power Limited	In the initial stages of development.
Singoli-Bhatwari Hydro Electric Project	99	Uttarakhand	L&T Uttaranchal Hydropower Limited	Financial closure achieved during 2010-2011. Construction work is in progress.
Tagurshit Hydro Electric Project	60	Arunachal Pradesh	L&T Arunachal Hydropower Limited	Detailed Project Report (DPR) is being finalised. Project implementation is likely to commence in 2011-2012.
Sach-Khas Hydro Electric Project	149	Himachal Pradesh	L&T Himachal Hydropower Limited	Detailed Project Report (DPR) is under preparation. Survey & Investigations work is being carried out.
Reoli-Dugli Hydro Electric Project	420	Himachal Pradesh	L&T Himachal Hydropower Limited	Project has been awarded during the year 2010-2011. Survey & Investigations work is being carried out.
TOTAL	**2828**			

pipeline and shall soon come up for development by private players. Apart from this, private players are also developing merchant power plants considering the continuing peak deficit scenario in the Power sector in India. The Company is actively pursuing all these opportunities to establish itself amongst significant private power developers in India.

VI. INFRASTRUCTURE AND PROPERTY DEVELOPMENT PROJECTS

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 97.65% stake. L&TIDPL 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.

L&TIDPL portfolio is well diversified with a mix of projects under development across various sectors such as roads & bridges, ports and urban infrastructure.

The Company has during the year incorporated a special purpose vehicle L&T Metro Rail (Hyderabad) Limited to design, develop, construct, finance, operate and manage a metro rail system in Hyderabad. The total length of the three elevated corridors is 71.16 KM with 66 stations. The total concession period is 35 years including a construction period of 5 years with a provision to extend for a further period of 25 years. The financial closure for Hyderabad Metro project has been achieved in March 2011 in a record time of 6 months from the award of the project. It is the largest fund tie-up in India in PPP (Public Private Partnership) projects category till date.

During the year under review in roads and bridges space, the Company also achieved financial closure for two road projects viz., L&T Devihalli Hassan Tollway Limited and L&T Krishnagiri Walajahpet Tollway Limited.

Going forward, the Company is poised for quantum growth and aims to attain a position of leadership in creating safe and sustainable infrastructure.

Operations & Performance

L&TIDPL has reported a total income of ₹ 59 crore and a profit after tax of ₹ 16 crore.

As of March 31, 2011, L&TIDPL's portfolio includes following infrastructure projects:

I. Transportation and Infrastructure

Sr. No.	Major SPVs	Status	Stage
	Roads and Bridges:		
1	L&T Panipat Elevated Corridor Limited	Subsidiary	Operational
2	Narmada Infrastructure Construction Enterprise Limited	Subsidiary	Operational
3	L&T Krishnagiri Thopur Toll Road Limited	Subsidiary	Operational
4	L&T Western Andhra Tollways Limited	Subsidiary	Operational
5	L&T Transportation Infrastructure Limited	Subsidiary	Operational
6	L&T Interstate Road Corridor Limited	Subsidiary	Operational
7	L&T Vadodara Bharuch Tollway Limited	Subsidiary	Operational
8	L&T Samakhiali Gandhidham Tollway Private Limited	Subsidiary	Under Implementation
9	L&T Ahmedabad-Maliya Tollway Limited	Subsidiary	Under Implementation
10	L&T Krishnagiri Walajahpet Tollway Limited	Subsidiary	Under Implementation
11	L&T Halol - Shamlaji Tollway Limited	Subsidiary	Under Implementation
12	L&T Devihalli Hassan Tollway Limited	Subsidiary	Under Implementation
	Ports:		
13	The Dhamra Port Company Limited	Joint Venture	Under Implementation
14	International Seaport (Haldia) Private Limited	Associate	Operational

II. Urban Infrastructure

Sr. No.	Major SPVs	Status	Stage
1	L&T Urban Infrastructure Limited	Subsidiary	Operational
2	L&T Tech Park Limited	Subsidiary	Operational
3	L&T Infocity Limited	Subsidiary	Operational
4	L&T South City Projects Limited	Subsidiary	Operational
5	Hyderabad International Trade Expositions Limited	Subsidiary	Operational
6	L&T Hitech City Limited	Subsidiary	Operational
7	L&T Arun Excello IT SEZ Private Limited	Subsidiary	Operational
8	CSJ Infrastructure Private Limited	Subsidiary	Under Implementation
9	L&T Arun Excello Commercial Projects Private Limited	Subsidiary	Under Implementation
10	L&T Bangalore Airport Hotel Limited	Subsidiary	Under Implementation
11	L&T Vision Ventures Limited	Subsidiary	Under Implementation

I. TRANSPORTATION AND INFRASTRUCTURE

Financial performance summary of key operational SPVs: Roads and Bridges

A. Projects completed:

Sr. No.	Name of Subsidiary	Project Details	Project Cost* (₹ crore)	Total Income (₹ crore)		PAT/Loss) (₹ crore)	
				2010-2011	*2009-2010*	2010-2011	*2009-2010*
1	L&T Panipat Elevated Corridor Limited	Widening of the existing Road on National Highway No.1 (NH-1) on BOT basis.	422	39	*36*	(46)	*(45)*
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	52	*53*	26	*23*
3	L&T KrishnagiriThopur Toll Road Limited	Widening of the existing Road from the end of proposed Krishnagiri flyover to Thumpipadi on BOT basis.	525	81	*67*	(25)	*(30)*
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	38	*32*	(20)	*(21)*
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	36	*37*	11	*13*
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.	555	88	*89*	5	*8*
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.	1450	192	*135*	(79)	*(73)*

* Excludes amount payable/receivable by way of grant.

Most of the projects listed above are in the initial phase of operations with a much higher amortisation and interest cost, resulting in losses for the year.

B. **Projects under implementation: Ports**

THE DHAMRA PORT COMPANY LIMITED (DPCL): Joint Venture

Overview

DPCL, a 50:50 joint venture between L&T IDPL 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 62.5km 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 Port commenced commercial operations on May 6, 2011.

Roads and bridges

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

Sr. No.	Name of Subsidiary	Project Details	Project cost* (₹ crore)	Project Status
1	L&T Samakhiali Gandhidham Tollway Private Limited	Six laning of Samakhiali to Gandhidham Section of NH-8A on design, build, finance, operate and transfer basis in the state of Gujarat.	1300	Toll operations started for existing four lanes in 2010-2011. Widening of four lanes to six lanes will commence in August 2011.
2	L&T Ahmedabad - Maliya Tollway Limited (formerly known as 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	Toll operation is expected to start in April 2012.
3	L&T Krishnagiri Walajahpet Tollway Limited	Design, construction, development, finance, operation and maintenance of the road from Krishnagiri to Walajahpet on NH-46 in the state of Tamil Nadu.	1370	Financial closure completed during the year. Toll operation for the existing four lanes & construction of four lanes to six lanes is expected to start in the 1st half of 2011-2012.
4	L&T Halol - Shamlaji Tollway Limited (formerly known as 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	Construction of Two-Lane to Four-lane is expected to be completed in 2011-2012. Toll operation shall begin after the completion of construction.
5	L&T Devihalli Hassan Tollway Limited	Design, construction, development, finance, operation and maintenance of the road from Devihalli to Hassan on NH-48 in the state of Karnataka.	494	Financial closure completed during the year. Toll collection is expected to start after the completion of construction in 2013-2014.
6	Chennai Tada Tollway Limited	Six-laning of Chennai – Tada section of NH-5 from km 11.00 to 54.40 (Length-43.40 Km) in the state of Tamilnadu as BOT (TOLL) on DBFO pattern.	848	Toll operations started for the existing four lane and construction of four lane to six lane is going on and is expected to be completed in 2011-2012.
7	L&T Rajkot - Vadinar Tollway 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	Construction of Two-Lane to four-lane is expected to be completed in 2011-2012.

* Excludes amount payable by way of grant.

II. URBAN INFRASTRUCTURE

L&T Urban Infrastructure Limited, a subsidiary of L&TIDPL, houses the property development and urban infrastructure project development business.

L&T URBAN INFRASTRUCTURE LIMITED (L&TUIL): Subsidiary Company

Overview

L&T UIL, 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 5 years. It has operational/under construction projects in Chennai, Hyderabad, Bangalore, Vijayawada and Chandigarh. L&T through its subsidiary L&T IDPL holds 75% in the Company.

Operations & Performance

L&T UIL has its portfolio investment of over ₹ 600 crore as at March 31, 2011, bulk of which is in the commercial & IT/ITES sector. The Company earned total income of ₹ 50.44 crore which includes project facilitation and advisory service fees of ₹ 42 crore. Profit after tax stood at ₹ 34.68 crore for the year 2010-2011.

The ongoing projects under the residential sector are Serene County at Hyderabad, Eden Park at Siruseri, Chennai and Estancia Residential at GST Road, Chennai. While Serene County, at Hyderabad has successfully sold about 80% of its development, Eden Park at Chennai is progressing very well with a good number of bookings and sale having commenced during the Q4 of 2010-2011. The Company has revised the development agreement of residential project "Prithvi" at Sriperambudur, Tamilnadu and the project is expected to be completed by 2013-2014. The total space developed so far under this sector is about 30 lakh sq. ft.

Under 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 August 2011. The mixed development project at Chandigarh is on schedule and has achieved bookings of 76% for retail space and 40% for office complex. The project is expected to become partially operational in 2012-2013.

As part of the portfolio review policy, L&T UIL continued with strategic divestments, in projects which attain a mature stage. During 2010-2011, L&T UIL divested its stake in Cyber Park Development and Construction Limited, Bangalore. The stake held by L&T Infocity in its subsidiary at Sri Lanka has been divested.

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

A. Projects completed

Sr. No.	Name of Subsidiary	Project Details	Total Income (₹ crore)		PAT/(Loss) (₹ crore)	
			2010-2011	*2009-2010*	2010-2011	*2009-2010*
1	L&T Tech Park Limited	The Company has been 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 & almost fully occupied. Phase II of the project, with a built up area of 4.40 lakh sq. ft. is expected to commence in 2011-2012.	20	*11*	5	*(4)*
2	L&T Infocity Limited	The Company focuses on (i) Operating and maintaining the multi-tenanted IT Parks (ii) Operating the Built to Suit IT facilities (iii) Facility Management and (iv) Development and Sale of Residential Units in Mega Residential Project 'Serene County'.	329	*206*	140	*57*

Sr. No.	Name of Subsidiary	Project Details	Total Income (₹ crore)		PAT/(Loss) (₹ crore)	
3	L&T South City Projects Limited	The Company is developing a township consisting of residential complex, school, public health centre, shopping complex etc., over 87 acres of land situated at Siruseri Village, Chenglepet District. Phase I consisting of 4 towers has been completed. The overall project including all phases is expected to be completed by 2016.	132	*1*	13	*(1)*
4	Hyderabad International Trade Expositions Limited	The Company has developed a modern trade exposition center on a 52 acre plot at Cyberabad, Hyderabad.	16	*12*	3	*0.07*
5	L&T Hitech City Limited	The Company floated by L&T Infocity Limited, in partnership with APIIC, to set up an IT SEZ at Vijayawada and has already constructed 1.50 lakh sq.ft IT space.	0.69	*0.23*	(8)	*(1)*
6	L&T Arun Excello IT SEZ Private Limited	The Companyhas been formed for developing an IT SEZ at Vallanchery on GST Road, Chennai. The Company has already completed 3.6 lakh sq.ft of office space for IT/ITES.	1	*1*	(22)	*(3)*

B. Major projects under implementation (Urban Infrastructure)

Sr. No.	Name of Subsidiary	Project Details	Project Status
1	CSJ Infrastructure Private Limited	The Company is formed for development of commercial complexes in Chandigarh.	The project is under implementation and is expected to commence commercial operations by June 2012.
2	L&T Bangalore Airport Hotel Limited	The Company is floated to undertake construction & operation of business class hotel with a total of 321 rooms.	The project is under advanced stages of implementation. Phase I comprising of 158 rooms is expected to be completed by August 2011. Additional land for further phases is yet to be allotted.
3	L&T Vision Ventures Limited	The Company is floated to undertake development of a residential township at Vishakhapatanam.	Land allotment pending from Vishakhapatanam Urban Development Authority (VUDA)

VII. ELECTRICAL & ELECTRONICS

A. TAMCO GROUP OF COMPANIES: Subsidiary Companies

Overview

TAMCO Group companies operating from Malaysia, Indonesia and Australia are wholly owned subsidiaries of L&T International FZE. During the year, the management decided to sell off TAMCO's loss-making China operations and consequently, in February 2011, L&T International FZE sold its shares in TAMCO Shanghai Switchgear Company Ltd. to a Chinese company.

TAMCO Malaysia has strengthened its brand equity for Medium Voltage (MV) switchgear both in domestic and overseas market. It has a wide market share in Dubai, Qatar, Oman and other GCC countries.

Operations & Performance

During the year ended December 2010, TAMCO group has secured orders amounting to ₹ 685 crore as against ₹ 651 crore in 2009. Group sales for 2010 stood at ₹ 635 crore as against ₹ 707 crore for previous year. Profit after tax of TAMCO group of companies stood at ₹ 81 crore in 2010 as against ₹ 79 crore in 2009. The reduction in sales is mainly attributed to the slow off-take of orders from Middle East and Gulf market. Sales in Australia increased from ₹ 60 crore in 2009 to ₹ 80 crore in 2010 while the revenue in Indonesia increased from ₹ 16 crore in 2009 to ₹ 23 crore in 2010.

Outlook

Malaysian economy shows signs of recovery and the GDP is expected to grow at 6%. The market is also expanding in Australia as major Utility companies have registered TAMCO as their suppliers for MV products. The Company intends to penetrate new markets in South East Asia, North Africa, East Africa & UK and develop new products through its Research and Development activities. The Company intends to invest ₹ 30 crore towards development of new products for the year 2011 in order to expand its market reach. TAMCO products have been introduced in the Indian market. Localisation of its product range coupled with L&T's low voltage range would provide ample market potential.

B. L&T ELECTRICALS SAUDI ARABIA COMPANY LIMITED, LLC (LTESA): Subsidiary Company

Overview

LTESA is a joint venture between L&T and Yusuf Bin Ahmed Kanoo Group, KSA 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 in the Company, which caters to the customers in and around Saudi Arabia. The Company offers complete range of electrical systems and switchgear components in the Gulf market in Low and Medium Voltage categories, Pre-Fabricated/Packaged Substations, Variable Frequency Drive panels and Automation systems etc.

Operations & Performance

The order inflow for the year ended December 2010 stood at ₹ 129 crore as against ₹ 37 crore in 2009, some of which were received during the last quarter of 2010. Sales for the year was lower at ₹ 30 crore as compared to ₹ 56 crore for the previous year due to slowdown in the local market where many projects got stalled and decisions on order finalisation were put on hold till the later part of 2010.

Outlook

LTESA has successfully customised MV Panels and Ring Main Units to suit local requirements which will enable business with Saudi Electricity Company (SEC) and SEC-approved contractors. With the oil prices firming up and demand rising, the Company expects new opportunities for major Oil & Gas projects. LTESA has entered into a frame agreement with Bechtel- Ma'aden for Motor Control Centre.

C. L&T ELECTRICAL & AUTOMATION FZE (LTEAFZE): Subsidiary Company

Overview

LTEAFZE, established in 2008 and operating from its own Integration Centre, at Jebel Ali Free Zone in United Arab Emirates (UAE), is a wholly owned subsidiary of L&T International FZE.

The Company provides Integrated Control Solutions to Industry verticals like Oil & Gas, Water & Waste Water, Power and Infrastructure in Middle East, Africa and CIS markets with expertise in Automation, Telecommunication, Electrical & Instrumentation segments.

Operations & Performance

The order inflow for the year ended December 2010 stood at ₹ 118 crore as against ₹ 92 crore in 2009. Sales for the year was lower at ₹ 116 crore as compared to ₹ 123 crore for the previous year due to slowdown in the Middle East market in early 2010. Profit after tax was maintained ₹ 18 crore for the year.

Outlook

The Oil & Gas, Utility and Infrastructure segments are showing signs of revival in Saudi Arabia, UAE, Qatar and Kuwait markets with significant investments announced over next 3-5 years. With major customer approvals in place, this business is focusing to provide Turnkey Automation, Telecommunication & Electrical services to Engineering Procurement & Construction (EPC) companies and to end-users for brown field projects.

D. 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 equipment. 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

For the financial year 2010, revenue was ₹ 39 crore against ₹ 31 crore for 2009. Profit after tax was ₹ 2 crore for FY 2010 against ₹ 0.18 crore for 2009. Due to the economic slowdown, projects were either delayed or cancelled leading to only marginal increase in sales and profits.

Outlook

LV switchgear business in China continues to move upwards in the value chain, with Government focus on infrastructure, utilities and industries. However, heavy competition in this segment from the low cost players is impacting the performance of the Company adversely.

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 excavators, crawler tractors, bull dozers etc.

Operations & Performance

Sales and other income for the financial year 2010-2011 were ₹ 172 crore as against ₹ 140 crore for the previous year. Profit after taxes for the year was ₹ 9 crore as against ₹ 1 crore for previous year.

Outlook

Indian Hydraulic Excavator (HEX) market is showing remarkable improvements. In the year 2010-2011, total number of Hydraulic Excavators sold was approx. 12,355 nos. as against 9,882 in 2009-2010. In the year 2011-2012 the Company expects to maintain its market share so as to achieve healthy growth in the years to come.

B. 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 (IMMs) 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

There has been substantial addition of capacities in industries of end-users such as automobiles, packaging, writing instruments and electrical. Order Inflow, hence registered an increase of 47% in comparison to previous year.

The Company reported a good performance for the year ended March 31, 2011. Gross sales & income at ₹ 210 crore for 2010-2011, registered a growth of 47% over 2009-2010. Due to improved capacity utilisation, the profit after tax for 2010-2011 increased to ₹ 18 crore, as against profit of ₹ 6 crore for 2009-2010.

In manufacturing operations, sustained efforts were taken throughout the year in areas such as manpower optimisation, reduction in energy consumption and better management of working capital, thereby delivering excellent results for the year.

The Company received prestigious India Manufacturing Excellence Award 2010 in Gold category from The Economic Times in partnership with Frost & Sullivan.

Outlook

The Company is expected to continue its growth momentum during the year 2011-2012. The demand for plastic products is also expected to grow in the near future leading to better prospects for the Company's machines in the domestic market.

C. EWAC ALLOYS LIMITED (EWAC): Subsidiary Company

Overview

EWAC was a 50:50 joint venture with L&T and Messer Eutectic + Castolin Group of Germany. During the year, L&T has acquired the entire shareholding of the JV partner, as a result, the Company became a wholly owned subsidiary.

Operations & Performance

EWAC is a market leader in the business of Maintenance & Repairs, Welding & Welding solutions for conservation of global metal resources. The principal products and services comprise Maintenance & Repair (M&R) consumables, specification grade electrodes, flux-cored welding wires, wear plates/parts, welding & cutting equipment, Tero Cote Lab services etc. L&T markets EWAC's products in India through a strong network of stockists.

EWAC reported a gross sales of ₹ 189 crore in 2010-2011 against ₹ 143 crore in 2009-2010. Profit after tax is ₹ 27 crore vis-à-vis ₹ 24 crore for the previous year.

Share of trading products, which yield relatively lower margins, has gone up from 38% to 49% in 2010-2011.

Outlook

With the positive outlook on the industry and Indian economy, EWAC expects to continue its good performance in the year 2011-2012.

D. 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 group 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

During the year 2010-2011, LTK posted gross sales of ₹ 1491 crore registering 24% growth. Profit after tax at ₹ 61 crore, however, declined marginally due to significant increase in component costs, arising out of steep appreciation in Japanese Yen and steel price hikes during the year.

Due to intense competition, it was not possible to pass-on cost increases to customers fully. The Company was able to maintain market share in spite of intense competition from existing players and new entrants.

Outlook

With the Indian economy on growth path, the outlook for Hydraulic Excavator market is very positive. Based on current economic activity, the market is expected to grow significantly on the back of infrastructure projects taking off in 2011-2012.

E. 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, Petrochemicals, Chemicals, Fertilisers, 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. Apart from Indian Oil majors and various other industrial segment approvals, AIL also has a unique advantage of Indian Nuclear Industry approval.

Operations & Performance

The Company reported improvement in performance for the year. AIL posted gross sales of ₹ 479 crore in 2010-2011 as against ₹ 386 crore in 2009-2010, registering a growth of 24% over the previous year. Profit after tax stood at ₹ 33 crore as compared to ₹ 32 crore in 2009-2010.

Outlook

With a healthy Order Book position as on March 31, 2011, AIL expects a satisfactory performance in the year ahead.

F. L&T KOBELCO MACHINERY PRIVATE LIMITED: Subsidiary Company

Overview

The Company has been incorporated as a 51:49 joint venture between L&T and Kobe Steel, Ltd. of Japan for the manufacture of Internal Mixers and Twin Screw Roller Extruders (TSR) for rubber processing for the Tyre Industry. Construction of the manufacturing facility is in progress at Kanchipuram, Tamilnadu and is expected to become operational during 2011-2012.

Outlook

The demand for the rubber processing machines is dependent on the fortunes of the Tyre Industry, which in turn, is dependent on automotive and mobile equipment markets. Both these markets are currently growing at over 20% per annum and most tyre manufacturers are setting up new tyre manufacturing facilities, thus facilitating demand for mixers and TSRs. With limited players in the market producing these machines, the growth opportunities for the Company are good.

International Companies

G. LARSEN & TOUBRO (QINGDAO) RUBBER MACHINERY COMPANY LIMITED (LT QINGDAO): Subsidiary Company

Overview

LT QINGDAO is a wholly owned subsidiary of L&T International FZE, set up in Jiaonan, Qingdao, People's Republic of China. 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 2010 LT QINGDAO recorded sales of ₹ 70 crore as against ₹ 51 crore in the previous year. Profit after tax was ₹ 1 crore. During the year 2010, the Company was successful in securing significant orders from tyre majors in People's Republic of China as well as from Pirelli for delivery to its plants in South America.

Outlook

The Company has a healthy order book at the end of the year and has plans to further enhance volumes in the year 2011.

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

Overview

LTJVCL is a wholly owned subsidiary of L&T International FZE, set up in Yancheng City, People's Republic of China. LTJVCL manufactures a range of Valves for global markets.

Operations & Performance

The Company's revenue for the year 2010 stood at ₹ 33 crore vis-à-vis ₹ 28 crore in the year 2009.

Outlook

With the accreditation in the prospects of refining sector, backed by healthy order book of over ₹ 50 crore, the outlook for the Company is positive.

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 sale of industrial valves in the North American market.

Operations & Performance

During the year 2010 the total revenue was ₹ 34 crore as against ₹ 60 crore in 2009. The Company decided to gradually scale down the operations in view of the lower volumes & high cost of operations.

IX. INVESTMENTS IN OVERSEAS S&A COMPANIES

LARSEN & TOUBRO INTERNATIONAL FZE (LTIFZE): Subsidiary Company

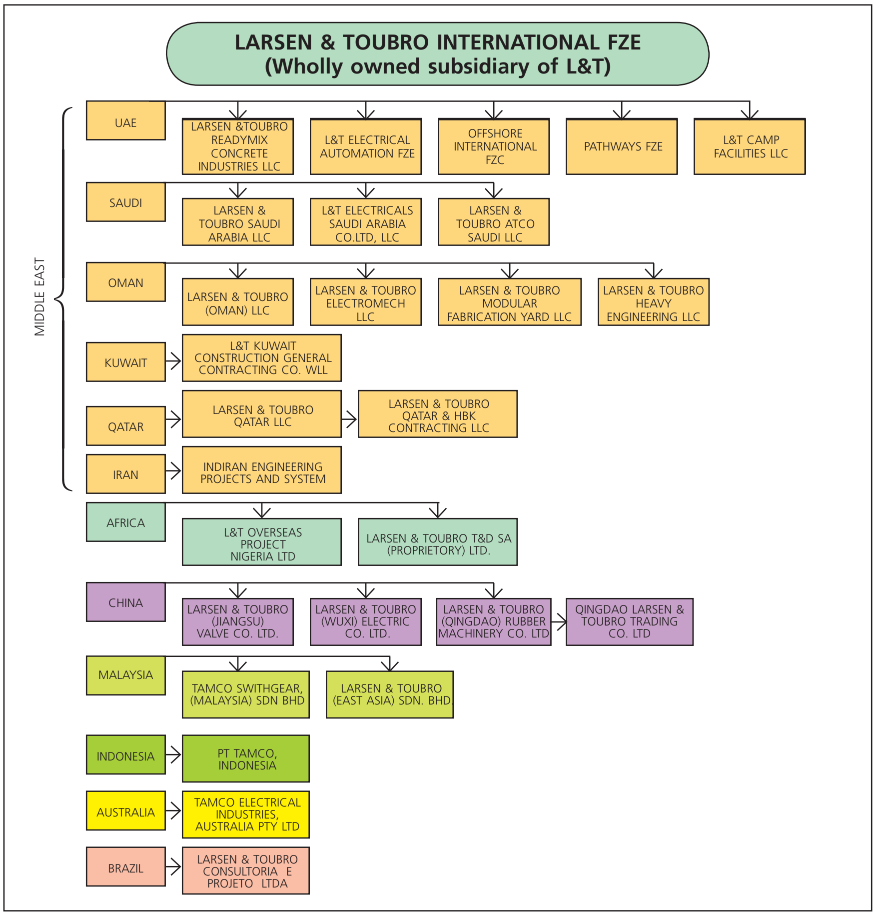
Overview

LTIFZE, a wholly owned subsidiary of L&T, has been incorporated in the Hamriyah Free Zone, Sharjah as a Free Zone Establishment (FZE). LTIFZE is a holding company of most of L&T's investments in overseas companies. The Company is also providing support to L&T and its group companies in the Middle and Far East by acquiring and hiring plant, machinery & other equipment for project business.

Operations & Performance

The value of investments made in various S&A Companies thru' LTIFZE is ₹ 594 crore. Sales and other income earned during the year was ₹ 50 crore. The income mainly comprised of revenue from hire of plant & machinery and dividend income from investments in subsidiary companies. Profit after tax stood at ₹ 26 crore.

COUNTRY-WISE INVESTMENTS IN SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURES BY LTIFZE



Auditors' report to the members of Larsen & Toubro Limited

We have audited the attached Balance Sheet of Larsen & Toubro Limited as at March 31, 2011 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 March 31, 2011, and taken on record by the board of directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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 March 31, 2011;
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, May 19, 2011

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 March 31, 2011 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, customs duty and income tax as at March 31, 2011 which have not been deposited on account of a dispute pending are as under:

Name of the statute	**Nature of the disputed dues**	**Amount ₹ 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	1.37	1996-1997 to 2005-2006	Commercial Tax Officer
	Non-submission of forms, disallowance of deemed inter-state sales, classification dispute and other matters	141.51	1991-1992 to 1994-1995,1997-1998, 1999-2000 to 2007-2008 and 2009-2010	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	33.61	1989-1990 and 1993-1994 to 2010-2011	Deputy Commissioner (Appeals)
	Non-submission of forms, disallowance of transit sales, classification dispute and other matters	10.27	1993-1994, 1994-1995, 1997-1998 to 2007-2008 and 2009-2010	Joint Commissioner (Appeals)
	Non-submission of forms, additional demand for pending forms, disallowance of inter-state sales and other matters	2.85	1991-1992, 1992-1993, 1996-1997 and 2000-2001 to 2006-2007	Additional Commissioner (Appeals)
	Non-submission of forms, dispute related to sales in transit and other matters	19.95	2003-2004 to 2007-2008	Commissioner (Appeals)
	Non-submission of forms, inter-state sales, sub-contractors turnover, rate dispute, disallowance under composition scheme and other matters	65.28	1987-1988 to 1996-1997, 1998-1999 to 2003-2004 and 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	495.03	1987-1988 to 2006-2007	High Court
	Taxability of sub-contractor turnover, rate of tax for declared goods and inter-state sales	2.35	1991-1992, 1995-1996, 1997-1998 and 1999-2000 to 2004-2005	Supreme Court

Name of the statute	Nature of the disputed dues	Amount ₹ crore*	Period to which the amount relates	Forum where disputes are pending
The Central Excise Act,1944, Service Tax under Finance Act, 1994 and Customs Act, 1962	Demand for custom duty for fuel, software and on export under rebate	0.70	2006-2007 to 2008-2009	Commissioner (Appeals)
	Classification dispute, exemptions denied, valuation disputes and other matters	40.71	1991-1992, 2001-2002, 2003-2004 to 2006-2007, 2008-2009 and 2009-2010	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	219.96	1997-1998, 2003-2004 to 2010-2011	Commissioner (Appeals)
	Demand of service tax including penalty and interest on lumpsum turnkey jobs and demand of penalty on late payment of service tax	124.19	2002-2003 to 2006-2007	CESTAT
	Export rebate claim, service tax on commercial construction service	0.07	2003-2004	High Court
Income-tax Act, 1961	Dispute regarding tax not deducted on purchase of software	0.52	2006-2007 to 2009-2010	Assessing Officer
	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	1.90	2007-2008 and 2008-2009	Director of Income Tax (International Taxation)
* Net of pre-deposit paid in getting the stay/appeal admitted.				

10 The Company has no accumulated losses as at March 31, 2011 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, May 19, 2011

Balance Sheet as at March 31, 2011

	Schedule		As at 31-3-2011		*As at 31-3-2010*	
			₹ crore	₹ crore	*₹ crore*	*₹ crore*
SOURCES OF FUNDS:						
SHAREHOLDERS' FUNDS:						
Share capital	**A**		121.77		*120.44*	
Employee stock options application money			–		*25.09*	
Reserves and surplus	**B**		21356.18		*17882.22*	
Employee stock options outstanding (*previous year: ₹ 566.23 crore)*		805.82				
Less: Deferred employee compensation expense (*previous year: ₹ 282.34 crore*)		437.51				
			368.31		*283.89*	
				21846.26		*18311.64*
LOAN FUNDS:						
Secured loans	**C**		1063.04		*955.73*	
Unsecured loans	**D**		6098.07		*5845.10*	
				7161.11		*6800.83*
Deferred tax liabilities [Note no.23]				549.74		*389.27*
TOTAL				29557.11		*25501.74*
APPLICATION OF FUNDS:						
Fixed assets:						
Tangible assets:	**E(i)**					
Gross block			8675.87		*7093.10*	
Less: Depreciation and impairment			2220.82		*1724.61*	
Net block			6455.05		*5368.49*	
Less: Lease adjustment			3.07		*3.07*	
			6451.98		*5365.42*	
Capital work-in-progress			785.00		*857.66*	
				7236.98		*6223.08*
Intangible assets:	**E(ii)**					
Gross block			280.80		*196.99*	
Less: Amortisation			88.59		*70.85*	
Net block			192.21		*126.14*	
Capital work-in-progress			28.94		*16.54*	
				221.15		*142.68*
Investments	**F**			14684.82		*13705.35*
Deferred tax assets [Note no.23]				286.27		*311.88*
Current assets, loans and advances:	**G**					
Inventories			1577.15		*1415.37*	
Sundry debtors			12427.61		*11158.35*	
Cash and bank balances			1730.35		*1431.87*	
Other current assets			11027.34		*6353.22*	
Loans and advances			8188.69		*6036.45*	
			34951.14		*26395.26*	
Less: Current liabilities and provisions:						
Liabilities	**H**		25589.82		*19090.47*	
Provisions	**I**		2233.43		*2186.04*	
			27823.25		*21276.51*	
Net current assets				7127.89		*5118.75*
TOTAL				29557.11		*25501.74*
CONTINGENT LIABILITIES	**J**					
SIGNIFICANT ACCOUNTING POLICIES	**Q**					

(For notes forming part of the accounts see page nos.152 to 187)

A. M. NAIK
Chairman & Managing Director

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE

N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN

Directors *Mumbai, May 19, 2011*

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 19, 2011

N. HARIHARAN
Company Secretary

Profit and Loss Account for the year ended March 31, 2011

	Schedule	2010-2011		2009-2010	
		₹ crore	₹ crore	*₹ crore*	*₹ crore*
INCOME:					
Sales & service (gross)	**K**	43886.17		*36995.93*	
Less: Excise duty		390.24		*320.78*	
Sales & service (net)			43495.93		*36675.15*
Other operational income	**L(i)**		408.98		*359.65*
Other income	**L(ii)**		1443.13		*2024.96*
			45348.04		*39059.76*
EXPENDITURE:					
Manufacturing, construction and operating expenses	**M**	33431.62		*28537.41*	
Staff expenses	**N**	2884.53		*2379.14*	
Sales, administration and other expenses	**O**	1990.26		*1378.88*	
Interest expenses and brokerage	**P**	647.37		*505.31*	
Depreciation and obsolescence of tangible assets [Note nos.11 and 13(a)]		576.87		*384.95*	
Amortisation of intangible assets [Note no.13(b)]		23.41		*30.95*	
		39554.06		*33216.64*	
Less: Overheads charged to fixed assets		37.87		*36.25*	
			39516.19		*33180.39*
Profit before transfer from revaluation reserve			5831.85		*5879.37*
Add: Transfer from revaluation reserve			1.06		*1.30*
Profit before taxes before extraordinary items			5832.91		*5880.67*
Provision for current taxes [Note no.22]		1778.86		*1644.25*	
Provision for deferred tax [Note no.23]		167.00		*(3.38)*	
			1945.86		*1640.87*
Profit after taxes before extraordinary items			3887.05		*4239.80*
Gain/(loss) on extraordinary items (net of tax) [Note no.9]			70.84		*135.72*
Profit after taxes after extraordinary items			3957.89		*4375.52*
Add: Balance brought forward from previous year		107.29		*100.50*	
Less: Dividend paid for previous year		3.44		*2.04*	
Additional tax on dividend paid for previous year		0.57		*0.35*	
			103.28		*98.11*
Profit available for appropriation			4061.17		*4473.63*
Less: Transfer to general reserve			2910.00		*3460.00*
Transfer to debenture redemption reserve			49.83		*43.34*
Profit available for distribution			1101.34		*970.29*
Proposed dividend			882.84		*752.75*
Additional tax on dividend			112.82		*110.25*
Balance carried to Balance Sheet			105.68		*107.29*
Basic earnings per equity share before extraordinary items (₹)	[Note no.24]		64.16		*71.49*
Diluted earnings per equity share before extraordinary items (₹)	[Note no.24]		63.20		*70.15*
Basic earnings per equity share after extraordinary items (₹)	[Note no.24]		65.33		*73.77*
Diluted earnings per equity share after extraordinary items (₹)	[Note no.24]		64.35		*72.39*
Face value per equity share (₹)			2.00		*2.00*
SIGNIFICANT ACCOUNTING POLICIES	**Q**				
(For notes forming part of the accounts see page nos.152 to 187)					

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 19, 2011

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE
N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN
Directors

Mumbai, May 19, 2011

Cash Flow Statement for the year ended March 31, 2011

		2010-2011 ₹ crore	*2009-2010* *₹ crore*
A.	**Cash flow from operating activities:**		
	Profit before tax (excluding extraordinary items)	5832.91	*5880.67*
	Adjustments for:		
	Dividend received	(394.24)	*(387.03)*
	Depreciation (including obsolescence) and amortisation	599.22	*414.60*
	Exchange difference on items grouped under financing activity	130.73	*(19.39)*
	Interest expense	647.37	*505.31*
	Interest income	(336.00)	*(128.39)*
	Profit on sale of fixed assets (net)	(143.47)	*(4.02)*
	Profit on sale of investments (net)	(357.68)	*(1254.44)*
	Employee stock option–discount forming part of staff expenses	173.44	*162.98*
	Provision/(reversal) for diminution in value of investments	(10.24)	*47.10*
	Operating profit before working capital changes	6142.04	*5217.39*
	Adjustments for:		
	(Increase)/decrease in trade and other receivables	(6888.68)	*(2945.58)*
	(Increase)/decrease in inventories	(161.78)	*34.47*
	Decrease in miscellaneous expenditure	–	*0.26*
	Increase/(decrease) in trade payables and customer advances	6773.22	*4697.83*
	Cash (used in)/generated from operations	5864.80	*7004.37*
	Direct taxes refund/(paid)–net	(2003.50)	*(1519.28)*
	Net cash (used in)/from operating activities	3861.30	*5485.09*
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(1672.74)	*(1571.89)*
	Sale of fixed assets	125.91	*12.13*
	Investment in subsidiaries, associates and joint ventures	(2116.33)	*(2140.62)*
	Divestment of stake in subsidiaries, associates and joint ventures	469.05	*130.34*
	Purchase of long term investments	–	*(488.06)*
	Sale of long term investments	319.19	*1381.89*
	(Purchase)/sale of current investments (net)	717.21	*(3043.22)*
	Loans/deposits made with subsidiaries, associates companies and third parties (net)	(837.99)	*(494.74)*
	Advance towards equity commitment	(122.88)	*(478.46)*
	Interest received	279.55	*104.80*
	Dividend received from subsidiaries	187.35	*88.91*
	Dividend received from other investments	206.89	*298.12*
	Cash (used in)/from investing activities (before extraordinary items)	(2444.79)	*(6200.80)*
	Extraordinary items		
	Cash received (net of expenses) on sale/transfer of Petroleum Dispensing Pumps & Systems business	6.81	*129.07*
	Net cash (used in)/from investing activities (after extraordinary items)	(2437.98)	*(6071.73)*
C.	**Cash flow from financing activities:**		
	Proceeds from fresh issue of share capital including shares under ESOP schemes	347.25	*2132.74*
	Proceeds from long term borrowings	1067.41	*1255.88*
	Repayment of long term borrowings	(1228.89)	*(587.91)*
	(Repayments)/proceeds from other borrowings (net)	(29.88)	*(326.76)*
	Loans from subsidiary and associate companies (net of repayments)	170.00	*20.00*
	Dividends paid	(756.19)	*(617.01)*
	Additional tax on dividend	(110.82)	*(102.18)*
	Interest paid (including cash flows from interest rate swaps)	(583.72)	*(531.54)*
	Net cash (used in)/from financing activities	(1124.84)	*1243.22*
Net (decrease)/increase in cash and cash equivalents (A + B + C)		298.48	*656.58*
Cash and cash equivalents at beginning of the year		1431.87	*775.29*
Cash and cash equivalents at end of the year		1730.35	*1431.87*

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 ₹ 1.88 crore *(previous year unrealised loss of ₹ 12.14 crore)* on account of translation of foreign currency bank and cash 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 19, 2011

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE

N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN

N. HARIHARAN
Company Secretary

Directors

Mumbai, May 19, 2011

Schedules forming part of the Accounts

	As at 31-3-2011 ₹ crore	As at 31-3-2010 ₹ crore
Schedule A		
Share capital:		
Authorised:		
1,62,50,00,000 equity shares of ₹ 2 each	325.00	*325.00*
(previous year: 1,62,50,00,000 equity shares of ₹ 2 each)		
Issued:		
60,88,52,126 equity shares of ₹ 2 each	121.77	*120.44*
(previous year: 60,21,95,408 equity shares of ₹ 2 each)		
Subscribed and paid up:		
60,88,52,126 equity shares of ₹ 2 each [Note no.1]	121.77	*120.44*
(previous year: 60,21,95,408 equity shares of ₹ 2 each)		
	121.77	*120.44*

	As at 31-3-2011 ₹ crore	As at 31-3-2011 ₹ crore	As at 31-3-2010 ₹ crore	As at 31-3-2010 ₹ crore
Schedule B				
Reserves and surplus:				
Revaluation reserve:				
As per last Balance Sheet	23.29		*24.59*	
Less: On assets sold or obsoleted during the year	0.10		*–*	
Less: Transferred to Profit and Loss Account	1.06		*1.30*	
		22.13		*23.29*
Capital reserve		10.52		*10.52*
Debenture redemption reserve:				
As per last Balance Sheet	86.68		*43.34*	
Add: Transferred from Profit and Loss Account	49.83		*43.34*	
		136.51		*86.68*
Securities premium account:				
As per last Balance Sheet	6402.64		*4199.29*	
Addition during the year	477.42		*2249.19*	
	6880.06		*6448.48*	
Less: Share/bond issue expenses (net of tax)	1.68		*45.84*	
Reversal of expenses debited in previous year	(0.99)		*–*	
		6879.37		*6402.64*
Foreign projects reserve:				
As per last Balance Sheet	–		*7.83*	
Less: Transferred to general reserve	–		*7.83*	
		–		*–*
Housing projects reserve:				
As per last Balance Sheet	–		*1.73*	
Less: Transferred to general reserve	–		*1.73*	
		–		*–*
Carried forward		7048.53		*6523.13*

Schedules forming part of the Accounts (contd.)

	As at 31-3-2011		*As at 31-3-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule B (contd.)				
Brought forward		7048.53		*6523.13*
Hedging reserve (net of tax)				
As per last Balance Sheet	12.58		*(50.57)*	
Addition/(deduction) during the year (net)	40.17		*63.15*	
		52.75		*12.58*
General reserve:				
As per last Balance Sheet	11239.22		*7769.66*	
Add: Transferred from:				
Foreign projects reserve	–		*7.83*	
Housing projects reserve	–		*1.73*	
Profit and Loss Account	2910.00		*3460.00*	
		14149.22		*11239.22*
Profit and Loss Account		105.68		*107.29*
		21356.18		*17882.22*

	As at 31-3-2011		*As at 31-3-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule C				
Secured loans:				
Redeemable non-convertible fixed rate debentures		900.00		*900.00*
Loans from banks:				
Working capital borrowing facilities	163.04		*49.83*	
Other loans	–		*5.90*	
		163.04		*55.73*
		1063.04		*955.73*

	As at 31-3-2011		*As at 31-3-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule D				
Unsecured loans:				
Redeemable non-convertible fixed rate debentures		510.00		*250.00*
3.50% Foreign currency convertible bonds		891.90		*898.00*
Loans from subsidiary companies		194.40		*24.40*
Short term loans and advances:				
From banks	544.19		*639.14*	
Lease finance	28.49		*24.34*	
Sales tax deferment loan	28.35		*27.23*	
From others	–		*25.00*	
		601.03		*715.71*
Other loans and advances:				
From banks	3789.79		*3789.02*	
Lease finance	72.58		*101.06*	
Sales tax deferment loan	38.37		*66.91*	
		3900.74		*3956.99*
		6098.07		*5845.10*

Schedules forming part of the Accounts (contd.)

Schedule E(i)

Fixed assets-Tangible:

₹ *crore*

Particulars	Cost/valuation				Depreciation				Impairment	Book value	
	As at 1-4-2010	Additions	Deductions	As at 31-3-2011	*Up to 31-3-2010*	For the year	Deductions	Up to 31-3-2011	As at 31-3-2011	As at 31-3-2011	*As at 31-3-2010*
OWNED ASSETS:											
Land–freehold	*380.44*	20.42	0.58	400.28	–	–	–	–	–	400.28	*380.44*
Ships	*71.46*	–	–	71.46	*7.51*	5.02	–	12.53	–	58.93	*63.95*
Buildings	*1500.73*	533.28	5.49	2028.52	*220.64*	33.36	2.22	251.78	–	1776.74	*1280.09*
Railway sidings	*0.25*	–	–	0.25	*0.25*	–	–	0.25	–	–	–
Plant and machinery	*4592.28*	1049.94	59.98	5582.24	*1314.46*	483.99	50.84	1747.61	–	3834.63	*3277.82*
Furniture and fixtures	*178.29*	30.56	14.82	194.03	*84.93*	16.23	14.16	87.00	–	107.03	*93.36*
Vehicles	*139.76*	41.76	8.14	173.38	*52.41*	17.37	5.13	64.65	–	108.73	*87.35*
Aircraft	*10.62*	–	–	10.62	*5.52*	0.80	–	6.32	–	4.30	*5.10*
Owned assets leased out:											
Buildings	*44.29*	–	4.09	40.20	*5.83*	0.63	2.36	4.10	–	36.10	*38.46*
Plant and machinery	*27.44*	–	–	27.44	*10.39*	0.26	–	10.65	6.93 #	9.86	*10.12*
Lease adjustment	–	–	–	–	–	–	–	–	–	(3.07)	*(3.07)*
Owned assets (sub total-A)	*6945.56*	1675.96	93.10	8528.42	*1701.94*	557.66	74.71	2184.89	6.93	6333.53	*5233.62*
LEASED ASSETS:											
Assets taken on finance lease:											
Plant and machinery	*145.52*	–	0.09	145.43	*14.54*	13.17	0.09	27.62	–	117.81	*130.98*
Vehicles	*2.02*	–	–	2.02	*1.20*	0.18	–	1.38	–	0.64	*0.82*
Asset taken on lease (sub total-B)	*147.54*	–	0.09	147.45	*15.74*	13.35	0.09	29.00	–	118.45	*131.80*
Total (A+B)	*7093.10*	1675.96	93.19	8675.87	*1717.68*	571.01	74.80	2213.89	6.93	6451.98	*5365.42*
Previous year	*5434.18*	*1750.14*	*91.22*	*7093.10*	*1411.39*	*377.54*	*71.25*	*1717.68*	*6.93*		
Add: Capital work-in-progress										785.00	*857.66*
# Impairment upto 31-3-2010 ₹ 6.93 crore, during the year ₹ nil.										7236.98	*6223.08*

Schedule E(ii)

Fixed assets-Intangible:

₹ *crore*

Particulars	Cost/valuation				Amortisation				Book value	
	As at 1-4-2010	Additions	Deductions	As at 31-3-2011	*Up to 31-3-2010*	For the year	Deductions	Up to 31-3-2011	As at 31-3-2011	*As at 31-3-2010*
Land–leasehold	*88.54*	33.19	0.02	121.71	*3.37*	1.26	–	4.63	117.08	*85.17*
Specialised softwares	*95.02*	54.39	4.64	144.77	*54.46*	21.76	4.16	72.06	72.71	*40.56*
Lumpsum fees for technical knowhow	*13.43*	2.40	1.51	14.32	*13.02*	0.39	1.51	11.90	2.42	*0.41*
TOTAL	*196.99*	89.98	6.17	280.80	*70.85*	23.41	5.67	88.59	192.21	*126.14*
Previous year	*156.32*	*60.19*	*19.52*	*196.99*	*54.79*	*30.95*	*14.89*	*70.85*		
Add: Capital work-in-progress									28.94	*16.54*
									221.15	*142.68*

Schedules forming part of the Accounts (contd.)

