LARSEN & TOUBRO LIMITED

Building the future

67th Annual Report

2011-2012

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

A. M. Naik
Chairman & Managing Director

Dear Shareholders

A multiplicity of business, economic and political factors made the year gone by among the most challenging in recent times. The global economy is seeking to recover from uncertainties centred on the European Union. Domestically, a deterioration in macroeconomic indicators and a marked deceleration in the investment momentum aggravated bearish sentiments in the capital markets. Infrastructure sectors have been hampered by resource constraints and other issues. Investment decisions, as a result, have seen prolonged deferment, with only a few projects being awarded.

It is heartening, however, that the intrinsic strengths and embedded characteristics of the Indian economy still remain positive. GDP growth, at 6.5%, though sharply down from the levels that prevailed a couple of years back, still has the potential to revive.

Performance Overview

Against this backdrop, your Company has successfully steered a steady course and consolidated its position as India's leading E&C player. Fresh Order Inflows at ₹ 70,574 Cr enabled the year-end unexecuted Order Book position to increase by 11% to ₹ 145,723 Cr, an all-time high for the Company. The slowdown in orders from the domestic market was partially compensated by growth in international orders, mainly from the Middle East region. International orders accounted for 18% of the full year's Order Inflow. L&T ensured on-track execution of projects that have been committed for delivery. This is reflected in the robust revenue of ₹ 53,171 Cr, an increase of 21% over FY11. Profit after tax, excluding exceptional and extraordinary items at ₹ 4,413 Cr, translates to an increase of 20% over the previous year.

At the group level, your Company recorded net revenues of ₹ 64,313 Cr, an increase of 24% over FY11. Consolidated

PAT, excluding exceptional and extraordinary items rose by 10% to ₹ 4,649 Cr during FY12.

It gives me pleasure to announce that your Company has recommended a dividend of ₹ 16.50 per equity share on a face value of ₹ 2 per share for the year. The corresponding dividend during the previous fiscal stood at ₹ 14.50 per equity share.

Internationalisation

Your Company is augmenting its presence in existing international markets such as Middle East and South East Asia Regions and expanding its footprints in new geographies like Australia, CIS and select African countries. New offices have been set up at key locations such as Perth and Istanbul. A multi-cultural leadership team is being built through induction of expatriates with local knowledge, customer intimacy and domain expertise.

Capacity Augmentation

Over the last few years, your Company has built manufacturing capacities in areas of strategic significance and in low cost regions. Production at the state of the art manufacturing facilities for supercritical boilers and turbines, which were commissioned over a year ago, has been streamlined - thus enhancing productivity. This has been achieved through increased indigenisation of manufacturing processes. Facilities for manufacture of critical piping and Electrostatic Precipitators have recently been commissioned. A new switchgear manufacturing unit has been set up in Vadodara which is expected to lower cost of production. Greenfield and brownfield expansion of the manufacturing units for Low and Medium voltage electrical control panel are nearing completion in Ahmednagar (Maharashtra) and Coimbatore (Tamil Nadu). A shipyard capable of manufacturing a variety of specialised defence and commercial vessels is under commissioning. While some of the investments are capital intensive, the Company sees long term prospects for sustainable growth in these areas.

Talent Management

People are critical to L&T's growth and enduring success. Your Company has institutionalized a 5 Step Leadership Development initiative in association with a global consultancy firm to ensure a robust leadership pipeline. An expanded Leadership Development Academy forms a pivotal resource for this program. To address the needs of capability building at multiple levels, your Company also runs a world class L&T Institute of Project Management accredited by PMI of USA, and supports multiple CSTI (Construction Skill Training Institutes) across the country.

Sustainable Development

Sustainability remains high on your Company's agenda going forward. The Company is working actively on the 'green' front, with considerable headway in energy conservation, renewable energy usage, water conservation and waste management. On the social development front, our thrust areas are mother & child health, education and skill building. In the last two years, your Company's sustainability reporting secured various national and international accolades, recognizing its significant efforts in this area.

Succession

To address demands of the changing business environment and future growth prospects, the Board of your Company decided to further strengthen the top leadership of the Company by elevating Mr K. Venkataramanan as CEO and Managing Director with effect from April 1, 2012. This will enable the Executive Chairman to focus on value creation through portfolio restructuring, institutionalising the Independent Company structure, mentoring the leadership team to face global challenges and implementing the strategic plans as laid out in 'Lakshya 2016'. A younger generation of Directors have been brought on the Board to ensure long term sustainable leadership.

Outlook

Despite the challenging macro environment, your Company's range of offerings straddling multiple areas in the infrastructure and energy sectors allows sighting of opportunities which could fructify into project awards. Some segments within these sectors holding out promise of growth in FY13 are:

1 Infrastructure

a Roads – the program of road building continues and in FY13, NHAI is likely to bid over 8,000 km of road contracts, some through construction awards and the majority through BOT concessions.

b Metro and Mono Rail – a number of Tier-1 and Tier-2 cities have kick-started projects to implement metro and / or mono rail systems, since this has proven to be one of the best solutions for decongesting urban traffic.

The aggregate of these prospects presents a large and profitable basket of opportunities.

c Railways Business – With the Dedicated Freight Corridor taking shape, large opportunities are expected to materialise commencing FY13. Indian Railways is also augmenting and upgrading its network, which gives rise to business potential in this area.

d Water Projects – Standard water management facilities (bulk transmission, water treatment, effluent treatment, etc) as well as advanced water solutions such as Desalination and Reverse Osmosis plants provide good opportunity for growth. Apart from domestic markets, your Company expects good prospects in Qatar, Saudi Arabia, UAE and Oman by offering total water solutions.

e Urban Infrastructure – Strong drivers such as population density, high nominal GDP growth, high domestic savings and increasing aspiration levels are driving an urban transformation. This is opening up opportunities in areas of residential housing, commercial office space, hotels, hospitals, educational institutions and shopping complexes in Tier 1, 2 & 3 cities.

f Airports – The Aviation industry seems to be poised for sustained growth with increasing trends of both passenger and cargo traffic, annually. Opportunities are opening up with expansion plans of many non-metro airports in India and internationally in the Middle East, Asia, Africa and South East Asia.

g International Markets – Your Company is targeting the Middle East and other Asian markets for infrastructure business in areas such as Airports, Roads, Bridges, Water Treatment and Power Transmission.

2 Heavy Engineering

Your Company is one of the