Schedule E (contd.)

Notes:

Schedule E(i)-Tangible assets:

1 Cost/valuation of freehold land includes ₹ 43.49 crore for which conveyance is yet to be completed.

2 Cost/valuation of buildings includes ownership accommodation:

(i) (a) in various co-operative societies and apartments and shop-owners associations: ₹ 91.37 crore, including 2340 shares of ₹ 50 each, 227 shares of ₹ 100 each and 1 share of ₹ 250 each.

(b) in proposed co-operative societies ₹ 20.68 crore.

(ii) of ₹ 4.39 crore in respect of which the deed of conveyance is yet to be executed.

(iii) of ₹ 8.45 crore representing undivided share in properties at a certain locations.

3 Additions during the year and capital work-in-progress include ₹ 28.10 crore *(previous year ₹ 27.72 crore)* being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 on "Borrowing Costs" as specified in the Companies (Accounting Standards) Rules, 2006

4 Depreciation for the year includes obsolescence ₹ 5.86 crore *(previous year ₹ 7.41 crore)*

5 Capital work-in-progress includes advances ₹ 48.09 crore *(previous year ₹ 74.82 crore)*

6 The Company had revalued as at October 1, 1984 some of its land, buildings, plant and machinery and railway sidings at replacement/ market value which resulted in a net increase of ₹ 108.05 crore.

7 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) ₹ 2.63 crore for land taken at Mysore on lease from KIADB vide agreement dated May 5, 2006. The lease agreement is for a period of 6 years with extension of 3 years, at the end of which sale deed would be executed, on fulfilment of certain conditions by the Company.

(ii) ₹ 18.57 crore in respect of which lease agreements are yet to be executed.

Note for E(i) and E(ii):

Out of its freehold/lease hold land at Hazira, the Company has given certain portion of land for the use to its subsidiary companies. The necessary approvals required in this respect from the Government of Gujarat/Gujarat industrial Development Corporation are being obtained.

	As at 31-3-2011		*As at 31-3-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule F				
Investments (at cost unless otherwise specified):				
(A) Long term investments:				
(i) Subsidiary companies:				
(a) Fully paid equity shares	7089.32		*4098.70*	
(b) Partly paid equity shares	-		*0.68*	
(c) Application money for equity shares	-		*1014.00*	
	7089.32		*5113.38*	
(ii) Trade investments:				
(a) Fully paid equity shares in associate companies	66.35		*78.39*	
(b) Fully paid equity shares in other companies	-		-	
	66.35		*78.39*	
(iii) Other fully paid equity shares	190.29		*440.29*	
		7345.96		*5632.06*
Carried forward		7345.96		*5632.06*

Schedules forming part of the Accounts (contd.)

	As at 31-3-2011		As at 31-3-2010	
	₹ crore	₹ crore	₹ crore	₹ crore
Schedule F (contd,)				
Brought forward		7345.96		5632.06
(B) Current investments:				
(i) Subsidiary companies:				
Debentures	402.77		235.44	
(ii) Others:				
(a) Government and trust securities	512.48		534.51	
(b) Bonds	4.79		150.41	
(c) Certificate of deposits	3360.97		478.44	
(d) Collateralized borrowing and lending obligation	199.79		-	
(e) Commercial paper	92.72		-	
(f) Debentures	347.69		777.17	
(g) Mutual funds	2362.77		5788.56	
	6881.21		7729.09	
		7283.98		7964.53
(C) Investment in integrated joint ventures		54.88		108.76
		14684.82		13705.35

Details of quoted/unquoted investments:

Particulars	As at 31-3-2011	As at 31-3-2010
	₹ crore	₹ crore
Quoted investments		
Book value	1454.02	2133.81
Market value	1422.26	2234.41
Unquoted investments		
Book value	13230.80	11571.54

Details of investments:

Particulars	Face value per unit	Number of units: As at 1–4–2010	Purchased/ subscribed/addition during the year	Sold/deduction during the year	As at 31–3–2011	As at 31–3–2011	As at 31–3–2010
All unquoted unless otherwise specified	₹					₹ crore	₹ 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
EWAC Alloys Limited (prior to December 14, 2010, associate company)	100	–	8,29,440	–	8,29,440	150.24	–
Hi–Tech Rock Products & Aggregates Limited	10	50,000	–	–	50,000	0.05	0.05
Kesun Iron & Steel Company Private Limited (formerly known as L&T Engserve Private Limited)	10	10,000	–	500	9,500	0.01	0.01
L&T–Gulf Private Limited	10	25,00,010	15,00,006	–	40,00,016	4.00	2.50
L&T Ahmedabad–Maliya Tollway Limited.[₹ 1000] (formerly known as L&T Ahmedabad–Maliya Tollway Private Limited)	10	6,30,15,100	–	6,30,15,000	100	–	63.02
L&T Aviation Services Private Limited	10	–	2,40,00,000	–	2,40,00,000	24.00	–
L&T Capital Company Limited	10	2,20,00,000	–	–	2,20,00,000	22.00	22.00
Carried forward						200.35	87.63

Schedules forming part of the Accounts (contd.)

Schedule F–Details of investments (contd.)

Particulars	Face value per unit	Number of units: As at 1–4–2010	Number of units: Purchased/ subscribed/addition during the year	Number of units: Sold/deduction during the year	Number of units: As at 31–3–2011	As at 31–3–2011	*As at 31–3–2010*
(a) Fully paid equity shares: (contd.)	₹					₹ crore	*₹ crore*
Brought forward						200.35	*87.63*
L&T Finance Holdings Limited (formerly known as L&T Capital Holdings Limited)	10	1,35,35,91,386	6,34,32,835	–	1,41,70,24,221	1778.59	*1353.59*
L&T Chennai-TADA Tollway Limited [₹ 1000 (*previous year ₹ 1000*)]	10	100	–	–	100	–	–
L&T Concrete Private Limited*	10	10,000	–	10,000	–	–	*0.01*
L&T Devihalli Hassan Tollway Limited [₹ 1000 (*previous year ₹ nil*)]	10	–	100	–	100	–	–
L&T EmSyS Private Limited [₹ nil (*previous year ₹ 1*)]*	10	10,000	–	10,000	–	–	–
L&T General Insurance Company Limited	10	2,90,00,000	17,10,00,000	–	20,00,00,000	200.00	*29.00*
L&T Halol–Shamlaji Tollway Limited [₹ 1000] (formerly known as L&T Halol-Shamlaji Tollway Private Limited)	10	6,52,65,100	–	6,52,65,000	100	–	*65.27*
L&T Howden Private Limited	10	–	50,10,000	–	50,10,000	5.01	–
L&T Metro Rail (Hyderabad) Limited (formerly known as L&T Hyderabad Metro Rail Private Limited)	10	–	34,40,000	–	34,40,000	3.44	–
L&T Infra & Property Development Private Limited*	10	10,000	–	10,000	–	–	*0.01*
L&T Infrastructure Development Projects Limited	10	20,42,81,352	3,91,69,518	–	24,34,50,870	1356.81	*628.42*
L&T Kobelco Machinery Private Limited	10	–	1,53,00,000	–	1,53,00,000	15.30	–
L&T Krishnagiri Walajahpet Tollway Limited [₹ 26000 (*previous year ₹ nil*)]	10	–	2,600	–	2,600	–	–
L&T-MHI Boilers Private Limited	10	–	11,22,51,000	–	11,22,51,000	112.25	–
L&T-MHI Turbine Generators Private Limited	10	–	12,75,51,000	–	12,75,51,000	127.55	–
L&T Natural Resources Limited	10	50,000	–	–	50,000	0.05	*0.05*
L&T Power Development Limited	10	18,10,00,000	1,14,90,00,000	–	1,33,00,00,000	1330.00	*181.00*
L&T Power Limited	10	15,34,92,000	–	–	15,34,92,000	153.49	*153.49*
L&T Powergen Limited	10	–	50,000	–	50,000	0.05	–
L&T Rajkot-Vadinar Tollway Limited (formerly known as L&T Rajkot-Vadinar Tollway Private Limited)	10	5,50,15,100	–	–	5,50,15,100	55.02	*55.02*
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	10	2,600	10,400	–	13,000	0.01	–
L&T Sapura Offshore Private Limited	10	–	6,000	–	6,000	0.01	–
L&T Sapura Shipping Private Limited	10	–	9,51,38,939	–	9,51,38,939	95.14	–
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 Solar Limited	10	–	50,000	–	50,000	0.05	–
L&T Special Steels and Heavy Forgings Private Limited	10	11,10,00,000	11,10,00,000	–	22,20,00,000	222.00	*111.00*
L&T Electricals and Automation Limited (formerly known as 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*
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	10	1,60,00,000	–	–	1,60,00,000	13.00	*13.00*
L&T-Sargent & Lundy Limited [addition during the year is on account of bonus allotment]	10	27,52,129	13,76,065	–	41,28,194	1.53	*1.53*
L&T Technologies Limited	10	50,000	–	–	50,000	0.05	*0.05*
L&T–Valdel Engineering Limited	10	11,79,000	–	–	11,79,000	23.89	*23.89*
Larsen & Toubro Infotech Limited	5	3,22,50,000	–	–	3,22,50,000	134.25	*134.25*
Larsen & Toubro International FZE	Dhs 5,50,500	1,829	–	–	1,829	1147.40	*1147.40*
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 Limited (Formerly known as PNG Tollway Private Limited)	10	2,19,83,000	–	–	2,19,83,000	21.98	*21.98*
Raykal Aluminum Company 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*
Total [A]–(i)–(a)						7089.32	*4098.70*
Carried forward						7089.32	*4098.70*

* Company dissolved 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 1–4–2010	Number of units: Purchased/ subscribed/addition during the year	Number of units: Sold/deduction during the year	Number of units: As at 31–3–2011	As at 31–3–2011	*As at 31–3–2010*
	₹					₹ crore	*₹ crore*
Brought forward						7089.32	*4098.70*
(b) Partly paid equity shares:							
L&T Infrastructure Development Projects Limited Fully paid up as on 31-3-2011 *(₹ 1 per share paid up as on 31-3-2010)*	10	67,69,518	–	67,69,518	–	–	*0.68*
Total [A]–(i)–(b)						–	*0.68*
(c) Application money for equity shares:							
L&T Power Development Limited (73,90,00,000 shares allotted during the year)	–	–	–	–	–	–	*739.00*
L&T Finance Holdings Limited (formerly known as L&T Capital Holdings Limited) (4,10,44,776 shares allotted during the year)	–	–	–	–	–	–	*275.00*
Total [A]–(i)–(c)						–	*1014.00*
Subsidiary companies–total						7089.32	*5113.38*
(ii) Trade Investments							
(a) Fully paid equity shares in associate companies:							
Audco India Limited	100	7,81,630	–	–	7,81,630	0.05	*0.05*
EWAC Alloys Limited (subsidiary company w.e.f. December 14, 2010)	100	4,14,720	–	4,14,720	–	–	*0.04*
Gujarat Leather Industries Limited	10	7,35,000	–	–	7,35,000	0.56	*0.56*
International Seaport Dredging Limited (classified as fully paid equity shares in other companies w.e.f. February 21, 2011)	10,000	39,927	–	39,927	–	–	*39.93*
L&T–Case Equipment Private Limited	10	1,20,05,000	–	1,20,05,000	–	–	*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*
						66.91	*118.88*
Less: Provision for diminution in value						0.56	*40.49*
Total [A]–(ii)–(a)						66.35	*78.39*
(b) Fully paid equity shares in other companies							
International Seaport Dredging Limited (prior to February 21, 2011, associate company)	10,000	–	15,899	–	15,899	15.90	–
						15.90	–
Less: Provision for diminution in value						15.90	–
Total [A]–(ii)–(b)						–	–
Trade investments– total						66.35	*78.39*
(iii) Other fully paid equity shares:							
Satyam Computer Services Limited (quoted)	2	5,38,89,300	–	3,08,80,009	2,30,09,291	186.29	*436.29*
Tidel Park Limited	10	40,00,000	–	–	40,00,000	4.00	*4.00*
Utmal Multi purpose Service Co–operative Society Limited (B Class) ₹ 30,000 *(previous year ₹ 30,000)*	100	300	–	–	300	–	–
Other fully paid equity shares–total						190.29	*440.29*
Long term investments–total–(A)						7345.96	*5632.06*
(B) Current investments:							
(i) Subsidiary companies:							
(a) Debentures:							
L&T Finance Limited–10.24% Secured Redeemable Non convertible Debentures, 2019 (quoted)	1,000	3,69,770	–	–	3,69,770	36.98	*36.98*
L&T Infrastructure Finance Company Limited 7.5% Secured Redeemable Non convertible Debentures, 2012 (quoted)	10,00,000	2,000	–	–	2,000	200.00	*200.00*
L&T Infrastructure Finance Company Limited 8.91% Secured Redeemable Non convertible Debentures, 2018 (quoted)	10,00,000	–	1,750	–	1,750	174.85	–
						411.83	*236.98*
Less: Provision for diminution in value						9.06	*1.54*
Total [B]–(i)–(a)						402.77	*235.44*
Subsidiary companies–current investments–total						402.77	*235.44*

Schedules forming part of the Accounts (contd.)

Schedule F–Details of investments (contd.)

Particulars	Face value per unit	Number of units: As at 1–4–2010	Purchased/ subscribed/addition during the year	Sold/deduction during the year	As at 31–3–2011	As at 31–3–2011	*As at 31–3–2010*
	₹					₹ crore	*₹ crore*
(ii) Others:							
(a) Government and trust securities:							
7.32% Government of India bond 2014 (quoted)	100	2,50,00,000	–	2,50,00,000	–	–	*251.88*
6.49% Government of India bond 2015 (quoted)	100	25,00,000	–	25,00,000	–	–	*24.06*
6.35% Government of India bond 2020 (quoted)	100	50,00,000	–	–	50,00,000	44.97	*44.97*
7.94% Government of India bond 2021 (quoted)	100	2,15,00,000	–	–	2,15,00,000	217.40	*217.40*
8.20% Government of India bond 2022 (quoted)	100	–	1,90,00,000	–	1,90,00,000	189.94	–
8.26% Government of India bond 2027 (quoted)	100	–	40,00,000	–	40,00,000	40.10	–
8.28% Government of India bond 2032 (quoted)	100	–	25,00,000	–	25,00,000	24.95	–
						517.36	*538.31*
Less: Provision for diminution in value						4.88	*3.80*
Total [B]–(ii)–(a)						512.48	*534.51*
(b) Bonds:							
8.45% Indian Railway Finance Corporation 2018 (quoted)	10,00,000	500	–	500	–	–	*50.02*
8.46% Indian Railway Finance Corporation 2014 (quoted)	10,00,000	100	–	100	–	–	*10.09*
8.55% Indian Railway Finance Corporation 2019 (quoted)	10,00,000	50	–	50	–	–	*5.00*
8.00% Indian Overseas Bank 2016 bonds (quoted)	10,00,000	50	–	–	50	4.90	*4.90*
6.85 % India Infrastructure Finance Company Limited 2014 (quoted)	1,00,000	2,500	–	2,500	–	–	*25.00*
8.65% Rural Electrification Corporation Limited Bonds 2019 (quoted)	10,00,000	200	–	200	–	–	*19.96*
10.85% Rural Electrification Corporation Limited Bonds 2018 (quoted)	10,00,000	290	–	290	–	–	*31.25*
10.85% Rural Electrification Corporation Limited Bonds 2018 (quoted)	10,00,000	50	–	50	–	–	*5.68*
						4.90	*151.90*
Less: Provision for diminution in value						0.11	*1.49*
Total [B]–(ii)–(b)						4.79	*150.41*
(c) Certificate of deposits:							
9.88% Bank of India, 13 June 2011	1,00,000	–	2,500	–	2,500	24.50	–
10.00% Canara Bank, 6 June 2011	1,00,000	–	2,500	–	2,500	24.54	–
10.03% Canara Bank, 15 June 2011	1,00,000	–	30,000	–	30,000	293.78	–
10.05% Canara Bank, 15 June 2011	1,00,000	–	20,000	–	20,000	195.85	–
6.01% Canara Bank, 3 December 2010	1,00,000	20,000	–	20,000	–	–	*192.12*
6.77% Canara Bank, 24 June 2011	1,00,000	–	10,000	–	10,000	93.66	–
7.57% Canara Bank, 24 June 2011	1,00,000	–	2,500	–	2,500	23.45	–
7.78% Canara Bank, 7 April 2011	1,00,000	–	10,000	–	10,000	95.99	–
9.44% Canara Bank, 23 December 2011	1,00,000	–	20,000	–	20,000	182.75	–
9.55% Central Bank of India, 6 June 2011	1,00,000	–	30,000	–	30,000	294.83	–
9.35% IDBI Bank, 10 June 2011	1,00,000	–	2,500	–	2,500	24.55	–
7.64% Oriental Bank of Commerce, 12 August 2011	1,00,000	–	10,000	–	10,000	92.90	–
5.83% Punjab National Bank, 15 October 2010	1,00,000	5,000	–	5,000	–	–	*48.45*
8.35% Punjab National Bank, 12 April 2011	1,00,000	–	20,000	–	20,000	193.32	–
9.60% Punjab National Bank, 27 June 2011	1,00,000	–	20,000	–	20,000	195.43	–
9.70% Punjab National Bank, 11 November 2011	1,00,000	–	10,000	–	10,000	92.70	–
5.73% State Bank of Bikaner & Jaipur, 15 October 2010	1,00,000	10,000	–	10,000	–	–	*96.97*
9.39% State Bank of Bikaner & Jaipur, 21 December 2011	1,00,000	–	7,500	–	7,500	68.58	–
6.84% State Bank of Hyderabad, 4 July 2011	1,00,000	–	10,000	–	10,000	93.61	–
6.98% State Bank of Hyderabad, 18 July 2011	1,00,000	–	20,000	–	20,000	186.98	–
10.05% State Bank of Mysore, 6 May 2011	1,00,000	–	20,000	–	20,000	198.04	–
9.39% State Bank of Mysore, 21 December 2011	1,00,000	–	10,000	–	10,000	91.44	–
10.05% State Bank of Patiala, 13 May 2011	1,00,000	–	18,000	–	18,000	177.89	–
6.00% State Bank of Patiala, 20 April 2010	1,00,000	2,500	–	2,500	–	–	*24.92*
Carried forward						2644.79	*362.46*

Schedules forming part of the Accounts (contd.)

Schedule F–Details of investments (contd.)

Particulars	Face value per unit	Number of units: As at 1–4–2010	Number of units: Purchased/ subscribed/addition during the year	Number of units: Sold/deduction during the year	Number of units: As at 31–3–2011	As at 31–3–2011	*As at 31–3–2010*
	₹					₹ crore	*₹ crore*
(c) Certificate of deposits: (Contd.)							
Braught forward						2644.79	*362.46*
5.75% State Bank of Patiala, 15 October 2010	1,00,000	5,000	–	5,000	–	–	*48.47*
5.87% State Bank of Patiala, 16 November 2010	1,00,000	2,500	–	2,500	–	–	*24.09*
6.98% State Bank of Patiala, 14 July 2011	1,00,000	–	20,000	–	20,000	187.14	–
9.39% State Bank of Patiala, 14 December 2011	1,00,000	–	10,000	–	10,000	91.61	–
5.87% State Bank of Travancore, 8 November 2010	1,00,000	4,500	–	4,500	–	–	*43.42*
6.71% State Bank of Travancore, 27 May 2011	1,00,000	–	10,000	–	10,000	94.17	–
9.79% Syndicate Bank, 20 June 1011	1,00,000	–	7,500	–	7,500	73.41	–
10.10% UCO Bank, 9 May 2011	1,00,000	–	8,500	–	8,500	84.07	–
6.83% UCO Bank, 23 June 2011	1,00,000	–	10,000	–	10,000	93.69	–
9.60% UCO Bank, 24 June 2011	1,00,000	–	10,000	–	10,000	97.81	–
						3366.69	*478.44*
Less: Provision for diminution in value						5.72	–
Total [B]–(ii)–(c)						3360.97	*478.44*
(d) Collateralized borrowing and lending obligation	NA	NA	NA	NA	NA	199.79	–
Total [B]–(ii)–(d)						199.79	–
(e) Commercial paper	:						
7.25% HDFC 15 July 2011	5,00,000	–	2,000	–	2,000	93.33	–
Less: Provision for diminution in value						0.61	–
Total [B]–(ii)–(e)						92.72	–
(f) Debentures:							
ETHL Communication Holding Limited 9.25% Non convertible Debentures, 2011 (quoted)	10,00,000	5,900	–	5,900	–	–	*498.17*
IDFC Limited 7.53% Non convertible Debentures, 2012 (quoted)	10,00,000	2,000	–	–	2,000	200.00	*200.00*
Tata Chemicals Limited–10% Unsecured Non Convertible Redeemable Debentures 2019 (quoted)	10,00,000	790	–	790	–	–	*79.00*
Tata Steel Limited–11.8% Non convertible Debentures, Perpetual (quoted)	10,00,000	–	1,500	–	1,500	152.62	–
						352.62	*777.17*
Less: Provision for diminution in value						4.93	–
Total [B]–(ii)–(f)						347.69	*777.17*
(g) Mutual funds:							
AIG India Treasury Fund–Super Institutonal Plan–Daily Divdend Reinvestment	10	71,26,406	39,933	71,66,339	–	–	*7.13*
Birla Sun Life Cash Plus–Institutional Premium Plan–Daily Dividend Reinvestment	10	7,48,64,285	3,75,09,82,595	3,82,58,46,880	–	–	*75.01*
Birla Sun Life Fixed Term Plan–Series CO–Growth	10	–	1,00,00,000	–	1,00,00,000	10.00	–
Birla Sun Life Floating Rate Fund–Long Term Plan–Institutional Plan–Weekly Dividend Reinvestment	10	54,94,77,461	1,31,23,89,132	1,86,18,66,593	–	–	*551.18*
Birla Sun Life Short Term FMP–Series 5–Dividend	10	–	2,50,00,000	–	2,50,00,000	25.00	–
Birla Sun Life Short Term FMP–Series 4–Dividend Payout	10	–	7,50,87,786	–	7,50,87,786	75.09	–
Birla Sun Life Short Term Fund–Institutitional Plan–Daily Dividend Reinvestment	10	3,81,94,429	37,24,59,019	41,06,53,448	–	–	*38.22*
Birla Sunlife Saving Fund–Institutional Plan–Daily Dividend Reinvestment	10	39,13,57,919	89,11,41,468	1,28,24,99,387	–	–	*391.62*
Birla Sunlife Short Term Opportunities Fund–Weekly Dividend Reinvestment	10	20,13,38,055	20,97,604	20,34,35,659	–	–	*201.38*
Canara Robeco Treasury Advantage Super Institutional Plan–Daily Dividend Reinvestment	10	32,55,068	4,03,58,824	4,36,13,892	–	–	*4.04*
DSP Black Rock FMP 13 M Series 2–Growth	10	3,00,00,000	3,00,00,000	3,00,00,000	3,00,00,000	32.26	*30.00*
DSP Blackrock Floating Rate Fund– Institutional Plan–Dividend	1,000	69,805	–	69,805	–	–	*7.07*
DSP Blackrock FMP–3 M–Series 27–Dividend Payout	10	–	5,00,08,302	–	5,00,08,302	50.01	–
DWS Fixed Term Fund–Series 67–Growth	10	6,00,00,000	5,99,99,999	5,99,99,999	6,00,00,000	63.93	*60.00*
DWS Insta Cash Plus Fund–Super Institutional Plan–Daily Dividend Reinvestment	100	9,97,08,648	3,60,20,57,548	3,70,17,66,196	–	–	*100.01*
Carried forward						256.29	*1465.66*

Schedules forming part of the Accounts (contd.)

Schedule F–Details of investments (contd.)

Particulars	Face value per unit	Number of units: As at 1–4–2010	Purchased/ subscribed/addition during the year	Sold/deduction during the year	As at 31–3–2011	As at 31–3–2011	*As at 31–3–2010*
	₹					₹ crore	*₹ crore*
(g) Mutual funds (contd.):							
Brought forward						256.29	*1465.66*
DWS Insta Cash Plus Fund–Regular Bonus– Growth	10	–	5,08,81,925	4,20,16,454	88,65,471	8.71	*–*
DWS Money Plus Advantage–Institutional Plan Monthly Dividend	10	9,78,13,877	19,71,558	9,97,85,435	–	–	*104.19*
DWS Treasury Fund–Cash Plan–Daily Dividend Reinvestment	10	76,63,670	37,94,65,841	38,71,29,511	–	–	*7.70*
DWS Treasury Fund–Investment Institutional Plan– Daily Dividend Reinvestment	10	1,00,07,495	10,07,51,384	11,07,58,879	–	–	*10.05*
HDFC Arbitrage Fund Whole Plan–Growth	10	21,17,36,183	–	21,17,36,183	–	–	*246.74*
HDFC Gold Exchange Traded Fund	100	–	5,55,454	2,77,727	2,77,727	57.52	*–*
HSBC Fixed Term Series 79–Growth	10	–	1,00,00,000	–	1,00,00,000	10.00	*–*
ICICI Prudential Medium Term Plan–Premium Plus–Monthly Dividend Reinvestment	10	5,02,99,416	8,34,514	5,11,33,930	–	–	*50.35*
ICICI Prudential Banking & PSU Debt Fund–Daily Dividend Reinvestment	10	9,99,79,586	7,97,772	10,07,77,358	–	–	*100.20*
ICICI Prudential Equity & Derivatives–Income Optimiser Fund	10	4,86,62,869	–	4,86,62,869	–	–	*50.41*
ICICI Prudential FMP Series 51 –14 Month Plan D–Growth	10	3,00,00,000	3,00,00,000	3,00,00,000	3,00,00,000	32.11	*30.00*
ICICI Prudential FMP Series 51–13 Months Plan C–Growth	10	3,00,00,000	3,00,00,000	3,00,00,000	3,00,00,000	32.04	*30.00*
ICICI Prudential Gold Exchange Traded Fund	100	–	2,40,000	–	2,40,000	49.72	*–*
ICICI Prudential Liquid–Super Institutional Plan–Growth	100	–	12,55,11,806	12,19,71,659	35,40,147	51.29	*–*
ICICI Prudential Ultra Short Term Plan– Super Premium–Daily Dividend Reinvestment	100	50,10,48,335	17,69,69,098	67,80,17,433	–	–	*502.10*
IDFC Fixed Maturity Plan–Quaterly Series 62–Dividend	10	–	5,00,00,000	–	5,00,00,000	50.00	*–*
IDFC FMP–Yearly Series 32–Quaterly Dividend Reinvestment	10	–	2,50,00,000	–	2,50,00,000	25.00	*–*
JM Arbitrage Advantage Fund–Dividend Plan	10	12,32,56,832	–	12,32,56,832	–	–	*125.44*
JP Morgan India FMP 400D Series 1–Growth	10	–	2,00,00,000	–	2,00,00,000	20.00	*–*
Kotak Equity Arbitrage Fund–Dividend Reinvestmentment	10	7,36,25,737	2,99,113	7,39,24,850	–	–	*78.70*
Kotak FMP 370 Days Series 2–Growth	10	3,00,00,000	3,00,00,000	3,00,00,000	3,00,00,000	31.95	*30.00*
Kotak FMP 370 Days Series 8–Dividend Payout	10	–	2,00,00,000	–	2,00,00,000	20.00	*–*
Kotak FMP 370 Days Series 9–Growth	10	–	10,00,00,000	5,00,00,000	5,00,00,000	51.15	*–*
Kotak Quarterly Interval Plan–Series 1– Dividend Reinvestment	10	5,00,04,539	5,85,818	5,05,90,357	–	–	*50.00*
Kotak Quarterly Interval Plan–Series 6–Dividend Reinvestment	10	10,05,51,763	5,68,757	10,11,20,520	–	–	*100.55*
Kotak Quarterly Interval Plan–Series 9–Dividend Reinvestment	10	–	4,99,96,035	–	4,99,96,035	50.00	*–*
Kotak Quarterly Interval Plan– Series 8–Dividend Reinvestment	10	6,74,55,437	8,36,329	6,82,91,766	–	–	*67.46*
L&T Freedom Income–STP–Institutional Plan–Cum–Org	10	–	99,17,12,774	52,01,09,458	47,16,03,316	741.11	*–*
L&T FMP Series 12–Plan 15 M–March 10–I Growth	10	2,00,00,000	2,00,00,000	2,00,00,000	2,00,00,000	21.39	*20.00*
L&T FMP–II (January 15 M A)–Growth	10	–	1,00,00,000	–	1,00,00,000	10.00	*–*
L&T FMP–II (January 90 D A)–Dividend Payout	10	–	2,00,00,000	–	2,00,00,000	20.00	*–*
L&T FMP–III–(February 90 D A)–Dividend Payout	10	–	2,50,00,000	–	2,50,00,000	25.00	*–*
L&T FMP–III (January 369 D A)–Growth	10	–	1,50,00,000	–	1,50,00,000	15.00	*–*
L&T FMP–III (March 90 D A)–Dividend Payout	10	–	1,00,00,000	–	1,00,00,000	10.00	*–*
L&T FMP–III (March 90 D B)–Dividend Payout	10	–	1,00,00,000	–	1,00,00,000	10.00	*–*
L&T FMP–III (March 366D A)–Growth	10	–	1,00,00,000	–	1,00,00,000	10.00	*–*
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–STP–Institutional Plan–Daily Dividend Reinvestment	10	78,04,98,941	5,32,54,51,708	6,10,59,50,649	–	–	*792.61*
L&T Liquid Fund–Institutional Plan–Daily Dividend Reinvestment	10	2,37,27,105	4,13,66,85,232	4,16,04,12,337	–	–	*24.00*
L&T Liquid Fund–Super Institutional Plan– Growth	10	–	91,66,23,957	65,63,56,402	26,02,67,555	350.00	*–*
Carried forward						1958.28	*3921.16*

Schedules forming part of the Accounts (contd.)

Schedule F–Details of investments (contd.)

Particulars	Face value per unit	Number of units: As at 1–4–2010	Purchased/ subscribed/addition during the year	Sold/deduction during the year	As at 31–3–2011	As at 31–3–2011	As at 31–3–2010
	₹					₹ crore	₹ crore
(g) Mutual funds (contd.):							
Brought forward						1958.28	3921.16
L&T Select Income Fund–Flexi Debt–Institutional Plan–Growth	10	–	9,23,13,089	–	9,23,13,089	100.00	–
L&T Select Income Fund–Flexi Debt–Institutional Plan–Dividend Reinvestment	10	9,10,00,633	60,22,30,532	69,32,31,165	–	–	91.29
LIC Nomura Income Plus Fund–Dividend	10	24,30,99,359	2,38,86,66,040	2,63,17,65,399	–	–	243.10
LIC Nomura Liquid Fund–Dividend Plan	10	30,69,42,841	10,05,03,70,022	10,35,73,12,863	–	–	337.03
Principal Floating Rate Fund–FMP–Institutional Plan–Daily Dividend Reinvestment	10	91,27,439	6,90,06,652	7,81,34,091	–	–	9.14
Religare Arbitrage Fund–Dividend Reinvestment	10	5,10,25,136	–	5,10,25,136	–	–	52.21
Religare FMP–Series II–Plan A–Growth	10	5,00,03,770	5,00,03,770	5,00,03,770	5,00,03,770	53.69	50.00
Religare FMP–Series II–Plan C (15months)–Growth	10	6,00,05,126	6,00,05,126	6,00,05,126	6,00,05,126	63.92	60.01
Religare FMP–Series V–Plan A (368 Days)–Growth	10	–	1,00,00,000	–	1,00,00,000	10.00	–
Religare Liquid Fund–Super Institutional Plan–Daily Dividend Reinvestment	1,000	8,19,57,460	4,08,26,74,594	4,16,46,32,054	–	–	82.01
SBI Arbitrage Opportunities Fund–Dividend	10	2,35,70,345	–	2,35,70,345	–	–	25.58
SBI Magnum Insta Cash Fund–Daily Dividend Reinvestment	10	4,47,80,156	79,97,58,964	84,45,39,120	–	–	75.01
SBI Premier Liquid Fund–Super Institutional Plan–Growth	10	–	52,78,97,596	49,54,61,867	3,24,35,729	50.00	–
SBI SHDF–Ultra Short Term–Institutional Plan–Daily Dividend Reinvestment (₹ 9)	10	5,04,29,934	63,99,44,964	69,03,74,897	1	–	50.46
Sundaram BNP Paribas Ultra Short Term–Super Institutional Plan–Daily Dividend Reinvestment	10	4,70,00,834	20,23,71,043	24,93,71,877	–	–	47.17
Tata Fixed Income Portfolio Fund–B3–Institutional Plan–Quaterly Dividend Reiinvest	10	3,00,00,000	3,87,600	3,03,87,600	–	–	30.00
Tata FMP–Series 30 Scheme A–Growth	10	–	10,00,00,000	5,00,00,000	5,00,00,000	50.69	–
Templeton Floating Rate Income Fund–Long Term–Super Institutional Plan	10	1,54,99,942	2,01,43,085	3,56,43,027	–	–	15.50
UTI FIIF–Series 2–Quaterly Interval Plan-V–Instituional Plan–Dividend	10	10,05,71,481	5,54,945	10,11,26,426	–	–	100.57
UTI Fixed Income Interval Fund–Monthly Interval Plan-II–Dividend Reinvestment	10	6,00,00,000	3,03,84,668	9,03,84,668	–	–	60.00
UTI Fixed Income Interval–Quaterly Interval-VII–Dividend Reinvestment	10	–	7,62,03,054	–	7,62,03,054	76.21	–
UTI Money Market–Institutional Plan–Daily Dividend Reinvestment	1,000	4,98,368	1,52,83,422	1,57,81,790	–	–	50.01
UTI Short Term Income–Retail–Dividend Reinvestment	10	7,40,89,726	2,51,595	7,43,41,321	–	–	88.01
UTI Short Term Income Fund Institutional Plan–Income Option–Reinvestment	10	9,94,04,567	7,97,938	10,02,02,505	–	–	100.00
UTI–Floating Rate Fund–Short Term Plan (Dividend Option)–Reinvestment	1,000	30,47,712	40,55,645	71,03,357	–	–	305.01
						2362.79	5793.27
Less: Provision for diminution in value						0.02	4.71
Total [B]–(ii)–(g)						2362.77	5788.56
Others–Current Investments–total						6881.21	7729.09
Current investments–total–(B)						7283.98	7964.53
(C) Investment in integrated joint ventures							
Desbuild-L&T Joint Venture						0.05	0.05
HCC-L&T Purulia Joint Venture						1.57	1.68
International Metro Civil Contractors Joint Venture						9.68	8.91
L&T-Eastern Joint Venture						10.45	14.97
L&T-AM Tapovan Joint Venture						–	62.03
L&T-Hochtief Seabird Joint Venture						14.83	12.17
L&T-Sanghai Urban Corporation Group Joint Venture						7.23	5.39
Metro Tunneling Group						11.07	3.56
Investment in integrated joint venture–Total–(C)						54.88	108.76
Total investment (A+B+C)						14684.82	13705.35

Schedules forming part of the Accounts (contd.)

Details of investments purchased and sold during the year

Particulars	Face value ₹ per unit	Nos.	Cost ₹ crore
Government and trust securities:			
7.02% Government of India bond 2016 (quoted)	100	6,00,00,000	581.46
7.8% Government of India bond 2020 (quoted)	100	5,00,00,000	509.03
Bonds			
Tata Sons Limited 9.9% NCD 18 March 2016	10,00,000	750	75.00
Certificate of Deposit			
Canara Bank 5.60% 7 October 2010	1,00,000	5,000	49.01
Canara Bank 5.68% 7 October 2010	1,00,000	5,000	48.99
IDBI 9.25% 12 November 2010	1,00,000	10,000	99.65
Punjab National Bank 5.75% 15 October 2010	1,00,000	5,000	48.94
State Bank of Bikaner & Jaipur 5.60% 15 October 2010	1,00,000	5,000	48.97
State Bank of Hyderabad 5.50% 17 September 2010	1,00,000	2,500	24.59
State Bank of Mysore 5.57% 24 September 2010	1,00,000	2,500	24.57
State Bank of Mysore 5.65% 20 October 2010	1,00,000	5,000	48.90
State Bank of Travancore 5.5% 17 September 2010	1,00,000	2,500	24.59
State Bank of Travancore 5.5% 27 September 2010	1,00,000	2,500	24.55
Commercial Paper			
7.25% HDFC CP 9 November 2010	5,00,000	1,000	49.86
7.25% HDFC CP 5 January 2011	5,00,000	2,000	97.26
7.25% HDFC CP 20 January 2011	5,00,000	5,000	242.21
Mutual funds			
Axis Liquid Fund–Institutional Plan–Growth	1,000	15,33,034	165.00
Baroda Pioneer Liquid Fund–Institutional Plan–Daily Dividend Reinvestment	10	47,87,67,310	479.07
Baroda Pioneer Treasury Advantage Fund–Institutional Plan–Daily Dividend Reinvestment	10	24,93,76,281	249.60
Birla Mutual Fund–Floater–Short Term–Growth Option	10	21,55,81,136	280.00
Birla Sun Life Cash Plus– Institutional Premium Plan–Growth	10	84,18,05,691	1308.00
Birla Sun Life Floating Rate Fund–LTP–Institutional Plan Growth	10	6,91,93,302	79.22
Birla Sun Life Short Term FMP–Series 3–Dividend Payout	10	5,00,00,000	50.00
Birla Sunlife Cash Manager–Institutional Plan–Dividend Reinvestment	10	1,16,26,63,297	1163.01
Birla Sunlife Dynamic Bond Fund–Retail–Monthly Dividend Reinvestment	10	9,73,03,131	101.95
Birla Sunlife Medium Term Plan Fortnightly Dividend Reinvestment	10	2,55,19,888	25.86
Birla Sunlife Ultra Short Term– Institutional Plan –Growth	10	17,42,20,037	200.00
BNP Paribas Money Plus–Institutional Plan–Daily Dividend Reinvestment	10	23,55,59,577	235.66
BNP Paribas Overnight Fund–Institutional Plan–Growth	10	65,35,24,672	975.00
BNP Paribas Overnight Fund–Institutional Plan–Daily Dividend Reinvestment	10	1,37,56,64,068	1376.08
Canara Robeco Interval Scheme–Series 2–Quaterly Plan 2	10	2,50,00,000	25.00
Canara Robeco Liquid–Super Institutional Plan–Growth	10	2,10,55,890	25.00
Canara Robeco Liquid–Super Institutional Plan–Daily Dividend Reinvestment	10	19,90,29,281	200.12
DSP Blackrock Floating Rate Fund–Institutional Plan–Daily Dividend Reinvestment	1,000	1,00,190	10.02
DSP Blackrock FMP–3M Series 23–Dividend Payout	10	5,00,00,000	50.00
DSP Blackrock Liquidity Fund–Institutional Plan–Daily Dividend Reinvestment	1,000	1,48,02,010	1480.67
DSP Blackrock Liquidity Fund–Institutional Plan–Growth	1,000	58,42,589	812.00
DSP Blackrock Money Manager Fund–Institutional Plan–Daily Dividend Reinvestment	1,000	48,53,462	485.73
DWS Cash Opportunities Fund Institutional Plan–Daily Dividend Reinvestment	10	11,03,37,292	110.61
DWS Insta Cash Plus Fund–Super Institutional Plan–Growth	100	1,62,10,691	205.71
DWS Treasury Fund–Cash–Institutional Plan–Growth	10	1,86,14,868	20.00
DWS Treasury Fund–Investment Institutional Plan–Monthly Dividend	10	5,03,04,737	50.30
DWS Treasury Fund Investment–Institutional Plan–Growth	10	4,65,06,250	50.48
DWS Ultra Short Term Fund–Institutional Plan Dividend	10	96,71,64,700	968.90
Fidelity Cash Fund–Super Institutional Plan–Growth	10	12,80,60,406	170.00
Fidelity Cash Fund Super Institutional Plan Daily Dividend Reinvestment	10	5,37,96,873	55.03
HDFC Cash Management Fund–Savings Plan–Daily Dividend Reinvestment	10	14,10,38,418	150.01
HDFC Cash Managment Fund–Treasury Advantage Plan–Wholesale–Daily Dividend	10	31,62,77,421	317.27
HDFC FRIF STF	10	1,12,86,52,867	1137.78
HDFC Liquid Fund Premium Plan–Dividend Daily Reinvestment	10	1,69,35,64,041	2076.28
HDFC Cash Management Fund–Savings Plan–Growth	10	10,28,01,991	210.00
HDFC Mutual Fund–Liquid Fund–Premium Plus Plan–Growth	10	10,21,48,186	200.00
HDFC Short Term Opportunities Fund Dividend Payout	10	10,00,00,000	100.00
HSBC Floating Rate–Long Term Plan–Institutional Plan–Growth	10	1,65,60,130	25.00
ICICI Interval Fund Monthly Interval Plan I–Institutional Plan	10	3,01,33,731	30.13
ICICI Interval Fund Monthly Interval Plan V–Institutional Plan	10	3,01,19,095	30.12
ICICI Prudential Blended Plan B Institutional–Daily Dividend Reinvestment	10	5,12,59,981	51.28
ICICI Prudential Flexible Income Plan–Premium–Daily Dividend	100	6,12,17,035	647.28

Schedules forming part of the Accounts (contd.)

Details of investments purchased and sold during the year (contd.)

Particulars	Face value ₹ per unit	Nos.	Cost ₹ crore
Mutual funds (contd.)			
ICICI Prudential Liquid–Super Institutional Plan Daily Dividend	100	19,86,78,683	1987.23
IDBI Liquid Fund–Growth Option	1,000	1,90,545	20.00
IDBI Ultra Short Term Fund–Growth	10	1,45,86,332	15.00
IDFC Cash Fund–Plan C–Super Institutional Plan–Growth	10	72,61,35,264	858.68
IDFC Cash Fund–Super Institutional Plan–C–Daily Dividend Reinvestment	10	1,17,16,16,379	1171.91
IDFC FMP–Monthly Series 27	10	5,00,00,000	50.00
IDFC FMP–Quarterly Series 61–Dividend	10	5,01,19,434	50.12
IDFC Money Manager Fund–TP–Super Institutional Plan C–Daily Dividend	10	20,09,60,511	200.99
IDFC Money Manager–Investment Plan B–Daily Dividend Reinvestment	10	10,04,87,929	100.64
IDFC Savings Advantage Fund–Daily Dividend Reinvestment	1,000	20,23,134	202.36
IDFC Savings Advantage Fund–Monthly Dividend	1,000	5,04,418	50.85
IDFC Ultra Short Term Fund–Daily Dividend Reinvestment	10	20,23,91,766	202.64
IDFC Ultra Short Term Fund–Monthly Dividend	10	20,40,73,413	205.03
JM High Liquid–Super Institutional Plan–Daily Dividend Reinvestment	10	7,48,85,784	75.01
JM Money Manager Fund–Super Plus Plan–Daily Dividend Reinvestment	10	12,48,15,990	124.88
JP Morgan India Liquid Fund–Super Institutional Plan–Daily Dividend Reinvestment	10	9,10,81,34,524	9115.33
JP Morgan India Liquid Fund–Super Institutional Plan–Growth	10	12,71,55,802	160.00
JP Morgan India Treasury Fund–Super Institutional–Daily Dividend Reinvestment	10	2,30,58,89,730	2307.94
Kotak Flexi Debt Fund–Institutional Plan–Daily Dividend Reinvestment	10	85,21,89,491	856.24
Kotak Floater Long Term–Daily Dividend Reinvestment	10	26,61,45,812	268.27
Kotak Floater –Short Term–Dividend–Daily Dividend Reinvestment	10	1,85,16,73,541	1873.19
Kotak Floater–Short Term–Growth	10	67,81,39,951	1076.00
Kotak Liquid–Institutional Premium Plan–Daily Dividend Reinvestment	10	3,84,03,99,232	4696.08
Kotak Quarterly Interval Plan Series 7–Dividend Reinvestment	10	5,12,81,391	51.28
L&T Floating Rate Fund–Daily Dividend Reinvestment	10	1,13,79,47,833	1179.48
L&T FMP-II (December 91 D A) Dividend Payout	10	3,00,00,000	30.00
LIC Nomura Liquid Fund–Growth	10	12,60,18,039	225.00
LIC Nomura Savings Plus Fund–Daily Dividend Reinvestment	10	70,21,303	7.02
LIC Nomura MF Interval Fund–series 1–monthly Plan Dividend Reinvestment	10	5,02,47,247	50.25
Principal Cash Management Fund–Daily Dividend Reinvestment	10	14,10,09,119	141.02
Principal Cash Management Fund–Growth	10	5,92,46,935	90.00
Reliance Liquid Fund–Cash Plan–Growth	10	29,71,64,216	470.00
Reliance Liquid Fund–TP–Institutional Plan–Growth	10	18,22,70,679	430.00
Reliance Liquidity Fund–Daily Dividend Reinvestment	10	1,45,51,33,728	1455.87
Reliance Liquidity Fund–Growth	10	17,50,08,063	254.35
Reliance Money Manager Institutional Option Daily Dividend Reinvestment	1,000	49,29,272	493.60
Reliance Monthly Interval Fund Series I Institutional Dividend Plan	10	15,06,09,804	150.65
Reliance Monthly Interval Fund Series II Institutional Dividend	10	5,03,36,609	50.35
Reliance Quarterly Interval Fund Series II Dividend Payout	10	4,99,78,509	50.00
Religare Credit Opportunities–Monthly Dividend	10	19,99,91,793	200.71
Religare FMP–Series IV–Plan A	10	5,00,00,000	50.00
Religare Liquid Fund–Super Institutional Plan–Growth	1,000	20,33,04,838	785.02
Religare Ultra Short Term Fund–Institutional Daily Dividend Reinvestment	10	1,29,24,86,444	1294.68
Religare Ultra Short Term–Institutional Plan–Growth	10	7,53,65,333	100.00
SBI Premier Liquid Fund–Super Institutional Plan–Daily Dividend Reinvestment	10	80,57,12,778	808.33
SBI SDFS–180 Days Series 11–Quaterly Dividend Payout	10	30,00,352	3.00
SBI SDFS 90 Days–36–Dividend	10	2,60,68,880	26.07
Sundaram BNP Money Fund–Super Institutional–Daily Dividend Reinvestment	10	21,89,37,741	221.02
Sundaram BNP Paribas Flexible–Short Term–Weekly Dividend Reinvestment	10	19,37,22,719	201.99
Tata Fixed Income Portfolio Fund Scheme A2 Institutional Plan	10	3,01,10,078	30.11
Tata Floater Fund–Daily Dividend Reinvestment	10	11,03,22,763	110.72
Tata Liquid SHIP– Growth	1,000	16,69,550	300.00
Tata Liquid SHIP –Daily Dividend Reinvestment	1,000	6,73,336	75.04
Taurus Liquid Fund–Super Institutional Plan–Growth	1,000	9,07,676	95.00
Templeton India Treasury Management Account–Super Institutional Plan–Growth	1,000	67,36,515	974.00
Templeton India Treasury Management Account–Liquid Plan–Daily Dividend Reinvestment	1,000	2,05,82,482	2059.63
Templeton India Ultra Short Bond Fund–Super Institutional Dividend	10	76,48,47,038	765.73
UTI–Liquid Fund–Cash Plan–Institutional Plan–Daily Dividend Reinvestment	1,000	85,61,865	872.84
UTI Dynamic Bond Fund–Dividend Reinvestment	10	3,08,32,169	30.93
UTI Fixed Income Interval Fund–Quarterly Plan Series III–Institutional Dividend Plan–Reinvestment	10	5,13,39,184	51.34
UTI Fixed Income Interval Fund–Monthly Interval Plan-I–Institutional Dividend Plan–Reinvestment	10	2,53,19,824	25.32
UTI Liquid Fund–Cash Plan–Institutional Plan–Growth	1,000	6,32,202	100.88
UTI Money Market–Institutional Plan–Growth	1,000	9,14,286	100.00
UTI Treasury Advantage Fund–Institutional Plan–Daily Dividend Reinvestment	1,000	94,13,992	941.60

Schedules forming part of the Accounts (contd.)

	As at 31-3-2011		As at 31-3-2010	
	₹ crore	₹ crore	*₹ crore*	*₹ 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	320.87		*276.71*	
Components	278.72		*310.52*	
Construction materials	40.75		*27.12*	
Stores, spare parts and loose tools	95.12		*120.77*	
Finished goods	460.88		*325.30*	
	1196.34		*1060.42*	
Manufacturing work-in-progress	380.81		*354.95*	
		1577.15		*1415.37*
Sundry debtors:				
Unsecured:				
Debts outstanding for more than 6 months				
Considered good	2777.11		*2696.92*	
Considered doubtful	461.01		*465.15*	
	3238.12		*3162.07*	
Other Debts:				
Considered good	9650.50		*8461.43*	
	12888.62		*11623.50*	
Less: Provision for doubtful debts	461.01		*465.15*	
		12427.61		*11158.35*
Cash and bank balances:				
Cash on hand	1.92		*2.12*	
Cheques on hand	375.34		*245.46*	
Balances with scheduled banks:				
on current accounts	627.83		*463.56*	
on fixed deposits including interest accrued thereon	199.39		*325.26*	
on margin money deposit accounts	11.98		*1.72*	
Balances with non-scheduled banks [Note no.5(a)]	513.89		*393.75*	
		1730.35		*1431.87*
Other current assets:				
Interest accrued on investments	101.60		*45.15*	
Due from customers (Construction and project related activity)	10925.74		*6308.07*	
		11027.34		*6353.22*
Loans and advances:				
Secured, considered good:				
Loans against mortgage of house property	14.08		*16.80*	
Unsecured:				
Considered good:				
Subsidiary companies:				
Loans [Note no.18]	451.69		*452.38*	
Advances towards equity commitment	1709.63		*1587.41*	
Inter-Corporate deposits [Note no.18]	1142.99		*447.72*	
Others	1372.44		*775.18*	
Associate/Joint venture companies :				
Advances recoverable	13.08		*9.17*	
Inter–corporate deposits [Note no.18]	179.41		*–*	
Advances recoverable in cash or in kind [Note no.17]	3262.08		*2714.09*	
Balance with customs,port trust,etc.	43.29		*33.70*	
Considered doubtful:				
Deferred credit against sale of ships	18.55		*18.67*	
Advances recoverable in cash or in kind	129.72		*108.58*	
	8336.96		*6163.70*	
Less: Provision for doubtful loans and advances	148.27		*127.25*	
		8188.69		*6036.45*
		34951.14		*26395.26*

Schedules forming part of the Accounts (contd.)

	As at 31-3-2011		As at 31-3-2010	
	₹ crore	₹ crore	₹ crore	₹ crore
Schedule H				
Current liabilities:				
Acceptances		165.38		40.50
Sundry creditors:				
Due to: Subsidiary companies	467.43		204.27	
Micro and small enterprises [Note no.35]	28.74		22.07	
Others	13036.49		9318.37	
		13532.66		9544.71
Due to customers (construction and project related acitivity)		2158.08		2334.07
Advances from customers		9609.26		7065.39
Items covered by investor education and protection fund [Note no.38]				
Unpaid dividend	16.15		12.79	
Unpaid matured deposits	0.03		0.04	
Interest accrued on bonds	–		0.01	
		16.18		12.84
Due to directors		39.47		45.19
Interest accrued but not due on loans		68.79		47.77
		25589.82		19090.47

	As at 31-3-2011	As at 31-3-2010
	₹ crore	₹ crore
Schedule I		
Provisions:		
Current taxes [Net of payments made ₹ 1605.31 crore *(previous year: ₹ 1128.15 crore)*]	85.54	407.75
Proposed dividend	882.84	752.75
Additional tax on dividend	112.82	110.25
Gratuity	0.84	0.50
Compensated absences	334.84	296.67
Employee pension schemes	162.14	135.61
Post-retirement medical benefit plan	91.31	78.99
Long service awards	3.12	5.73
Other provisions (AS-29 related) [Note no.25]	559.98	397.79
	2233.43	2186.04

	As at 31-3-2011	As at 31-3-2010
	₹ crore	₹ crore
Schedule J		
Contingent liabilities:		
(a) Claims against the company not acknowledged as debts	263.47	158.21
(b) Sales-tax liability that may arise in respect of matters in appeal	194.31	158.78
(c) Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the company in writ	11.95	10.28
(d) Income-tax liability (including penalty) that may arise in respect of which the company is in appeal	1.95	8.45
(e) Corporate guarantees given on behalf of subsidiary companies	775.66	805.38

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.

Schedules forming part of the Accounts (contd.)

	2010-2011 ₹ crore	*2009-2010* *₹ crore*
Schedule K		
Sales & service:		
Manufacturing, trading and property development activity	6064.48	*4975.39*
Construction and project related activity	36819.91	*31252.17*
Servicing	277.08	*254.64*
Commission	186.99	*153.16*
Engineering and service fees	537.71	*360.57*
	43886.17	*36995.93*

	2010-2011 ₹ crore	*2009-2010* *₹ crore*
Schedule L (i)		
Other operational income:		
Income from hire of plant and machinery	0.14	*1.93*
Technical fees	46.23	*62.26*
Company's share in profit of integrated joint ventures [Note no.16(b)]	10.40	*7.84*
Lease rentals	2.20	*2.28*
Profit on sale of fixed assets (net)	19.05	*0.43*
Income from services to the group companies	52.95	*66.26*
Provision for foreseeable losses no longer required (net)	8.61	–
Miscellaneous income	236.15	*198.22*
Unclaimed credit balances	33.25	*20.43*
	408.98	*359.65*

	2010-2011		*2009-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule L (ii)				
Other income:				
Interest income:				
Interest received on inter-corporate deposits, from subsidiary and associate companies, customers and others [Tax deducted at source ₹ 6.34 crore *(previous year: ₹ 5.03 crore)*]	65.35		*25.20*	
Income from long term investments:				
Interest on bonds and government securities [Tax deducted at source ₹ nil *(previous year: ₹ nil)*]	–		*0.02*	
Income from current investments:				
Interest on bonds, government securities and other investments [Tax deducted at source ₹ nil *(previous year: ₹ nil)*]	270.65		*103.17*	
		336.00		*128.39*
Dividend income:				
From long term investments:				
Subsidiary companies	187.35		*88.91*	
Trade investments	42.06		*19.01*	
Other investments	1.22		*1.20*	
	230.63		*109.12*	
From current investments	163.61		*277.91*	
		394.24		*387.03*
Profit on sale of investment:				
Profit on sale of long term investment (net)	306.60		*1205.62*	
Profit on sale of current investment (net)	51.08		*48.82*	
		357.68		*1254.44*
Profit on sale of fixed assets (net)		124.42		*3.59*
Lease rental		24.86		*24.73*
Provision for diminution in value of invesments no longer required (net)		10.24		-
Miscellaneous income		195.20		*226.69*
Unclaimed credit balances		0.49		*0.09*
		1443.13		*2024.96*

Schedules forming part of the Accounts (contd.)

	2010-2011		*2009-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule M				
Manufacturing, construction and operating expenses:				
Materials consumed:				
Raw materials and components	8946.44		*6888.38*	
Construction materials	9702.11		*7458.01*	
	18648.55		*14346.39*	
Less: Scrap sales	70.06		*61.12*	
		18578.49		*14285.27*
Purchase of trading goods		2064.98		*1574.28*
(Increase)/decrease in stocks:				
Closing stock:				
Finished goods	460.88		*325.30*	
Work-in-progress	1472.38		*1048.47*	
	1933.26		*1373.77*	
Less: Opening stock:				
Finished goods	325.30		*342.54*	
Work-in-progress	1048.47		*1454.22*	
	1373.77		*1796.76*	
		(559.49)		*422.99*
Value of materials,tools,and work-in-progress transferred on sale of undertaking		-		*(20.45)*
Sub-contracting charges		9175.19		*8721.10*
Stores, spares and tools [Note no.11]		1187.64		*1052.26*
Other manufacturing, construction and operating expenses:				
Excise duty	8.60		*(3.47)*	
Power and fuel	355.45		*334.08*	
Royalty and technical know-how fees	9.57		*2.54*	
Packing and forwarding	173.26		*124.28*	
Hire charges–plant & machinery and others	451.71		*358.19*	
Engineering, technical and consultancy fees	703.43		*523.19*	
Insurance	160.44		*162.78*	
Rent	138.12		*159.23*	
Rates and taxes	67.64		*46.62*	
Travelling and conveyance	396.40		*316.37*	
Repairs to plant and machinery	54.80		*39.12*	
Repairs to buildings	14.99		*5.50*	
General repairs and maintenance	135.26		*119.03*	
Bank guarantee charges	74.12		*111.71*	
Other expenses	241.02		*202.79*	
		2984.81		*2501.96*
		33431.62		*28537.41*

Schedules forming part of the Accounts (contd.)

	2010-2011		*2009-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule N				
Staff expenses:				
Salaries, wages and bonus		2346.43		*1922.50*
Contribution to and provision for:				
Provident funds and pension fund	92.98		*77.94*	
Superannuation/employee pension schemes [Including provision ₹ 17.08 crore *(previous year: reversal of provision ₹ 2.75 crore)*]	67.62		*42.47*	
Gratuity funds [including provision ₹ 0.34 crore *(previous year: reversal of provision ₹ 0.02 crore)*]	29.50		*47.51*	
		190.10		*167.92*
Welfare and other expenses		348.00		*288.72*
		2884.53		*2379.14*

	2010-2011		*2009-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule O				
Sales, administration and other expenses:				
Power and fuel		37.36		*31.28*
Packing and forwarding		134.08		*116.45*
Professional fees		140.73		*106.96*
Insurance		15.22		*12.03*
Rent		83.40		*77.96*
Rates and taxes		31.62		*28.93*
Travelling and conveyance		173.40		*135.63*
Repairs to buildings		13.68		*12.08*
General repairs and maintenance		127.70		*98.78*
Directors' fees		0.37		*0.18*
Telephone, postage and telegrams		71.28		*65.51*
Advertising and publicity		78.47		*58.39*
Stationery and printing		33.60		*32.52*
Commission:				
Distributors and agents	28.77		*27.89*	
Others	37.27		*45.66*	
		66.04		*73.55*
Bank charges		26.03		*20.65*
Miscellaneous expenses		434.09		*209.21*
Bad debts and advances written off	132.82		*61.12*	
*Less:*Provision for doubtful debts and advances written back	97.50		*27.60*	
		35.32		*33.52*
Company's share in loss of integrated joint ventures [Note no.16(b)]		68.62		*8.18*
Discount on sales		71.84		*57.83*
Provision for doubtful debts and advances (net)		114.38		*114.55*
Provision for foreseeable losses on construction contracts (net)		-		*13.31*
Provision for diminution in value of investments (net)		-		*47.10*
Other provisions [Note no.25]		233.03		*24.28*
		1990.26		*1378.88*

	2010-2011	*2009-2010*
	₹ crore	*₹ crore*
Schedule P		
Interest expenses & brokerage:		
Debentures and fixed loans	429.09	*352.73*
Others	218.28	*152.58*
	647.37	*505.31*

Schedules forming part of the 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.

   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. Escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.

      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.

            Government subsidy related to customer contracts is recognised as revenue from operations in the Profit and Loss Account, on a prudent basis, in proportion to work completed when there is reasonable assurance that the conditions for the grant of subsidy will be fulfilled.

            Expected loss, if any, on the construction/project related activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration. Construction and project 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.

   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.

Schedules forming part of the Accounts (contd.)

Schedule Q (contd.)

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 recognised if they are in respect of accounting periods which closed on or before the date of the Company's Balance Sheet.

f) Other Government grants, which are revenue in nature and are intended to compensate the related costs, are recognised as income in the profit and loss account to match such costs, as and when incurred.

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

3. Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts [Note no.10].

4. Research and development

a) Revenue expenditure on research is expensed under respective heads of account in the period in which it is incurred.

b) Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:

   i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

   ii) The Company has intention to complete the intangible asset and use or sell it;

   iii) The Company has ability to use or sell the intangible asset;

   iv) The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;

   v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

   vi) The Company has ability to measure the expenditure attributable to the intangible asset during its development reliably.

   The development expenditure capitalised as intangible asset is amortised over its useful life.

   Other development costs that do not meet above criteria are expensed in the period in which they are incurred.

c) Capital expenditure on research and development is classified under tangible/intangible 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.

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 & 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.

Schedules forming part of the Accounts (contd.)

Schedule Q (contd.)

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 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.*)

7. Leases

a) Lease transactions entered into prior to April 1, 2001:

Assets leased out are stated at original cost. Lease equalisation adjustment is the difference between capital recovery included in the lease rentals and depreciation provided in the books.

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 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*)

8. 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

Schedule Q (contd.)

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	
a) Multifunctional devices (fax machine/scanner/printers), desktop, inkjet/ laserjet printers, switches (audio/ video) and projectors	25.00
b) Others	6.67
ii) Plant and machinery general	
a) Cranes below 100 ton capacity used for construction activity	6.67
b) Minor plant & machinery of construction activity	20.00
c) Heavy lift equipment of construction activity	5.00
d) Earthmoving, tunnelling & transmission line equipment (other than employed in heavy construction work)	10.00
e) Equipment used in construction industry for concreting, road making, crushing, piling, pipeline laying, welding etc.	8.33
f) DG sets above 30 kva	8.33
g) Erection winches above 2 tons	8.33
h) Strand Jack system, theodolite, total station etc. used in construction industry	8.33
i) Specialised machine tools, dies, jigs, fixtures, gauges for electrical business	20.00
j) Desktops and laptops given to employees under the Company's scheme	33.33
k) Other laptops	25.00
iii) Air conditioning and refrigeration equipment	8.33
iv) 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:

Lease charge comprising statutory depreciation and lease equalisation charge is provided for assets given on lease over the primary period of the lease equal to recovery of net investment in 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.

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 six years.

Schedules forming part of the Accounts (contd.)

Schedule Q (contd.)

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) Development costs for new products: over a period of five years.

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.

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; and

b) the reversal of impairment loss recognised in previous periods, if any,

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

Recoverable amount is determined:

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

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

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

11. 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 "other than temporary" in nature. Current investments are carried at lower of cost and fair value. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment. Investments in integrated joint ventures are carried at cost net of adjustments for Company's share in profits or losses as recognised.

12. Inventories

Inventories are valued after providing for obsolescence, as under:

a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value.

b) 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.

13. 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.

14. 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.

15. 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.

Schedules forming part of the Accounts (contd.)

Schedule Q (contd.)

16. Foreign currency transactions, foreign operations, forward contracts and derivatives

a) The reporting currency of the Company is 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 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. Where the hedge is effective, the gains or losses are recognised in the "Hedging Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet, while the same is recognised in the Profit and Loss Account where the hedge is ineffective.The amount recognised in the "Hedging Reserve" is transferred to Profit and Loss Account in the period in which the underlying hedged item affects the Profit and Loss Account.

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 inter segment revenue.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under "unallocable corporate expenditure."

iii) Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income".

Schedules forming part of the Accounts (contd.)

Schedule Q (contd.)

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.

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. 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 diminution in value which is other than temporary in nature.

Joint venture interests accounted as above, other than investments in incorporated jointly controlled entities, are included in the segments to which they relate.

20. 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 ₹ 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: ₹ 2.35 crore *(previous year: ₹ 2.35 crore),* securities premium: ₹ 87.47 crore *(previous year: ₹ 87.47 crore)* and capital redemption reserve: ₹ 0.12 crore *(previous year: ₹ 0.12 crore).*

   iii) 2,67,45,064 *(previous year: 2,00,88,346)* equity shares were allotted as fully paid up on exercise of grants under Employees Stock Ownership Schemes.

   b) Options outstanding as at the end of the year on un-issued share capital:

Particulars	Number of equity shares to be issued as fully paid	
	As at 31-3-2011	*As at 31-3-2010*
Employee stock options granted and outstanding #	1,39,53,309	*1,75,51,015*
3.5% 5 years & 1 day, US$ denominated Foreign Currency Convertible Bonds	49,07,243	*49,07,243*

The number of options have been adjusted consequent to bonus issue wherever applicable.

   c) The Directors recommend payment of final dividend of ₹ 14.50 per equity share of ₹ 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 60,88,52,126 shares outstanding as at March 31, 2011 amounting to ₹ 882.84 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)	
		2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*
1	Grant price ₹	3.50	*3.50*	3.50	*3.50*	3.50	*3.50*	17.50	*17.50*	17.50	*17.50*	601.00	*601.00*	601.00	*601.00*
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	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	1124980	*1959888*	8839975	*13324860*	7476608	*5895175*
5	Options lapsed/withdrawn during the year	–	*–*	–	*–*	–	*–*	–	*–*	33250	*51622*	227758	*336341*	686201	*633070*
6	Options granted during the year	–	*–*	–	*–*	–	*–*	–	*–*	276700	*164300*	–	*–*	3260665	*2808090*
7	Options exercised during the year	–	*–*	–	*–*	–	*–*	–	*–*	435550	*947586*	4637774	*4148544*	1114538	*593587*
8	Options granted and outstanding at the end of the year	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	932880	*1124980*	3974443	*8839975*	8936534	*7476608*
	of which –														
	Options vested	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	102482	*85644*	3717133	*4759655*	1180945	*769990*
	Options yet to vest	–	*–*	–	*–*	–	*–*	–	*–*	830398	*1039336*	257310	*4080320*	7755589	*6706618*

   c) During the year, the Company has recovered ₹ 17.93 crore *(previous year: ₹ 3.60 crore)* from its subsidiary companies towards the stock options granted to their employees, pursuant to the employee stock option schemes.

   d) The shares allotted during the year under the Company's ESOP scheme includes 4,68,856 number of shares in respect of stock options exercised during the year 2009-2010

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 ₹ 1385.12 crore as on March 31, 2011.

   b) Other secured loans from banks represent loans amounting to ₹ nil *(previous year: ₹ 5.90 crore)* availed under bill discounting facility and are secured against specific receivables.

Notes forming part of Accounts (contd.)

4. Terms of redemption of debentures

(a) Secured redeemable non-convertible fixed rate debentures (privately placed):

Sr. no.	Face value per debenture (₹.)	Date of allotment	Amount ₹ 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 (₹)	Date of allotment	Amount ₹ 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.
2	10,00,000	April 13, 2010	200	8.80% p.a. payable annually	At the end of 10th year from the date of allotment.
3	10,00,000	May 11, 2010	30 [10% issued upfront, balance 90% to be issued on May 11, 2011]	8.75% p.a. payable for 1st year 9.15% p.a. payable annually thereafter	At the end of 10th year from the date of allotment.
4	10,00,000	May 26, 2010	30 [10% issued upfront, balance 90% to be issued on May 26, 2011]	8.65% p.a. payable for 1st year 8.95% p.a. payable annually thereafter	At the end of 10th year from the date of allotment. The Company has the option to call (prepay) the debentures outstanding at the end of 1st year from the date of allotment and not to issue the remaining 90%.
Total			**510**		

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:

₹ crore

	Particulars	As at 31-3-2011	*As at 31-3-2010*	Maximum amount outstanding at any time during 2010-2011	*2009-2010*
i)	**Current accounts**				
	ABN AMRO Bank, The Netherlands	0.79	*0.16*	2.33	*2.20*
	Abu Dhabi Commercial Bank, Abu Dhabi	1.43	*7.38*	7.38	*7.38*
	Abu Dhabi Commercial Bank, UAE	0.18	*0.53*	0.53	*5.36*
	Abu Dhabi Islamic Bank , UAE	–	*0.16*	0.16	*0.37*
	Arab Bank PLC, Amman	0.26	*0.03*	0.26	*0.11*
	Arab Bank PLC, Bahrain	2.79	*10.91*	10.91	*25.09*
	Arab Bank PLC, Jordan	–	*0.03*	0.03	*3.39*
	Arab Bank PLC, Doha	19.52	*7.81*	34.75	*85.82*
	Arab Bank PLC, UAE	0.14	*5.39*	24.16	*51.10*
	Bank of Muscat	142.44	*0.02*	212.69	*0.04*
	Carried forward	167.55	*32.42*		

Notes forming part of Accounts (contd.)

₹ *crore*

	Particulars	As at 31-3-2011	*As at 31-3-2010*	Maximum amount outstanding at any time during 2010-2011	*2009-2010*
i)	**Current accounts (contd.)**				
	Brought forward	167.55	*32.42*		
	Bank of Baroda (Kenya) Limited, Kenya	–	*–*	–	*0.28*
	Bank of Bhutan	20.10	*34.30*	37.00	*57.41*
	Bank of Commerce & Development, Libya	0.42	*0.40*	0.44	*0.40*
	BNP Paribas–UAE	0.01	*–*	0.01	*–*
	BNP Paribas–Qatar	0.06	*–*	0.06	*–*
	Citibank, France	0.73	*0.38*	4.61	*1.37*
	Citibank, USA	6.02	*20.32*	47.22	*98.8*
	Citibank, London	0.20	*0.23*	0.23	*0.23*
	Citibank N A Sharjah	0.05	*–*	0.15	*–*
	Danske Bank, Denmark	0.82	*0.48*	4.57	*3.65*
	Deutsche Bank, Germany	1.84	*–*	9.35	*–*
	Deutsche Bank, Singapore	0.01	*0.01*	0.01	*0.01*
	Doha Bank - Qatar	0.23	*–*	30.79	*–*
	Emirates Bank International PJSC	0.22	*0.75*	1.77	*18.99*
	First Gulf Bank - UAE	14.75	*–*	14.75	*–*
	Handels Bank, Sweden	1.72	*0.81*	3.24	*1.34*
	Hongkong & Shanghai Banking Corporation (RMD), China	0.05	*0.01*	0.09	*0.22*
	Hongkong & Shanghai Banking Corporation (USD), China	0.02	*0.01*	0.16	*0.94*
	HSBC Bank Middle East Limited, Abu Dhabi	9.91	*17.23*	23.96	*29.70*
	HSBC Bank Middle East Limited, Dubai	–	*0.01*	0.01	*21.98*
	HSBC Bank, Qatar	4.82	*6.82*	83.86	*75.10*
	HSBC Bank, UK	2.98	*2.32*	33.85	*4.85*
	HSBC Bank, UAE	1.64	*1.63*	43.12	*33.91*
	Mashreq Bank, Dubai	94.08	*15.47*	94.08	*17.73*
	Mashreq Bank, UAE	1.19	*1.31*	9.94	*27.71*
	Mizuho Bank, Japan	3.08	*2.15*	7.05	*7.91*
	National Bank of Kuwait, Kuwait	2.88	*1.88*	29.78	*24.87*
	Nepal Investment Bank Limited, Nepal	0.14	*0.14*	0.14	*0.14*
	Rafidian Bank, Iraq	8.25	*8.25*	8.25	*10.42*
	Standard Chartered Bank, Malaysia	0.10	*0.61*	1.92	*3.91*
	Standard Chartered Bank, Qatar	2.08	*6.30*	11.42	*15.94*
	Union National Bank, Abu Dhabi	0.39	*0.17*	5.69	*0.27*
	ICICI Bank, Canada	1.21	*0.97*	3.91	*1.12*
	ICICI Bank Eurasia, Moscow	0.03	*0.05*	0.10	*0.43*
	Total (i)	347.58	*155.43*		
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*	116.76	*121.56*
	Arab Bank, UAE	–	*24.45*	24.45	*24.45*
	Doha Bank - Qatar	56.34	*–*	319.85	*–*
	First Gulf Bank - UAE	109.28	*–*	109.28	*–*
	HSBC Bank Middle East Limited, Abu Dhabi	–	*2.29*	2.29	*22.54*
	HSBC Bank UAE	–	*48.90*	48.90	*71.44*
	Mashreq Bank, Dubai	–	*45.23*	45.23	*45.23*
	Total (iii)	165.62	*237.63*		
	Total (i)+(ii)+(iii)	513.89	*393.75*		

Notes forming part of Accounts (contd.)

b) Call deposit with Mashreq Bank, Dubai, UAE, of ₹ 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: ₹ 0.03 crore *(previous year: ₹ 0.03 crore)*. The maximum amount outstanding at any time during the year: ₹ 0.03 crore *(previous year: ₹ 0.03 crore)*.

b) Amount, including interest accrued, due from the managing director and whole-time directors in respect of housing loan: ₹ 0.34 crore *(previous year: ₹ 0.61 crore)*. Maximum amount outstanding at any time during the year: ₹ 0.61 crore *(previous year: ₹ 0.63 crore)*.

7. Sales and service include ₹ 352.04 crore *(previous year: ₹ 118.06 crore)* for price variations net of liquidated damages in terms of contracts with the customers and shipbuilding subsidy ₹ 32.16 crore *(previous year: ₹ 56.80 crore)*.

8. Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts":

₹ *crore*

	Particulars	2010-2011	*2009-2010*
i)	Contract revenue recognised for the financial year	36819.91	*31252.17*
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	88512.36	*71270.55*
iii)	Amount of customer advances outstanding for contracts in progress as at end of the financial year	9013.79	*6626.24*
iv)	Retention amounts due from customers for contracts in progress as at end of the financial year	3481.26	*2352.94*

9. Extraordinary item during the year represents proportionate reversal of ₹ 70.84 crore *(previous year: ₹ 62.55 crore),* out of the provision made in earlier years 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.

10. Other income for the year ended March 31, 2011 includes the following items of exceptional nature [accounting policy no.3]:

a) Profit of ₹ 25.00 crore on sale of the Company's part stake in Kesun Iron & Steel Company Private Limited, a subsidiary of the Company to a strategic partner.

b) Gain of ₹ 213.04 crore on sale of the Company's entire stake in L&T-Case Equipment Private Limited, an associate company.

c) Part reversal of provision of ₹ 24.03 crore made in the earlier years for diminution in the value of investment in the International Seaport Dredging Limited, pursuant to divestment of the Company's part stake in the said company.

11. The cost of specialised machine tools including jigs, fixtures, dyes, gauges and moulds used in the production in Electrical and Electronics business was expensed out in earlier years. These items of plant & machinery have a useful life of 5 years. During the year, the cost of such tools, where useful life has not expired, has been capitalized. The amount expensed out in earlier years in respect of such tools has been reversed during the year and accordingly, the expense under "Stores, spares and tools" is lower by ₹ 77.32 crore. Similarly, the cumulative depreciation based on useful life of such tools has been provided in the books during the year and as a result, the depreciation for the year is higher by ₹ 51.08 crore.

12. The expenditure on research and development activities, as certified by the management, is ₹ 108.98 crore *(previous year: ₹ 91.54 crore).* This includes capital expenditure

(a) on tangible assets of ₹ 16.67 crore *(previous year: ₹ 5.56 crore);*

(b) on intangible assets being expenditure on new product development of ₹ 22.72 crore *(previous year: ₹ nil)* [accounting policy no.4(b)]; and

(c) on other intangible assets of ₹ 1.33 crore *(previous year: ₹ nil).*

In addition, the Company has carried out work of a developmental nature of ₹ 16.46 crore *(previous year: ₹ nil)* which is partially/fully paid for by the customers.

13. a) The useful life of certain tangible assets was revised downward during the year as mandated by Accounting Standard (AS) 6 "Depreciation Accounting" and permitted by Schedule XIV of Companies Act. Consequently, depreciation rates have been revised upward resulting in additional charge of depreciation of ₹ 43.00 crore. As a result, profit before tax for the year is lower to that extent. [accounting policy no.8a(ii)]

b) The Company has reviewed the useful life of certain intangible assets during the year. Consequently, amortisation rates have been revised resulting in lower charge of amortisation of ₹ 3.69 crore. As a result, profit before tax for the year is higher to that extent. (accounting policy no.9)

Notes forming part of Accounts (contd.)

14. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits".

i. Defined contribution plans: [accounting policy no.5b(i)]

Amount of ₹ 91.25 crore *(previous year ₹ 70.03 crore)* is recognised as an expense and included in "Staff Expenses" (Schedule N) in the Profit and Loss Account.

ii. Defined benefit plans: [accounting policy no.5b(ii)]

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*
A) Present value of defined benefit obligation								
– Wholly funded	335.49	*319.91*	–	–	–	–	1396.21	*1199.77*
– Wholly unfunded	0.84	*0.50*	92.92	*80.28*	162.89	*136.47*	–	–
	336.33	*320.41*	92.92	*80.28*	162.89	*136.47*	1396.21	*1199.77*
Less: Fair value of plan assets	308.38	*279.30*	–	–	–	–	1369.08	*1186.01*
Less: Unrecognised past service costs	–	–	1.61	*1.29*	0.75	*0.86*	–	–
Amount to be recognised as liability or (asset)	27.95	*41.11*	91.31	*78.99*	162.14	*135.61*	27.13	*13.76*
B) Amounts reflected in the Balance Sheet								
Liabilities	27.95	*41.11*	91.31	*78.99*	162.14	*135.61*	29.56	*18.02*
Assets	–	–	–	–	–	–	–	–
Net liability/(asset)	27.95	*41.11*	91.31	*78.99*	162.14	*135.61*	29.56#	*18.02#*

b) The amounts recognised in Profit and Loss Account are as follows:

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*
1 Current service cost	21.37	*19.22*	4.74	*4.39*	3.60	*3.81*	74.18$	*61.85$*
2 Interest cost	24.27	*20.85*	6.66	*5.74*	11.08	*11.90*	117.57	*91.17*
3 Expected (return) on plan assets	(19.70)	*(17.93)*	–	–	–	–	(117.57)	*(91.17)*
4 Actuarial losses/(gains)	1.20	*19.19*	4.43	*1.52*	16.15	*(28.60)*	11.42	*21.47*
5 Past service cost	0.38	–	0.51	*0.14*	0.11	*0.11*	–	–
6 Actuarial gain/(loss) not recognised in books	–	–	–	–	–	–	(1.83)	*(21.47)*
Total (1 to 6)	27.52	*41.33*	16.34	*11.79*	30.94	*(12.78)*	83.77	*61.85*
I Amount included in "staff expenses"	29.50	*47.51*	11.24	*11.87*	21.50	*0.67*	74.18	*61.85*
II Amount included as part of "Interest"	(1.98)	*(6.18)*	5.10	*(0.08)*	9.44	*(13.45)*	9.59	–
Total (I + II)	27.52	*41.33*	16.34	*11.79*	30.94	*(12.78)*	83.77	*61.85*
Actual return on plan assets	24.18	*20.14*	–	–	–	–	106.15	*69.70*

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:

₹ *crore*

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*
Opening 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*
Add: Current service cost	21.37	*19.22*	4.74	*4.39*	3.60	*3.81*	74.18$	*61.85$*
Add: Interest cost	24.27	*20.85*	6.66	*5.74*	11.08	*11.90*	117.57	*91.17*
Add: Contribution by plan participants								
i) Employer	–	–	–	–	–	–	–	–
ii) Employee	–	–	–	–	–	–	135.30	*103.97*
iii) Transfer-in/(out)	(1.73)~	*3.10~*	–	–	–	–	–	–
Add/(less): Actuarial losses/(gains)	5.68	*21.40*	4.43	*1.52*	16.15	*(28.60)*	–	–
Less: Benefits paid	(34.05)	*(17.09)*	(4.02)	*(3.77)*	(4.41)	*(3.42)*	(130.61)	*(58.32)*
Add: Past service cost	0.38	–	0.83	–	–	–	–	–
Closing balance of the present value of defined benefit obligation	336.33	*320.41*	92.92	*80.28*	162.89	*136.47*	1396.21	*1199.77*

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

₹ *crore*

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*
Opening balance of the fair value of the plan assets	279.30	*244.71*	1186.01	*1017.06*
Add: Expected Return on Plan Assets*	19.70	*17.93*	117.57	*91.17*
Add/(Less): Actuarial gains/(losses)	4.48	*2.21*	(11.42)	*(21.47)*
Add: Contribution by the employer	41.31	*28.57*	74.46	*55.13*
Add/(less) : Transfer in/(out)	(2.36)	–	–	–
Add: Contribution by Plan participants	–	*2.97##*	133.07	*102.44*
Less: Benefits paid	(34.05)	*(17.09)*	(130.61)	*(58.32)*
Closing balance of the plan assets	308.38	*279.30*	1369.08	*1186.01*

Note: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

* Basis used to determine the overall expected return:

The trust formed by the Company manages the investments of provident funds and gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year. Refer note no. 14(ii)(f)(7) below.

The Company expects to fund ₹ 27.11 crore *(previous year: ₹ 40.61 crore)* towards its gratuity plan and ₹ 78.63 crore *(previous year: ₹ 65.56 crore)* towards its trust-managed provident fund plan during the year 2011-2012.

\# Employer's and employees' contribution (net) for March is paid in April.

$ Employer's contribution to provident fund

~ Amount transferred (to)/from subsidiary & Associate companies and transferred out on sale of business undertakings (net) ₹ (1.73) crore *(previous year ₹ 3.10 crore)*

\## Amount transferred from subsidiary companies–₹ 2.97 crore

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 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*
Government of India securities	34%	*28%*	24%	*23%*
State government securities	10%	*13%*	12%	*12%*
Corporate bonds	13%	*6%*	7%	*6%*
Equity shares of listed companies	2%	*3%*	–	–
Fixed deposits under special deposit scheme framed by central government for provident funds	9%	*12%*	19%	*23%*
Insurer managed funds	1%	*1%*	–	–
Public sector unit bonds	28%	*33%*	38%	*36%*
Others	3%	*4%*	–	–

f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	As at 31-3-2011	*As at 31-3-2010*
1 Discount rate:		
a) Gratuity plan	8.11%	*8.01%*
b) Company pension plan	8.11%	*8.01%*
c) Post-retirement medical benefit plan	8.11%	*8.01%*
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	5.00%	*6.00%*
b) Company pension plan	6.00%	*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 6% *(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:

₹ crore

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2010-2011	*2009-2010*	2010-2011	*2009-2010*
Effect on the aggregate of the service cost and interest cost	1.49	*0.88*	(2.02)	*(1.37)*
Effect on defined benefit obligation	8.94	*5.59*	(7.00)	*(4.56)*

Notes forming part of Accounts (contd.)

g) The amounts pertaining to defined benefit plans are as follows:

₹ *crore*

Particulars	As at 31-3-2011	*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	91.31	*78.99*	*70.97*	*56.67*	*46.36*
Experience adjustment plan liabilities	7.91	*5.73*	*1.13*	*2.66*	*–*
2 Gratuity plan (funded/unfunded)					
Defined benefit obligation	336.33	*320.41*	*272.93*	*231.02*	*203.45*
Plan assets	308.38	*279.30*	*244.71*	*203.42*	*152.93*
Surplus/(deficit)	(27.95)	*(41.11)*	*(28.22)*	*(27.60)*	*(50.52)*
Experience adjustment plan liabilities	30.00	*30.67*	*8.38*	*16.44*	*25.84*
Experience adjustment plan assets	4.48	*2.21*	*13.13*	*6.25*	*(2.91)*
3 Post-retirement pension plan (unfunded)					
Defined benefit obligation	162.14	*135.61*	*151.80*	*151.35*	*118.56*
Experience adjustment plan liabilities	17.46	*(4.11)*	*(6.89)*	*26.87*	*–*
4 Trust managed provident fund plan (funded)					
Defined benefit obligation	1396.21	*1199.77*	*1001.10*	*903.75*	*827.24*
Plan assets	1369.08	*1186.01*	*1017.06*	*904.29*	*839.86*
Surplus/(deficit)	(27.13)	*(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.

15 Uncalled liability on shares partly paid is ₹ nil net of advance paid against equity commitment *(previous year: ₹ 36.62 crore).*

Notes forming part of Accounts (contd.)

16 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	L&T-AM Tapovan Joint Venture	Integrated joint venture (Construction of head race tunnel for Tapovan Vishnugad hydroelectric project at Chamoli, Uttaranchal)	0.65	India
7	L&T-SUCG Joint Venture	Jointly controlled entity (Construction of twin tunnel between IGI airport and sector 21 for DMRC)	0.51	India
8	L&T-Eastern Joint Venture	Jointly controlled entity (Construction and maintenance of 295 residential units at Dubai)	0.65	UAE
9	Metro Tunnelling Group	Integrated joint venture (Construction of Delhi metro corridor-phase II tunnel project)	0.26	India
10	Metro Tunnelling Chennai L&T–SUCG Joint Venture	Integrated joint venture (Construction of UG Station at Nehru Park, KMC and Pachiyappas College and associated tunnels for CMRL)	0.75	India
11	L&T-KBL (UJV) Hyderabad	Jointly controlled operation (Investigation, design, supply and erection for lift irrigation system)	–	India
12	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
13	Patel-L&T Consortium	Jointly controlled operation (Hydroelectric project)	–	India
14	L&T-SVEC Joint Venture	Jointly controlled operation (Lift irrigation project at Hyderabad)	–	India
15	L&T-KBL-MAYTAS UJV	Jointly controlled operation (Transmission of 735 mld treated water associated with all civil, electrical & mechanical work at Hyderabad)	–	India
16	Consortium of Global Industries Offshore LLC, USA and L&T	Jointly controlled operation (Execution of pipeline replacement project of ONGC)	–	India
17	Consortium of Toyo Engineering Company and L&T	Jointly controlled operation (Execution of naphtha cracker associated unit for IOCL, Panipat)	–	India
18	L&T and Scomi Engineering BHD. Joint Venture	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.

Notes forming part of Accounts (contd.)

b) Financial interest in jointly controlled entities

₹ crore

Sr. no.	Name of Integrated joint ventures/ jointly controlled entities	Company's share				
		As at March 31, 2011		For the Year 2010-2011		
		Assets	Liabilities	Income	Expenses	Tax
1	L&T-Hochtief Seabird Joint Venture	15.21 *(12.54)*	0.38 *(0.38)*	– *(–)*	0.01 *(–) ****	– *(–) ##*
2	International Metro Civil Contractors	13.39 *(12.60)*	3.71 *(3.70)*	0.51 *(0.06)*	0.25 *(0.05)*	– # *(–)*
3	HCC-L&T Purulia Joint Venture	5.52 *(6.07)*	3.95 *(4.39)*	0.75 *(0.05)*	0.03 *(0.02)*	0.22 *(–) %%*
4	Desbuild-L&T Joint Venture	0.34 *(0.34)*	0.28 *(0.28)*	– *(–) ^^^*	– @ *(–) %*	– *(–) %^*
5	Bauer-L&T Diaphragm Wall Joint Venture	– $ *(–) $#$*	– *(–) $#*	– *(–)*	– ^ *(–)*	– *(–)*
6	Larsen & Toubro Limited–Shapoorji Pallonji & Company Limited Joint Venture (Ebene Cybercity)	– *(–)*	– *(–)*	– *(0.03)*	– *(–) $$$*	– *(-0.52)*
7	Larsen & Toubro Limited–Shapoorji Pallonji & Company Limited Joint Venture (Les Pailles Exhibition Centre)	– *(–)*	– *(–)*	– *(–)*	– *(–) @@@*	– *(0.33)*
8	L&T-AM Tapovan JV	161.20 *(201.10)*	164.21 *(139.06)*	2.80 *(91.60)*	67.83 *(99.45)*	– * *(–)*
9	Metro Tunnelling Group	20.22 *(18.38)*	9.16 *(14.81)*	14.63 *(24.72)*	1.88 *(22.30)*	4.61 *(0.83)*
10	L&T–Eastern Joint Venture	40.10 *(49.58)*	29.66 *(34.61)*	37.79 *(84.50)*	41.36 *(81.09)*	– *(–)*
11	L&T–SUCG Joint Venture	21.66 *(26.07)*	14.43 *(20.69)*	7.38 *(72.92)*	4.96 *(69.30)*	0.91 *(1.36)*
12	Metro Tunnelling Chennai L&T–Shanghai Urban Corporation Group Joint Venture	27.70 *(–)*	27.70 *(–)*	– *(–)*	– ~ *(–)*	– *(–)*
	Total	305.34 *(326.68)*	253.48 *(217.92)*	63.86 *(273.88)*	116.34 *(272.21)*	5.74 *(2.01)*
	Share of net assets/profit after tax in jointly controlled entities	51.86 *(108.76)*		(58.22) *(-0.34)*		

Amounts less than ₹ 0.01 crore:

Current Year: $ ₹ 38500, @ ₹ 8320, ^ ₹ 45589, ~ ₹ 73808, # ₹ 22454, * ₹ 73340

*Previous Year: $#$ (₹ 44014), $# (₹ 43259), ^^^(₹ -28538), ***(₹ -70945), %(₹ 9406), $$$ (₹ 19635), @@@ (₹ 552), ## (₹ 21922), %% (₹ 86783), %^ (₹ 109)*

Notes:

i. Figures in brackets relate to previous year.

ii. Contingent liabilities, if any, incurred in relation to interests in joint ventures as at March 31, 2011: ₹ nil *(previous year: ₹ nil);* and share in contingent liabilities incurred jointly with other ventures as at March 31, 2011: ₹ nil *(previous year: ₹ nil).*

iii. Share in contingent liabilities of joint ventures themselves for which the Company is contingently liable as on March 31, 2011: ₹ 95.97 crore *(previous year: ₹ 88.78 crore).*

iv. Contingent liabilities in respect of liabilities of other ventures of joint ventures as at March 31, 2011: ₹ nil *(previous year: ₹ nil).*

v. Capital commitments, if any, in relation to interests in joint ventures as at March 31, 2011: ₹ nil *(previous year: ₹ nil).*

17 Loans and advances include ₹ 100 crore *(previous year: ₹ 136 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 ₹ 25 crore in a year.

18 Particulars in respect of loans and advances in the nature of loans as required by the listing agreement:

₹ crore

Name of the company/firm/director			Balance as at		Maximum outstanding during	
			31-3-2011	*31-3-2010*	2010-2011	*2009-2010*
(a)	Loans and advances in the nature of loans given to subsidiaries:					
	1	Larsen & Toubro Infotech Limited	100.00	–	100.00	–
	2	India Infrastructure Developers Limited	–	*125.02*	125.02	*125.02*
	3	Bhilai Power Supply Company Limited	7.19	*7.19*	7.19	*7.19*
	4	Tractor Engineers Limited	49.00	*29.00*	66.00	*72.85*
	5	L&T Finance Limited	–	–	1700.00	–
	6	International Seaport Dredging Private Limited	–	–	–	*11.83*
	7	L&T Capital Company Limited	103.50	*124.19*	510.50	*1533.12*
	8	L&T Seawoods Private Limited	–	–	–	*589.94*
	9	L&T Infrastructure Development Projects Limited	240.00	–	240.00	*80.00*
	10	L&T-MHI Boilers Private Limited	–	–	–	*165.00*
	11	L&T Infrastructure Finance Company Limited	152.58	*152.58*	390.00	*152.87*
	12	L&T Realty Private Limited	292.00	*292.00*	292.00	*292.00*
	13	L&T Arun Excello IT SEZ Private Limited	145.00	*145.10*	145.10	*145.10*
	14	L&T Arun Excello Commercial Projects Private Limited	25.00	*25.02*	25.02	*25.02*
	15	L&T Power Limited	–	–	152.15	–
	16	L&T Finance Holding Limited	356.00	–	356.00	–
	17	L&T Shipbuilding Limited	74.41	–	74.41	–
	18	L&T Special Steels & Heavy Forgings Private Limited	–	–	50.00	–
	19	L&T Transportation Infrastructure Limited	–	–	150.00	–
	20	L&T Uttaranchal Hydropower Limited	50.00	–	50.00	–
	21	Nabha Power Limited	–	–	291.18	–
	22	Narmada Infrastructure Construction Enterprise Limited	–	–	50.00	–
	Total		1594.68	*900.10*		
(b)	Loans and advances in the nature of loans given to associates:					
	1	L&T-Case Equipment Private Limited	–	–	–	*5.00*
	Total		–	–		
(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*
	3	L&T Shipbuilding Limited	74.41	–	74.41	–
	Total		81.60	*7.19*		
(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	Tractor Engineers Limited	49.00	*29.00*	66.00	*72.85*
	3	L&T Capital Company Limited	103.50	*124.19*	510.50	*1533.12*
	4	L&T Realty Private Limited	292.00	*292.00*	292.00	*292.00*
	Total		451.69	*452.38*		

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.)

19 Segment reporting:

a) Information about business segments (information provided in respect of revenue items for the year ended March 31, 2011 and in respect of assets/liabilities as at March 31, 2011–denoted as "CY" below, previous year denoted as "PY")

i) Primary segments (business segments):

₹ *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	37911.63	*31988.44*	3001.09	*2829.29*	2722.01	*2173.29*	660.42	*364.56*	–	*–*	44295.15	*37355.58*
Inter-segment	307.08	*327.33*	212.83	*157.25*	71.10	*46.24*	–	*–*	(591.01)	*(530.82)*	–	*–*
Total revenue	38218.71	*32315.77*	3213.92	*2986.54*	2793.11	*2219.53*	660.42	*364.56*	(591.01)	*(530.82)*	44295.15	*37355.58*
Result												
Segment result	4772.17	*4095.01*	399.43	*394.19*	530.47	*451.90*	118.01	*44.34*	–	*–*	5820.08	*4985.44*
Less: inter-segment margins on capital jobs											12.39	*58.35*
											5807.69	*4927.09*
Unallocated corporate income/ (expenditure) (net)											336.59	*1330.50*
Operating profit (PBIT)											6144.28	*6257.59*
Interest expense											(647.37)	*(505.31)*
Interest income											336.00	*128.39*
Profit before tax (PBT)											5832.91	*5880.67*
Provision for current tax											1778.86	*1644.25*
Provision for deferred tax											167.00	*(3.38)*
Profit after tax (before extraordinary items)											3887.05	*4239.80*
Profit from extraordinary items											70.84	*135.72*
Profit after tax (after extraordinary items)											3957.89	*4375.52*
Other information												
Segment assets	31369.48	*23732.74*	2159.75	*1939.41*	1447.92	*1081.95*	678.43	*492.22*			35655.58	*27246.32*
Unallocable corporate assets											21724.78	*19531.93*
Total assets											57380.36	*46778.25*
Segment liabilities	23823.00	*17442.07*	973.57	*807.65*	977.69	*857.95*	135.93	*110.79*			25910.19	*19218.46*
Unallocable corporate liabilities											9623.91	*9248.15*
Total liabilities											35534.10	*28466.61*
Capital expenditure	1327.64	*901.95*	169.20	*140.73*	28.76	*213.27*	25.89	*6.36*				
Depreciation (including obsolescence and amortisation) included in segment expense	418.33	*302.11*	102.95	*39.24*	33.40	*19.57*	11.82	*7.48*				
Non-cash expenses other than depreciation included in segment expense	143.51	*89.12*	9.02	*10.16*	6.60	*7.83*	5.42	*7.26*				

Notes forming part of Accounts (contd.)

(ii) Secondary segments (geographical segments):

₹ *crore*

Particulars	Domestic		Overseas		Total	
	CY	*PY*	CY	*PY*	CY	*PY*
External revenue by location of customers	39633.75	*30923.22*	4661.40	*6432.36*	44295.15	*37355.58*
Carrying amount of segment assets by location of assets	32582.68	*24223.86*	3072.90	*3022.46*	35655.58	*27246.32*
Cost incurred on acquisition of tangible and intangible fixed assets	1524.05	*1125.20*	27.44	*137.11*	1551.49	*1262.31*

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 components, custom-built switchboards, custom built low and medium voltage switchboards, electronic energy meters/protection (relays) systems, control & automation products, medical equipment and petrol dispensing pumps & systems [up to the date of sale in previous year].
- **Machinery & Industrial Products Segment** comprises manufacture and sale of industrial machinery & equipment, manufacture and marketing of industrial valves, construction equipment and welding/industrial products.
- **Others** include property development and integrated engineering services.

20. Disclosure of related parties/related party transactions:

i. List of related parties over which control exists and status of transactions entered during the year

Sr. no.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
1	Ewac Alloys Limited @@	Wholly owned Subsidiary	Yes
2	HI Tech Rock Products & Aggregates Limited	Wholly owned Subsidiary	Yes
3	L&T Capital Company Limited	Wholly owned Subsidiary	Yes
4	L&T Concrete Private Limited $$$	Wholly owned Subsidiary	No
5	L&T EmSyS Private Limited $	Wholly owned Subsidiary	No
6	L&T General Insurance Company Limited	Wholly owned Subsidiary	Yes
7	L&T Infra & Property Development Private Limited $$	Wholly owned Subsidiary	Yes
8	L&T Natural Resources Limited	Wholly owned Subsidiary	Yes
9	L&T Plastics Machinery Limited	Wholly owned Subsidiary	Yes
10	L&T Power Development Limited	Wholly owned Subsidiary	Yes
11	L&T Power Limited	Wholly owned Subsidiary	Yes

Notes forming part of Accounts (contd.)

Sr. no.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
12	L&T Powergen Limited	Wholly owned Subsidiary	Yes
13	L&T Rajkot-Vadinar Tollway Limited (formerly known as L&T Rajkot-Vadinar Tollway Private Limited)	Wholly owned Subsidiary	Yes
14	L&T Realty Private Limited	Wholly owned Subsidiary	Yes
15	L&T Seawoods Private Limited	Wholly owned Subsidiary	Yes
16	L&T Shipbuilding Limited	Wholly owned Subsidiary	Yes
17	L&T Solar Limited	Wholly owned Subsidiary	Yes
18	L&T Electricals and Automation Limited (formerly known as L&T Strategic Management Limited)	Wholly owned Subsidiary	Yes
19	L&T Technologies Limited	Wholly owned Subsidiary	Yes
20	L&T-Valdel Engineering Limited	Wholly owned Subsidiary	Yes
21	Larsen & Toubro Infotech Limited	Wholly owned Subsidiary	Yes
22	Larsen & Toubro International FZE	Wholly owned Subsidiary	Yes
23	Larsen & Toubro LLC	Wholly owned Subsidiary	Yes
24	Spectrum Infotech Private Limited	Wholly owned Subsidiary	Yes
25	Tractor Engineers Limited	Wholly owned Subsidiary	Yes
26	L&T Aviation Services Private Limited	Wholly owned Subsidiary	Yes
27	L&T Western India Tollbridge Limited	Wholly owned Subsidiary	Yes
28	Bhilai Power Supply Company Limited	Subsidiary *	Yes
29	Kesun Iron & Steel Company Private Limited (formerly L&T Engserve Private Limited)	Subsidiary *	Yes
30	L&T-MHI Boilers Private Limited	Subsidiary *	Yes
31	L&T Finance Holdings Limited (formerly known as L&T Capital Holdings Limited)	Subsidiary *	Yes
32	L&T Howden Private Limited	Subsidiary *	Yes
33	L&T Infrastructure Development Projects Limited	Subsidiary *	Yes
34	L&T Kobelco Machinery Private Limited	Subsidiary *	Yes
35	L&T- MHI Turbine Generators Private Limited	Subsidiary *	Yes
36	L&T Sapura Offshore Private Limited	Subsidiary *	Yes
37	L&T Sapura Shipping Private Limited	Subsidiary *	Yes
38	L&T Special Steels & Heavy Forgings Private Limited	Subsidiary *	Yes
39	L&T-Gulf Private Limited	Subsidiary *	Yes
40	L&T-Sargent & Lundy Limited	Subsidiary *	Yes
41	PNG Tollway Limited (formerly known as PNG Tollway Private Limited)	Subsidiary *	Yes
42	Raykal Aluminium Company Private Limited	Subsidiary *	Yes
43	India Infrastructure Developers Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	Yes
44	L&T Finance Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	Yes
45	L&T Infrastructure Finance Company Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	Yes
46	L&T Investment Management Limited	Wholly owned Subsidiary of L&T Finance Limited	Yes
47	L&T Mutual Fund Trustee Limited	Wholly owned Subsidiary of L&T Finance Limited	No
48	L&T Asset Management Company Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
49	L&T Real Estate India Fund	Wholly owned Subsidiary of L&T Capital Company Limited	No
50	L&T Trustee Company Private Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
51	Lotus infrastructure Investments Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
52	Mango Investments Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
53	Peacock Investments Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
54	Chennai Vision Developers Private Limited	Wholly owned Subsidiary of L&T Realty Private Limited	No
55	L&T Realty FZE	Wholly owned Subsidiary of L&T Realty Private Limited	No
56	L&T Arunachal Hydropower Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
57	L&T Himachal Hydropower Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
58	L&T Uttaranchal Hydropower Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
59	Nabha Power Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
60	L&T Infotech Financial Services Technologies Inc.	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	No
61	Larsen & Toubro Infotech,GmbH	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	Yes
62	Larsen & Toubro Infotech LLC	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	No

Notes forming part of Accounts (contd.)

Sr. no.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
63	Larsen & Toubro Infotech Canada Limited	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	Yes
64	GDA Technologies Inc.	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	No
65	GDA Technologies Limited	Wholly owned Subsidiary of GDA Technologies Inc.	No
66	L&T Electrical & Automation FZE	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
67	L&T Overseas Projects Nigeria Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
68	Larsen & Toubro (Jiangsu) Valve Company Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
69	Larsen & Toubro (Wuxi) Electric Company Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
70	Larsen & Toubro Consultoria E Projeto Ltda.	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
71	Larsen & Toubro Saudi Arabia LLC	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
72	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
73	Pathways FZE	Wholly owned Subsidiary of Larsen & Toubro International FZE	No
74	PT Tamco Indonesia	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
75	Tamco Electrical Industries Australia Pty Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	No
76	Tamco Shanghai Switchgear Company Limited ***	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
77	Tamco Switchgear (Malaysia) SDN BHD	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
78	L&T Electricals Saudi Arabia Company Limited, LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
79	L&T Modular Fabrication Yard LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
80	Larsen & Toubro (Oman) LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
81	Larsen & Toubro Electromech LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
82	Larsen & Toubro Heavy Engineering LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
83	Larsen & Toubro T&D SA (PTY) LTD	Subsidiary of Larsen & Toubro International FZE #	No
84	Offshore International FZC ****	Subsidiary of Larsen & Toubro International FZE #	Yes
85	Larsen & Toubro (East Asia) SDN.BHD	Subsidiary of Larsen & Toubro International FZE ##	Yes
86	Larsen & Toubro ATCO Saudi LLC	Subsidiary of Larsen & Toubro International FZE ##	Yes
87	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Subsidiary of Larsen & Toubro International FZE ##	Yes
88	Larsen & Toubro Qatar LLC	Subsidiary of Larsen & Toubro International FZE ##	No
89	Larsen & Toubro Readymix Concrete Industries LLC	Subsidiary of Larsen & Toubro International FZE ##	Yes
90	Qingdao Larsen & Toubro Trading Company Limited	Wholly owned Subsidiary of Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	No
91	International Seaports (India) Private Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
92	L&T Ahmedabad-Maliya Tollway Limited (formerly known as L&T Ahmedabad-Maliya Tollway Private Limited)	Subsidiary of L&T Infrastructure Development Projects Limited	Yes
93	L&T Devihalli Hassan Tollway Limited	Subsidiary of L&T Infrastructure Development Projects Limited	Yes
94	L&T Halol-Shamlaji Tollway Limited (formerly known as L&T Halol-Shamlaji Tollway Private Limited)	Subsidiary of L&T Infrastructure Development Projects Limited	Yes
95	L&T Interstate Road Corridor Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
96	L&T Krishnagiri Thopur Toll Road Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
97	L&T Krishnagiri Walajahpet Tollway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
98	L&T Metro Rail (Hyderabad) Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
99	L&T Panipat Elevated Corridor Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
100	L&T Port Kachchigarh Limited (formerly known as L&T Port Sutrapada Limited)	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	No
101	L&T Transco Private Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
102	L&T Transportation Infrastructure Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
103	L&T Vadodara Bharuch Tollway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
104	L&T Western Andhra Tollways Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
105	Narmada Infrastructure Construction Enterprise Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
106	L&T Infrastructure Development Projects Lanka (Private) Limited	Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
107	L&T Urban Infrastructure Limited	Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
108	CSJ Infrastructure Private Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
109	Cyber Park Development & Construction Limited @	Subsidiary of L&T Urban Infrastructure Limited #	Yes
110	L&T Arun Excello Commercial Projects Private Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
111	L&T Arun Excello IT SEZ Private Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
112	L&T Bangalore Airport Hotel Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes

Notes forming part of Accounts (contd.)

Sr. no.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
113	L&T Infocity Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
114	L&T South City Projects Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
115	L&T Tech Park Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
116	L&T Vision Ventures Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
117	Hyderabad International Trade Expositions Limited	Subsidiary of L&T Infocity Limited #	Yes
118	L&T Hitech City Limited	Subsidiary of L&T Infocity Limited #	Yes
119	L&T Infocity Lanka Private Limited **	Subsidiary of L&T Infocity Limited #	No
120	Andhra Pradesh Expositions Private Limited $$$$	Wholly owned Subsidiary of Hyderabad International Trade Expositions Limited	No
121	L&T Chennai–Tada Tollway Limited	Subsidiary of L&T Transco Private Limited	Yes
122	L&T Samakhiali Gandhidham Tollway Private Limited	Wholly owned Subsidiary of L&T Transco Private Limited	Yes
123	Sutrapada SEZ Developers Limited	Wholly owned Subsidiary of L&T Transco Private Limited	No
124	Sutrapada Shipyard Limited	Wholly owned Subsidiary of L&T Transco Private Limited	No
125	L&T Siruseri Property Developers Limited	Wholly owned Subsidiary of L&T South City Projects Limited	No

*	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.
@@	Associate became Subsidiary w.e.f. December 14, 2010
@	The Parent Company has sold its stake w.e.f. December 29, 2010
$	The Company is liquidated and its name is struck off from the register of ROC u/s 560(5) of the Companies Act 1956 w.e.f. February 11, 2011
$$	The Company is under the process of liquidation and its name is struck off from the register of ROC u/s 560(5) of the Companies Act 1956 on April 16, 2011
$$$	The Company is liquidated and its name is struck off from the register of ROC u/s 560(5) of the Companies Act 1956 w.e.f. March 16, 2011
$$$$	The Company is liquidated and its name is struck off from the register of ROC u/s 560(5) of the Companies Act 1956 w.e.f. February 5, 2011
**	The Parent Company has disposed its stake w.e.f. April 6, 2010
***	The Parent Company has disposed its stake w.e.f. February 16, 2011
****	The Company is under liquidation pursuant to shareholder's approval dated April 26, 2011

ii (a) Names of the associates and joint ventures with whom transactions were carried out during the year:

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	JSK Electricals Private Limited	8	Feedback Ventures Private Limited
9	L&T Arun Excello Realty Private Limited	10	Magtorq Private Limited
11	Salzer Electronics Limited		
Joint ventures (other than associates):			
1	International Metro Civil Contractors	2	Bauer-L&T Diaphragm Wall Joint Venture
3	Metro Tunneling Chennai L&T SUCG Joint Venture	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-SUCG Joint Venture
9	L&T-AM Tapovan Joint Venture	10	HCC-L&T Purulia Joint Venture
11	The Dhamra Port Company Limited		

@@ Associate became Subsidiary w.e.f. December 14, 2010

^^ The Company has sold its stake on March 31, 2011

Notes forming part of Accounts (contd.)

ii (b) Names of the Key management personnel and their relatives with whom transactions were carried out during the year:

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) ^ Ms. Debika Ajmani (daughter) Ms. Radhika Mukhija (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)
9	Mr. Ravi Uppal (whole-time director) ~		

^ Up to October 23, 2010
~ W.e.f. November 1, 2010

iii. Disclosure of related party transactions:

₹ *crore*

Sr. no.	Nature of transaction/relationship/major parties	2010-2011 Amount	2010-2011 Amounts for major parties	*2009-2010 Amount*	*2009-2010 Amounts for major parties*
1	Purchase of goods & services (including commission paid)				
	Subsidiaries, including:	2330.09		*719.72*	
	L&T-MHI Boilers Private Limited		382.69		–
	L&T Modular Fabrication Yard LLC		235.12		–
	L&T-MHI Turbine Generators Private Limited		1126.48		*426.75*
	Associates & joint ventures, including:	727.63		*695.53*	
	Audco India Limited		426.72		*331.62*
	EWAC Alloys Limited		79.08		*115.94*
	Salzer Electronics Limited		108.71		*136.43*
	Total	3057.72		*1415.25*	
2	Sale of goods/contract revenue & services				
	Subsidiaries, including:	3824.61		*1569.31*	
	L&T Shipbuilding Limited		806.43		*259.29*
	L&T Ahmedabad-Maliya Tollway Limited (formerly known as L&T Ahmedabad-Maliya Tollway Private Limited)		537.19		–
	L&T Halol-Shamlaji Tollway Limited (formerly known as L&T Halol-Shamlaji Tollway Private Limited)		453.61		*156.92*
	Nabha Power Limited		436.01		–
	Associates & joint ventures, including:	221.53		*597.52*	
	The Dhamra Port Company Limited		218.84		*539.19*
	Total	4046.14		*2166.83*	
3	Purchase/lease of fixed assets				
	Subsidiaries, including:	63.59		*109.30*	
	L&T Shipbuilding Limited		50.25		–
	Larsen & Toubro International FZE		6.55		*108.00*
	Associates & joint ventures, including:	3.98		*76.08*	
	L&T-Case Equipment Private Limited		3.81		–
	Audco India Limited		–		*58.40*
	Total	67.57		*185.38*	

Notes forming part of Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2010-2011 Amount	2010-2011 Amounts for major parties	*2009-2010 Amount*	*2009-2010 Amounts for major parties*
4	Sale of fixed assets				
	Subsidiaries, including:	2.95		*0.88*	
	L&T Shipbuilding Limited		2.67		–
	Kesun Iron & Steel Company Private Limited (formerly known as L&T Engserve Private Limited)		–		*0.79*
	Associates & joint ventures, including:	0.32		–	
	Audco India Limited		0.31		–
	Total	3.27		*0.88*	
5	Subscription to equity and preference shares (including application money paid and investment in joint ventures)				
	Subsidiaries, including:	1091.50		*1957.14*	
	L&T Power Development Limited		410.00		*834.00*
	L&T Finance Holding Limited (formerly known as L&T Capital Holding Limited)		150.00		*550.00*
	L&T General Insurance Company Limited		171.00		–
	L&T Special Steels and Heavy Forgings Private Limited		111.00		–
	Associates & joint ventures, including:	12.78		*13.10*	
	International Seaport Dredging Limited		–		*10.00*
	L&T-Eastern Joint Venture		–		*3.03*
	Metro Tunneling Group		7.51		–
	L&T-Hochtief Seabird Joint Venture		2.66		–
	L&T-SUCG Joint Venture		1.84		–
	Total	1104.28		*1970.24*	
6	Purchase of investments from				
	Subsidiaries including:	643.75		*7.86*	
	L&T Capital Company Limited		490.65		*7.81*
	L&T Power Limited		153.10		–
	Total	643.75		*7.86*	
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				
	Subsidiaries, including:	618.41		*25.36*	
	L&T Infrastructure Development Projects Limited		128.30		–
	L&T Finance Holding Limited (formerly known as L&T Capital Holding Limited)		–		*25.36*
	L&T Capital Company Limited		490.11		–
	Total	618.41		*25.36*	
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*	

₹ *crore*

Sr. no.	Nature of transaction/relationship/major parties	2010-2011 Amount	2010-2011 Amounts for major parties	*2009-2010 Amount*	*2009-2010 Amounts for major parties*
10	Receiving of services from				
	Subsidiaries, including:	57.47		*53.59*	
	Larsen & Toubro Infotech Limited		44.66		*35.47*
	L&T-Valdel Engineering Limited		–		*7.60*
	Associates & joint ventures, including:	0.61		*3.72*	
	L&T-Chiyoda Limited		0.61		*3.71*
	Total	58.08		*57.31*	
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:	8.85		*18.03*	
	L&T Finance Limited		5.28		*13.58*
	Larsen & Toubro Infotech Limited		–		*2.99*
	PNG Tollway Limited (formerly known as PNG Tollway Private Limited)		1.68		*–*
	L&T Infocity Limited		1.24		*–*
	Associates & joint ventures, including:	0.96		*1.17*	
	EWAC Alloys Limited		0.22		*0.17*
	L&T-Komatsu Limited		0.74		*0.72*
	L&T-Chiyoda Limited		–		*0.28*
	Key management personnel	0.06		*0.06*	
	Relatives of key management personnel	0.24		*0.24*	
	Total	10.11		*19.50*	
13	Charges for deputation of employees to related parties				
	Subsidiaries, including:	66.54		*40.48*	
	Offshore International FZC		–		*7.84*
	L&T-Valdel Enginnering Limited		9.26		*4.88*
	L&T Shipbuilding Limited		14.00		*7.18*
	Associates & joint ventures, including:	56.58		*26.85*	
	EWAC Alloys Limited		–		*2.78*
	L&T-Case Equipment Private Limited		9.36		*5.60*
	Audco India Limited		11.85		*8.32*
	L&T-Komatsu Limited		6.78		*4.16*
	L&T-Chiyoda Limited		22.03		*4.75*
	Total	123.12		*67.33*	

Notes forming part of Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2010-2011 Amount	2010-2011 Amounts for major parties	2009-2010 Amount	2009-2010 Amounts for major parties
14	Dividend received				
	Subsidiaries, including:	187.35		*88.91*	
	Larsen & Toubro Infotech Limited		151.58		*80.11*
	Associates & joint ventures, including:	42.06		*19.01*	
	L&T-Komatsu Limited		14.40		*4.20*
	EWAC Alloys Limited		13.06		*4.56*
	Audco India Limited		8.60		*6.30*
	L&T-Case Equipment Private Limited		6.00		*–*
	Voith Paper Technology (India) Limited		–		*3.95*
	Total	229.41		*107.92*	
15	Commission received, including those under agency arrangements				
	Subsidiaries, including:	1.39		*3.26*	
	L&T (Qingdao) Rubber Machinery Company Limited		0.85		*0.46*
	EWAC Alloys Limited		0.32		*–*
	Tractor Engineers Limited		0.23		*–*
	L&T-Plastics Machinery Limited		–		*2.69*
	Associates & joint ventures, including:	157.05		*115.96*	
	L&T-Komatsu Limited		157.05		*115.17*
	Total	158.44		*119.22*	
16	Rent received, overheads recovered and miscellaneous income				
	Subsidiaries, including:	181.29		*197.22*	
	Larsen & Toubro Infotech Limited		68.51		*47.04*
	Larsen & Toubro (Oman) LLC		32.52		*31.44*
	Associates & joint ventures, including:	8.71		*24.22*	
	L&T-Case Equipment Private Limited		3.00		*2.85*
	L&T-Chiyoda Limited		3.47		*6.65*
	EWAC Alloys Limited		1.09		*8.54*
	Total	190.00		*221.44*	
17	Interest received from				
	Subsidiaries, including:	88.66		*10.75*	
	L&T Infrastructure Finance Company Limited		41.64		*2.87*
	L&T-MHI Boilers Private Limited		–		*1.86*
	L&T Arun Excello IT SEZ Private Limited		13.78		*–*
	L&T Finance Limited		13.49		*–*
	Associates & joint ventures, including:	2.28		*0.80*	
	The Dhamra Port Company Limited		0.71		*–*
	International Seaport Dredging Limited		–		*0.79*
	L&T-AM Tapovan Joint Venture		1.57		*–*
	Key management personnel	0.03		*0.03*	
	Total	90.97		*11.58*	
18	Interest paid to				
	Subsidiaries, including:	37.24		*24.70*	
	L&T Finance Limited		24.95		*21.94*
	L&T-MHI Boilers Private Limited		7.75		*–*
	Associate:	14.61		*12.96*	
	Audco India Limited		14.61		*12.96*
	Total	51.85		*37.66*	

Notes forming part of Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2010-2011 Amount	2010-2011 Amounts for major parties	*2009-2010 Amount*	*2009-2010 Amounts for major parties*
19	Payment of salaries/perquisites				
	Key management personnel:	70.00		*68.65*	
	A.M. Naik		14.18		*15.30*
	J. P. Nayak		7.21		*7.76*
	Y.M. Deosthalee		8.09		*8.70*
	K. Venkataramanan		8.04		*8.65*
	R.N. Mukhija		11.84		*8.60*
	K.V. Rangaswami		5.90		*6.33*
	V.K. Magapu		5.88		*6.32*
	M.V. Kotwal		6.50		*6.99*
	Ravi Uppal		2.36		*–*
	Total	70.00		*68.65*	

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective period.

iv. Amount due to/from related parties

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2011 Amount	As at 31-3-2011 Amounts for major parties	*As at 31-3-2010 Amount*	*As at 31-3-2010 Amounts for major parties*
1	Accounts receivable				
	Subsidiaries, including:	577.77		*497.54*	
	L&T Shipbuilding Limited		98.98		*180.30*
	L&T Chennai-Tada Tollway Limited		83.00		*–*
	L&T Halol-Shamlaji Tollway Limited (formerly known as L&T Halol-Shamlaji Tollway Private Limited)		73.28		*–*
	CSJ Infrastructure Private Limited		67.46		*–*
	Associates & joint ventures, including:	105.74		*98.88*	
	The Dhamra Port Company Limited		102.08		*87.92*
	Total	683.51		*596.42*	
2	Accounts payable (including acceptance & interest accrued)				
	Subsidiaries, including:	468.11		*204.71*	
	L&T-MHI Turbine Generators Private Limited		167.63		*–*
	L&T Sapura Offshore Private Limited		74.60		*–*
	L&T Modular Fabrication Yard LLC		52.11		*21.83*
	Larsen & Toubro Infotech Limited		–		*21.41*
	L&T Finance Limited		–		*35.43*
	Associates & joint ventures, including:	302.99		*360.95*	
	Audco India Limited		264.37		*306.97*
	Total	771.10		*565.66*	
3	Investment in Debt Securities				
	Subsidiaries, including:	411.83		*236.98*	
	L&T Infrastructure Finance Company Limited		374.85		*200.00*
	L&T Finance Limited		–		*36.98*
	Total	411.83		*236.98*	

Notes forming part of Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2011 Amount	As at 31-3-2011 Amounts for major parties	*As at 31-3-2010 Amount*	*As at 31-3-2010 Amounts for major parties*
4	Loans & advances recoverable				
	Subsidiaries, including:	3009.44		*1675.28*	
	L&T Finance Holdings Limited (formerly known as L&T Capital Holdings Limited)		356.00		*–*
	L&T-MHI Boilers Private Limited		672.57		*282.22*
	L&T Realty Private Limited		–		*292.01*
	L&T-MHI Turbine Generators Private Limited		465.87		*329.26*
	Associates & joint ventures, including:	194.52		*11.78*	
	The Dhamra Port Company Limited		140.14		*–*
	L&T-AM Tapovan Joint Venture		40.43		*–*
	Audco India Limited		–		*1.62*
	L&T-Ramboll Consulting Engineers Limited		–		*1.61*
	L&T-Chiyoda Limited		–		*4.10*
	Key management personnel	0.37		*0.64*	
	Relatives of key management personnel	0.12		*0.12*	
	Total	3204.45		*1687.82*	
5	Advances against equity contribution				
	Subsidiaries, including:	1709.63		*1587.41*	
	L&T Shipbuilding Limited		623.08		*623.08*
	L&T Seawoods Private Limited		881.05		*858.25*
	Total	1709.63		*1587.41*	
6	Unsecured loans (including lease finance)				
	Subsidiaries, including:	295.47		*149.76*	
	L&T Finance Limited		101.07		*125.36*
	L&T-MHI Turbine Generators Private Limited		100.00		*–*
	L&T-MHI Boilers Private Limited		90.00		*20.00*
	Total	295.47		*149.76*	
7	Advances received in the capacity of supplier of goods/ services classified as “advances from customers” in the Balance Sheet				
	Subsidiaries, including:	1856.19		*811.82*	
	Nabha Power Limited		1055.99		*185.82*
	L&T Metro Rail (Hyderabad) Limited		300.00		*–*
	L&T Shipbuilding Limited		–		*115.87*
	L&T Halol-Shamlaji Tollway Limited (formerly known as L&T Halol-Shamlaji Tollway Private Limited)		–		*106.73*
	L&T Ahmedabad-Maliya Tollway Limited (formerly known as L&T Ahmedabad-Maliya Tollway Private Limited)		–		*97.60*
	PNG Tollway Limited (formerly known as PNG Tollway Private Limited)		–		*79.33*
	Associates:	–		*0.10*	
	L&T Arun Excello Realty Private Limited		–		*0.10*
	Total	1856.19		*811.92*	

₹ *crore*

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2011 Amount	As at 31-3-2011 Amounts for major parties	*As at 31-3-2010 Amount*	*As at 31-3-2010 Amounts for major parties*
8	Due to whole time directors				
	Key management personnel:	37.97		*44.29*	
	A.M. Naik		9.12		*10.55*
	J. P. Nayak		4.81		*5.27*
	Y.M. Deosthalee		4.56		*5.27*
	K. Venkataramanan		4.55		*5.27*
	R.N. Mukhija		2.47		*5.27*
	K.V. Rangaswami		3.65		*4.22*
	V.K. Magapu		3.65		*4.22*
	M.V. Kotwal		3.65		*4.22*
	Ravi Uppal		1.51		*–*
	Total	37.97		*44.29*	

"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), a wholly owned subsidiary company (an associate till December 13, 2010). 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 resale 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, a wholly owned subsidiary. 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 till the aforesaid date.

Note: The financial impact of the agreements mentioned at (a) to (c) above has been included in/disclosed vide note no.18(iii) *supra.*

21 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 non-cancellable. In the case of vehicles, the Company has an option to renew the lease for a secondary period. The agreements provide for revision of lease rentals in the event of changes in (a) taxes, if any, leviable on the lease rentals (b) rates of depreciation under the Income Tax Act, 1961 and (c) change in the lessor's cost of borrowings. There are no exceptional/restrictive covenants in the lease agreements.

Notes forming part of Accounts (contd.)

[b] The minimum lease rentals and the present value of minimum lease payments in respect of assets acquired under finance leases are as follows:

₹ *crore*

Particulars	Minimum lease payments		Present value of minimum lease payments	
	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*
1 Payable not later than 1 year	42.69	*42.69*	28.49	*24.34*
2 Payable later than 1 year and not later than 5 years	85.32	*128.00*	72.58	*101.06*
3 Payable later than 5 years	–	–	–	–
Total	128.01	*170.69*	101.07	*125.40*
Less: Future finance charges	26.94	*45.29*		
Present value of minimum lease payable	101.07	*125.40*		

ii. Contingent rent recognised/(adjusted) in the Profit and Loss Account in respect of finance leases: ₹ nil *(previous year: ₹ 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:

₹ *crore*

Particulars	Minimum lease payments	
	As at 31-3-2011	*As at 31-3-2010*
1 Payable not later than 1 year	3.97	*6.58*
2 Payable later than 1 year and not later than 5 years	0.43	*2.98*
3 Payable later than 5 years	–	–
Total	4.40	*9.56*

[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: ₹ 81.86 crore *(previous year: ₹ 85.97 crore).*

iv. Contingent rent recognised in the Profit and Loss Account: ₹ 0.03 crore *(previous year: ₹ 0.04 crore).*

22 (a) Provision for current tax includes:

i. Provision for wealth tax ₹ 2.28 crore *(previous year: ₹ 2.70 crore).*

ii. ₹ 87.39 crore being provision for income tax in respect of earlier years *(previous year: ₹ 133.29 crore).*

iii. ₹ 3.58 crore in respect of income tax payable outside India *(previous year: ₹ 10.02 crore).*

iv. Reversal of excess provision for tax on fringe benefits ₹ nil *(previous year ₹ 10.01 crore)* pertaining to earlier years.

(b) Tax effect of ₹ 0.62 crore *(previous year: ₹ 6.57 crore)* is on account of debenture issue expenses which has been credited to securities premium account.

Notes forming part of Accounts (contd.)

23. Major components of deferred tax liabilities and deferred tax assets:

₹ crore

Particulars	*Deferred tax liabilities/ (assets) As at 31-3-2010*	Charge/ (credit) to Profit & loss account	Charge/ (credit) to Hedging reserve	Deferred tax liabilities/ (assets) As at 31-3-2011
Deferred tax liabilities:				
Difference between book and tax depreciation	*326.20*	149.23	–	475.43
Gain on derivative transactions to be offered for tax purposes in the year of transfer to Profit and Loss Account	*32.48*	–	(7.13)	25.35
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to Profit and Loss Account	*30.59*	8.60	–	39.19
Other items giving rise to timing differences	–	9.77	–	9.77
Total	*389.27*	167.60	(7.13)	549.74
Deferred tax (assets):				
Provision for doubtful debts and advances debited to Profit and Loss Account	*(177.78)*	(1.68)	–	(179.46)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to Profit and Loss Account	*(26.21)*	–	26.21	–
Unpaid statutory liabilities/provision for compensated absences debited to Profit and Loss Account	*(88.27)*	(4.66)	–	(92.93)
Other items giving rise to timing differences	*(19.62)*	5.74	–	(13.88)
Total	*(311.88)*	(0.60)	26.21	(286.27)
Net deferred tax liability/(assets)	***77.39***	**167.00**	**19.08**	**263.47**
Previous year	*48.47*	*(3.38)*	*32.30*	*77.39*

24 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	
		2010-2011	*2009-2010*	2010-2011	*2009-2010*
Basic					
Profit after tax as per accounts (₹ crore)	A	3887.05	*4239.80*	3957.89	*4375.52*
Weighted average number of shares outstanding	B	60,57,99,369	*59,31,01,390*	60,57,99,369	*59,31,01,390*
Basic EPS (₹)	A/B	64.16	*71.49*	65.33	*73.77*
Diluted					
Profit after tax as per accounts (₹ crore)	A	3887.05	*4239.80*	3957.89	*4375.52*
Weighted average number of shares outstanding	B	60,57,99,369	*59,31,01,390*	60,57,99,369	*59,31,01,390*
Add: Weighted average number of potential equity shares on account of employee stock options	C	92,49,776	*1,13,27,980*	92,49,776	*1,13,27,980*
Weighted average number of shares outstanding for diluted EPS	D=B+C	61,50,49,145	*60,44,29,370*	61,50,49,145	*60,44,29,370*
Diluted EPS (₹)	A/D	63.20	*70.15*	64.35	*72.39*
Face value per share (₹)		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.)

25 Disclosures required by Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions:

₹ 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 1-4-2010*	*10.05*	*–*	*45.33*	*8.24*	*203.02*	*131.15*	*397.79*
2	Additional provision during the year	4.65	0.69	7.59	0.69	302.76	–	316.38
3	Provision reversed during the year	4.73	–	2.18	–	69.01	78.27#	154.19
4	Balance as at 31-3-2011 (4=1+2-3)	9.97	0.69	50.74	8.93	436.77	52.88	559.98

\# includes an amount ₹ 70.84 crore being proportionate reversal of an extraordinary item included in opening provision. [reference note no.9]

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, 2011 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".

v. Others represent residual provision in respect of Company's investment in shares of Satyam Computer Services Limited.

c) Disclosure in respect of contingent liabilities is given as part of Schedule J to the Balance Sheet.

26 An amount of ₹ 22.73 crore (net gain) *[previous year: ₹ 70.93 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".

27 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, 2011 are as under:

₹ crore

Category of derivative instruments	Amount of exposures hedged As at 31-3-2011	*As at 31-3-2010*
i For hedging foreign currency risks		
a) Forward contracts for receivables including firm commitments and highly probable forecasted transactions	9319.77	*7696.47*
b) Forward contracts for payables including firm commitments and highly probable forecasted transactions	9152.22	*6495.92*
c) Currency swaps	5296.41	*5475.93*
d) Option contracts	54.37	*75.30*
ii For hedging commodity price risks		
Commodity futures	58.25	*34.38*

b) Unhedged foreign currency exposures as at March 31, 2011 are as under:

₹ *crore*

	Unhedged foreign currency exposures	As at 31-3-2011	*As at 31-3-2010*
i	Receivables, including firm commitments and highly probable forecasted transactions	21426.49	*19889.41*
ii	Payables, including firm commitments and highly probable forecasted transactions	21680.21	*15670.82*

28 Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 400.32 crore *(previous year: ₹ 577.89 crore).*

29 Managerial remuneration

a) Managing and whole-time directors' remuneration:

₹ *crore*

Particulars	2010-2011	*2009-2010*
Salary	14.13	*6.22*
Perquisites	3.92	*4.50*
Commission	39.79	*44.29*
Contribution to Provident/Superannuation Fund	12.16	*13.64*
Total	70.00	*68.65*

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

₹ *crore*

Particulars	2010-2011		
Profit before tax and before extraordinary items as per Profit and Loss Account			5832.91
Add: Managing and whole-time directors' remuneration and commission		70.00	
Commission paid to non-executive directors		1.50	
Directors' fees		0.37	
Depreciation, obsolescence and amortisation charged to the Accounts	600.28		
Less: transfer from revaluation reserve	1.06		
		599.22	
Provision for doubtful debts and advances (net)	114.38		
Less: Provisions written-back	97.50		
		16.88	
			687.97
			6520.88
Less: Profit on sale of fixed assets as per Profit and Loss Account (net)		143.47	
Profit on sale of long-term investments as per Profit and Loss Account (net)		306.60	
Reversal of provision for foreseeable losses on construction contracts, as no longer required		8.61	
Reversal of provision for diminution in value of investments, as no longer required		10.24	
Depreciation, obsolescence and amortisation as per Section 350 of the Companies Act, 1956 (net)		599.22	
			1068.14
Net Profit as per Section 198 of the Companies Act, 1956			5452.74
Maximum permissible remuneration to whole-time directors under Section 198 of the Companies Act, 1956 @ 10 % of the profits computed above			545.27
Restricted as per service agreements to			70.00
Maximum permissible managerial remuneration to non-executive directors under Section 198 of the Companies Act, 1956 @ 1 %			54.53

Notes forming part of Accounts (contd.)

c) Miscellaneous expenses include provision of ₹ 1.50 crore *(previous year: ₹ 0.90 crore)* towards commission payable to non-executive directors of the Company, within the overall limit approved by the shareholders at the Annual General Meeting held on August 26, 2010.

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

₹ crore

Particulars	2010-2011	*2009-2010*
Audit fees	0.90	*0.68*
Certification work	1.56	*1.11*
Tax audit fees	0.22	*0.21*
Expenses reimbursed	0.11	*0.15*

Note: The above figures exclude fees paid for QIP and FCCB issue amounting to ₹ nil *(previous year: ₹ 0.09 crore)* charged to securities premium account during the year.

31 Value of imports (on C.I.F. basis):

₹ crore

Particulars	2010-2011	*2009-2010*
Raw materials	1009.05	*1053.88*
Components and spare parts	3524.02	*3135.21*
Spare parts for sale	360.52	*229.15*
Capital goods	641.61	*479.13*

32 Expenditure in foreign currency:

₹ crore

Particulars	2010-2011	*2009-2010*
On overseas contracts	2306.87	*2488.84*
Royalty and technical know-how fees	28.21	*3.17*
Interest	66.23	*81.32*
Professional/consultation fees	92.59	*170.45*
Other matters	4346.69	*1498.84*

33 Dividends remitted in foreign currency:

₹ crore

Particulars	2010-2011	*2009-2010*
Dividend for the year ended March 31, 2010 to:		
i. 9 non-resident shareholders on 15,700 shares held by them *(previous year: 15,700 shares)* ~ on 2-9-2010	0.02	*0.01*
ii. Custodian of global depositary receipts on 2,05,90,403 shares *(previous year: 1,79,77,754 shares)* ~ on 2-9-2010	25.74	*18.88*

34 Earnings in foreign exchange:

₹ crore

Particulars	2010-2011	*2009-2010*
Export of goods [including ₹ 545.45 crore on FOB basis *(previous year: ₹ 507.90 crore)]*	555.34	*510.14*
Construction and project related activities	5041.82	*5914.57*
Export of services	554.49	*368.70*
Commission	29.39	*33.64*
Interest and dividend received	1.93	*0.22*
Other receipts	184.81	*38.94*

Notes forming part of Accounts (contd.)

35 The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2011. The disclosure pursuant to the said Act is as under:

₹ *crore*

Particulars	2010-2011	*2009-2010*
Principal amount due to suppliers under MSMED Act, 2006	28.25	*21.57*
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	0.16	*0.28*
Payment made to suppliers (other than interest) beyond the appointed day during the year	41.68	*35.36*
Interest paid to suppliers under MSMED Act (other than Section 16)	–	–
Interest paid to suppliers under MSMED Act (Section 16)	0.69	*0.29*
Interest due and payable towards suppliers under MSMED Act for payments already made	0.33	*0.22*
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.49	*0.50*

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.

36 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 the Company) 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 Offshore International FZC (a subsidiary of Larsen & Toubro International FZE), not to pledge or reduce the Company's shareholding in L&T International FZE (a subsidiary of the Company) 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 PNG Tollway Limited (formerly known as PNG Tollway Private Limited) till the commercial operations date.

g. To Gujarat State Road Development Corporation Limited:

   (i) to hold in L&T Ahmedabad-Maliya Tollway Limited (formerly known as L&T Ahmedabad-Maliya Tollway Private Limited) and in L&T Halol-Shamlaji Tollway Limited (formerly known as L&T Halol-Shamlaji Tollway Private Limited) alongwith L&T Infrastructure Development Projects Limited:

      - 100% stake during the construction period;
      - 51% stake for 5 years from the date of commercial operation or end of construction of the project, whichever is later; and
      - 51% stake during operational period.

   (ii) not to divest the stake in L&T Infrastructure Development Projects Limited until the aforesaid undertakings are valid.

h. To Gujarat State Road Development Corporation Limited, to hold in L&T Rajkot-Vadinar Tollway Limited (formerly known as L&T Rajkot-Vadinar Tollway Private Limited):

   - 100% stake during the construction period;
   - 51% stake for 5 years from the date of commercial operation or end of construction of the project, whichever is later; and
   - 51% stake during operational period.

i. To the lenders of L&T Ahmedabad-Maliya Tollway Limited (formerly known as L&T Ahmedabad-Maliya Tollway Private Limited) (a subsidiary of the Company), not to divest control directly or indirectly without the prior approval of the lenders or Gujarat State Road Development Corporation Limited.

Notes forming part of Accounts (contd.)

j. To the lenders of L&T Rajkot-Vadinar Tollway Limited (formerly known as 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.

k. Jointly with L&T-MHI Turbine Generators Private Limited (a 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.

l. To City and Industrial Development Corporation of Maharashtra Limited (CIDCO) that it shall continue to hold not less than 51% stake in L&T Seawood Private limited (LTSPL) until CIDCO execute the lease deed for land in favour of LTSPL.

m. To National Highway Authority of India, to hold together with its associates in L&T Devihalli Hassan Tollway Limited, minimum 51% equity stake for a period of 2 years after construction period.

n. To National Highway Authority of India, to hold together with its associates in L&T Krishnagiri Walajahpet Tollway Limited:

- minimum 51% equity stake during the construction period;
- minimum 33% stake for 3 years from project completion date; and
- minimum 26% or such lower stake as may be permitted by National Highway Authority of India during remaining concession period.

o. To the lenders of PNG Tollway Limited (formerly known as PNG Tollway Private Limited), to hold minimum 51% equity stake in PNG Tollway Limited, until final settlement date.

p. To the security trustee of the lenders of L&T Sapura Shipping Private Limited, not to sell or transfer equity stake without prior approval.

q. To hold 15,899 shares comprising 9.85% of the issued capital of International Seaport Dredging Limited till January 24, 2016.

r. To the security trustee of the lenders of L&T Metro Rail (Hyderabad) Limited, to hold and maintain along with L&T Infrastructure Development Projects Limited (a subsidiary of the Company) at least 51% stake till final settlement date.

s. To hold certain minimum stake in its subsidiary companies namely, L&T–MHI Boilers Private Limited and L&T–MHI Turbine Generators Private Limited. These undertakings have been given to the customers/potential customers of the Company, as also those of L&T–MHI Boilers Private Limited. The undertakings will remain valid till the end of defect liability period or till such period as prescribed in the related bid documents/contracts.

t. To the lenders of L&T Aviation Services Private Limited, to hold majority equity stake in L&T Aviation Services Private Limited, until any amount is outstanding under buyers credit facility.

u. To the lenders of L&T Seawoods Private Limited, to maintain a minimum 51% stake in L&T Seawoods Private Limited, until any amount is outstanding under banking credit facilities.

37 During the year, the Company transferred at book value the equity investments held by it in the following companies to its subsidiary L&T Infrastructure Development Projects Limited:

Sr. no.	Name of the Company	Details of investment		
		No. of equity shares	Face value per share	Book value
			₹	₹ crore
1	L&T Ahmedabad-Maliya Tollway Limited (formerly known as L&T Ahmedabad-Maliya Tollway Private Limited)	6,30,15,000	10	63.02
2	L&T Halol-Shamlaji Tollway Limited (formerly known as L&T Halol-Shamlaji Tollway Private Limited)	6,52,65,000	10	65.27
3	L&T Transco Private Limited	10,000	10	0.01

38 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2011.

39 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 of the Companies Act, 1956.

Notes forming part of Accounts (contd.)

40 Details of sales, raw materials and components consumed, capacities & production, inventories and purchase of trading goods:

a) Sales:

Class of goods	Unit	2010-2011		*2009-2010*	
		Quantity	Value	*Quantity*	*Value*
			₹ crore		*₹ crore*
Earthmoving and agricultural machinery and spares			646.22		*503.90*
Welding alloys & accessories			235.81		*206.39*
Industrial machinery	Tonnes	25,305	395.68	*13,940*	*350.03*
Nuclear purpose equipment, de-aerators, ultra high pressure vessels including multiwall vessels, high pressure heat exchangers and high pressure heaters in aggregate	Tonnes	74	25.86	*146*	*25.20*
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	38,680	2392.23	*19,936*	*3607.98*
Powder metallurgy and industrial products			145.54		*106.70*
Industrial electronic control panels			80.79		*86.88*
Valves and accessories			571.25		*410.39*
Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystallizer plants and pollution control equipment in aggregate	Tonnes	19,892	561.66	*12,500*	*2167.04*
Switchgear, all types			1232.67		*1160.32*
Electro surgical unit and accessories			4.95		*5.70*
Petrol dispensing and metering pumps*	Nos	-	-	*1,835*	*20.77*
Ship auxiliaries and components of mechanised sailing vessels	Tonnes	44	16.11	*117*	*30.18*
Complete cement making machinery, including rotary kilns and fluxo packers in aggregate			-		*82.90*
Transmission line tower	Tonnes	13,180	73.56	*9,913*	*57.63*
Steel structural fabrication	Tonnes	1,295	23.02	*4,884*	*45.48*
Rubber processing machinery and accessories	Nos	295	296.51	*319*	*245.97*
Ultrasound equipment and accessories			4.13		*9.47*
Patient monitoring system and accessories			73.32		*54.99*
Electricity meters			275.48		*212.12*
Design, development and manufacturing of airborne assemblies, system and equipment for Aircrafts, Helicopters & uninhabited aerial vehicles and equipments for the aviation sector	Nos	1,130	3.97	*617*	*50.70*
Commercial ships	Nos	–	–	*1*	*126.51*
Defence equipment, all types			249.28		*183.84*
Others			1966.66		*1897.63*
Total			9274.70@		*11648.72@*

@ includes ₹ 3210.22 crore of construction & project related activity *(previous year: ₹ 6673.33 crore)*.

* Petrol dispensing and metering pumps business was divested during the previous year.

Notes forming part of Accounts (contd.)

b) Raw materials and components consumed:

i) Class of goods:

Particular	Unit	2010-2011 Quantity	2010-2011 Value	2009-2010 Quantity	2009-2010 Value
			₹ crore		₹ crore
Steel	Tonnes	36,252	174.75	45,955	167.10
	Metres	12,48,735	51.72	92,4421	43.03
	Sq. mtrs	53,47,529	333.61	57,68,806	348.15
	Nos/Sets	21,07,248	487.67	41,80,651	1333.13
Non-ferrous metals	Tonnes	2,564	102.31	2,517	85.84
	Metres	6,12,620	0.75	11,71,084	5.44
	Sq. mtrs	11,281	3.18	5,995	2.59
	Nos	41,761	20.39	1,61,469	88.69
Bakelite	Tonnes	484	5.03	432	3.97
Nuclear equipment components, including items for oil & gas industries, etc. in aggregate			1856.07		659.97
Chemical plant components			1609.28		1141.45
Switchgear components			517.16		469.71
Electronic devices, test & measuring instruments and industrial electronic control panel components			177.74		210.65
Metering & protection systems and medical equipment and components			236.71		185.87
Industrial machinery components			6.50		24.84
Power plant & machinery components			2920.80		766.98
Others			442.77		1350.97
TOTAL			8946.44		6888.38

ii) Classification of goods:

Particular	2010-2011 % to total consumption	2010-2011 Value	2009-2010 % to total consumption	2009-2010 Value
		₹ crore		₹ crore
Imported (including through canalising agencies)	37	3290.64	54	3735.72
Indigenous	63	5655.80	46	3152.66
TOTAL	100	8946.44	100	6888.38

Notes forming part of Accounts (contd.)

c) Capacities & production:

Class of goods	Unit	Licensed capacity	Installed capacity	Actual production
Scrapper, bulldozer, ripper and loader attachments	Nos	250 *(250)*	250 *(250)*	35 *(–)*
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 *(6,067)*	6,067 *(6,067)*	21,140 *(12,347)*
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)*
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)*	74 *(146)*
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)*	38,680# *(19,936)#*
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)*	44 *(117)*
Rubber processing machinery	Nos	109 *(109)*	600 *(400)*	276 *(334)*
Switchgear, all types	Nos	49,52,750$ *(49,52,750)$*	49,52,750 *(49,52,750)*	99,40,276 *(86,04,157)*
Miscellaneous electrical items	Nos	10,49,100 *(10,49,100)*	10,39,100 *(10,39,100)*	– *(–)*
Petrol dispensing and metering pumps ##	Nos	– *(34,800)*	– *(10,800)*	– *(1,819)*
Press tools, jigs, fixtures, dyes for pressure castings, moulds for plastic injection and bakelite	₹ Lakh /Nos	₹ 730 lakh@ *(₹ 730 lakh)@*	₹ 730 lakh *(₹ 730 lakh)*	484 nos *(490 nos)*

Notes forming part of Accounts (contd.)

Class of goods	Unit	Licensed capacity	Installed capacity	Actual production
Industrial machinery	Tonnes	42,000 *(12,000)*	42,000 *(12,000)*	25,305 *(13,940)*
Industrial electronic control panels	Nos	2,500 *(2,500)*	2,500 *(2,500)*	1,100 *(1,412)*
Electro surgical unit and accessories	Nos	Not applicable* *(Not applicable)**	2,500 *(2,500)*	479 *(648)*
Ultrasound equipment and accessories	Nos	Not applicable* *(Not applicable)**	1,000 *(1,000)*	118 *(220)*
Patient monitoring system and accessories	Nos	Not applicable* *(Not applicable)**	10,000 *(10,000)*	9,782 *(10,298)*
Relays	Nos	Not applicable* *(Not applicable)**	45,000 *(30,000)*	43,558 *(30,909)*
Electricity meters	Nos	Not applicable* *(Not applicable)**	32,64,000 *(26,40,000)*	29,47,840 *(20,38,391)*
Transmission line tower	Tonnes	95,000 *(95,000)*	95,000 *(95,000)*	91,016 *(97,723)*
Steel structural fabrication	Metric Tonnes	12,000 *(12,000)*	12,000 *(12,000)*	41,898 *(28,528)*
Steel re–rolling	Tonnes	40,000 *(40,000)*	40,000 *(40,000)*	34,885 *(45,589)*
Defence equipment , all types	Nos	3,871 *(3,871)*	3,871 *(3,871)*	1,495 parts thereof *(1,658 parts thereof)*
Parts for aircraft and other metal products	Nos.	1,00,000 *(1,00,000)*	1,00,000 *(1,00,000)*	– *(5)*
Parts and accessories for prime movers, boilers, steam generating plants and nuclear reactor	Nos	25,000 *(25,000)*	35,000 *(25,000)*	16 *(–)*
Design, development and manufacture of airborne assemblies, systems and equipment for aircrafts, helicopters and uninhabitated arial vehicles and equipment for the aviation sector	Nos.			1,130 *(617)*
Commercial Ships	Nos	– *(–)*	2 *(2)*	– *(1)*

Figures in brackets pertain to previous year.

* Licensing not applicable and 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 ₹ 200 lakh in respect of memorandum no.1322/SIA/IMO/92 dated 27.03.1992 of which capacity of ₹ 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 11.09.1991 of which capacity of 4,96,250 nos. has been installed.

Includes production from external sources.

Petroleum dispensing pumps and systems business was divested during the previous year.

Notes forming part of Accounts (contd.)

d) Inventories:

Class of goods	Unit	As at 31-3-2011		*As at 31-3-2010*		*As at 31-3-2009*	
		Quantity	Value	*Quantity*	*Value*	*Quantity*	*Value*
			₹ crore		*₹ crore*		*₹ crore*
Switchgear, all types			240.78		*136.51*		*132.66*
Patient monitoring systems and accessories			3.12		*3.95*		*5.08*
Industrial electronic control panels			3.69		*6.81*		-
Spares for earthmoving and agricultural machinery			88.00		*60.99*		*74.91*
Ultrasound equipment and accessories			0.80		*1.89*		*5.90*
Powder metallurgy and industrial products			8.72		*9.34*		*10.29*
Petrol dispensing and metering pumps	Nos	-	-	-	-	*184*	*2.28*
Valves and accessories			38.47		*3.05*		*5.82*
Earthmoving machinery, including bulldozers, dumpers, scrappers, loaders, vibratory compactors and drag lines (excluding walking drag lines)			19.88		*21.59*		*25.14*
Welding alloys and accessories			17.59		*13.96*		*14.61*
Others			39.83		*67.21*		*65.85*
Total			460.88		*325.30*		*342.54*

e) Purchases of trading goods:

₹ crore

Class of goods	2010-2011	*2009-2010*
Earthmoving and agricultural machinery and spares	446.79	*329.30*
Welding alloys and accessories	150.29	*130.12*
Valves and accessories	433.05	*313.46*
Electronic, medical & other instruments, accessories and spares	715.00	*676.03*
Powder metallurgy and industrial products	90.04	*65.86*
Others	229.81	*59.51*
Total	2064.98	*1574.28*

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.

41 Figures for the previous year have been regrouped/reclassified wherever necessary.

Notes forming part of Accounts (contd.)

42 Balance Sheet abstract and Company's general business profile

I Registration details

CIN	L 9 9 9 9 9 M H 1 9 4 6 P L C 0 0 4 7 6 8
Registration no.	1 1 - 0 4 7 6 8
State code	1 1
Balance Sheet date	3 1 0 3 2 0 1 1

II Capital raised during the year (Amount in ₹ thousands) @

Public issue	N I L
Rights issue	N I L
Bonus issue	N I L
Private placement	

@ The Company raised capital during the year by way of allotment of shares under Employee Stock Ownership Schemes amounting to ₹ 13313 thousands

III Position of mobilisation and deployment of funds (Amount in ₹ thousands)

	Total liabilities	2 9 5 5 7 1 0 1 5
	Total assets	2 9 5 5 7 1 0 1 5
Sources of funds	Paid-up capital	1 2 1 7 7 0 4
	Reserves & surplus *	2 1 7 2 4 4 8 2 8
	Secured loans	1 0 6 3 0 3 9 5
	Unsecured loan	6 0 9 8 0 7 0 6
	Deferred tax liabilities	5 4 9 7 3 8 2
Application of funds	Net tangible and intangible fixed assets	7 4 5 8 1 2 5 9
	Investments	1 4 6 8 4 8 2 2 5
	Net current assets	7 1 2 7 8 7 9 6
	Deferred tax assets	2 8 6 2 7 3 5
	Misc. expenditure	N I L
	Accumulated losses	N I L

* Including employees stock options ₹ 3683108 thousands.

IV Performance of Company (amount in ₹ thousands)

Turnover (including other income)		4 5 4 3 0 4 5 8 9
Total expenditure		3 9 5 9 7 5 4 9 1
Profit/loss before tax before extraordinary item @	+	5 8 3 2 9 0 9 8
Profit/loss after tax @ $	+	3 9 5 7 8 8 8 7

@ Includes Company's share in loss of Integrated Joint Ventures ₹ 582275 thousands.

$ includes extraordinary item ₹ 708404 thousands [net of tax] (refer note no.9)

Basic earnings per share in ₹ #	6 5 . 3 3
Dividend rate %	7 2 5

Basic earnings per share before extraordinary item ₹ 64.16

V Generic names of three principal products/services of the Company (as per monetary terms)

Item code no. (ITC code)	N A
Product description	Construction related activity
Item code no. (ITC code)	N A
Product description	Project related activity
Item code no. (ITC code)	8 4 7 9 8 9 . 0 2
Product description	Plant and equipment and modules for nuclear power projects, heavy water projects, nuclear and space reaserch and allied projects including items for Chemical, Oil and Gas, etc. industries

Signatures to schedules A to Q and notes

A. M. NAIK
Chairman & Managing Director

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE

N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN

Directors

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 19, 2011

N. HARIHARAN
Company Secretary

Mumbai, May 19, 2011

Consolidated Financial Statements 2010-2011

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, 2011 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 a subsidiary, we carried out the audit jointly with other auditor. The details of assets and revenues in respect of the subsidiary to the extent to which they are reflected in the consolidated financial statements are given below:

Jointly audited:

	₹ crore	₹ crore
	Total assets	**Total revenues**
Indian subsidiary	132.87	4.15

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:

		₹ crore	₹ crore
		Total assets	**Total revenues**
A	Indian subsidiaries	14289.98	1436.29
B	Foreign subsidiaries	1935.45	3819.03
C	Joint ventures	1647.05	22.70
		Net carrying cost of investment	**Current year/period share of profit or (loss)**
D	Associates	68.88	3.73

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, 2011, 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:

		₹ crore	₹ crore
		Total assets	**Total revenues**
A	Indian subsidiary	–	17.30
B	Foreign subsidiary	4.92	–
C	Joint ventures	40.20	37.81
		Net carrying cost of investment	**Current year/period share of profit or (loss)**
D	Associates	58.32	26.38

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, 2011;

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 19, 2011

Consolidated Balance Sheet as at March 31, 2011

	Schedule		As at 31-3-2011		*As at 31-3-2010*	
			₹ crore	₹ crore	*₹ crore*	*₹ crore*
SOURCES OF FUNDS:						
SHAREHOLDERS' FUNDS:						
Share capital	**A**		121.77		*120.44*	
Employee stock options application money			–		*25.09*	
Reserves and surplus	**B**		24514.93		*20521.37*	
Employee stock options outstanding *(previous year: ₹ 610.30 crore)*		861.41				
Less: Deferred employee compensation expense (*previous year: ₹ 285.94 crore*)		447.56				
			413.85		*324.36*	
				25050.55		*20991.26*
Minority interest				1026.00		*1087.25*
LOAN FUNDS:						
Secured loans	**C**		23448.98		*14169.42*	
Unsecured loans	**D**		9379.55		*8486.64*	
				32828.53		*22656.06*
Deferred payment liabilities [Note no.35]				4511.66		*1951.26*
Deferred tax liabilities [Note no.27]				696.76		*508.45*
TOTAL				64113.50		*47194.28*
APPLICATION OF FUNDS:						
Fixed assets:						
Tangible assets:	**E(i)**					
Gross block			14141.71		*10957.95*	
Less: Depreciation and impairment			3466.52		*2762.84*	
Net block			10675.19		*8195.11*	
Less: Lease adjustment			239.36		*239.36*	
			10435.83		*7955.75*	
Capital work-in-progress			5521.50		*4114.68*	
				15957.33		*12070.43*
Intangible assets:	**E(ii)**					
Gross block			6379.91		*5150.09*	
Less: Amortisation and impairment			1191.58		*745.41*	
Net block			5188.33		*4404.68*	
Capital work-in-progress			7018.05		*2503.75*	
				12206.38		*6908.43*
Fixed assets held for sale (at lower of cost or estimated realisable value)				–		*0.08*
Investments	**F**			9215.80		*9860.86*
Deferred tax assets [Note no.27]				385.83		*355.42*
Loans and advances towards financing activities	**G(i)**			17366.44		*11176.81*
Current assets, loans and advances:	**G(ii)**					
Inventories			3040.27		*2446.14*	
Sundry debtors			14480.16		*12522.63*	
Cash and bank balances			3645.44		*3321.59*	
Other current assets			12109.92		*6949.62*	
Loans and advances			6170.17		*4869.81*	
			39445.96		*30109.79*	
Less: Current liabilities and provisions:						
Liabilities	**H**		28051.65		*20822.82*	
Provisions	**I**		2412.59		*2464.72*	
			30464.24		*23287.54*	
Net current assets				8981.72		*6822.25*
TOTAL				64113.50		*47194.28*
CONTINGENT LIABILITIES	**J**					
SIGNIFICANT ACCOUNTING POLICIES	**Q**					

(For notes forming part of the consolidated accounts see page nos 213 to 241)

A. M. NAIK
Chairman & Managing Director

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE

N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN

Directors

Mumbai, May 19, 2011

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 19, 2011

N. HARIHARAN
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2011

	Schedule	2010-2011 ₹ crore	2010-2011 ₹ crore	2009-2010 ₹ crore	2009-2010 ₹ crore
INCOME:					
Sales & service (gross)	**K**	51978.47		43854.24	
Less: Excise duty		426.44		340.66	
Sales & service (net)			51552.03		43513.58
Other operational income	**L(i)**		537.11		456.22
Other income	**L(ii)**		1115.32		2593.71
			53204.46		46563.51
EXPENDITURE:					
Manufacturing, construction and operating expenses	**M**	37540.89		32340.02	
Staff expenses	**N**	3801.95		3065.41	
Sales, administration and other expenses	**O**	3055.31		2193.51	
Interest expenses and brokerage	**P**	830.86		691.92	
Depreciation, impairment and obsolescence of tangible assets [Note nos.18 and 19(a)]		866.25		640.51	
Amortisation and impairment of intangible assets [Note no.19(b)]		453.66		340.11	
		46548.92		39271.48	
Less: Overheads charged to fixed assets		75.61		52.02	
			46473.31		39219.46
Profit before transfer from revaluation reserve			6731.15		7344.05
Add: Transfer from revaluation reserve			1.06		1.30
Profit before taxes before extraordinary items			6732.21		7345.35
Provision for current taxes [Note no.26]		2207.71		2039.77	
Provision for deferred tax [Note no.27]		140.19		(2.37)	
			2347.90		2037.40
Profit after tax before extraordinary items			4384.31		5307.95
Less: Additional tax on dividend distributed/proposed by subsidiary companies			7.49		1.35
			4376.82		5306.60
Add: Share in profit/(loss) (net) of associate companies			87.07		105.95
			4463.89		5412.55
Less: Minority interest in income			78.56		97.53
Profit after minority interest before extraordinary items			4385.33		5315.02
Gain on extraordinary items (net of tax) [Note no.14]			70.84		135.72
Profit attributable to Group shareholders			4456.17		5450.74
Less: Dividend paid for the previous year		3.44		2.04	
Additional tax on dividend paid for previous year		0.57		0.35	
			4.01		2.39
Profit available for appropriation			4452.16		5448.35
Less: Transfer to debenture redemption reserve			269.83		143.34
Transfer to reserve u/s 45 IC of the RBI Act, 1934			86.53		55.34
Transfer to tonnage tax reserve			4.48		–
Transfer to reserve u/s 36(1)(viii) of the Income Tax Act, 1961			11.65		6.08
Profit available for distribution			4079.67		5243.59
Proposed dividend			882.84		752.75
Additional tax on dividend			143.21		125.02
Balance carried to Balance Sheet			3053.62		4365.82
Basic earnings per equity share before extraordinary items (₹) [Note no.23]			72.39		89.61
Diluted earnings per equity share before extraordinary items (₹) [Note no.23]			71.30		87.92
Basic earnings per equity share after extraordinary items (₹) [Note no.23]			73.56		91.90
Diluted earnings per equity share after extraordinary items (₹) [Note no.23]			72.45		90.16
Face value per equity share (₹)			2.00		2.00
SIGNIFICANT ACCOUNTING POLICIES	**Q**				

(For notes forming part of the consolidated accounts see page nos. 213 to 241)

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 19, 2011

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE
N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN
Directors

Mumbai, May 19, 2011

Consolidated Cash Flow Statement for the year ended March 31, 2011

		2010-2011 ₹ crore	*2009-2010 ₹ crore*
A.	**Cash flow from operating activities:**		
	Profit before tax (excluding minority interest and extraordinary items)	6732.21	*7345.35*
	Adjustments for:		
	Dividend received	(230.62)	*(297.48)*
	Depreciation (including obsolescence), amortisation and impairment	1318.85	*979.32*
	Exchange difference on items grouped under financing/investing activity	138.12	*(60.52)*
	Interest expense	830.86	*691.92*
	Interest income	(304.64)	*(136.58)*
	(Profit)/loss on sale of fixed assets (net)	(260.16)	*(9.84)*
	(Profit)/loss on sale of investments (net)	(327.79)	*(1999.77)*
	Employee stock option - discount forming part of staff expenses	196.26	*170.31*
	Provision/(reversal) for diminution in value of investments	(7.83)	*21.61*
	Operating profit before working capital changes	8085.26	*6704.32*
	Adjustments for:		
	(Increase)/decrease in trade and other receivables	(7872.50)	*(3483.59)*
	(Increase)/decrease in inventories	(416.99)	*564.57*
	(Increase)/decrease in miscellaneous expenditure	-	*0.28*
	Increase/(decrease) in trade payables and customer advances	7478.45	*4153.85*
	Cash generated from operations before financing activities	7274.22	*7939.43*
	(Increase)/decrease in loans and advances towards financing activities	(6189.63)	*(4066.87)*
	Cash generated from operations	1084.59	*3872.56*
	Direct taxes refund/(paid) (net)	(2671.33)	*(1754.72)*
	Net cash (used in)/from operating activities	(1586.74)	*2117.84*
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(7337.29)	*(4428.99)*
	Sale of fixed assets	443.14	*59.71*
	Purchase of long term investments	(559.84)	*(109.45)*
	Sale of long term investments	600.10	*2318.67*
	Purchase/sale of current investments (net)	973.48	*(3269.67)*
	Loans/deposits made with associates companies and third parties (net)	(145.16)	*(113.84)*
	Advance towards equity commitment	0.01	*(0.93)*
	Interest received	190.10	*101.93*
	Dividend received from associates	44.67	*20.28*
	Dividend received from other investments	230.62	*297.48*
	Consideration received on disposal of subsidiaries	21.01	*48.47*
	Consideration paid on acquisition of subsidiaries	(430.83)	*(79.18)*
	Cash & cash equivalents acquired pursuant to acquisition of subsidiaries	11.46	*32.06*
	Cash & cash equivalents discharged pursuant to disposal of subsidiaries	(5.87)	*(2.65)*
	Cash (used in)/from investing activities (before extraordinary items)	(5964.40)	*(5126.11)*
	Extraordinary items:		
	Cash received (net of expenses) on sale/transfer of Petrol Dispensing Pumps & Systems	6.81	*129.07*
	Net cash (used in)/from investing activities (after extraordinary items)	(5957.59)	*(4997.04)*
C.	**Cash flow from financing activities:**		
	Proceeds from issue of share capital	347.25	*2132.74*
	Proceeds from long term borrowings	14460.61	*8657.42*
	Repayment of long term borrowings	(5061.09)	*(3909.07)*
	(Repayments)/proceeds from other borrowings (net)	415.02	*(438.54)*
	Payment (to)/from minority interest	(119.32)	*11.44*
	Loans from associate/joint venture companies (net of repayments)	0.02	*(20.02)*
	Dividends paid	(756.19)	*(617.01)*
	Additional tax on dividend	(153.21)	*(104.86)*
	Interest paid (including cash flows on account of interest rate swaps)	(1264.91)	*(942.05)*
	Net cash (used in)/from financing activities	7868.18	*4770.05*
Net (decrease)/increase in cash and cash equivalents (A + B + C)		323.85	*1890.85*
Cash and cash equivalents at beginning of the year		3321.59	*1459.04*
Less: Cash and bank balance transferred on subsidiary becoming an associate		-	*(28.30)*
Cash and cash equivalents at end of the year		3645.44	*3321.59*

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 ₹ 5.18 crore (*previous year unrealised loss of ₹ 25.92 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 19, 2011

N. HARIHARAN
Company Secretary

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE
N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN
Directors

Mumbai, May 19, 2011

Schedules forming part of the Consolidated Accounts

	As at 31-3-2011 ₹ crore	*As at 31-3-2010 ₹ crore*
Schedule A		
Share capital:		
Authorised:		
1,62,50,00,000 equity shares of ₹ 2 each *(Previous year: 1,62,50,00,000 equity shares of ₹ 2 each)*	325.00	*325.00*
Issued:		
60,88,52,126 equity shares of ₹ 2 each *(previous year: 60,21,95,408 equity shares of ₹ 2 each)*	121.77	*120.44*
Subscribed and paid up:		
60,88,52,126 equity shares of ₹ 2 each [Note no.6] *(previous year: 60,21,95,408 equity shares of ₹ 2 each)*	121.77	*120.44*
	121.77	*120.44*

	As at 31-3-2011 ₹ crore	₹ crore	*As at 31-3-2010 ₹ crore*	*₹ crore*
Schedule B				
Reserves and surplus:				
Revaluation reserve:				
As per last Balance Sheet	30.81		*32.11*	
Less: On assets sold or obsoleted during the year	0.10		*–*	
Less: Transferred to Profit and Loss Account	1.06		*1.30*	
		29.65		*30.81*
Capital redemption reserve:				
As per last Balance Sheet	3.27		*3.14*	
Add: Transferred from retained earnings	–		*0.13*	
		3.27		*3.27*
Capital reserve:				
As per last Balance Sheet	46.61		*46.61*	
Addition during the year	0.05		*–*	
		46.66		*46.61*
Capital reserve on consolidation:				
As per last Balance Sheet	14.24		*15.70*	
Addition during the year	0.09		*1.04*	
Deduction during the year	0.02		*2.50*	
		14.31		*14.24*
Reserve u/s 45 IC of the RBI Act, 1934:				
As per last Balance Sheet	166.36		*111.02*	
Add: Transferred from Profit and Loss Account	86.53		*55.34*	
		252.89		*166.36*
Debenture redemption reserve:				
As per last Balance Sheet	186.68		*43.34*	
Add: Trasferred from Profit and Loss account	269.83		*143.34*	
		456.51		*186.68*
Securities premium account:				
As per last Balance Sheet	6402.64		*4199.29*	
Addition during the year	477.42		*2249.19*	
	6880.06		*6448.48*	
Less: Share/bond issue expenses (net of tax)	1.68		*45.84*	
Reversal of expenses debited in previous year	(0.99)		*–*	
		6879.37		*6402.64*
Carried forward		7682.66		*6850.61*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2011		As at 31-3-2010	
	₹ crore	₹ crore	₹ crore	₹ crore
Schedule B (contd.)				
Brought forward		7682.66		6850.61
Foreign projects reserve:				
As per last Balance Sheet	–		7.83	
Less: Transferred to retained earnings	–		7.83	
		–		–
Housing projects reserve:				
As per last Balance Sheet	–		1.73	
Less: Transferred to retained earnings	–		1.73	
		–		–
Tonnage tax reserve:				
As per last Balance Sheet	–		2.09	
Add: Transferred from Profit and Loss Account	4.48		–	
Less: Transferred to retained earnings	–		2.09	
		4.48		–
Foreign currency translation reserve:				
As per last Balance Sheet	37.05		112.68	
Addition/(deduction) during the year	45.06		(75.63)	
		82.11		37.05
Reserve u/s 36(1)(viii) of Income tax Act, 1961:				
As per last Balance Sheet	9.88		3.80	
Add: Transferred from Profit and Loss Account	11.65		6.08	
		21.53		9.88
Hedging reserve (net of tax):				
As per last Balance Sheet	(54.66)		(282.40)	
Addition during the year (net)	46.70		227.74	
		(7.96)		(54.66)
Retained earnings:				
As per last Balance Sheet	13678.49		9301.15	
Add/(Less): Transferred from/(to):				
Foreign projects reserve	–		7.83	
Housing projects reserve	–		1.73	
Tonnage tax reserve	–		2.09	
Capital redemption reserve	–		(0.13)	
Profit and Loss Account	3053.62		4365.82	
		16732.11		13678.49
		24514.93		20521.37

	As at 31-3-2011		As at 31-3-2010	
	₹ crore	₹ crore	₹ crore	₹ crore
Schedule C				
Secured loans:				
Redeemable non-covertible fixed rate debentures		4714.38		3848.02
Redeemable non-covertible floating rate debentures		250.00		350.00
Loans from banks:				
Working capital borrowing facilities	923.35		635.56	
Other loans	17084.65		8945.55	
Interest accrued and due	–		0.15	
		18008.00		9581.26
Loans from financial institutions		476.60		390.14
		23448.98		14169.42

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2011		*As at 31-3-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule D				
Unsecured loans:				
3.50% Foreign currency convertible bonds		891.90		*898.00*
Redeemable non-covertible fixed rate debentures		585.00		*325.00*
Short term loans and advances:				
From banks	1691.14		*1321.74*	
From others	19.08		*166.93*	
Lease finance	0.28		*0.18*	
Sales tax deferment loan	28.35		*27.23*	
Commercial paper	1334.51		*1405.00*	
		3073.36		*2921.08*
Other loans and advances:				
From banks	4659.99		*4214.83*	
Lease finance	0.69		*0.40*	
Sales tax deferment loan	38.37		*66.91*	
From others	130.24		*60.42*	
		4829.29		*4342.56*
		9379.55		*8486.64*

Schedule E(i)

Fixed Assets–Tangible:

₹ crore

Particulars	Cost/valuation						Depreciation						Impairment	Book value	
	As at 1–4–2010	Transfer on business combination	Additions	Foreign currency fluctuation	Deductions	As at 31–3–2011	Up to 31–3–2010	Transfer on business combination	For the year	Foreign currency fluctuation	Deductions	Up to 31–3–2011	As at 31–3–2011	As at 31–3–2011	*As at 31–3–2010*
OWNED ASSETS:															
Land–freehold	1218.25	–	47.60	0.45	122.57	1143.73	–	–	–	–	–	–	–	1143.73	*1218.25*
Ships	71.46	–	718.70	–	–	790.16	7.51	–	30.09	–	–	37.60	–	752.56	*63.95*
Buildings	1966.18	7.26	742.84	3.43	20.34	2699.37	268.86	3.94	56.48	0.57	3.35	326.50	0.70	2372.17	*1696.62*
Railway sidings	0.25	–	–	–	–	0.25	0.25	–	–	–	–	0.25	–	–	*–*
Plant and machinery	6017.93	33.12	1746.45	7.91	134.26	7671.15	1866.72	15.32	639.27	4.81	90.97	2435.15	0.49	5235.51	*4150.72*
Furniture and fixtures	372.72	1.48	89.67	0.51	23.11	441.27	176.03	1.25	44.68	0.34	18.52	203.78	0.08	237.41	*196.61*
Vehicles	230.06	0.33	69.65	0.04	28.89	271.19	107.52	0.03	36.40	0.01	25.70	118.26	–	152.93	*122.54*
Aircraft	10.62	–	58.20	–	–	68.82	5.52	–	2.43	–	–	7.95	–	60.87	*5.10*
Owned assets given on operating Lease:															
Plant and machinery	569.75	–	44.44	–	21.52	592.67	234.66	–	20.89	–	10.46	245.09	6.93	340.65	*328.16*
Buildings	351.98	–	93.94	1.26	142.14	305.04	31.19	–	8.79	0.11	13.38	26.71	–	278.33	*320.79*
Vehicles	144.93	–	44.85	–	35.45	154.33	52.57	–	22.91	–	22.17	53.31	–	101.02	*92.36*
Lease adjustment													–	(239.36)	*(239.36)*
Owned assets (sub total-A)	10954.13	42.19	3656.34	13.60	528.28	14137.98	2750.83	20.54	861.94	5.84	184.55	3454.60	8.20#	10435.82	*7955.74*
LEASED ASSETS:															
Assets taken under finance lease:															
Plant and machinery	2.91	–	–	–	0.09	2.82	2.90	–	–	–	0.09	2.81	–	0.01	*0.01*
Vehicles	0.91	–	–	–	–	0.91	0.91	–	–	–	–	0.91	–	–	*–*
Assets taken under finance lease (sub total-B)	3.82	–	–	–	0.09	3.73	3.81	–	–	–	0.09	3.72	–	0.01	*0.01*
Total (A+B)	10957.95	42.19	3656.34	13.60	528.37	14141.71	2754.64	20.54	861.94	5.84	184.64	3458.32	8.20	10435.83	*7955.75*
Previous year	*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*		
Add: Capital work-in-progress														5521.50	*4114.68*
														15957.33	*12070.43*

Impairment upto 31–3–2011 ₹ 8.20 crore, during the year ₹ Nil

Schedules forming part of the Consolidated Accounts (contd.)

Schedule E (contd.)

Schedule E(ii)

Fixed Assets-Intangible:

₹ crore

Particulars	Cost/valuation						Amortisation						Impairment	Book value	
	As at 1-4-2010	Transfer on business combination	Additions	Foreign currency fluctuation	Deductions	As at 31-3-2011	Up to 31-3-2010	Transfer on business combination	For the year	Foreign currency fluctuation	Deductions	Up to 31-3-2011	As at 31-3-2011	As at 31-3-2011	*As at 31-3-2010*
Goodwill on consolidation	683.79	-	646.27	16.63	10.50	1336.19	113.77	-	98.34	3.19	2.85	212.45	41.29	1082.45	*528.02*
Land-leasehold	464.56	0.10	52.62	0.58	34.95	482.91	14.06	0.03	7.11	0.02	2.04	19.18	-	463.73	*450.50*
Specialised softwares	246.21	147.17	141.63	0.12	4.78	530.35	154.46	0.01	59.93	0.04	4.24	210.20	-	320.15	*91.75*
Lumpsum fees for technical knowhow	38.06	-	8.54	0.07	1.51	45.16	19.92	-	4.53	0.05	1.51	22.99	-	22.17	*18.14*
Toll collection rights	3714.47	-	172.58	-	-	3887.05	398.20	-	281.89	-	-	680.09	-	3206.96	*3316.27*
Customer contracts and relationship	-	95.25	-	-	-	95.25	-	–	2.38	-	-	2.38	-	92.87	-
Trade marks	3.00	-	-	-	-	3.00	3.00	-	-	-	-	3.00	-	–	-
Total	5150.09	242.52	1021.64	17.40	51.74	6379.91	703.41	0.04	454.18	3.30	10.64	1150.29	41.29 #	5188.33	*4404.68*
Previous year	*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*		
Add: Capital work-in-progress														7018.05	*2503.75*
														12206.38	*6908.43*

\# Impairment upto 31-3-2011 ₹ 41.29 crore, amount written off during the year ₹ 0.71 crore.

Notes:

1 Cost/Valuation of:
- (i) Freehold land includes ₹ 43.49 crore *(previous year ₹ 0.14 crore)* for which conveyance is yet to be completed.
- (ii) Leasehold land includes:
  - (a) ₹ 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 fulfillment of certain conditions by the Company.
  - (b) ₹ 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) ₹ 126.18 crore added during the year in respect of which lease agreements are yet to be executed.

2 Cost/Valuation of Buildings includes ownership accommodation:
- (i) in various co-operative societies and apartments and shop-owners' associations: ₹ 131.36 crore, including 2435 shares of ₹ 50 each, 232 shares of ₹ 100 each and 1 share of ₹ 250 each.
- (ii) in proposed co-operative societies ₹ 20.68 crore.
- (iii) of ₹ 4.39 crore in respect of which the deed of conveyance is yet to be executed.
- (iv) of ₹ 8.48 crore representing undivided share in a property at a certain location.

3 Cost/Valuation of Buildings includes ₹ 46.70 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.

4 Additions during the year and capital work-in-progress include ₹ 582.65 crore (*previous year: ₹ 305.45 crore*) being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 on "Borrowing Costs"

5 Depreciation for the year on tangible assets include obsolescence ₹ 9.56 crore (*previous year*: *₹ 10.01 crore*) and Rs. Nil (*previous year: ₹ 0.48 crore*) on account of impairment loss.

6 Capital work-in-progress - tangible assets includes advances ₹ 194.15 crore *(previous year: ₹ 124.98 crore)* Capital work-in-progress - intangible assets includes advance ₹ 56.97 crore *(previous year: ₹ 58.05 crore)* and ₹ 0.92 crore *(previous year: ₹ 0.92 crore)* on account of exploration and evaluation of potential mineral reserves.

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 ₹ 108.05 crore.

8 One of the subsidiaries has revalued land in the financial year 2008-09, based on an estimated market valuation recommended by an external valuer as at March 31, 2008 which resulted in a net increase of ₹ 24.69 crore.

9 Owned assets given on operating lease have been presented separately under tangible assets schedule as per Accounting Standard (AS) 19 on "Leases".

10 Deduction in respect of freehold land in a subsidiary represents an amount of ₹ 114.05 crore transferred to inventory pertaining to office space intended for sale.

Schedules forming part of the Consolidated Accounts (contd.)

		As at 31-3-2011		*As at 31-3-2010*	
		₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule F					
Investments (at cost, unless otherwise specified):					
Long term investments:					
Government and trust securities			41.03		*0.50*
Investment in associates: [see note below]					
Fully paid equity shares of associate companies		166.86		*227.73*	
Add/(deduct):					
Accumulated share in profit/(loss) of the associate companies at the beginning of the year		366.92		*317.85*	
Adjustment pursuant to subsidiary becoming an associate		–		*(27.37)*	
Adjustment pursuant to associate becoming an subsidiary		(25.38)			
Adjustment pursuant to dilution/divestment of stake and buy-back in associates		(33.51)		*(9.23)*	
		474.89		*508.98*	
Add/(deduct):					
Share in profit/(loss) (net) of associate companies – current year		87.07		*105.95*	
Commitment to fresh infusion of equity		3.21		*3.21*	
Dividend received from associate companies during the year		(44.67)		*(20.28)*	
Unrealised profits in respect of transactions with associate companies		(66.22)		*(74.36)*	
Provision for diminution in value		(0.56)		*(17.49)*	
			453.72		*506.01*
Debentures			49.97		–
Other fully paid equity shares			562.41		*794.57*
Other fully paid preference shares			225.00		–
Bonds			181.02		–
Mutual Funds			10.00		–
			1523.15		*1301.08*
Current investments:					
Government and trust securities *(previous year ₹ 538.32 crore)*	531.84				
Less: Provision for diminution in value *(previous year ₹ 3.81 crore)*	4.88	526.96		*534.51*	
Other fully paid equity shares *(previous year ₹ 4.60 crore)*	0.62				
Less: Provision for diminution in value *(previous year ₹ 0.11 crore)*	0.50	0.12		*4.49*	
Bonds *(previous year ₹ 151.90 crore)*	4.90				
Less: Provision for diminution in value *(previous year ₹ 1.49 crore)*	0.11	4.79		*150.41*	
Debentures *(previous year ₹ 777.17 crore)*	352.62				
Less: Provision for diminution in value *(previous year ₹ Nil)*	4.93	347.69		*777.17*	
Mutual funds *(previous year ₹ 6619.47 crore)*	3159.63				
Less: Provision for diminution in value *(previous year ₹ 4.71 crore)*	0.02	3159.61		*6614.76*	
Certificate of deposits *(previous year ₹ 478.44 crore)*	3366.69				
Less: Provision for diminution in value *(previous year ₹ Nil)*	5.72	3360.97		*478.44*	
Collateralized borrowing and lending obligation		199.79		–	
Commercial Paper *(previous year ₹ Nil)*	93.33				
Less: Provision for diminution in value *(previous year ₹ Nil)*	0.61	92.72		–	
			7692.65		*8559.78*
			9215.80		*9860.86*

Note : Investments in associates include goodwill of ₹ 28.57 crore *(previous year ₹ 31.52 crore)*, net of cumulative amortisation of ₹ 14.69 crore *(previous year ₹ 10.40 crore)* and is net of capital reserve of ₹ 0.25 crore *(previous year ₹ 0.26 crore)*.

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2011		*As at 31-3-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule G(i)				
Loans and advances towards financing activities:				
Secured loans:				
Considered good:				
Loans against pledge of shares and securities	788.50		*483.90*	
Infrastructure and other loans	13789.77		*9165.38*	
Debentures	865.79		*67.00*	
Considered doubtful:				
Infrastructure and other loans	27.98		*37.39*	
	15472.04		*9753.67*	
Less: Provision for non performing assets	27.98		*37.39*	
Less: Provision for standard assets	49.75		*25.16*	
		15394.31		*9691.12*
Unsecured loans:				
Considered good:				
Bills discounted	267.35		*184.31*	
Other loans	1710.46		*1301.38*	
Considered doubtful:				
Other loans	56.27		*1.35*	
	2034.08		*1487.04*	
Less: Provision for non performing assets	56.27		*1.35*	
Less: Provision for standard assets	5.68		*–*	
		1972.13		*1485.69*
		17366.44		*11176.81*

	As at 31-3-2011		*As at 31-3-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ 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	593.78		*397.80*	
Components	422.19		*340.35*	
Construction materials	227.82		*122.89*	
Stores, spare parts and loose tools	102.61		*130.23*	
Finished goods	531.44		*399.85*	
Property development land	400.24		*417.10*	
Completed property	53.41		*130.08*	
	2331.49		*1938.30*	
Manufacturing work-in-progress	708.78		*506.72*	
Stock on hire	-		*1.12*	
		3040.27		*2446.14*
Carried forward		3040.27		*2446.14*

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2011		As at 31-3-2010	
	₹ crore	₹ crore	₹ crore	₹ crore
Schedule G(ii) (contd.)				
Brought forward		3040.27		2446.14
Sundry Debtors				
Secured:				
Debts outstanding for more than 6 months				
Considered good	177.43		10.29	
Considered doubtful	38.16		41.21	
	215.59		51.50	
Other debts:				
Considered good	25.96		159.83	
	241.55		211.33	
Less: Provision for doubtful debts	38.16		41.21	
	203.39		170.12	
Unsecured:				
Debts outstanding for more than 6 months				
Considered good	3627.24		3094.12	
Considered doubtful	544.52		517.10	
	4171.76		3611.22	
Other debts:				
Considered good	10649.53		9258.39	
	14821.29		12869.61	
Less: Provision for doubtful debts	544.52		517.10	
	14276.77		12352.51	
		14480.16		12522.63
Cash and bank balances:				
Cash on hand	9.48		9.39	
Cheques on hand	403.30		249.04	
Balances with scheduled banks:				
on current accounts	1173.70		935.41	
on fixed deposits including interest accrued thereon	1249.68		1484.32	
on margin money deposit accounts	12.11		2.36	
Balances with non-scheduled banks [Note no.12]	797.17		641.07	
		3645.44		3321.59
Other current assets:				
Interest accrued on investments	86.68		45.51	
Due from customers (Construction and project related activity)	11891.44		6845.68	
Others	131.80		58.43	
		12109.92		6949.62
Loans and advances:				
Secured, considered good:				
Loans against mortgage of house property	14.29		17.12	
Unsecured:				
Considered good:				
Associate/Joint venture companies:				
Advances recoverable	16.43		11.07	
Inter-corporate deposits	179.41		-	
Advances towards equity commitment	0.92		0.93	
Inter-corporate deposits	-		3.60	
Advances recoverable in cash or in kind [Note no.17]	5909.59		4796.00	
Balance with customs, port trust, etc.	48.27		39.24	
Lease receivables	1.26		1.85	
Considered doubtful:				
Deferred credit against sale of ships	18.55		18.67	
Advances recoverable in cash or in kind	129.72		116.01	
	6318.44		5004.49	
Less: Provision for doubtful loans and advances	148.27		134.68	
		6170.17		4869.81
		39445.96		30109.79

Schedules forming part of the Consolidated Accounts (contd.)

	As at 31-3-2011		*As at 31-3-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule H				
Current liabilities:				
Acceptances		165.38		*40.50*
Sundry creditors:				
Due to: Micro and small enterprises	35.59		*24.51*	
Others [Note no.11]	16447.96		*11231.33*	
		16483.55		*11255.84*
Due to customers (construction and project related activity)		2503.60		*2499.89*
Advances from customers		8632.20		*6835.46*
Items covered by investor education and protection fund [Note no.38]				
Unpaid dividend	16.15		*12.79*	
Unpaid matured deposits	0.07		*0.09*	
Interest accrued on bonds	–		*0.01*	
		16.22		*12.89*
Due to directors		39.47		*45.19*
Interest accrued but not due on loans		211.23		*133.05*
		28051.65		*20822.82*

	As at 31-3-2011	*As at 31-3-2010*
	₹ crore	*₹ crore*
Schedule I		
Provisions:		
Current taxes [Net of payment made ₹ 2029.18 crore *(previous year: ₹ 1356.76 crore)*]	104.14	*592.65*
Proposed dividend	882.84	*752.75*
Additional tax on dividend	124.43	*126.37*
Gratuity	27.61	*20.04*
Compensated absences	400.85	*354.15*
Employee pension schemes	162.14	*135.61*
Post-retirement medical benefit plan	95.99	*82.55*
Long service awards	3.32	*5.80*
Reserve for Unexpired Risks	8.78	-
Other provisions (AS-29 related) [Note no.24]	602.49	*394.80*
	2412.59	*2464.72*

		As at 31-3-2011	*As at 31-3-2010*
		₹ crore	*₹ crore*
Schedule J			
Contingent liabilities:			
(a)	Claims against the Company not acknowledged as debts	335.13	*188.90*
(b)	Sales-tax liability that may arise in respect of matters in appeal	213.28	*177.63*
(c)	Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company in WRIT	25.91	*67.76*
(d)	Customs duty demands against which the Group has filed appeals before appellate authorities which are pending disposal	0.21	*0.35*
(e)	Income-tax liability (including interest and penalty) that may arise in respect of which the Company is in appeal	131.49	*135.99*

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".

Schedules forming part of the Consolidated Accounts (contd.)

	2010-2011 ₹ crore	2009-2010 ₹ crore
Schedule K		
Sales & service:		
Manufacturing, trading and property development activity	7433.03	6227.59
Construction and project related activity	38416.81	33153.67
Software development products and services	2378.59	1837.15
Income from financing activity/annuity based projects	2134.50	1476.01
Toll collection and related activity	446.33	337.41
Servicing	378.75	263.95
Commission	186.87	153.72
Engineering and service fees	597.16	404.74
Income from wind power generation	6.15	–
Premiums earned (net)	0.28	–
	51978.47	43854.24

	2010-2011 ₹ crore	2009-2010 ₹ crore
Schedule L(i)		
Other operational income:		
Equipment and property rentals	83.88	85.92
Technical fees	1.12	7.75
Property maintenance recoveries	16.27	19.56
Facility management income	9.29	7.20
Profit on sale of fixed assets (net)	135.74	6.25
Unclaimed credit balances	33.44	24.68
Miscellaneous income	257.37	304.86
	537.11	456.22

	2010-2011		2009-2010	
	₹ crore	₹ crore	₹ crore	₹ crore
Schedule L(ii)				
Other income:				
Interest income:				
Interest received on inter-corporate deposits from associate companies,customers and others	55.57		33.05	
Income from long term investments:				
Interest on bonds and Government securities	4.24		0.02	
Income from current investment:				
Interest on bonds, government securities and other investments	244.83		103.51	
		304.64		136.58
Dividend Income:				
From long term investments				
Trade investments	5.72		5.12	
Other investments	2.34		–	
	8.06		5.12	
From current investments	222.56		292.36	
		230.62		297.48
Profit on sale of Investment:				
Profit on sale of long term investments	260.21		1923.58	
Profit on sale of current investments (net)	67.58		76.19	
		327.79		1999.77
Profit on sale of fixed assets (net)		124.42		3.59
Lease rental income		23.72		9.68
Unclaimed credit balances written back		0.49		0.09
Miscellaneous income		94.03		146.52
Provision no longer required written back		1.78		–
Provision for diminution in value of investments no longer required (net)		7.83		–
		1115.32		2593.71

	2010-2011		*2009-2010*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Schedule M				
Manufacturing, construction and operating expenses:				
Materials consumed:				
Raw materials and components	9444.35		*6747.71*	
Construction materials	10387.95		*8354.07*	
	19832.30		*15101.78*	
Less: Scrap sales	73.15		*64.93*	
		19759.15		*15036.85*
Purchase of trading goods		1970.00		*1530.96*
(Increase)/decrease in stocks:				
Closing stock:				
Finished goods	531.44		*399.85*	
Work-in-progress	1543.01		*1112.36*	
	2074.45		*1512.21*	
Less: Opening stock:				
Finished goods (including stock of ₹ 10.62 crore acquired on acquisition of subsidiaries)	410.47		*464.65*	
Work-in-progress (including stock of ₹ 3.80 crore acquired on acquisition of subsidiaries)	1116.16		*1535.29*	
	1526.63		*1999.94*	
		(547.82)		*487.73*
Value of materials, tools, and WIP transferred on sale of undertaking		–		*(20.45)*
Sub-contracting charges		8919.18		*9201.17*
Stores, spares and tools [Note no.18]		1406.17		*1160.08*
Excise duty		8.60		*(3.45)*
Power and fuel		403.12		*375.46*
Royalty and technical know-how fees		17.13		*2.99*
Packing and forwarding		173.81		*134.75*
Hire charges - plant and machinery and others		483.48		*351.03*
Bank Guarantee charges		74.32		*111.71*
Insurance claims incurred (net)		2.45		*–*
Engineering, professional, technical and consultancy fees		645.05		*466.33*
Insurance		160.87		*162.65*
Rent		157.84		*172.34*
Rates and taxes		74.53		*48.31*
Travelling and conveyance		402.30		*318.42*
Repairs to plant and machinery		34.77		*33.58*
Repairs to buildings		18.15		*7.44*
General repairs and maintenance		140.40		*124.29*
Interest and other financing charges		962.36		*667.65*
Software development expenses [including provision for gratuity fund & post retirement medical benefit ₹ 5.95 crore *(previous year ₹ 2.57 crore)*]		1497.72		*1089.36*
Cost of built up technology park space and property development land:				
Opening stock:				
Work-in-progress	68.48		*174.58*	
Completed property	130.08		*9.75*	
Property development land	417.10		*323.85*	
	615.66		*508.18*	
Add: Expenses on construction during the year	141.11		*210.90*	
Add: Transferred from fixed assets to inventory [Note no.10 of schedule E]	114.05		*–*	
Less: Value of WIP transferred on sale of stake in subsidiary/Joint venture company	12.77		*11.80*	
	858.05		*707.28*	
Less: Closing Stock:				
Work-in-progress	280.44		*68.48*	
Completed property	53.41		*130.08*	
Property development land	400.24		*417.10*	
	734.09		*615.66*	
		123.96		*91.62*
Other expenses [Note no.16(b)]		653.35		*789.20*
		37540.89		*32340.02*

Schedules forming part of the Consolidated Accounts (contd.)

	2010-2011		2009-2010	
	₹ crore	₹ crore	₹ crore	₹ crore
Schedule N				
Staff expenses:				
Salaries, wages and bonus		3146.94		2518.48
Contribution to and provision for:				
Provident fund and pension fund	105.68		84.44	
Superannuation/employee pension schemes	78.62		55.34	
Gratuity funds	38.16		52.77	
		222.46		192.55
Welfare and other expenses		432.55		354.38
		3801.95		3065.41

	2010-2011		2009-2010	
	₹ crore	₹ crore	₹ crore	₹ crore
Schedule O				
Sales, administration and other expenses:				
Power and fuel		74.67		55.35
Packing and forwarding		181.83		135.26
Professional fees		257.98		166.97
Insurance		39.94		30.61
Rent		184.77		159.45
Rates and taxes		73.51		68.71
Travelling and conveyance		321.02		247.14
Repairs to buildings		16.40		12.45
General repairs and maintenance		204.40		156.52
Directors' fees		0.64		0.29
Telephone, postage and telegrams		120.17		106.49
Advertising and publicity		118.29		75.30
Stationery and printing		47.56		42.62
Commission:				
Distributors and agents	33.87		39.43	
Others	39.03		47.46	
		72.90		86.89
Bank charges		63.38		48.91
Miscellaneous expenses		604.68		356.01
Bad debts and advances written off	164.61		112.36	
Less: Provision for doubtful debts and advances written back	108.73		29.71	
		55.88		82.65
Discount on sales		71.84		57.83
Provision for standard assets		30.27		17.46
Provision for doubtful debts,advances and non-performing assets (net)		194.33		186.57
Provision for foreseeable losses on construction contracts (net)		42.22		59.14
Provision for diminution in value of investments(net)		–		21.61
Other provisions [Note no.24]		278.63		19.28
		3055.31		2193.51

	2010-2011	2009-2010
	₹ crore	₹ crore
Schedule P		
Interest expenses & brokerage:		
Debentures and fixed loans	614.25	500.70
Others	216.61	191.22
	830.86	691.92

Schedules forming part of the Consolidated Accounts (contd.)

Schedule Q

Significant Accounting Policies

1. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ["GAAP"] except for the revaluation of certain fixed assets, and in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government.

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. Escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.

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.

Government subsidy related to customer contracts is recognised as revenue from operations in the Profit and Loss Account, on a prudent basis, in proportion to work completed when there is reasonable assurance that the conditions for the grant of subsidy will be fulfilled.

Expected loss, if any, on the construction/project related activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration. Construction and project 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"], is recognised on the same basis as similar contracts independently executed by the Company.

Schedules forming part of the Consolidated Accounts (contd.)

Schedule Q (contd.)

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 & 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 either the proportionate completion method or completed contract method whichever is considered appropriate.

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) 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.

xiii) Insurance Premium (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk) and premium deficiency, if any. Premium deficiency, if any, is recognised if the sum of expected claim costs and related claim management costs exceed related reserve for unexpired risk for every line of business. Reserve for unexpired risk is recognized net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Company under contractual obligations on a contract period basis or risk period basis, whichever is appropriate. It is calculated on a daily pro-rata basis, written on policies during the twelve months preceding the Balance Sheet date for fire, marine cargo and miscellaneous business (excluding Project related Engineering insurance contracts) and 100% for marine hull business, on all unexpired policies at balance sheet date, in accordance with Section 64 V(1)(ii)(b) of the Insurance Act, 1938. The reserve for unexpired risk is computed for project related engineering insurance contract through the usage of Cubic Curve Method. A reserve for unexpired risks is recorded at 50% per cent of the net premium retro-ceded to the Company from India Motor Third Party Insurance Pool (IMTPIP) during the year.

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

Commission on reinsurance ceded is recognized as income on ceding of reinsurance premium.

Profit commission under re-insurance treaties, wherever applicable, is recognized in the year of final determination of the profits.

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts. Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realisation. Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information. IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company. IBNR/IBNER has been created on re-insurance accepted from Indian Motor Third Party Insurance Pool (IMTPIP) based on actuarial estimates received from the IMTPIP.

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.

Schedule Q (contd.)

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 Government grants, which are revenue in nature and are intended to compensate the related costs, are recognised as income in the Profit and Loss account to match such costs, as and when incurred.

g) 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. Extraordinary and Exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts. [Note no.16(a)]

5. Research and development

a) Revenue expenditure on research is expensed under respective heads of account in the period in which it is incurred.

b) Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:

i) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

ii) The Company has intention to complete the intangible asset and use or sell it;

iii) The Company has ability to use or sell the intangible asset;

iv) The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets;

v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

vi) The Company has ability to measure the expenditure attributable to the intangible asset during its development reliably.

The development expenditure capitalized as intangible asset is amortised over its useful life.

Other development costs that do not meet above criteria are expensed in the period in which they are incurred.

Schedules forming part of the Consolidated Accounts (contd.)

Schedule Q (contd.)

c) Capital expenditure on research and development is classified under tangible/intangible fixed assets and depreciated on the same basis as other fixed assets.

6. 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 recognized 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, insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized 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 amortization is five years or the period till March 31, 2010, whichever is earlier.

7. 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.*)

8. 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:

Schedule Q (contd.)

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*)

9. 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 there after, 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:

Lease charge comprising statutory depreciation and lease equalisation charge is provided for assets given on lease over the primary period of the lease equal to recovery of net investment in 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.

Schedules forming part of the Consolidated Accounts (contd.)

Schedule Q (contd.)

10. 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 to ten years.

c) Lump sum fees for technical know-how: Over a period of three to seven years.

d) Trade-marks: over a period of five years.

e) Development costs for new products: Over a period five years

f) Customer Contracts and relationship: Over a period of ten years

g) 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 capitalized 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.

11. 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.)

12. 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 and fair 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.

Schedules forming part of the Consolidated Accounts (contd.)

Schedule Q (contd.)

13. 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.

e) Completed property is valued at lower of cost or net realisable value.

14. Government grant of capital nature

Grants received from NHAI in the nature of "promoter contribution" are credited to "Capital Reserve".

15. 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.

16. 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.

17. 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.

18. Foreign currency transactions, foreign operations, forward contracts and derivatives

a) The reporting currency of the Company is 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 is accounted at the same rate at which the assets are translated.

Schedules forming part of the Consolidated Accounts (contd.)

Schedule Q (contd.)

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 amortization is accounted at the same rate at which assets are converted.

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. Where the hedge is effective, the gains or losses are recognised in the "Hedging Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet, while the same is recognised in the Profit & Loss Account where the hedge is ineffective. The amount recognised in the "Hedging Reserve" is transferred to Profit and Loss Account in the period in which the underlying hedged item affects the Profit and Loss Account.

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 in "Unallocable Corporate Income".

iv) Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Group.

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

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.

Schedule Q (contd.)

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. 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 31-3-2011**		*As at 31-3-2010*	
			Proportion of ownership Interest (%)	**Proportion of voting power held (%)**	*Proportion of ownership Interest (%)*	*Proportion of voting power held (%)*
	Indian Subsidiaries					
1	Tractor Engineers Limited	India	100.00	100.00	*100.00*	*100.00*
2	Bhilai Power Supply Company Limited	India	99.90	99.90	*99.90*	*99.90*
3	L&T-Sargent & Lundy Limited	India	50.00	50.00	*50.00*	*50.00*
4	Spectrum Infotech Private Limited	India	100.00	100.00	*100.00*	*100.00*
5	L&T-Valdel Engineering Limited	India	100.00	100.00	*100.00*	*100.00*
6	L&T Shipbuilding Limited	India	100.00	100.00	*100.00*	*100.00*
7	L&T Electricals and Automation Limited (formerly known as L&T Strategic Management Limited)	India	100.00	100.00	*100.00*	*100.00*
8	HI-Tech Rock Products & Aggregates Limited	India	100.00	100.00	*100.00*	*100.00*
9	L&T Seawoods Private Limited	India	100.00	100.00	*100.00*	*100.00*
10	L&T-Gulf Private Limited	India	50.0002	50.0002	*50.0002*	*50.0002*
11	L&T-MHI Boilers Private Limited	India	51.00	51.00	*51.00*	*51.00*
12	L&T-MHI Turbine Generators Private Limited	India	51.00	51.00	*51.00*	*51.00*
13	Raykal Aluminium Company Private Limited	India	80.00	80.00	*80.00*	*80.00*
14	L&T Natural Resources Limited	India	100.00	100.00	*100.00*	*100.00*
15	L&T Plastics Machinery Limited	India	100.00	100.00	*100.00*	*100.00*
16	L&T Technologies Limited	India	100.00	100.00	*100.00*	*100.00*
17	L&T Special Steels and Heavy Forgings Private Limited	India	74.00	74.00	*74.00*	*74.00*
18	PNG Tollway Limited (formerly known as L&T PNG Tollway Private Limited)	India	74.00	74.00	*74.00*	*74.00*
19	L&T Rajkot-Vadinar Tollway Limited (formerly known as L&T Rajkot-Vadinar Tollway Private Limited)	India	100.00	100.00	*100.00*	*100.00*
20	Kesun Iron & Steel Company Private Limited (formerly known as L&T Engserve Private Limited)	India	95.00	95.00	*100.00*	*100.00*
21	L&T Howden Private Limited	India	50.10	50.10	–	–
22	L&T Solar Limited	India	100.00	100.00	–	–
23	L&T Sapura Shipping Private Limited	India	60.00	60.00	–	–
24	L&T Sapura Offshore Private Limited	India	60.00	60.00	–	–
25	L&T Powergen Limited	India	100.00	100.00	–	–
26	Ewac Alloys Limited	India	100.00	100.00	–	–
27	L&T Kobelco Machinery Private Limited	India	51.00	51.00	–	–
28	L&T EmSyS Private Limited $	India	–	–	*100.00*	*100.00*
29	L&T Infra & Property Development Private Limited $$	India	–	–	*100.00*	*100.00*

Notes forming part of Consolidated Accounts (contd.)

Sr. no.	Name of subsidiary company	Country of Incorporation	As at 31-3-2011 Proportion of ownership Interest (%)	As at 31-3-2011 Proportion of voting power held (%)	*As at 31-3-2010 Proportion of ownership Interest (%)*	*As at 31-3-2010 Proportion of voting power held (%)*
30	L&T Concrete Private Limited $$$	India	–	–	*100.00*	*100.00*
31	L&T Realty Private Limited	India	100.00	100.00	*100.00*	*100.00*
32	L&T Power Limited	India	100.00	100.00	*100.00*	*100.00*
33	Chennai Vision Developers Private Limited	India	100.00	100.00	*100.00*	*100.00*
34	Larsen & Toubro Infotech Limited	India	100.00	100.00	*100.00*	*100.00*
35	GDA Technologies Limited	India	100.00	100.00	*100.00*	*100.00*
36	L&T Finance Limited	India	99.99	99.99	*99.99*	*99.99*
37	India Infrastructure Developers Limited	India	99.99	99.99	*99.99*	*99.99*
38	L&T Infrastructure Finance Company Limited	India	99.99	99.99	*99.99*	*99.99*
39	L&T Finance Holdings Limited (formerly known as L&T Capital Holdings Limited)	India	99.99	99.99	*99.99*	*99.99*
40	L&T General Insurance Company Limited	India	100.00	100.00	*100.00*	*100.00*
41	L&T Aviation Services Private Limited	India	100.00	100.00	*99.99*	*99.99*
42	L&T Investment Management Limited	India	99.99	99.99	*99.99*	*99.99*
43	L&T Mutual Fund Trustee Limited	India	99.99	99.99	*99.99*	*99.99*
44	L&T Capital Company Limited	India	100.00	100.00	*100.00*	*100.00*
45	L&T Trustee Company Private Limited	India	100.00	100.00	*100.00*	*100.00*
46	L&T Power Development Limited	India	100.00	100.00	*100.00*	*100.00*
47	L&T Uttaranchal Hydropower Limited	India	100.00	100.00	*100.00*	*100.00*
48	L&T Arunachal Hydropower Limited	India	100.00	100.00	–	–
49	L&T Himachal Hydropower Limited	India	100.00	100.00	–	–
50	Nabha Power Limited	India	100.00	100.00	*100.00*	*100.00*
51	L&T Infrastructure Development Projects Limited	India	97.65	97.65	*84.27*	*84.27*
52	L&T Panipat Elevated Corridor Limited	India	97.65	97.65	*84.27*	*84.27*
53	Narmada Infrastructure Construction Enterprise Limited	India	97.65	97.65	*84.27*	*84.27*
54	L&T Krishnagiri Thopur Toll Road Limited	India	97.65	97.65	*84.27*	*84.27*
55	L&T Western Andhra Tollways Limited	India	97.65	97.65	*84.27*	*84.27*
56	L&T Vadodara Bharuch Tollway Limited	India	97.65	97.65	*84.27*	*84.27*
57	L&T Transportation Infrastructure Limited	India	97.65	97.65	*84.27*	*84.27*
58	L&T Western India Tollbridge Limited	India	97.65	97.65	*84.27*	*84.27*
59	L&T Interstate Road Corridor Limited	India	97.65	97.65	*84.27*	*84.27*
60	International Seaports (India) Private Limited	India	97.65	97.65	*84.27*	*84.27*
61	L&T Port Kachchigarh Limited (formerly known as L&T Port Sutrapada Limited)	India	97.65	97.65	*100.00*	*100.00*
62	L&T Ahmedabad-Maliya Tollway Limited (formerly known as L&T Ahmedabad-Maliya Tollway Private Limited)	India	97.65	97.65	*100.00*	*100.00*
63	L&T Halol-Shamlaji Tollway Limited (formerly known as L&T Halol-Shamlaji Tollway Private Limited)	India	97.65	97.65	*100.00*	*100.00*
64	L&T Krishnagiri Walajahpet Tollway Limited	India	97.65	97.65	–	–
65	L&T Devihalli Hassan Tollway Limited	India	97.65	97.65	–	–
66	L&T Metro Rail (Hyderabad) Limited	India	97.65	97.65	–	–
67	L&T Transco Private Limited	India	97.65	97.65	*100.00*	*100.00*
68	L&T Chennai-Tada Tollway Limited	India	97.65	97.65	*100.00*	*100.00*
69	Sutrapada SEZ Developers Limited @@	India	97.65	97.65	*100.00*	*100.00*
70	Sutrapada Shipyard Limited @@	India	97.65	97.65	*100.00*	*100.00*

Notes forming part of Consolidated Accounts (contd.)

Sr. no.	Name of subsidiary company	Country of Incorporation	As at 31-3-2011 Proportion of ownership Interest (%)	As at 31-3-2011 Proportion of voting power held (%)	*As at 31-3-2010 Proportion of ownership Interest (%)*	*As at 31-3-2010 Proportion of voting power held (%)*
71	L&T Samakhiali Gandhidham Tollway Private Limited	India	97.65	97.65	*100.00*	*100.00*
72	L&T Urban Infrastructure Limited	India	73.24	73.24	*63.20*	*63.20*
73	L&T Vision Ventures Limited	India	49.80	49.80	*42.98*	*42.98*
74	L&T Tech Park Limited	India	37.35	37.35	*32.23*	*32.23*
75	L&T Bangalore Airport Hotel Limited	India	54.20	54.20	*46.77*	*46.77*
76	CSJ Infrastructure Private Limited	India	60.05	60.05	*51.83*	*51.83*
77	L&T Arun Excello Commercial Projects Private Limited	India	37.35	37.35	*32.23*	*32.23*
78	L&T Arun Excello IT SEZ Private Limited	India	37.35	37.35	*32.23*	*32.23*
79	Cyber Park Development and Construction Limited @	India	–	–	*32.23*	*32.23*
80	L&T Infocity Limited	India	65.18	65.18	*56.25*	*56.25*
81	L&T Hitech City Limited	India	48.23	48.23	*41.63*	*41.63*
82	Hyderabad International Trade Expositions Limited	India	37.87	37.87	*32.68*	*32.68*
83	L&T South City Projects Limited	India	37.35	37.35	*32.23*	*32.23*
84	L&T Siruseri Property Developers Limited	India	37.35	37.35	*32.23*	*32.23*
85	Andhra Pradesh Expositions Private Limited $$$$	India	–	–	*32.68*	*32.68*

@ The Company has sold its stake on December 29, 2010.

@@ The Company is in the process of winding up.

$ The Company has been liquidated and its name has been struck off from the register of ROC u/s 560(5) of the Companies Act, 1956 w.e.f. February 11, 2011.

$$ The Company is under liquidation and its name is struck off from the register of ROC u/s 560(5) of the Companies Act, 1956 on April 16, 2011.

$$$ The Company has been liquidated and its name has been struck off from the register of ROC u/s 560(5) of the Companies Act, 1956 w.e.f. March 16, 2011.

$$$$ The Company has been liquidated and its name has been struck off from the register of ROC u/s 560(5) of the Companies Act, 1956 w.e.f. February 5, 2011.

Sr. no.	Name of subsidiary company	Country of Incorporation	As at 31-3-2011 Proportion of ownership Interest (%)	As at 31-3-2011 Proportion of voting power held (%)	*As at 31-3-2010 Proportion of ownership Interest (%)*	*As at 31-3-2010 Proportion of voting power held (%)*
	Foreign subsidiaries					
1	Larsen & Toubro LLC	USA	100.00	100.00	*100.00*	*100.00*
2	Larsen & Toubro Consultoria E Projeto Ltda	Brazil	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	Larsen & Toubro Infotech LLC	USA	100.00	100.00	*100.00*	*100.00*
6	L&T Infotech Financial Services Technologies Inc.	Canada	100.00	100.00	–	–
7	GDA Technologies Inc.	USA	100.00	100.00	*100.00*	*100.00*
8	Larsen & Toubro International FZE	UAE	100.00	100.00	*100.00*	*100.00*
9	Larsen & Toubro (Oman) LLC	Sultanate of Oman	65.00	65.00	*65.00*	*65.00*
10	Larsen & Toubro Electromech LLC	Sultanate of Oman	65.00	65.00	*65.00*	*65.00*

Sr. no.	Name of subsidiary company	Country of Incorporation	As at 31-3-2011 Proportion of ownership Interest (%)	As at 31-3-2011 Proportion of voting power held (%)	*As at 31-3-2010 Proportion of ownership Interest (%)*	*As at 31-3-2010 Proportion of voting power held (%)*
11	L&T Modular Fabrication Yard LLC	Sultanate of Oman	65.00	65.00	*65.00*	*65.00*
12	Larsen & Toubro (East Asia) SDN.BHD ##	Malaysia	30.00	100.00	*30.00*	*100.00*
13	Larsen & Toubro Qatar LLC ##	Qatar	49.00	100.00	*49.00*	*100.00*
14	L&T Overseas Projects Nigeria Limited	Nigeria	100.00	100.00	*100.00*	*100.00*
15	L&T Electricals Saudi Arabia Company Limited, LLC	Kindgom of Saudi Arabia	75.00	75.00	*75.00*	*75.00*
16	Larsen & Toubro Kuwait Construction General Contracting Company, WLL ##	Kuwait	49.00	75.00	*49.00*	*75.00*
17	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Peoples Republic of China	100.00	100.00	*100.00*	*100.00*
18	Qingdao Larsen & Toubro Trading Company Limited	Peoples Republic of China	100.00	100.00	*100.00*	*100.00*
19	Larsen & Toubro (Jiangsu) Valve Company Limited	Peoples Republic of China	100.00	100.00	*100.00*	*100.00*
20	Larsen & Toubro Readymix Concrete Industries LLC ##	UAE	49.00	100.00	*49.00*	*100.00*
21	Larsen & Toubro Saudi Arabia LLC	Kindgom of Saudi Arabia	100.00	100.00	*100.00*	*100.00*
22	Larsen & Toubro (Wuxi) Electric Company Limited	Peoples Republic of China	100.00	100.00	*100.00*	*100.00*
23	Larsen & Toubro ATCO Saudia LLC ##	Kindgom of Saudi Arabia	49.00	75.00	*49.00*	*75.00*
24	Offshore International FZC ****	UAE	60.00	60.00	*60.00*	*60.00*
25	L&T Electrical & Automation FZE	UAE	100.00	100.00	*100.00*	*100.00*
26	Tamco Switchgear (Malaysia) SDN BHD	Malaysia	100.00	100.00	*100.00*	*100.00*
27	Tamco Shanghai Switchgear Company Limited ***	Peoples Republic of China	–	–	*100.00*	*100.00*
28	Tamco Electrical Industries Australia Pty Limited	Australia	100.00	100.00	*100.00*	*100.00*
29	PT Tamco Indonesia	Indonesia	100.00	100.00	*100.00*	*100.00*
30	Larsen & Toubro Heavy Engineering LLC	Sultanate of Oman	70.00	70.00	*70.00*	*70.00*
31	Pathways FZE	UAE	100.00	100.00	*100.00*	*100.00*
32	L&T Infrastructure Development Projects Lanka (Private) Limited	Sri Lanka	93.34	93.34	*80.37*	*80.37*
33	L&T Infocity Lanka Private Limited**	Sri Lanka	–	–	*29.25*	*29.25*
34	Peacock Investments Limited	Mauritius	100.00	100.00	*100.00*	*100.00*
35	Mango Investments Limited	Mauritius	100.00	100.00	*100.00*	*100.00*
36	Lotus Infrastructure Investments Limited	Mauritius	100.00	100.00	*100.00*	*100.00*
37	L&T Real Estate India Fund	Mauritius	100.00	100.00	*100.00*	*100.00*
38	L&T Asset Management Company Limited	Mauritius	100.00	100.00	*100.00*	*100.00*
39	L&T Realty FZE	UAE	100.00	100.00	*100.00*	*100.00*
40	Larsen & Toubro T&D SA (PTY) LTD	South Africa	72.50	72.50	*–*	*–*

The Parent Company, together with its subsidiaries controls the composition of Board of Directors.
** The Company has sold its stake on April 6, 2010.
*** The Company has sold its stake on February 16, 2011.
**** The Company is under liquidation.

Notes forming part of Consolidated Accounts (contd.)

Sr. no.	Name of associate company	Country of Incorporation	As at 31-3-2011 Proportion of ownership Interest (%)	As at 31-3-2011 Proportion of voting power held (%)	*As at 31-3-2010 Proportion of ownership Interest (%)*	*As at 31-3-2010 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*
4	L&T-Case Equipment Private Limited ^	India	–	–	*50.00*	*50.00*
5	International Seaport (Haldia) Private Limited	India	21.79	21.79	*18.80*	*18.80*
6	L&T-Chiyoda Limited	India	50.00	50.00	*50.00*	*50.00*
7	L&T-Ramboll Consulting Engineers Limited	India	50.00	50.00	*50.00*	*50.00*
8	L&T-Crossroads Private Limited ^^	India	–	–	*31.60*	*31.60*
9	NAC Infrastructure Equipment Limited	India	30.00	30.00	*30.00*	*30.00*
10	Gujarat Leather Industries Limited #	India	50.00	50.00	*50.00*	*50.00*
11	Vizag IT Park Limited	India	16.95	16.95	*14.63*	*14.63*
12	Larsen & Toubro Qatar & HBK Contracting LLC	Qatar	24.50	50.00	*24.50*	*50.00*
13	TNJ Moduletech Private Limited #	India	40.00	40.00	*40.00*	*40.00*
14	L&T Camp Facilities LLC ^^^^	UAE	49.00	49.00	*49.00*	*49.00*
15	L&T Arun Excello Realty Private Limited	India	24.17	24.17	*20.86*	*20.86*
16	Feedback Ventures Private Limited	India	23.16	23.16	*23.16*	*23.16*
17	JSK Electricals Private Limited ^^^	India	26.00	26.00	*26.00*	*26.00*
18	International Seaport Dredging Limited ####	India	–	–	*24.74*	*24.74*
19	Salzer Electronics Limited ^^^^	India	26.06	26.06	*26.06*	*26.06*
20	Asia Alloys Precicasters Private Limited	India	26.00	26.00	*26.00*	*26.00*
21	Rishi Consfab Private Limited	India	26.00	26.00	*26.00*	*26.00*
22	Magtorq Private Limited	India	42.85	42.85	–	–

\# The Company is under Liquidation.
The Company has become a subsidiary w.e.f. December 14, 2010 and shown under "Indian subsidiaries" in item no. 26 above.
The Company is no longer an Associate due to divestment/reduction of stake during the year.
^ The Company has sold its stake on March 31, 2011.
^^ The Company has sold its stake on December 14, 2010.
^^^ Accounts have been consolidated for six months period ended September 30, 2010.
^^^^ Accounts have been consolidated for nine months period ended December 31, 2010.

Sr. no.	Name of joint venture	Country of Incorporation	As at 31-3-2011 Proportion of ownership Interest (%)	*As at 31-3-2010 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-SUCG Joint Venture	India	51.00	*51.00*
9	Metro Tunneling Chennai L&T SUCG Joint Venture	India	75.00	–
10	The Dhamra Port Company Limited	India	48.83	*42.14*
11	L&T Bombay Developers Private Limited @@@	India	–	*31.60*

Notes forming part of Consolidated Accounts (contd.)

Sr. no.	Name of joint venture	Country of Incorporation	As at 31-3-2011 Proportion of ownership Interest (%)	*As at 31-3-2010 Proportion of ownership Interest (%)*
	Jointly controlled entities-foreign joint ventures			
12	L&T-Eastern Joint Venture	UAE	65.00	*65.00*
13	IndIran Engineering Projects and Systems	Iran	50.00	*50.00*
	Jointly controlled operations-Indian joint ventures			
14	L&T-HCC Joint Venture	India		
15	Patel-L&T Consortium	India		
16	Consortium of Global Industries Offshore LLC, USA and L&T	India		
17	L&T-KBL (UJV) Hyderabad	India		
18	Consortium of Toyo Engineering Company and L&T	India		
19	L&T-SVEC Joint Venture	India		
20	L&T-KBL-MAYTAS UJV	India		
21	L&T and Scomi Engineering BHD. Joint Venture	India		

@@@ The Company has sold its stake on July 29, 2010.

3 During the year ended March 31, 2011, an amount of ₹ 102.63 crore was amortised from goodwill arising on acquisition of subsidiary and associate companies. *(previous year: ₹ 51.25 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 acquisitions (including newly formed)/disposal of stake in subsidiaries during the year on the Consolidated Financial Statements is as under:

a) Acquisitions (including newly formed):

₹ crore

Name of subsidiary companies	Effect on Group profit/(loss) after minority interest for the period ended March 31, 2011	Net Assets as at 31-3-2011
L&T Infotech Financial Services Technologies Inc	6.25	293.70
L&T Krishnagiri Walajahpet Tollway Limited	0.25	90.26
L&T Devihalli Hassan Tollway Limited	(0.46)	32.74
L&T Metro Rail (Hyderabad) Limited	(1.37)	342.60
L&T Arunachal Hydropower Limited	(0.07)	7.90
L&T Himachal Hydropower Limited	(0.35)	38.71
L&T Howden Private Limited	(1.81)	6.38
L&T Solar Limited	–	0.05
L&T Sapura Shipping Private Limited	13.43	180.94
L&T Sapura Offshore Private Limited	0.81	1.35
L&T Powergen Limited	–	0.05
Ewac Alloys Limited	8.98	173.47
L&T Kobelco Machinery Private Limited	(0.21)	29.55
Larsen & Toubro Consultoria E Projeto Ltda	–	0.91
Larsen & Toubro T&D SA (PTY) LTD	–	4.92
Total	**25.45**	**1203.53**

b) Disposal:

₹ crore

Name of subsidiary companies	Effect on Group profit/(loss) after minority interest for the period ended March 31, 2011	Net assets as at 31-3-2011	*Effect on Group profit/(loss) after Minority Interest for the period ended Mar 31, 2010*	*Net assets as at 31-3-2010*
L&T Infocity Lanka Private Limited	–	1.03	*12.82*	*12.82*
Cyber Park Development and Construction Limited	(2.94)	0.13	*18.81*	*26.69*
Tamco Shanghai Switchgear Company Limited	0.27	(1.87)	*40.61*	*40.34*
Total	**(2.67)**	**(0.71)**	***72.24***	***79.85***

Notes forming part of Consolidated Accounts (contd.)

6 a) Of the Equity Shares of ₹ 2 each comprised in the subscribed and paid-up capital of the Company :

i) 9,19,943 *(previous year: 9,19,943)* equityshares 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: ₹ 2.35 crore *(previous year: ₹ 2.35 crore)*, securities premium: ₹ 87.47 crore *(previous year: ₹ 87.47 crore)* and capital redemption reserve: ₹ 0.12 crore *(previous year: ₹ 0.12 crore).*

iii) 2,67,45,064 *(previous year: 2,00,88,346)* equity shares were allotted as fully paid up on exercise of grants under Employees Stock Ownership Schemes.

b) Options outstanding as at the end of the year on un-issued share capital:

Particulars	Number of equity shares to be issued as fully paid	
	As at 31-3-2011	*As at 31-3-2010*
Employee Stock Options granted and outstanding #	1,39,53,309	*1,75,51,015*
3.5% 5 years & 1 day, US$ denominated foreign currency convertible bonds	49,07,243	*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 ₹ 14.50 per equity share of ₹ 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 60,88,52,126 shares outstanding as at March 31, 2011 amounting to ₹ 882.84 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.

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)	
		2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*
1	Grant price ₹	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	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	1124980	*1959888*	8839975	*13324860*	7476608	*5895175*
5	Options lapsed/withdrawn during the year	–	–	–	–	–	–	–	–	33250	*51622*	227758	*336341*	686201	*633070*
6	Options granted during the year	–	–	–	–	–	–	–	–	276700	*164300*	–	–	3260665	*2808090*
7	Options exercised during the year	–	–	–	–	–	–	–	–	435550	*947586*	4637774	*4148544*	1114538	*593587*
8	Options granted and outstanding at the end of the year of which-	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	932880	*1124980*	3974443	*8839975*	8936534	*7476608*
	Options vested	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	102482	*85644*	3717133	*4759655*	1180945	*769990*
	Options yet to vest	–	–	–	–	–	–	–	–	830398	*1039336*	257310	*4080320*	7755589	*6706618*

c) During the year, the Company has recovered ₹ 17.93 crore *(previous year: ₹ 3.60 crore)* from its subsidiary companies towards the stock options granted to their employees, pursuant to the employee stock option schemes.

d) The shares allotted during the year under the Company's ESOP scheme includes 4,68,856 number of shares in respect of stock options exercised during the year 2009-2010.

9. Stock ownership schemes of subsidiary companies:

a) Employee Stock Ownership Scheme ('ESOS Plan')

Under the Employee Stock Ownership Scheme (ESOS) 25,96,095 options are outstanding as at March 31, 2011 *(previous year: 25,84,459).* 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 ₹ 5 each.

All vested options can be exercised on the First Exercise Date as may be determined by the Compensation Committee prior to date of IPO. The details of the grants under the aforesaid scheme are summarised below:-

Sr. No.	ESOP Series	I,II & III		IV-XX		XXI
		2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011
1	Grant Price (₹)	25		10		10
2	Options granted and outstanding at the beginning of the year	393003	*393003*	2191456	*2139506*	–
3	Options granted during the year	–	–	–	*61250*	35000
4	Options cancelled/lapsed during the year	–	–	23364	*9300*	–
5	Options exercised and shares allotted during the year	–	–	–	–	–
6	Options granted and outstanding at the end of the year	393003	*393003*	2168092	*2191456*	35000
	of which-					
	Options vested	393003	*393003*	970917	*970917*	–
	Options yet to vest	–	–	1197175	*1220539*	35000

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 five years, subject to fulfilment of certain conditions specified in the respective option agreement. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 5 each at an exercise price of USD 12 (equivalent to ₹ 530) per share. Under the said plan, options granted and outstanding as at the end of the year are 96,500 options, 77,993 options have been vested while 18,507 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 ₹ 26,92,595 (*previous year: ₹ 26,80,959*).

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	2010-2011		*2009-2010*	
	No. of stock options	Weighted average exercise price (₹)	*No. of stock options*	*Weighted average exercise price (₹)*
Options Outstanding on April 1, 2010	65,40,000	–	–	–
Options granted during the year	–	10.50	*66,60,000*	*10.50*
Options forfeited/lapsed during the year	–	–	*1,20,000*	–
Options exercised during the year	–	–	–	–
Options outstanding on March 31, 2011	65,40,000	10.50	*65,40,000*	*10.50*
Options vested but not exercised on March 31, 2011	–	–	–	–

Notes forming part of Consolidated Accounts (contd.)

Information in respect of options outstanding as at March 31, 2011.

Range of exercise price	2010-2011		*2009-2010*	
	Number of options	Weighted average remaining life	*Number of options*	*Weighted average remaining life*
₹ 10.50	65,40,000	upto April 2013	*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.

d) Employee stock option scheme (ESOP 2010)

One of the domestic subsidiary of the Company has formulated Employee Stock Option Scheme 2010 (ESOP Scheme-2010) in the year 2010-11, for which intrinsic value method is used.

The Plan is designed to provide stock options to employees of the said subsidiary and its subsidiaries and holding company. All grants under the plan are to be issued and allotted by the Nomination and Remuneration Committee of the said subsidiary. The options are to be granted to the eligible employees based on certain criteria and approval of the Committee and as per the respective Employee Stock Option Agreements that the said subsidiary enters into with them.

1,07,50,000 options are granted on November 30, 2010 under this scheme. Options have been granted at an exercise price which will be at a discount of 15% of the issue price of equity shares of said subsidiary being offered in the initial public offering (IPO) which is under consideration.

The Employees shall be allotted a pre-defined number of equity shares against each option and the options will vest over a period of four years from the date of grant at a pre-defined percentage of the total vesting, which shall each be subject to the conditions as per respective Employee Stock Option Agreements that the Company enters into with them.

Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity.

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method wherein the fair market value of equity shares has been determined by an independent valuer.

The details of the grant under the aforesaid scheme are summarized below:

Sr. No.	Particulars	2010-2011
1.	Grant price – ₹	The exercise price of the options would be a price which will be at a discount of 15% of the Issue Price.
2.	Grant date	30-11-2010
3.	Options granted and outstanding at the beginning of the year	–
4.	Options granted during the year	1,07,50,000
5.	Options cancelled/lapsed during the year	1,34,600
6.	Options exercised during the year	–
7.	Options granted and outstanding at the end of the year of which –	
	– Options vested	–
	– Options yet to vest	1,06,15,400

Information in respect of options outstanding as at March 31, 2011

Range of exercise price	31-3-2011		*31-3-2010*	
	Number of options	Weighted average remaining life	*Number of options*	*Weighted average remaining life*
The exercise price of the options would be a price of 15% discount to the Issue Price of IPO.	1,06,15,400	3.5 years	–	–

10. Loans and advances include:

a) rent deposit with whole-time directors: ₹ 0.03 crore *(previous year: ₹ 0.03 crore).* The maximum amount outstanding at any time during the year ₹ 0.03 crore *(previous year: ₹ 0.03 crore).*

b) amount including interest accrued, due from the managing director and whole-time directors in respect of housing loan ₹ 0.34 crore *(previous year: ₹ 0.61 crore).* The maximum amount outstanding at any time during the year ₹ 0.61crore *(previous year: ₹ 0.63 crore).*

11. Sundry creditors–Others include

a) Advance of ₹ 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 ₹ 10 each in M/s. Ennore Tank Terminals Private Limited to be transferred on completion of three calendar years from the date of commencement of commercial operation. The said project has commenced commercial operations on January 15, 2009. Accordingly, the above equity shares will be transferred on or after January 15, 2012.

b) Advance of ₹ 14.30 crore received from M/s. Sical Logistics Limited against sale of 1,43,00,000 equity shares of ₹ 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. As of March 31, 2011 Sical Iron Ore Terminals Limited is yet to commence commercial operation.

12. Balance with non-scheduled banks include an amount of ₹ 0.69 crore *(previous year: ₹ 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 ₹ 352.29 crore *(previous year: ₹ 118.06 crore)* for price variations net of liquidated damages in terms of contracts with the customers and shipbuilding subsidy ₹ 32.16 crore *(previous year: ₹ 56.80 crore).*

14. Extraordinary item during the year represents proportionate reversal of ₹ 70.84 crore *(previous year: ₹ 62.55 crore),* out of the provision made in earlier years 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.

15. Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts"

₹ crore

	Particulars	2010-2011	*2009-2010*
i)	Contract revenue recognised for the financial year	38416.81	*33153.67*
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	95795.04	*76811.42*
iii)	Amount of customer advances outstanding for contracts in progress as at the end of the financial year	7832.77	*6531.81*
iv)	Retention amounts due from customers for contracts in progress as at the end of the financial year	3718.81	*2644.63*

16. a) Other income for the year ended March 31, 2011 includes the following items of exceptional nature [accounting policy no.4]:

- Gain of ₹ 26.06 crore (net) recognised on divestment of the group's stake in four subsidiaries *(previous year: ₹ 20.71 crore on divestment of the group's stake in a subsidiary company).*
- Gain of ₹ 152.03 crore recognised on divestment of the group's stake in two of its associate companies *(previous year: ₹ 173.48 crore (net) on divestment/dilution of the group's stake in four of its associate companies).*
- Gain of ₹ 2.53 crore recognised on divestment of the group's stake in a joint venture company.

b) Other expenses under manufacturing, construction and operating expenses includes ₹ 474.77 crore towards construction of 1400 MW power plant at Rajpura, Punjab *(Previous year: ₹ 508.95 crore).*

17. Loans and advances include ₹ 100.00 crore *(previous year: ₹ 136.00 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 ₹ 25.00 crore in a year.

18. The cost of specialised machine tools including jigs, fixtures, dyes, gauges and moulds used in the production in Electrical and Electronics business was expensed out in earlier years. These items of plant & machinery have a useful life of 5 years. During the year, the cost of such tools, where useful life has not expired, has been capitalized. The amount expensed out in earlier years in respect of such tools has been reversed during the year and accordingly, the expense under "Stores, spares and tools" is lower by ₹ 77.32 crore. Similarly, the cumulative depreciation based on useful life of such tools has been provided in the books during the year and as a result, the depreciation for the year is higher by ₹ 51.08 crore.

Notes forming part of Consolidated Accounts (contd.)

19. a) The useful life of certain tangible assets was revised downward during the year as mandated by Accounting Standard (AS) 6 "Depreciation Accounting" and permitted by Schedule XIV of Companies Act. Consequently, depreciation rates have been revised upward resulting in additional charge of depreciation of ₹ 51.30 crore (net). As a result, profit before tax for the year is lower to that extent. [accounting policy no.9a(i)(b)]

b) The Company has reviewed the useful life of certain intangible assets during the year. Consequently, amortisation rates have been revised resulting in lower charge of amortisation of ₹ 3.42 crore (net). As a result, profit before tax for the year is higher to that extent. [accounting policy no.10]

20. 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, 2011 and in respect of assets/liabilities as at March 31, 2011-denoted as "CY" below, previous year denoted as "PY")

i) Primary segments (Business segments):

₹ crore

Particulars	Engineering & Construction		Electrical & Electronics		Machinery & Industrial Products		Financial Services		Developmental Projects		Others		Elimination		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Revenue-including excise duty																
External	39400.73	33798.64	3752.56	3617.08	3187.22	2510.80	2118.07	1436.85	1118.14	731.57	2938.86	2215.52			52515.58	44310.46
Inter-segment	1761.66	1049.38	235.99	184.61	94.91	55.10	25.76	19.43	4.44	1.98	57.04	39.14	(2179.80)	(1349.64)	–	–
Total revenue	41162.39	34848.02	3988.55	3801.69	3282.13	2565.90	2143.83	1456.28	1122.58	733.55	2995.90	2254.66	(2179.80)	(1349.64)	52515.58	44310.46
Result																
Segment result	4948.29	4155.83	493.86	491.34	572.06	464.70	536.16	406.77	291.06	189.25	450.05	338.01			7291.48	6045.90
Less: inter-segment margins on capital jobs															209.98	151.67
															7081.50	5894.23
Unallocated corporate income/ (expenditure) (net)															176.93	2006.46
Operating profit (PBIT)															7258.43	7900.69
Interest expense															(830.86)	(691.92)
Interest income															304.64	136.58
Profit before tax (PBT)															6732.21	7345.35
Provision for current tax															2207.71	2039.77
Provision for deferred tax															140.19	(2.37)
Profit after tax (before extraordinary items)															4384.31	5307.95
Profit from extraordinary items															70.84	135.72
Profit after tax (after extraordinary items)															4455.15	5443.67
Segment assets	37878.94	27115.02	3048.15	2693.92	1954.82	1410.02	18791.22	12149.90	16984.32	12171.79	2452.92	1747.22			81110.37	57287.87
Unallocable corporate assets															13467.37	13193.95
Total assets															94577.74	70481.82
Segment liabilities	23950.16	17980.82	1180.38	997.83	1081.19	959.02	16619.87	10059.14	5277.58	2545.24	488.21	389.92			48597.39	32931.97
Unallocable corporate liabilities															19903.80	15471.34
Total liabilities															68501.19	48403.31
Capital expenditure	3894.69	2237.56	195.73	157.31	166.81	305.18	189.95	269.89	4302.43	2019.51	332.78	67.96				
Depreciation (including obsolescence, amortisation and impairment) included in segment expense	560.68	422.67	140.35	78.62	50.29	28.94	67.40	48.37	367.89	263.02	109.10	92.19				
Non-cash expenses other than depreciation included in segment expense	159.46	92.29	9.02	10.16	7.89	8.02	1.40	0.36	–	0.04	5.93	7.26				

(ii) Secondary segments (geographical segments):

₹ *crore*

Particulars	Domestic		Overseas		Total	
	CY	*PY*	CY	*PY*	CY	*PY*
External Revenue by location of customers	42000.08	*32819.84*	10515.50	*11490.62*	52515.58	*44310.46*
Carrying amount of Segment Assets by location of assets	75372.15	*51156.33*	5738.22	*6131.54*	81110.37	*57287.87*
Cost incurred on acquisition of tangible and intangible fixed assets	7641.38	*4369.37*	1441.01	*688.04*	9082.39	*5057.41*

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 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 & medium voltage switchgear and control gear, custom-built switchboards, petroleum dispensing pumps & systems [*upto the date of sale in previous year*], electronic energy meters/protection (relays) systems, control & automation products and medical equipment.
- **Machinery & Industrial Products Segment** comprises manufacture and sale of industrial machinery & equipment, manufacture & marketing of industrial valves, construction equipment and welding/industrial products and cutting equipments, manufacture and sale of undercarriage assemblies.
- **Financial Services Segment** comprises of services such as corporate finance, equipment finance, general insurance, infrastructure finance, asset management of mutual fund schemes and related advisory services.
- **Developmental Projects** comprises development, operation and maintenance of basic infrastructure projects, toll collection including annuity based project, power development, development and operation of port facilities, 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 and aviation.

Notes forming part of Consolidated Accounts (contd.)

21. 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	Magtorq Private Limited	8	Vizag IT Park 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	TNJ Moduletech Private Limited#	14	NAC Infrastructure Equipment Limited
15	JSK Electricals Private Limited	16	Larsen & Toubro Qatar & HBK Contracting LLC
17	Feedback Ventures Private Limited		

\# The Company is under Liquidation

\## The Company has become a subsidiary w.e.f. December 14, 2010

^ The Company has sold its stake on March 31, 2011

Joint Ventures (Other than Associates):			
1	International Metro Civil Contractors	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 Bombay Developers Private Limited @@@
9	Indlran Engineering Projects and Systems	10	HCC-L&T Purulia Joint Venture
11	L&T-AM Tapovan Joint Venture	12	L&T-SUCG Joint Venture
13	Metro Tunneling Chennai L&T SUCG Joint Venture		

@@@ The Company has sold its stake on July 29, 2010

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) ^ Ms. Debika Ajmani (daughter) Ms. Radhika Mukhija (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)
9	Mr. Ravi Uppal (whole-time director) ~		

^ Up to October 23, 2010.

~ W.e.f. November 1, 2010

Notes forming part of Consolidated Accounts (contd.)

ii. Disclosure of related party transactions:

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2010-2011 Amount	2010-2011 Amounts for major parties	*2009-2010 Amount*	*2009-2010 Amounts for major parties*
1	Purchase of goods & services (including commission paid)				
	Associates & joint ventures, including:	727.63		*695.53*	
	Audco India Limited		426.72		*331.62*
	Ewac Alloys Limited		79.08		*115.94*
	Salzer Electronics Limited		108.71		*136.43*
	Total	727.63		*695.53*	
2	Sale of goods/contract revenue & services				
	Joint ventures:	221.98		*597.62*	
	The Dhamra Port Company Limited		218.84		*539.19*
	Total	221.98		*597.62*	
3	Purchase/lease of fixed assets				
	Associates & joint ventures, including:	3.98		*76.08*	
	L&T-Case Equipment Private Limited		3.81		–
	Audco India Limited		–		*58.40*
	Total	3.98		*76.08*	
4	Sale of fixed assets				
	Associates & joint ventures, including:	0.32		–	
	Audco India Limited		0.31		
	Total	0.32		–	
5	Subscription to equity and preference shares (including application money paid and investment in joint ventures)				
	Associates & joint ventures, including:	90.28		*115.70*	
	The Dhamra Port Company Limited		77.50		*87.94*
	Total	90.28		*115.70*	
6	Receiving of services from related parties				
	Associates & joint ventures, including:	0.61		*3.72*	
	L&T-Chiyoda Limited		0.61		*3.71*
	Total	0.61		*3.72*	
7	Rent paid, including lease rentals under leasing/hire purchase arrangements including loss sharing on equipment finance				
	Associates & joint ventures, including:	0.96		*1.16*	
	Ewac Alloys Limited		0.22		*0.17*
	L&T-Komatsu Limited		0.74		*0.72*
	L&T-Chiyoda Limited		–		*0.28*
	Key management personnel	0.06		*0.06*	
	Relatives of key management personnel	0.24		*0.24*	
	Total	1.26		*1.46*	

Notes forming part of Consolidated Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2010-2011 Amount	2010-2011 Amounts for major parties	*2009-2010 Amount*	*2009-2010 Amounts for major parties*
8	Charges for deputation of employees to related parties				
	Associates & joint ventures, including:	54.91		*26.85*	
	Ewac Alloys Limited		2.22		*2.78*
	L&T-Case Equipment Private Limited		9.36		*5.60*
	Audco India Limited		11.85		*8.32*
	L&T-Komatsu Limited		6.78		*4.16*
	L&T-Chiyoda Limited		22.03		*4.75*
	Total	54.91		*26.85*	
9	Dividend received				
	Associates & joint ventures, including:	44.67		*20.28*	
	L&T-Komatsu Limited		14.40		*4.20*
	Ewac Alloys Limited		13.06		*4.56*
	Audco India Limited		8.60		*6.30*
	L&T-Case Equipment Private Limited		6.00		*–*
	Voith Paper Technology (India) Limited		–		*3.95*
	Total	44.67		*20.28*	
10	Commission received, including those under agency arrangements				
	Associates & joint ventures, including:	157.05		*115.96*	
	L&T-Komatsu Limited		157.05		*115.17*
	Total	157.05		*115.96*	
11	Rent received, overheads recovered and miscellaneous income				
	Associates & joint ventures, including:	8.71		*24.79*	
	L&T-Case Equipment Private Limited		3.00		*2.85*
	L&T-Chiyoda Limited		3.47		*6.65*
	Ewac Alloys Limited		1.09		*8.54*
	Total	8.71		*24.79*	
12	Interest Received				
	Associates & joint ventures, including:	2.42		*0.80*	
	International Seaport Dredging Limited		–		*0.79*
	The Dhamra Port Company Limited		0.71		*–*
	L&T-AM Tapovan Joint Venture		1.57		*–*
	Key Management Personnel		–	*0.03*	
	Total	2.42		*0.83*	
13	Interest Paid				
	Associates:	14.61		*12.96*	
	Audco India Limited		14.61		*12.96*
	Total	14.61		*12.96*	*–*
14	Buy Back of shares by				
	Associates:	–		*27.23*	
	Audco India Limited		–		*27.23*
	Total	–		*27.23*	

Notes forming part of Consolidated Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2010-2011 Amount	2010-2011 Amounts for major parties	*2009-2010 Amount*	*2009-2010 Amounts for major parties*
15	Payment of salaries/perquisites				
	Key Management Personnel:	70.00		*68.65*	
	A. M. Naik		14.18		*15.30*
	J. P. Nayak		7.21		*7.76*
	Y. M. Deosthalee		8.09		*8.70*
	K. Venkataramanan		8.04		*8.65*
	R. N. Mukhija		11.84		*8.60*
	K. V. Rangaswami		5.90		*6.33*
	V. K. Magapu		5.88		*6.32*
	M. V. Kotwal		6.50		*6.99*
	Ravi Uppal		2.36		–
	Total	70.00		*68.65*	

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective period.

iii. Amount due to/from related parties:

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2011 Amount	As at 31-3-2011 Amounts for major parties	*As at 31-3-2010 Amount*	*As at 31-3-2010 Amounts for major parties*
1	Accounts receivable				
	Associates & joint ventures, including:	105.74		*99.98*	
	The Dhamra Port Company Limited		102.08		*87.92*
	Total	105.74		*99.98*	
2	Accounts payable (including acceptance & interest accrued)				
	Associates & joint ventures, including:	302.99		*359.30*	
	Audco India Limited		264.37		*306.97*
	Total	302.99		*359.30*	
3	Loans & advances recoverable				
	Associates & joint ventures, including:	195.33		*11.61*	
	L&T-Ramboll Consulting Engineers Limited		–		*1.61*
	L&T-Chiyoda Limited		–		*4.10*
	L&T Camp Facilities LLC		–		*1.49*
	L&T-AM Tapovan Joint Venture		40.43		–
	The Dhamra Port Company Limited		140.14		–
	Key Management Personnel	0.37		*0.64*	
	Relatives of Key Management Personnel	0.12		*0.12*	
	Total	195.82		*12.37*	
4	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*	
	L&T Arun Excello Realty Private Limited		–		*0.10*
	Total	–		*0.10*	

Notes forming part of Consolidated Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2011 Amount	As at 31-3-2011 Amounts for major parties	As at 31-3-2010 Amount	As at 31-3-2010 Amounts for major parties
5	Due to Whole time directors				
	Key Management Personnel:	37.97		44.29	
	A.M. Naik		9.12		10.55
	J. P. Nayak		4.81		5.27
	Y.M. Deosthalee		4.56		5.27
	K. Venkataramanan		4.55		5.27
	R.N. Mukhija		2.47		5.27
	K.V. Rangaswami		3.65		4.22
	V.K. Magapu		3.65		4.22
	M.V. Kotwal		3.65		4.22
	Ravi Uppal		1.51		–
	Total	37.97		44.29	

"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. 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), a wholly owned subsidiary company (an associate till December 13, 2010). 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, a wholly owned subsidiary. 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 till the aforesaid date.

Note: The financial impact of the agreements mentioned at (a) to (c) above has been included in/disclosed vide note no.21(ii) supra

22. 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, 2011 and the present value of minimum lease payments receivable as on March 31, 2011 is as under:

₹ crore

	Particulars	Minimum Lease Payments Amount 31-3-2011	Minimum Lease Payments Amount 31-3-2010
1.	Receivable not later than 1 year	1.16	22.40
2.	Receivable later than 1 year and not later than 5 years	168.64	56.53
3.	Receivable later than 5 years	–	–
	Gross investment in lease (1+2+3)	169.80	78.93
	Less: Unearned finance income	32.59	15.81
	Present value of receivables	137.21	63.12

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, 2011 and the present value as at March 31, 2011 of minimum lease payments in respect of assets acquired under finance leases are as follows:

₹ *crore*

Particulars		Minimum Lease Payments		Present Value of Minimum Lease Payments	
		As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*
i.	Payable not later than 1 year	0.32	*0.20*	0.28	*0.18*
ii.	Payable later than 1 year and not later than 5 years	0.32	*0.45*	0.28	*0.40*
iii.	Payable later than 5 years	0.49	–	0.41	–
	Total	1.13	*0.65*	0.97	*0.58*
	Less: Future finance charges	0.16	*0.07*		
	Present value of minimum lease payments	0.97	*0.58*		

iii) Contingent rent recognised/(adjusted) in the Profit and Loss Account in respect of finance leases: ₹ nil *(previous year: ₹ 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, 2011 are as follows:

₹ *crore*

Particulars		Minimum Lease Payments	
		As at 31-3-2011	*As at 31-3-2010*
i.	Payable not later than 1 year	27.52	*23.16*
ii.	Payable later than 1 year and not later than 5 years	46.50	*48.98*
iii.	Payable later than 5 years	122.49	*175.79*
	Total	196.51	*247.93*

[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: ₹ 102.18 crore *(previous year: ₹ 33.04 crore)*

iv. Contingent rent recognised in the Profit and Loss Account: ₹ 0.02 crore *(previous year: ₹ nil)*

Notes forming part of Consolidated Accounts (contd.)

23. 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	
		2010-2011	*2009-2010*	2010-2011	*2009-2010*
Basic					
Profit after tax as per accounts (₹ crore)	A	4385.33	*5315.02*	4456.17	*5450.74*
Weighted average number of shares outstanding	B	60,57,99,369	*59,31,01,390*	60,57,99,369	*59,31,01,390*
Basic EPS (₹)	A/B	**72.39**	***89.61***	**73.56**	***91.90***
Diluted					
Profit after tax as per accounts (₹ crore)	A	4385.33	*5315.02*	4456.17	*5450.74*
Add: Interest/exchange difference (gain)/loss on bonds convertible into equity shares (net of tax) (₹ crore)	B	–	*18.50*	–	*18.50*
Adjusted profit for diluted earnings per share (₹ crore)	C=A+B	4385.33	*5333.52*	4456.17	*5469.24*
Weighted average number of shares outstanding	D	60,57,99,369	*59,31,01,390*	60,57,99,369	*59,31,01,390*
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	92,49,776	*1,13,27,980*	92,49,776	*1,13,27,980*
Weighted average number of shares outstanding for diluted EPS	G=D+E+F	61,50,49,145	*60,66,07,379*	61,50,49,145	*60,66,07,379*
Diluted EPS (₹)	C/G	**71.30**	***87.92***	**72.45**	***90.16***
Face value per share(₹)		2	*2*	2	*2*

Note: Potential equity shares that could arise on conversion of FCCBs are not resulting into dilution of EPS in the current year. Hence, they have not been considered in working of diluted EPS in accordance with Accounting Standard (AS) 20 "Earnings per share".

24. Disclosures required by Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions:

₹ *crore*

Sr. no	Particulars of disclosure	Class of Provisions							
		Product Warranties	Excise Duty	Sales Tax	Litigation related obligations	Periodic Major Maintenance	Contractual rectification cost-Construction contracts	Others	Total
1	*Balance as at 1-4-2010*	*13.41*	*–*	*45.73*	*8.24*	*–*	*203.02*	*124.40*	*394.80*
2	Additional provision during the year	7.16	0.69	7.59	5.85	32.80*	302.75	–	356.84
3	Provision reversed during the year	7.02	–	2.18	–	–	69.01	70.84#	149.05
4	Translation adjustments	–	–	–	0.10	–	–	–	0.10
5	Balance as at 31-3-2011 (5=1+2-3-4)	13.55	0.69	51.14	13.99	32.80	436.76	53.56	602.49

\# pertains to proportionate reversal of an extraordinary item included in opening provision. (refer note no.14 *supra*)

* includes ₹ 11.18 crore pertaining to previous years

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, 2011 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. Periodic Major Maintenance represents provision made for resurfacing obligations in accordance with the terms of concession agreement with National Highway Authority of India (NHAI).

v. Contractual rectification cost represents the estimated cost the Company is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under Accounting Standard (AS) 7 (Revised) “Construction Contracts”.

vi. Others mainly represent residual provision in respect of company’s investment in shares of Satyam Computer Services Limited.

c) Disclosures in respect of contingent liabilities are given as part of Schedule J to the Balance Sheet.

25. Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 21154.75 crore *(previous year: ₹ 9128.60 crore).*

26. a) Provision for current tax (net of tax deducted at source and advance tax) includes:

i) Provision for wealth tax ₹ 2.34 crore *(previous year: ₹ 2.70 crore)*

ii) Provision for income tax in respect of earlier years ₹ 94.88 crore (net) *[previous year: ₹ 134.41 crore) (net)]*

iii) Credit for Minimum Alternative Tax (MAT) entitlement ₹ 28.39 crore *(previous year: ₹ 26.59 crore)* under section 115JB of the Income Tax Act, 1961.

iv) Income tax payable outside India ₹ 29.18 crore *(previous year: ₹ 27.81 crore)*

v) Provision for income tax in respect of a subsidiary which was sold during the year ₹ 4.54 crore *(previous year: ₹ 0.37 crore)*

vi) Reversal of excess provision for tax on fringe benefits ₹ Nil *(previous year: ₹ 10.01 crore)* pertaining to earlier years.

vii) Translation effect on account of non-integral foreign operation ₹ 0.11 crore *(previous year: ₹ Nil)*

b) Tax effect of ₹ 0.62 crore *(previous year: ₹ 6.57 crore)* is on account of debenture issue expenses which has been credited to securities premium account.

27. 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.

b) Major components of deferred tax liabilities and deferred tax assets:

₹ *crore*

Particulars	*Deferred tax liabilities / (assets) 31-3-2010*	Charge/ (credit) to Profit and Loss Account	Effect due to acquisition/ disposal	Charge/(credit) to Reserves		Deferred tax liabilities / (assets) 31-3-2011
				Translation reserve	Hedging reserve	
Deferred tax liabilities:						
Difference between book and tax depreciation	*429.93*	155.52	(0.79)	(0.01)	–	584.65
Gain on derivative transactions to be offered for tax purposes in the year of transfer to Profit and Loss Account	*32.48*	–	–	–	(7.13)	25.35
Disputed statutory liabilities paid and claimed as deduction for tax purpose but not debited to Profit and Loss Account	*30.59*	8.60	–	–	–	39.19
Others	*15.45*	32.12	–	–	–	47.57
Total	*508.45*	196.24	(0.79)	(0.01)	(7.13)	696.76
Deferred tax (assets):						
Provision for doubtful debts and advances debited to Profit and Loss account	*(211.35)*	(50.05)	–	–	–	(261.40)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to Profit and Loss Account	*(26.21)*	–	–	–	26.21	–
Unpaid statutory liabilities/provision for compensated absences debited to Profit and Loss Account	*(89.12)*	(8.69)	(0.65)	–	–	(98.46)
Unabsorbed depreciation/brought forward business losses	*(5.94)*	(2.00)	–	–	–	(7.94)
Difference between book and tax depreciation	*(0.77)*	(1.99)	–	–	–	(2.76)
Other items giving rise to timing difference	*(22.03)*	6.68	–	0.08	–	(15.27)
Total	*(355.42)*	(56.05)	(0.65)	0.08	26.21	(385.83)
Net deferred tax liability/(assets)	***153.03***	**140.19**	**(1.44)**	**0.07**	**19.08**	**310.93**
Previous year	*130.83*	*(2.37)*	*(7.54)*	*(0.19)*	*32.30*	*153.03*

Notes forming part of Consolidated Accounts (contd.)

28. 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 35 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 ₹ 1589.70 crore and ₹ 141.48 crore respectively [refer accounting policy disclosed in Schedule Q vide Para 2(a)(viii)].

    c) Loans and advances include ₹ 486.52 crore *(previous year: ₹ 516.00 crore)* being cumulative construction costs incurred including related margins in respect of Annuity based Build-Operate-Transfer (BOT) projects.

29. 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 the Company) 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 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 L&T International FZE), not to pledge or reduce Company's shareholding in L&T International FZE (a subsidiary of the Company) 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 PNG Tollway Limited (formerly known as PNG Tollway Private Limited) till the commercial operations date.

    g) To Gujarat State Road Development Corporation Limited,

        a) to hold in L&T Ahmedabad Maliya Tollway Limited (formerly known as L&T Ahmedabad Maliya Tollway Private Limited) and in L&T Halol-Shamlaji Tollway Limited (formerly known as L&T Halol-Shamlaji Tollway Private Limited) alongwith L&T Infrastructure Development Projects Limited:

            i. 100% stake during the construction period;

            ii. 51% stake for 5 years from the date of commercial operation or end of construction of the project, whichever is later; and

            iii. 51% stake during operational period.

        b) not to divest the stake in L&T Infrastructure Development Project Limited until the aforesaid undertakings are valid.

    h) To Gujarat State Road Development Corporation Limited, to hold in L&T Rajkot-Vadinar Tollway Limited (formerly known as L&T Rajkot-Vadinar Tollway Private Limited):

        i. 100% stake during the construction period;

        ii. 51% stake for 5 years from the date of commercial operation or end of construction of the project, whichever is later; and

        iii. 51% stake during operational period.

    i) To the lenders of L&T Ahmedabad Maliya Tollway Limited (formerly known as 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.

    j) To the lenders of L&T Rajkot-Vadinar Tollway Limited (formerly known as 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.

    k) Jointly with L&T-MHI Turbine Generators Private Limited (a 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.

l) 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.

m) To National Highway Authority of India, to hold together with its associates in L&T Devihalli Hassan Tollway Limited, minimum 51% equity stake for a period of 2 years after construction period.

n) To National Highway Authority of India, to hold together with its associates in L&T Krishnagiri Walajahpet Tollway Limited:

   i. minimum 51% equity stake during the construction period

   ii. minimum 33% stake for 3 years from project completion date

   iii. minimum 26% or such lower stake as may be permitted by National Highway Authority of India during remaining concession period

o) To the lenders of PNG Tollway Limited (formerly known as PNG Tollway Private Limited), to hold minimum 51% equity stake in PNG Tollway Limited, until final settlement date.

p) To the security trustee of the lenders of L&T Sapura Shipping Private Limited, not to sell or transfer equity stake without prior approval.

q) To hold 15,899 shares comprising 9.85% of the issued capital of International Seaport Dredging Limited till January 24, 2016.

r) To the Security Trustee of the lenders of L&T Metro Rail (Hyderabad) Limited, to hold and maintain along with L&T Infrastructure Development Projects Limited (a subsidiary of the Company) at least 51% stake till final settlement date.

s) To hold certain minimum stake in its subsidiary companies namely, L&T-MHI Boilers Private Limited and L&T-MHI Turbine Generators Private Limited. These undertakings have been given to the customers/potential customers of the Company, as also those of L&T-MHI Boilers Private Limited and L&T-MHI Turbine Generators Private Limited. The undertakings will remain valid till the end of defect liability period or till such period as prescribed in the related bid documents/contracts.

t) To the lenders of L&T Aviation Services Private Limited, to hold in L&T Aviation Services Private Limited, majority equity stake until any amount is outstanding under buyers credit facility.

u) To the lenders of L&T Seawoods Private Limited, to maintain a minimum 51% stake in L&T Seawoods Private Limited, until any amount is outstanding under banking credit facilities.

30. L&T Infrastructure Development Projects Limited (IDPL), a subsidiary of the Company:

a) has given the following undertakings jointly with Tata Steel Limited and The Dhamra Port Company Limited (DPCL) to the term lenders of DPCL:

   i) to meet the cost overrun to the extent of 10% of the original project cost and

   ii) not to reduce the joint share holding below 51% upto the commercial operations date and below 26% during the balance remaining operations period

b) has given the following undertakings jointly with the Company to the term lenders of 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.

c) has given the following undertakings jointly with the Company to the term lenders of L&T Metro Rail (Hyderabad) Limited (L&T MRHL):

   i) to bring in the entire Sponsors' Contribution for implementation of Project in the following manner:

      a. 10% of the Sponsors' Contribution towards Project Equity Capital before the date of Initial Disbursement, which has been executed during the year,

      b. balance of the Sponsors' Contribution towards Project Equity Capital (except Government of Andhra Pradesh Grant), maintaining the stipulated Debt to Equity Ratio from time to time.

   ii) to meet the cost overrun to the extent of 5% of the project cost.

   iii) to provide funds to L&T MRHL in case the Government of Andhra Pradesh's Grant is not received in time.

   iv) to meet the shortfall if any, in maintaining the Debt Service Coverage Reserve.

   v) to pledge 51% of the paid-up and voting equity share capital of L&T MRHL.

Notes forming part of Consolidated Accounts (contd.)

d) has pledged its investment in the equity shares of the followings companies to the lenders of term loan of the respective companies.

₹ *crore*

Sr. No.	Name of companies	As at 31-3-2011	*As at 31-3-2010*
(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	27.60	*27.60*
(b)	**Jointly controlled entity**		
1	The Dhamra Port Company Limited	165.24	*125.71*

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, except for L&T Panipat Elevated Corridor Limited, for which the project completion certificate has been obtained during the year.

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 in addition to (a) and (b) above.

31. 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 companies which are not subsidiaries of other company amounting to ₹ 30.39 crore, relating to dividend of ₹ 187.35 crore declared by them. Accordingly the additional tax on dividend includes ₹ 30.39 crore paid by the subsidiary companies.

32. 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, 2011 are as under:

₹ *crore*

Category of derivative instruments		Amount of exposures hedged As at 31-3-2011	*As at 31-3-2010*
i)	For hedging foreign currency risks		
	a) Forward contracts for receivables including firm commitments and highly probable forecasted transactions	11254.50	*10956.44*
	b) Forward contracts for payables including firm commitments and highly probable forecasted transactions	9220.21	*7721.13*
	c) Currency swaps	5566.41	*5583.69*
	d) Option contracts	624.54	*874.99*
ii)	For hedging interest rate risks		
	Interest rate swaps	276.59	*300.00*
iii)	For hedging commodity price risks		
	Commodity futures	58.25	*34.39*

b) Unhedged foreign currency exposures as at March 31, 2011 are as under:

₹ crore

Unhedged foreign currency exposures		As at 31-3-2011	*As at 31-3-2010*
i)	Receivables, including firm commitments and highly probable forecasted transactions	27081.65	*23769.34*
ii)	Payables, including firm commitments and highly probable forecasted transactions	26705.79	*19686.05*

c) An amount of ₹ 81.14 crore [net gain] *(previous year: ₹ 40.07 crore [net gain])* 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".

33. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits":

i. Defined Contribution Plans:

Amount of ₹ 96.61 crore *(previous year: ₹ 73.40 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:

₹ crore

Particulars	Gratuity Plan		Post-retirement Medical Benefit Plan		Company Pension Plan		Trust-Managed Provident Fund Plan	
	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*
A Amounts to be recognised in Balance Sheet								
Present value of defined benefit obligation								
- Wholly funded	362.25	*338.23*	–	–	–	–	1615.09	*1364.97*
- Wholly unfunded	27.65	*20.04*	97.60	*83.84*	162.89	*136.47*	–	–
	389.90	*358.27*	97.60	*83.84*	162.89	*136.47*	1615.09	*1364.97*
Less: Fair value of plan assets	327.89	*294.56*	–	–	–	–	1583.61	*1350.42*
Less: Unrecognised past service costs	0.04	–	1.61	*1.29*	0.75	*0.86*	–	–
Add: Amount not recognised as an asset (limit in para 59(b))	0.02	–	–	–	–	–	–	–
Amount to be recognised as liability or (asset)	61.99	*63.71*	95.99	*82.55*	162.14	*135.61*	31.48	*14.55*
B Amounts reflected in the Balance Sheet								
Liabilities	61.99	*63.71*	95.99	*82.55*	162.14	*135.61*	34.69	*20.95*
Assets	–	–	–	–	–	–	–	–
Net liability/(asset)	61.99	*63.71*	95.99	*82.55*	162.14	*135.61*	34.69#	*20.95#*

b) The amounts recognised in Profit and Loss Account are as follows:

₹ crore

Particulars	Gratuity Plan		Post-retirement Medical Benefit Plan		Company Pension Plan		Trust-Managed Provident Fund Plan	
	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*	2010-2011	*2009-2010*
1 Current service cost	32.09	*28.24*	5.72	*5.29*	3.60	*3.81*	93.34**	*74.15***
2 Interest cost	25.99	*22.19*	7.04	*6.04*	11.08	*11.90*	135.05	*103.07*
3 Expected (return) on plan assets	(21.20)	*(19.19)*	–	–	–	–	(135.05)	*(103.07)*
4 Actuarial losses/(gains)	4.92	*18.45*	3.83	*0.55*	16.15	*(28.60)*	13.34	*25.11*
5 Past service cost	0.43	–	0.51	*0.17*	0.11	*0.11*	–	–
6 Effect of any curtailment or settlement	–	–	–	–	–	–	–	–
7 Adjustment for earlier years	(0.20)	*0.16*	–	–	–	–	–	–
8 Actuarial (loss)/gain not recognised in books	–	–	–	–	–	–	(3.75)	*(25.11)*
9 Translation adjustments	0.10	*(0.83)*	–	–	–	–	–	–
10 Amount capitalised out of the above	(0.24)	*(0.07)*	–	–	–	–	–	–
Total (1 to 10)	41.89	*48.95*	17.10	*12.05*	30.94	*(12.78)*	102.93	*74.15*
I Amount included in "staff expenses"	38.16	*52.77*	10.90	*11.10*	21.50	*0.67*	93.34	*74.15*
II Amount included in "manufacturing, construction and operating expenses"	5.35	*2.25*	0.60	*0.32*	–	–	–	–
III Amount included in "interest expenses"	(1.62)	*(6.07)*	5.60	*0.63*	9.44	*(13.45)*	9.59	–
Total (I to III)	41.89	*48.95*	17.10	*12.05*	30.94	*(12.78)*	102.93	*74.15*
Actual return on plan assets	25.58	*21.48*	–	–	–	–	121.71	*77.96*

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:

₹ *crore*

Particulars	Gratuity Plan		Post-retirement Medical Benefit Plan		Company Pension Plan		Trust-Managed Provident Fund Plan	
	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*
Opening 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*
Add: Current service cost	32.09	*28.24*	5.72	*5.29*	3.60	*3.81*	93.34**	*74.15***
Add: Interest cost	25.99	*22.19*	7.04	*6.04*	11.08	*11.90*	135.05	*103.07*
Add: Contribution by plan participants								
i) Employer	–	–	–	–	–	–	–	–
ii) Employee	–	–	–	–	–	–	168.05	*125.94*
iii) Transfer-in/(out)~	(1.73)	–	–	–	–	–	–	–
Add/(less): Actuarial losses/(gains)	9.30	*20.74*	3.83	*0.55*	16.15	*(28.60)*	–	–
Less: Benefits paid	(36.96)	*(18.36)*	(4.20)	*(3.87)*	(4.41)	*(3.42)*	(149.88)	*(76.46)*
Add: Past service cost	0.48	–	0.83	–	–	–	–	–
Add: Business combination /acquisition	0.90	*0.12*	0.54	–	–	–	3.56	–
Add: Adjustment for earlier years	1.59	*14.67*	–	–	–	–	–	*10.46*
Add/(less): Translation adjustments	(0.03)	–	–	–	–	–	–	–
Closing balance of the present value of defined benefit obligation	389.90	*358.27*	97.60	*83.84*	162.89	*136.47*	1615.09	*1364.97*

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

₹ *crore*

Particulars	Gratuity Plan		Trust-Managed Provident Fund Plan	
	As at 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*
Opening balance of the fair value of the plan assets	294.56	*255.06*	1350.42	*1151.80*
Add: Expected Return on Plan Assets *	21.20	*19.19*	135.05	*103.07*
Add/(less): Actuarial gains/(losses)	4.38	*2.29*	(13.34)	*(25.11)*
Add: Contribution by the employer	45.89	*35.42*	93.00	*67.30*
Add/(less): Transfer in/(out)	(2.36)	–	–	–
Add: Contribution by plan participants	–	–	164.85	*123.66*
Less: Benefits paid	(36.96)	*(18.36)*	(149.88)	*(76.46)*
Add: Business combination/disposal (net)	0.90	*0.10*	3.51	–
Add: Adjustments for earlier years	0.28	*0.86*	–	*6.16*
Closing balance of the plan assets	327.89	*294.56*	1583.61	*1350.42*

Note: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

* Basis used to determine the overall expected return:

The trust formed by the Company manages the investments of provident funds and gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year. Also refer note no. 33(ii)(f)(7) below.

The Company expect to fund ₹ 34.36 crore (*previous year: ₹ 43.67 crore*) towards its gratuity plan and ₹ 98.94 crore (*previous year: ₹ 78.60 crore*) towards its trust-managed provident fund plan during the year 2011-2012.

\# Employer's and employees' contribution (net) for March is paid in April

** Employer's contribution to provident fund

~ Amount transferred on sale of business undertakings (net) ₹ (1.73) crore

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 31-3-2011	*As at 31-3-2010*	As at 31-3-2011	*As at 31-3-2010*
Government of India Securities	34%	*28%*	24%	*23%*
State Government Securities	10%	*13%*	12%	*12%*
Corporate Bonds	13%	*6%*	7%	*6%*
Equity Shares of Listed Companies	2%	*3%*	–	–
Fixed Deposits under Special Deposit Scheme framed by Central Government for Provident Funds	9%	*12%*	19%	*23%*
Insurer Managed Funds	1%	*1%*	–	–
Public Sector Unit Bonds	28%	*33%*	38%	*36%*
Others	3%	*4%*	–	–

f) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

		As at 31-3-2011	*As at 31-3-2010*
1	Discount Rate:		
	a) Gratuity Plan	8.11%	*8.01%*
	b) Company Pension Plan	8.11%	*8.01%*
	c) Post-Retirement Medical Benefit Plan	8.11%	*8.01%*
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	5.00%	*6.00%*
	b) Company Pension Plan	6.00%	*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 6% *(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:

₹ *crore*

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2010-2011	*2009-2010*	2010-2011	*2009-2010*
Effect on the aggregate of the service cost and interest cost	1.67	*1.03*	(2.34)	*(1.59)*
Effect on defined benefit obligation	9.50	*6.11*	(7.63)	*(4.93)*

Notes forming part of Consolidated Accounts (contd.)

g) The amounts pertaining to defined benefit plans are as follows:

₹ *crore*

Particulars	As at 31-3-2011	*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	95.99	*82.55*	*74.40*	*58.74*	*47.09*
Experience adjustment plan liabilities	7.91	*5.73*	*1.13*	*2.66*	*–*
2 Gratuity plan (funded/unfunded)					
Defined benefit obligation	389.90	*358.27*	*290.67*	*244.08*	*212.63*
Plan assets	327.89	*294.56*	*255.06*	*213.22*	*160.33*
Surplus/(deficit)	(61.99)	*(63.71)*	*(35.61)*	*(30.86)*	*(52.30)*
Experience adjustment plan liabilities	30.37	*30.67*	*8.38*	*16.44*	*25.84*
Experience adjustment plan assets	4.38	*2.29*	*13.05*	*6.49*	*(3.03)*
3 Post-retirement pension plan (unfunded)					
Defined benefit obligation	162.14	*135.61*	*151.80*	*151.35*	*118.56*
Experience adjustment plan liabilities	17.46	*(4.11)*	*(6.89)*	*26.87*	*–*
4 Trust managed provident fund plan (funded)					
Defined benefit obligation	1615.09	*1364.97*	*1127.81*	*1014.16*	*933.74*
Plan assets	1583.61	*1350.42*	*1151.80*	*1014.85*	*947.84*
Surplus/(deficit)	(31.48)	*(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 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 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.)

34. 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:

₹ crore

Particulars					As at 31-3-2011	*As at 31-3-2010*
I	**Assets**	1	Fixed Assets		1709.23	*1318.10*
		2	Investments		6.19	*109.09*
		3	Deferred tax		0.02	*–*
		4	Current assets, loans and advances			
			(a)	Inventories	–	*30.50*
			(b)	Sundry debtors	33.61	*15.68*
			(c)	Cash and bank balances	89.85	*58.13*
			(d)	Other current assets	72.16	*97.25*
			(e)	Loans and advances	218.06	*194.14*
II	**Liabilities**	1	Secured loans		1235.51	*937.86*
		2	Unsecured loans		107.80	*166.50*
		3	Current liabilities and provisions			
			(a)	Current liabilities	416.46	*360.60*
			(b)	Provisions	14.63	*2.39*
III	**Reserves**				89.21	*100.18*
IV	**Income**	1	Sales		54.20	*271.13*
		2	Other income		10.47	*7.00*
V	**Expenses**	1	Operating expenses		74.75	*175.41*
		2	Staff expenses		12.45	*20.77*
		3	Sales, administration and other expenses		9.40	*18.59*
		4	Interest expense		7.03	*5.36*
		5	Depreciation		14.25	*56.28*
		6	Provision for tax		5.75	*2.54*

35. Deferred payment liability of ₹ 4511.66 crore *(previous year: ₹ 1951.26 crore)* represents:

a) Negative grant/additional concession fee of ₹ 3312.90 crore *(previous year: ₹ 704.28 crore)* payable to National Highway Authority of India (NHAI), as per the concession agreement entered into with NHAI.

b) Commitment payable to National Housing Development Authority (NHDA) amounting to ₹ 6.67 crore *(previous year: ₹ nil)* as per the joint venture agreement entered into with NHDA.

c) Deferred conversion fee liability of ₹ 107.09 crore *(previous year: ₹ 161.98 crore)* towards conversion of land from Industrial to commercial use as per the approval from Chandigarh Housing Board (CHB)

Notes forming part of Consolidated Accounts (contd.)

d) Lease premium amounting to ₹ 1085.00 crore *(previous year: ₹ 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.

In respect of the total amount of ₹ 4511.66 crore, an amount of ₹ 93.91 crore (*previous year: ₹ 37.81 crore*) is payable within a period of one year.

36. One of the subsidiaries, which has been awarded a Build-Operate-Transfer (BOT) project for construction of a bypass toll road and a bridge over the River Noyyal in Coimbatore District of Tamil Nadu State, under the Concession Agreement dated October 3, 1997, had received a termination notice from the Ministry of Surface Transport, Government of India. The ground of termination was Government of India's subsequent intention to go for four-laning of the existing two lane road. The subsidiary has obtained injunction from Delhi High Court against the said notice of the Government and is accordingly continuing to collect the toll. The tolling rights of the subsidiary are protected under the aforesaid concession agreement. The subsidiary has also filed an application opting for arbitration as provided in the concession agreement for resolution of disputes.

37. (a) Miscellaneous expenses include provision of ₹ 1.50 crore (net) *(previous year: ₹ 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, 2010.

(b) The expenditure on research and development activities charged to Profit and Loss Account, as certified by the Management, is ₹ 72.81 crore (*previous year: ₹ 88.83 crore*). In additioin, the Company has carried out work of a developmental nature of ₹ 16.46 crore (*previous year: ₹ nil*) which is partially/fully paid for by the customers.

38. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2011.

39. 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 19, 2011

Y. M. DEOSTHALEE S. RAJGOPAL M. M. CHITALE
N. MOHAN RAJ BHAGYAM RAMANI A. K. JAIN

N. HARIHARAN
Company Secretary

Directors

Mumbai, May 19, 2011

Information regarding Subsidiary Companies
(for the financial year or as on, as the case may be)

₹ *crore*

Sr. no.	Particulars	L&T Infotech Financial Services Technologies Inc.	GDA Technologies Inc.	Larsen & Toubro Infotech Canada Limited	Larsen & Toubro Infotech, GmbH	Larsen & Toubro Infotech LLC	Pathways FZE	Larsen & Toubro Infotech Limited	GDA Technologies Limited	Larsen & Toubro ATCO Saudia LLC
	Financial year ending on	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-12-2010**	**31-3-2011**	**31-3-2011**	**31-12-2010**
	Currency	**Canadian Dollar**	**USD**	**Canadian Dollar**	**Euro**	**USD**	**UAE Dirham**			**Saudi Riyal**
	Exchange rate on the last day of financial year	**45.9900**	**44.5950**	**45.9900**	**63.3825**	**44.5950**	**12.1725**			**11.9200**
1	Share capital (including share application money pending allotment)	284.17	5.15	0.00	0.11	–	0.20	16.13	0.17	1.08
2	Reserves	8.70	(23.87)	2.92	9.77	3.27	(0.22)	1070.54	30.06	(7.61)
3	Liabilities	33.03	50.22	3.06	6.17	1.90	0.08	818.50	0.04	36.75
4	Total liabilities	325.91	31.50	5.99	16.06	5.17	0.06	1905.17	30.27	30.21
5	Total assets	325.91	31.50	5.99	16.06	5.17	0.06	1905.17	30.27	30.21
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	–	0.06	–	0.00	–	–	109.10	–	–
7	Turnover	47.83	30.27	14.61	56.26	42.24	–	2331.81	1.08	24.22
8	Profit before taxation	8.80	2.17	0.28	2.38	1.87	(0.11)	368.65	0.27	0.11
9	Provision for taxation	3.38	0.00	0.06	0.36	–	–	55.73	(0.99)	0.02
10	Profit after taxation	5.43	2.17	0.23	2.02	1.87	(0.11)	312.92	1.26	0.09
11	Interim dividend – Equity	–	–	–	–	–	–	151.58	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–	–

Sr. no.	Particulars	Larsen & Toubro (East Asia) SDN.BHD	Larsen & Toubro Electromech LLC	Offshore International FZC	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	L&T Modular Fabrication Yard LLC	L&T Overseas Projects Nigeria Limited	Bhilai Power Supply Company Limited	L&T-Sargent & Lundy Limited
	Financial year ending on	**31-12-2010**	**31-12-2010**	**31-12-2010**	**31-12-2010**	**31-12-2010**	**31-12-2010**	**31-3-2011**	**31-3-2011**
	Currency	**Malaysian Ringgit**	**Omani Rial**	**USD**	**Kuwaiti Dinar**	**Omani Rial**	**Nigerian Naira**		
	Exchange rate on the last day of financial year	**14.4975**	**116.0425**	**44.7050**	**158.8375**	**116.0425**	**0.3001**		
1	Share capital (including share application money pending allotment)	0.86	3.56	0.27	32.02	32.75	0.33	0.05	8.26
2	Reserves	0.09	75.37	2.35	(5.59)	28.64	(0.23)	–	39.89
3	Liabilities	1.71	179.70	31.89	16.95	137.06	0.02	8.81	27.33
4	Total liabilities	2.66	258.62	34.51	43.38	198.45	0.13	8.86	75.47
5	Total assets	2.66	258.62	34.51	43.38	198.45	0.13	8.86	75.47
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	–	–	–	–	–	–	–	43.84
7	Turnover	0.70	458.28	89.04	33.07	253.74	–	–	86.31
8	Profit before taxation	(0.69)	40.89	19.65	(3.13)	31.12	(0.00)	–	21.05
9	Provision for taxation	0.02	4.92	–	–	–	–	–	6.77
10	Profit after taxation	(0.71)	35.97	19.65	(3.13)	31.12	(0.00)	–	14.28
11	Interim dividend – Equity	–	7.12	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Information regarding Subsidiary Companies
(for the financial year or as on, as the case may be)

₹ crore

Sr. no.	Particulars	L&T-Valdel Engineering Limited	L&T-Gulf Private Limited	Raykal Aluminium Company Private Limited	Kesun Iron & Steel Company Private Limited	L&T Sapura Shipping Private Limited	L&T Sapura Offshore Private Limited	Larsen & Toubro Heavy Engineering LLC	Larsen & Toubro (Oman) LLC
	Financial year ending on	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-12-2010**	**31-12-2010**
	Currency							**Omani Rial**	**Omani Rial**
	Exchange rate on the last day of financial year							**116.0425**	**116.0425**
1	Share capital (including share application money pending allotment)	1.18	8.00	1.39	0.01	158.56	0.01	50.65	8.98
2	Reserves	35.80	(3.71)	(0.69)	(0.23)	22.38	1.34	(50.38)	377.27
3	Liabilities	18.60	3.57	0.23	0.23	577.06	122.60	196.18	825.10
4	Total liabilities	55.58	7.86	0.93	0.01	758.00	123.95	196.45	1211.35
5	Total assets	55.58	7.86	0.93	0.01	758.00	123.95	196.45	1211.35
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	8.11	–	–	–	–	–	–	–
7	Turnover	70.32	10.89	–	–	62.10	189.33	33.07	1662.62
8	Profit before taxation	7.18	0.30	(0.07)	(0.01)	22.39	2.09	(31.41)	125.12
9	Provision for taxation	1.33	(0.05)	–	–	0.02	0.75	–	15.03
10	Profit after taxation	5.86	0.34	(0.07)	(0.01)	22.38	1.34	(31.41)	110.09
11	Interim dividend – Equity	–	–	–	–	–	–	–	4.31
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	Larsen & Toubro Qatar LLC	Larsen & Toubro Readymix Concrete Industries LLC	Larsen & Toubro Saudi Arabia LLC	Spectrum Infotech Private Limited	L&T Shipbuilding Limited	HI Tech Rock Products & Aggregates Limited	L&T - MHI Boilers Private Limited	L&T- MHI Turbine Generators Private Limited
	Financial year ending on	**31-12-2010**	**31-12-2010**	**31-12-2010**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**
	Currency	**Qatari Rial**	**UAE Dirham**	**Saudi Riyal**					
	Exchange rate on the last day of financial year	**12.2950**	**12.1725**	**11.9200**					
1	Share capital (including share application money pending allotment)	0.24	1.27	4.64	0.44	623.13	0.05	220.10	250.10
2	Reserves	(29.08)	16.49	(24.20)	8.31	(3.21)	0.39	(104.54)	(95.60)
3	Liabilities	33.26	72.75	26.74	24.63	1277.80	3.22	2177.01	1984.08
4	Total liabilities	4.41	90.51	7.18	33.38	1897.72	3.66	2292.57	2138.58
5	Total assets	4.41	90.51	7.18	33.38	1897.72	3.66	2292.57	2138.58
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	0.13	–	–	–	–	–	329.83	31.22
7	Turnover	–	56.70	–	23.88	–	10.58	1008.52	1125.65
8	Profit before taxation	0.76	(2.31)	(2.09)	3.78	(0.10)	0.55	(52.35)	(28.52)
9	Provision for taxation	–	–	–	1.61	0.87	0.17	0.01	–
10	Profit after taxation	0.76	(2.31)	(2.09)	2.17	(0.97)	0.37	(52.36)	(28.52)
11	Interim dividend – Equity	–	1.24	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Information regarding Subsidiary Companies
(for the financial year or as on, as the case may be)

₹ *crore*

Sr. no.	Particulars	L&T Special Steels and Heavy Forgings Private Limited	L&T Power Ltd.	L&T Howden Private Limited	L&T Arun Excello IT SEZ Private Limited	L&T Arun Excello Commercial Projects Private Limited	L&T Bangalore Airport Hotel Limited	Chennai Vision Developers Private Limited	CSJ Infrastructure Private Limited
	Financial year ending on	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	300.00	153.49	10.00	18.37	0.96	72.00	0.01	45.89
2	Reserves	(7.15)	4.80	(3.62)	59.22	33.99	(0.31)	(0.01)	126.31
3	Liabilities	553.70	0.39	13.19	191.57	55.35	234.09	0.00	712.65
4	Total liabilities	846.55	158.68	19.57	269.16	90.30	305.78	0.00	884.85
5	Total assets	846.55	158.68	19.57	269.16	90.30	305.78	0.00	884.85
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	103.29	158.54	–	–	–	–	–	–
7	Turnover	–	–	–	0.63	–	–	–	–
8	Profit before taxation	(4.77)	6.47	(3.62)	(17.32)	(1.10)	(0.19)	(0.00)	(1.03)
9	Provision for taxation	–	0.39	–	4.26	0.43	(0.00)	–	0.02
10	Profit after taxation	(4.77)	6.08	(3.62)	(21.58)	(1.54)	(0.19)	(0.00)	(1.05)
11	Interim dividend – Equity	–	–	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	L&T Hitech City Limited	L&T Infocity Limited	L&T Realty Private Limited	L&T Realty FZE	L&T Seawoods Private Limited	L&T Siruseri Property Developers Limited	L&T South City Projects Limited	L&T Tech Park Limited
	Financial year ending on	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-12-2010**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**
	Currency				**UAE Dirham**				
	Exchange rate on the last day of financial year				**12.1725**				
1	Share capital (including share application money pending allotment)	20.00	27.00	47.16	9.66	881.06	0.05	56.48	31.63
2	Reserves	(9.69)	358.69	(3.24)	1.61	(4.34)	(0.01)	88.06	7.52
3	Liabilities	55.59	99.46	292.01	0.03	1116.35	0.00	191.74	77.35
4	Total liabilities	65.90	485.15	335.94	11.30	1993.06	0.04	336.28	116.49
5	Total assets	65.90	485.15	335.94	11.30	1993.06	0.04	336.28	116.49
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	–	2.84	–	–	–	–	–	–
7	Turnover	0.35	199.68	–	–	–	–	131.76	19.44
8	Profit before taxation	(6.63)	186.36	(0.23)	(0.01)	(0.82)	(0.00)	13.64	0.77
9	Provision for taxation	1.17	46.42	–	–	–	–	0.75	(4.36)
10	Profit after taxation	(7.80)	139.94	(0.23)	(0.01)	(0.82)	(0.00)	12.89	5.13
11	Interim dividend – Equity	–	–	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	0.00

Information regarding Subsidiary Companies
(for the financial year or as on, as the case may be)

₹ crore

Sr. no.	Particulars	L&T Urban Infrastructure Limited	L&T Vision Ventures Limited	Hyderabad International Trade Expositions Limited	L&T Ahmedabad - Maliya Tollway Limited	L&T Arunachal Hydropower Limited	L&T Chennai – Tada Tollway Limited	L&T Devihalli Hassan Tollway Limited	L&T Halol - Shamlaji Tollway Limited
	Financial year ending on	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	488.85	9.67	17.01	97.02	7.97	42.00	33.21	130.50
2	Reserves	56.15	(2.26)	(1.86)	(0.74)	(0.07)	(0.19)	(0.47)	(0.67)
3	Liabilities	320.09	1.16	33.07	547.65	2.41	235.68	0.14	731.49
4	Total liabilities	865.09	8.57	48.22	643.93	10.31	277.49	32.88	861.32
5	Total assets	865.09	8.57	48.22	643.93	10.31	277.49	32.88	861.32
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	29.14	–	–	–	–	–	–	–
7	Turnover	41.95	–	–	–	–	–	–	–
8	Profit before taxation	34.64	(1.90)	3.62	(0.08)	(0.06)	(0.03)	(0.47)	(0.24)
9	Provision for taxation	(0.05)	–	0.79	–	0.01	–	–	(0.00)
10	Profit after taxation	34.68	(1.90)	2.83	(0.08)	(0.07)	(0.03)	(0.47)	(0.24)
11	Interim dividend – Equity	–	–	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	0.04	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T Himachal Hydropower Limited	L&T Metro Rail (Hyderabad) Limited	L&T Infrastructure Development Projects Limited	L&T Infrastructure Development Projects Lanka (Private) Limited	L&T Interstate Road Corridor Limited	International Seaports (India) Private Limited	L&T Krishnagiri Thopur Toll Road Limited	L&T Krishnagiri Walajahpet Tollway Limited
	Financial year ending on	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**
	Currency				**Sri Lankan Rupee**				
	Exchange rate on the last day of financial year				**0.4118**				
1	Share capital (including share application money pending allotment)	39.05	344.00	249.30	61.31	57.16	2.50	78.75	90.00
2	Reserves	(0.35)	(1.40)	1369.49	(5.52)	12.88	(3.92)	(60.08)	0.26
3	Liabilities	93.26	13.20	534.25	29.56	447.43	1.44	774.49	36.28
4	Total liabilities	131.96	355.80	2153.04	85.35	517.46	0.02	793.16	126.53
5	Total assets	131.96	355.80	2153.04	85.35	517.46	0.02	793.16	126.53
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	–	–	367.52	–	–	–	–	–
7	Turnover	–	–	29.08	–	86.42	–	80.14	–
8	Profit before taxation	(0.34)	(2.03)	15.55	–	6.52	(0.02)	(24.52)	0.44
9	Provision for taxation	0.01	(0.63)	(0.23)	–	1.30	–	–	0.18
10	Profit after taxation	(0.35)	(1.40)	15.78	–	5.22	(0.02)	(24.52)	0.26
11	Interim dividend – Equity	–	–	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Information regarding Subsidiary Companies
(for the financial year or as on, as the case may be)

₹ *crore*

Sr. no.	Particulars	L&T Power Development Limited	L&T Transportation Infrastructure Limited	L&T Western Andhra Tollways Limited	L&T Western India Tollbridge Limited	Nabha Power Limited	Narmada Infrastructure Construction Enterprise Limited	L&T Panipat Elevated Corridor Limited	PNG Tollway Limited
	Financial year ending on	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	1330.00	41.40	56.50	13.95	960.00	47.35	84.30	84.55
2	Reserves	(1.01)	36.86	2.20	15.07	1.49	82.43	(121.92)	(0.88)
3	Liabilities	8.22	152.43	277.14	0.12	1176.24	7.10	703.14	372.56
4	Total liabilities	1337.21	230.69	335.84	29.14	2137.73	136.88	665.52	456.23
5	Total assets	1337.21	230.69	335.84	29.14	2137.73	136.88	665.52	456.23
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	21.05	–	–	–	2.72	–	–	–
7	Turnover	13.45	21.29	37.55	–	474.07	43.74	38.70	–
8	Profit before taxation	2.31	13.68	(20.20)	(0.12)	1.99	32.44	(46.13)	(0.05)
9	Provision for taxation	–	2.42	–	–	0.62	6.47	–	–
10	Profit after taxation	2.31	11.26	(20.20)	(0.12)	1.37	25.98	(46.13)	(0.05)
11	Interim dividend – Equity	–	–	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	L&T Rajkot - Vadinar Tollway Limited	L&T Samakhiali Gandhidham Tollway Private Limited	L&T Port Kachchigarh Limited	Sutrapada SEZ Developers Limited	Sutrapada Shipyard Limited	L&T Transco Private Limited	L&T Uttaranchal Hydropower Limited	L&T Vadodara Bharuch Tollway Limited
	Financial year ending on	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	90.02	80.54	4.16	0.05	0.05	0.01	131.05	43.50
2	Reserves	(0.58)	(5.23)	(4.18)	(0.02)	(0.02)	(16.50)	(0.56)	(151.36)
3	Liabilities	412.22	2645.07	0.03	0.01	0.01	161.14	79.00	1393.15
4	Total liabilities	501.65	2720.38	0.00	0.03	0.03	144.65	209.49	1285.29
5	Total assets	501.65	2720.38	0.00	0.03	0.03	144.65	209.49	1285.29
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	–	–	–	–	–	–	–	–
7	Turnover	–	35.26	–	–	–	–	–	189.65
8	Profit before taxation	(0.30)	(5.23)	(3.27)	(0.02)	(0.02)	(2.86)	0.14	(78.58)
9	Provision for taxation	–	–	–	–	–	0.00	0.05	–
10	Profit after taxation	(0.30)	(5.23)	(3.27)	(0.02)	(0.02)	(2.86)	0.09	(78.58)
11	Interim dividend – Equity	–	–	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Information regarding Subsidiary Companies
(for the financial year or as on, as the case may be)

₹ *crore*

Sr. no.	Particulars	L&T Asset Management Company Limited	L&T Finance Holdings Limited	L&T Infrastructure Finance Company Limited	India Infrastructure Developers Limited	L&T Investment Management Limited	L&T General Insurance Company Limited	Lotus Infrastructure Investments Limited	L&T Real Estate India Fund
	Financial year ending on	**31-12-2010**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-3-2011**	**31-12-2010**	**31-12-2010**
	Currency	**USD**						**USD**	**USD**
	Exchange rate on the last day of financial year	**44.7050**						**44.7050**	**44.7050**
1	Share capital (including share application money pending allotment)	0.00	1417.02	702.15	101.06	150.00	200.00	0.04	0.00
2	Reserves	(0.11)	364.62	586.24	(5.86)	(124.44)	(67.39)	(0.11)	(0.19)
3	Liabilities	0.12	357.40	6410.90	522.06	6.45	31.60	0.09	0.21
4	Total liabilities	0.01	2139.05	7699.30	617.26	32.01	164.21	0.01	0.02
5	Total assets	0.01	2139.05	7699.30	617.26	32.01	164.21	0.01	0.02
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	–	151.64	350.00	7.00	21.86	76.21	–	–
7	Turnover	–	5.69	702.19	0.44	7.56	0.77	–	–
8	Profit before taxation	(0.05)	0.22	293.98	1.77	(39.57)	(59.32)	(0.05)	(0.09)
9	Provision for taxation	–	0.08	93.15	0.66	0.00	–	–	–
10	Profit after taxation	(0.05)	0.14	200.83	1.11	(39.58)	(59.32)	(0.05)	(0.09)
11	Interim dividend – Equity	–	–	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	L&T Capital Company Limited	L&T Finance Limited	Mango Investments Limited	L&T Mutual Fund Trustee Limited	Peacock Investments Limited	L&T Trustee Company Private Limited	L&T Plastics Machinery Limited	L&T Electricals Saudi Arabia Company Limited, LLC
	Financial year ending on	**31-3-2011**	**31-3-2011**	**31-12-2010**	**31-3-2011**	**31-12-2010**	**31-3-2011**	**31-3-2011**	**31-12-2010**
	Currency			**USD**		**USD**			**Saudi Riyal**
	Exchange rate on the last day of financial year			**44.7050**		**44.7050**			**11.9200**
1	Share capital (including share application money pending allotment)	22.00	230.92	0.04	0.05	0.04	0.01	16.00	22.29
2	Reserves	17.84	1501.45	(0.11)	(0.01)	(0.11)	(0.00)	5.82	1.85
3	Liabilities	108.63	9552.46	0.09	0.04	0.09	0.00	47.89	36.54
4	Total liabilities	148.47	11284.83	0.01	0.08	0.01	0.01	69.71	60.67
5	Total assets	148.47	11284.83	0.01	0.08	0.01	0.01	69.71	60.67
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	135.89	201.91	–	0.01	–	–	–	–
7	Turnover	12.87	1376.34	–	0.05	–	–	192.36	29.69
8	Profit before taxation	26.14	349.85	(0.05)	(0.04)	(0.05)	(0.00)	20.96	0.18
9	Provision for taxation	5.10	119.41	–	–	–	–	2.56	–
10	Profit after taxation	21.04	230.44	(0.05)	(0.04)	(0.05)	(0.00)	18.40	0.18
11	Interim dividend – Equity	15.84	–	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	10.40	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Information regarding Subsidiary Companies
(for the financial year or as on, as the case may be)

₹ *crore*

Sr. no.	Particulars	L&T Electrical & Automation FZE	Ewac Alloys Limited	Larsen & Toubro (Jiangsu) Valve Company Limited	L&T Kobelco Machinery Private Limited	Larsen & Toubro LLC	Larsen &Toubro (Qingdao) Rubber Machinery Company Limited	Qingdao Larsen & Toubro Trading Company Limited	Tamco Electrical Industries Australia Pty Ltd.
	Financial year ending on	**31-12-2010**	**31-3-2011**	**31-12-2010**	**31-3-2011**	**31-12-2010**	**31-12-2010**	**31-12-2010**	**31-12-2010**
	Currency	**UAE Dirham**		**Chinese Yuan Renminbi**		**USD**	**Chinese Yuan Renminbi**	**Chinese Yuan Renminbi**	**Australian Dollar**
	Exchange rate on the last day of financial year	**12.1725**		**6.9101**		**44.7050**	**6.9101**	**6.9101**	**45.5200**
1	Share capital (including share application money pending allotment)	1.09	8.29	36.91	30.00	0.24	26.84	0.54	45.20
2	Reserves	38.72	40.39	(11.37)	(0.45)	0.74	6.75	0.23	(37.19)
3	Liabilities	71.49	50.96	27.04	0.38	8.64	84.86	1.11	23.95
4	Total liabilities	111.29	99.63	52.58	29.93	9.62	118.45	1.88	31.96
5	Total assets	111.29	99.63	52.58	29.93	9.62	118.45	1.88	31.96
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	–	6.81	–	1.00	–	–	–	–
7	Turnover	115.84	60.80	32.51	–	33.85	70.22	0.93	80.18
8	Profit before taxation	18.34	13.18	(5.63)	(0.25)	(0.47)	0.61	0.11	9.40
9	Provision for taxation	–	4.20	–	0.16	0.08	0.08	0.03	–
10	Profit after taxation	18.34	8.98	(5.63)	(0.41)	(0.55)	0.53	0.09	9.40
11	Interim dividend – Equity	–	–	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	PT Tamco Indonesia	Tamco Switchgear (Malaysia) SDN BHD	Tractor Engineers Limited	Larsen & Toubro (Wuxi) Electric Company Limited	L&T Aviation Services Private Limited	Larsen & Toubro International FZE	L&T Technologies Limited	L&T Natural Resources Limited
	Financial year ending on	**31-12-2010**	**31-12-2010**	**31-3-2011**	**31-12-2010**	**31-3-2011**	**31-12-2010**	**31-3-2011**	**31-3-2011**
	Currency	**Indonesian Rupiah**	**Malaysian Ringgit**		**Chinese Yuan Renminbi**		**USD**		
	Exchange rate on the last day of financial year	**0.0050**	**14.4975**		**6.9101**		**44.7050**		
1	Share capital (including share application money pending allotment)	12.93	119.18	6.80	24.61	30.30	1147.40	0.05	0.05
2	Reserves	(39.71)	163.25	28.59	6.31	(1.71)	(295.68)	(0.00)	(6.26)
3	Liabilities	38.94	205.09	89.84	19.94	38.02	37.27	0.00	6.35
4	Total liabilities	12.17	487.51	125.23	50.86	66.61	888.98	0.05	0.14
5	Total assets	12.17	487.51	125.23	50.86	66.61	888.98	0.05	0.14
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	–	0.01	0.01	–	–	3.37	–	–
7	Turnover	23.48	530.81	170.91	39.36	3.16	6.96	–	–
8	Profit before taxation	(1.38)	81.61	10.38	2.49	(1.66)	26.33	(0.00)	(0.94)
9	Provision for taxation	–	10.23	1.62	0.31	–	–	–	–
10	Profit after taxation	(1.38)	71.37	8.76	2.17	(1.66)	26.33	(0.00)	(0.94)
11	Interim dividend – Equity	–	18.43	–	–	–	–	–	–
12	Interim dividend – Preference	–	–	–	–	–	–	–	–
13	Proposed dividend – Equity	–	–	–	–	–	–	–	–
14	Proposed dividend – Preference	–	–	–	–	–	–	–	–

Information regarding Subsidiary Companies
(for the financial year or as on, as the case may be)

₹ *crores*

Sr. no.	Particulars	L&T Electricals and Automation Limited	L&T Powergen Limited	L&T Solar Limited
	Financial year ending on	31-3-2011	31-3-2011	31-3-2011
	Currency			
	Exchange rate on the last day of financial year			
1	Share capital (including share application money pending allotment)	0.05	0.05	0.05
2	Reserves	(0.01)	(0.00)	(0.00)
3	Liabilities	0.01	0.00	0.00
4	Total liabilities	0.05	0.05	0.05
5	Total assets	0.05	0.05	0.05
6	Investments [excluding subsidiary companies] (details on pages 249 to 256)	–	–	–
7	Turnover	–	–	–
8	Profit before taxation	(0.00)	(0.00)	(0.00)
9	Provision for taxation	–	–	–
10	Profit after taxation	(0.00)	(0.00)	(0.00)
11	Interim dividend – Equity	–	–	–
12	Interim dividend – Preference	–	–	–
13	Proposed dividend – Equity	–	–	–
14	Proposed dividend – Preference	–	–	–

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-3-2011/31-12-2010

Name of the Company	No of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Finance Limited				
Long term investment (at cost):				
Government securities:				
12% National saving certificates 2002 (₹ 4000)	40	100	0.00	Unquoted
Debentures:				
Infrastructure Development Finance Limited				
IDFC Ltd (M+170bps) 16 May 2012	700	1000000	70.87	Quoted
IDFC Ltd (M+183bps) 04 Dec 2012	250	1000000	25.94	Quoted
IDFC Ltd (M+150bps) 16 May 2017	400	1000000	46.84	Quoted
Mahindra & Mahindra Financial Services Limited				
M & M Fin Ser (M+260) 16 Jan 2012	250	1000000	25.39	Quoted
Fully paid equity shares:				
Invent Assets Securitisation & Reconstruction Private Ltd.	3,780,000	10	8.51	Unquoted
Alpha Micro Finance Consultants Private Limited	2,00,000	10	0.20	Unquoted
Share application money pending allotment:				
Invent Assets Securitisation & Reconstruction Private Limited			7.47	Unquoted
Security receipts:				
Invent Assets Securitisation & Reconstruction Private Limited			16.65	Unquoted
Current investments (at cost):				
Other company:				
Fully paid equity shares:				
Metropoli Overseas Ltd.	99,400	10	0.15	Unquoted
Anil Chemicals and Industries Ltd.	40,000	10	0.08	Unquoted
Elque Polyesters Ltd.	194,300	10	0.19	Unquoted
Monnet Industries Ltd.	18,800	10	0.08	Unquoted
Intergrated Digital Info Services Ltd.	383,334	10	0.12	Quoted
Others:				
LTF Securitisation Trust 2002 (₹1000)	100	10	0.00	Unquoted
SUB –TOTAL			**202.46**	
Less: Provision for diminution in value			(0.56)	
TOTAL			**201.91**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-3-2011/31-12-2010 (contd.)

Name of the Company	No of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
Larsen & Toubro Infotech Limited				
Current investments (at cost):				
Mutual funds:				
Liquid funds:				
HDFC Liquid Fund-Premium Plan–Growth	1,017,926	10	2.00	Unquoted
L&T Liq Sup Inst. Plan–Cumulative	6,507,684	10	8.75	Unquoted
TATA Liquid Super High Inv.Fund–Appreciation	11,053	1000	2.00	Unquoted
Income Fund:				
HDFC Income Fund–Growth	2,284,198	10	5.00	Unquoted
Short Term Plans:				
BNP Paribas Overnight Fund IP Gr	1,992,204	10	3.00	Unquoted
Flexi Debt Plans:				
Kotak Credit Opp. Fund–Growth	2,000,000	10	2.00	Unquoted
Templeton India Income Opportunities Fund–Growth	1,926,931	10	2.00	Unquoted
Monthly Income Plans:				
Birla Sun Life MIP II–Savings 5 Plan–Growth	183,220	10	0.30	Unquoted
HDFC MF Monthly Income Plan–Long Term–Growth	308,653	10	0.65	Unquoted
L&T Monthly Income Plan–Gr	130,373	10	0.25	Unquoted
Reliance MIP–Growth	196,342	10	0.40	Unquoted
Fixed Maturity Plans:				
DSP BlackRock FMP 13M Series 2–Growth	2,000,000	10	2.15	Unquoted
DSP Black Rock FMP 12M Ser 12	2,000,000	10	2.02	Unquoted
HDFC FMP 18M October 2009–Growth–Series XI	2,000,000	10	2.22	Unquoted
HDFC FMP 20M Sep 2009–Growth–Series XI	2,000,000	10	2.23	Unquoted
HDFC FMP 370 D–June 2010 (2)–Growth Option	2,000,288	10	2.00	Unquoted
HDFC FMP 370 D July 2010 (1)–Growth Option	3,000,000	10	3.00	Unquoted
HDFC FMP 370 D November 2010 (1)–Growth Option	2,000,000	10	2.04	Unquoted
HDFC Gild Fund to FMP 100 D	5,000,000	10	5.00	Unquoted
ICICI Prudential Interval Fund–Annual Interval Plan I–Institutional Growth	999,600	10	1.00	Unquoted
ICICI Prudential FMP Series 52–1 Year Plan C Cumulative	1,000,000	10	1.03	Unquoted
ICICI Prudential FMP Ser 53–I yr	2,000,000	10	2.03	Unquoted
ICICI Prudential Fixed Maturity Plan–Series 53–1	2,000,000	10	2.03	Unquoted
ICICI Prudential FMP Ser 55–I yr	2,000,000	10	2.00	Unquoted
IDFC Fixed Maturity yearly series –32 Gr	2,000,000	10	2.00	Unquoted
IDFC Fixed Maturity 36 Mths Ser II	2,000,000	10	2.00	Unquoted
IDFC Fixed Maturity Ser 35	2,000,000	10	2.00	Unquoted
Kotak FMP 13M Series 6–Growth	2,000,000	10	2.00	Unquoted
Kotak FMP 370Days Series 5–Growth	3,000,000	10	3.00	Unquoted
L&T Fixed Maturity Plan Series–12–Plan–15 M–March 10–I–Growth	2,000,000	10	2.14	Unquoted
L&T FMP I (September 24M–A)–Growth Option	2,000,000	10	2.04	Unquoted
L&T FMP II (November 12 M A)–Growth	2,000,000	10	2.04	Unquoted
L&T FMP II (January 90D A)	3,000,000	10	3.00	Unquoted
L&T FMP II (Dec 370 Days)	2,000,000	10	2.04	Unquoted
Religare Fixed Maturity Plan–Series–II Plan B (15 Months)	2,000,000	10	2.15	Unquoted
Religare Fixed Maturity Plan –Series III–Plan A–(12 Months)–Growth Option	2,000,000	10	2.00	Unquoted
Religare FMP Series IV PlanE	2,000,000	10	2.04	Unquoted
Religare FMP Ser V 368 D	2,000,000	10	2.00	Unquoted
Reliance Fixed Horizon Fund–XV–Series 4–Growth Plan	2,000,244	10	2.00	Unquoted
Reliance Fixed Horizon Fund XV Series 6–IP–Growth Option	2,000,271	10	2.00	Unquoted
Reliance Fixed Horizon Fund XV Series 7–Growth	1,000,000	10	1.04	Unquoted
Tata Fixed Maturity Plan Series 25 Scheme A–Super High Invest Plan–Growth	2,000,000	10	2.24	Unquoted
Tata Fixed Maturity Plan Series 27 Scheme A–Growth	1,000,000	10	1.03	Unquoted
Templeton FTFTF Series XII–Plan B (3 Yrs.)–Growth	2,000,000	10	2.00	Unquoted
UTI Fixed Term Income Fund Series VII–III (367 Days)–Growth Plan	2,000,000	10	2.00	Unquoted
UTI Fixed Term Income Fund Series VIII–I (367 Days)–Growth Plan	2,000,000	10	2.00	Unquoted
UTI Fixed Term Income Fund Series VIII–II (367 days)–Growth Plan	2,000,000	10	2.00	Unquoted
UTI FTIF–Series VIII–IV–(369 Days)–IP Growth	3,000,454	10	3.13	Unquoted
UTI Fixed Term Income Fund Series VIII–V (366 days)–Growth Option	2,000,296	10	2.08	Unquoted
BNP Paribas Fixed Term Fund	2,000,000	10	2.03	Unquoted
SUB –TOTAL			**109.11**	
Less: Provision for diminution in value			(0.00)	
TOTAL			**109.10**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-3-2011/31-12-2010 (contd.)

Name of the Company	No of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
Larsen & Toubro International FZE (as at 31-12-2010)				
Long term investment (at cost):				
Associate company:				
Fully paid equity shares:				
L&T–Camp Facilities LLC		Aggregating to US Dollar 667164	2.98	Unquoted
Jointly controlled entity:				
Fully paid equity shares:				
IndIran Engg & Project Services Krish LLC	875	Irani Riyal 1000000 each	0.39	Unquoted
TOTAL			**3.37**	
L&T–Sargent & Lundy Limited				
Long term investment (at cost):				
Mutual fund:				
Birla Sun Life Fixed Term Plan CW	3,000,000	10	3.00	Unquoted
HDFC FMP 370 Days	2,000,000	10	2.00	Unquoted
IDFC FMP Yearly series 42	3,001,064	10	3.00	Unquoted
Kotak FMP 370 Days – Series 8	2,000,000	10	2.00	Unquoted
Current investments (at cost):				
Mutual fund:				
UTI Short term Income Fund	1,983,104	10	2.00	Unquoted
Birla Sun Life Qtly Interval Fund	3,538,692	10	3.54	Unquoted
Reliance Monthly Interval Fund	3,499,405	10	3.50	Unquoted
Reliance Qtly Interval Fund	999,570	10	1.00	Unquoted
HDFC Short Term Opportunity Fund	4,991,367	10	4.99	Unquoted
HDFC Qtly Interval Fund	4,997,351	10	5.00	Unquoted
IDFC FMP 6M	5,777,480	10	5.78	Unquoted
IDFC Money Manger – Investment Plan	2,012,201	10	2.03	Unquoted
L&T FMP – II (January 90 Day)	2,002,886	10	2.00	Unquoted
L&T FMP – III (February 90 Day)	3,000,000	10	3.00	Unquoted
DWS Money Plus Fund	937,146	10	1.00	Unquoted
TOTAL			**43.84**	
L&T Infrastructure Development Projects Limited				
Long term investment (at cost):				
Associate companies:				
Fully paid equity shares:				
International Seaports Haldia (Private) Limited	9,830,000	10	9.83	Unquoted
Jointly controlled entity:				
Fully paid equity shares:				
The Dhamra Port Company Limited	323,999,960	10	324.00	Unquoted
Other companies:				
Fully paid equity shares:				
SICAL Iron Ore Terminals Limited	17,050,000	10	14.30	Unquoted
Ennore Tank Terminals Private Limited	6,787,500	10	6.79	Unquoted
Narmada Infrastructure Construction Enterprise Limited	6,701,500	10	12.10	Unquoted
Second Vivekananda Bridge Tollway Company Private Limited (₹ 10,000)	1,000	10	0.00	Unquoted
Current investments (at cost):				
Bonds:				
6.25% Rural Electrification Corporation Ltd NCRT Bonds–Series VIII	500	10000	0.50	Unquoted
TOTAL			**367.52**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-3-2011/31-12-2010 (contd.)

Name of the Company	No of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Capital Company Limited				
Long term investment (at cost):				
Associate companies:				
Fully paid equity shares:				
Salzer Electronics Limited	26,79,808	10	16.33	Quoted
TNJ Moduletech Private Limited	8,64,000	10	0.00	Unquoted
Feedback Ventures Private Limited	37,90,000	100	37.90	Unquoted
JSK Electricals Private Limited	21,20,040	10	2.12	Unquoted
Asia Alloys Precicasters Private Limited	13,78,000	10	1.38	Unquoted
Rishi Consfab Private Limited	27,04,000	10	2.70	Unquoted
Magtorq Private Limited	9,000	100	4.42	Unquoted
Other companies:				
Fully paid equity shares:				
BSCPL Infrastructure Limited (formerly B.Seenaiah & Company (Projects) Limited)	611,616	10	35.05	Unquoted
Astra Microwave Products Limited	7,950,045	2	23.00	Quoted
Areva T & D India Limited	478,534	2	12.82	Quoted
Windsor Machines Limited	24,634	10	0.17	Quoted
TOTAL			**135.89**	
Larsen & Toubro Infotech,GmbH				
Current investments (at cost):				
Other company:				
Fully paid equity shares:				
Pan Health,USA	1,00,000	USD 1	0.00	Unquoted
TOTAL			**0.00**	
Larsen & Toubro Qatar LLC (as at 31-12-2010)				
Long term investment (at cost):				
Jointly controlled entity:				
Fully paid equity shares:				
Larsen & Toubro Qatar & HBK Contracting Co WLL–JV	100	QTR 100000	0.13	Unquoted
TOTAL			**0.13**	
L&T Urban Infrastructure Limited				
Long term investment (at cost):				
Associate companies:				
Fully paid equity shares:				
L&T Arun Excello Realty Private Limited	316,800	10	29.14	Unquoted
TOTAL			**29.14**	
L&T Infrastructure Finance Company Limited				
Long term investment (at cost):				
Other company:				
Fully paid equity shares:				
BSCPL Infrastructure Ltd	436,300	10	25.00	Unquoted
Tikona Digital Networks Pvt. Ltd	100	10	0.03	Unquoted
Bhoruka Power Corporation Ltd.	587,850	10	50.00	Unquoted
Compulsory Convertible Debentures:				
Tikona Digital Networks Pvt. Ltd	175,956	2840	49.97	Unquoted
Cumulative Redeemable Preference Shares				
Anrak Aluminium Limited	125,000,000	10	125.00	Unquoted
KSK Energy Ventures Limited	100,000,000	10	100.00	Unquoted
TOTAL			**350.00**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-3-2011/31-12-2010 (contd.)

Name of the Company	No of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Power Ltd. (formerly known as L&T Power Projects Limited)				
Current investments (at cost):				
Mutual fund:				
L&T – Fixed Maturity Plan	10,000,000	10	10.00	Quoted
L&T Liquid Fund – Institutional Plan Plus – Daily Dividend Reinvestment	146,830,399	10	148.54	Quoted
TOTAL			**158.54**	
L&T – MHI Boilers Private Limited				
Current investments (at cost):				
Mutual fund:				
Short term debt plan:				
HDFC Quarterly Interval Fund Plan B Wholesale Growth	39,665,669	10	40.29	Unquoted
HDFC Quaterly Interval Fund Plan C Wholesale Growth	24,120,564	10	25.00	Unquoted
Birla Sun Life Short Term FMP Series 4 Growth	3,500,000	10	3.50	Unquoted
ICICI Prudential Liquid Super Institutional Plan Growth	1,018,143	10	14.74	Unquoted
ICICI Prudential M F Blended Plan–Plan B	28,667,828	10	30.00	Unquoted
ICICI Prudential Interval Fund Quarterly Interval Plan I Institutional Growth	14,706,733	10	15.25	Unquoted
Reliance Liquidity Fund Growth Plan	1,885,476	10	2.77	Unquoted
Reliance Quaterly Interval Fund Series III Institutional Growth Plan	19,689,690	10	25.00	Unquoted
Reliance Interval Fund Quarterly Plan Series I Institutional Growth Plan	19,420,304	10	20.00	Unquoted
Reliance Fixed Horizon Fund XVII Series 2 Growth Plan	15,000,000	10	15.00	Unquoted
DSP Black Rock Money FMP 3M Series 28 Growth	15,291,150	10	15.29	Unquoted
DSP Black Rock Money FMP 3M Series 29 Growth	30,000,000	10	30.00	Unquoted
UTI Fixed Income Interval Fund Monthly Interval Plan II Institutional Growth Plan	14,730,691	10	15.04	Unquoted
SBI Magum Insta Cash Fund Cash Option	0	10	0.00	Unquoted
SBI Debt Fund Series 90 Days 38 Growth	10,189,989	10	10.19	Unquoted
L&T Liquid Super Institutional Plan	31,045,990	10	41.70	Unquoted
L&T FMP II (February 91 D A) Growth	26,053,020	10	26.05	Unquoted
TOTAL			**329.83**	
L&T–Valdel Engineering Limited				
Current investments (at cost):				
Mutual fund:				
DSP Black Rock FMP – 3M Series 31 – Divident Payout Maturity	2,000,000	10	2.00	Unquoted
HDFC High Interest Fund – Short Term Plan – Growth	776,253	10	1.50	Quoted
L&T FMP – III (March 90 D A) – Dividend (Payout)	4,611,359	10	4.61	Unquoted
TOTAL			**8.11**	
GDA Technologies Inc.				
Current Investment:				
Other companies:				
Fully paid equity shares:				
Arkadoc Group, Inc	150,000	USD 1	0.07	Quoted
Citrix System, Inc.	114	USD 1	0.02	Quoted
SUB –TOTAL			**0.09**	
Less: Provision for diminution in value			(0.03)	
TOTAL			**0.06**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-3-2011/31-12-2010 (contd.)

Name of the Company	No of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Power Development Limited				
Long term investment (at cost):				
Other companies:				
Fully paid equity shares:				
Konaseema Gas Power Limited	21,000,000	10	21.05	Unquoted
TOTAL			**21.05**	
L&T– MHI Turbine Generators Private Limited				
Current investments (at cost):				
Mutual fund:				
Short term debt plan:				
L&T FMP – II (November 91 DA) – Growth	31,215,924	10	31.22	Unquoted
TOTAL			**31.22**	
L&T Finance Holdings Limited (formerly known as L&T Capital Holdings Limited)				
Long term investment (at cost):				
Associate company:				
Fully paid equity shares:				
NAC Infrastructure Equipment Limited	4,500,000	10	4.50	Unquoted
Other companies:				
Fully paid equity shares:				
Federal Bank Limited	7,995,619	10	123.76	Quoted
City Union Bank Limited	19,195,012	1	27.88	Quoted
SUB –TOTAL			**156.14**	
Less: Provision for diminution in value			(4.50)	
TOTAL			**151.64**	
L&T Investment Management Limited				
Current investments (at cost):				
Mutual fund:				
L&T Liquid Sup Inst. Plan – Cum.	9,826,123	10	13.10	Unquoted
L&T Select Income Fund– Flexi Debt Institutional Growth	478,638	10	0.51	Quoted
L&T Fixed Maturity Plan Series 12– Plan 15M March–10 II–Growth	200,000	10	0.20	Unquoted
L&T Fixed Maturity Plan –II (November 12 M A Growth)	2,000,000	10	2.00	Unquoted
L&T Fixed Maturity Plan – III (February 90 D A) – Growth	3,059,460	10	3.06	Unquoted
L&T Fixed Maturity Plan – III (January 90 D A) – Growth	3,000,000	10	3.00	Unquoted
TOTAL			**21.86**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-3-2011/31-12-2010 (contd.)

Name of the Company	No of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Mutual Fund Trustee Limited				
Current investments (at cost):				
Mutual fund:				
L&T Liquid Fund– Regular Cum	6,386	10	0.01	Unquoted
TOTAL			**0.01**	
Nabha Power Limited				
Current investments (at cost):				
Mutual fund:				
L&T Liquid Inst Daily Dividend Reinvestment Plan	1,821,716	10	1.84	Unquoted
ICICI Prudential Flexible Income Plan Premium – Daily Div.	82,491	106	0.87	Unquoted
TOTAL			**2.72**	
L&T Special Steels and Heavy Forgings Private Limited				
Current investments (at cost):				
Mutual fund:				
ICICI Prudential Liquid Inst. Plan	3,007,445	100	30.08	Unquoted
IDFC Cash Fund Super Inst. Plan C DDR	10,053,915	10	10.06	Unquoted
Birla Sun Life Cash Manager DDR	19,965,052	10	20.00	Unquoted
Kotak Mahindra Liquid Inst. Plan DDR	8,210,715	10	10.04	Unquoted
Reliance Liquid Fund Cash Plan DDR	29,714,529	10	33.11	Unquoted
TOTAL			**103.29**	
Ewac Alloys Limited				
Current investments (at cost):				
Mutual fund:				
HDFC Cash Management Fund–Treasury Advantage Plan–Wholesale–Daily Dividend;Option:Reinvest	6,790,626	10	6.81	Unquoted
TOTAL			**6.81**	
L&T Kobelco Machinery Private Limited				
Current investments (at cost):				
Mutual fund:				
L&T Mutual Fund – Freedom Income STP Inst.– Cum Org	633,846	10	1.00	Unquoted
TOTAL			**1.00**	
India Infrastructure Developers Limited				
Current investments (at cost):				
Mutual fund:				
L&T Monthly Income Plan – cumulative	3,599,064	19	7.00	Quoted
TOTAL			**7.00**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-3-2011/31-12-2010 (contd.)

Name of the Company	No of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T General Insurance Company Limited				
Long term investment (at cost):				
Government securities:				
8.20% Government Stock 2022	2,000,000	100	20.36	Unquoted
8.26% Government Stock 2027	500,000	100	4.94	Unquoted
7.80% Government Stock 2020	1,500,000	100	15.22	Unquoted
Bonds:				
HDFC 8.79% Housing Bonds	400,000	100	3.97	Quoted
8.84% Powergrid Bonds	700,000	100	7.01	Quoted
NTPC Bonds	100,000	100	1.00	Quoted
Current investments (at cost):				
Government Securities (Short Term)				
7 Day Treasury Bill	1,400,000	100	13.99	Unquoted
Mutual Funds:				
L & T Freedom Income STP	1,582,158	10	2.50	Unquoted
JM Financial Money Fund Manager–Growth	368,154	10	0.51	Unquoted
Birla Sun Life Ultra Short Term Fund	2,461,652	10	2.88	Quoted
Kotak Floater–ST–Growth	2,228,912	10	3.58	Unquoted
Kotak Floater–Long Term Growth	154,229	10	0.24	Unquoted
TOTAL			**76.21**	
Tamco Switchgear (Malaysia) Sdn Bhd (as at 31-12-2010)				
Long term investment (at cost):				
Other companies:				
Fully paid equity shares:				
PT TAMCO Indonesia	2,500	Indonesian Rupiah 2010	0.01	Unquoted
TOTAL			**0.01**	
Tractor Engineers Limited				
Long term investment (at cost):				
Other companies:				
Fully paid equity shares:				
Larsen and Toubro Saudi Arabia LLC	200	1000 SAR	0.002	Unquoted
Larsen & Toubro LLC	2500	1 USD	0.01	Unquoted
TOTAL			**0.01**	
L&T Infocity Limited				
Long term investment (at cost):				
Associate company:				
Fully paid equity shares:				
Vizag IT Park Limited	2,340,000	10	2.34	Unquoted
Current investment:				
National Highways Authority of India Bonds – Series XI	500	10000	0.50	Unquoted
TOTAL			**2.84**	

LARSEN & TOUBRO

LARSEN & TOUBRO LIMITED

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

ANNUAL GENERAL MEETING - AUGUST 26, 2011 AT 3.00 P.M.

ATTENDANCE SLIP

D.P. Id	
Client Id/ Folio No.	
No. of Shares	

NAME AND ADDRESS OF THE REGISTERED SHAREHOLDER

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020 on **Friday, August 26, 2011**.

____
SIGNATURE

Note : Please complete this and hand it over at the entrance of the hall.

LARSEN & TOUBRO

LARSEN & TOUBRO LIMITED

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

ANNUAL GENERAL MEETING - AUGUST 26, 2011 AT 3.00 P.M.

FORM OF PROXY

I/We ____

of ______________________________ in the district of ______________________________

being a member / members of **LARSEN & TOUBRO LIMITED**, hereby appoint ______________________________

of ______________________________ in the district of ______________________________ or failing him

____________________ of ____________________ in the district of ______________________________

as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on **Friday, August 26, 2011** and at any adjournment thereof.

Signed this ________ day of ____________________2011.

Signature .... | Affix a 15 paise Revenue Stamp | ....

D.P. Id	
Client Id/ Folio No.	
No. of Shares	

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.

www.Larsentoubro.com

CSR - Three letters speak volumes

The principle of sustainability is changing the way we look at the world, at the people we share our planet with and, indeed, at ourselves.

We now realize that even abundance is finite; that the real cost of consumption is higher, much higher, than the price one pays; that the earth gives no 'overdrafts' – if we exhaust a resource, our children must go without it.

We now know that when we talk of the communities around us, the conjunction to use is not 'either or' but 'and'. Because if it is not together, it is not at all. And finally, that happiness grows when it is shared.

At Larsen & Toubro, we have made these principles the cornerstones of our business vision.

LARSEN & TOUBRO

It's all about Imagineering

Advertising affirms L&T's commitment to corporate sustainability

As a part of our green initiative, the pages of this Annual Report have been printed on paper manufactured from recycled paper fibre. No trees were cut to make this paper.

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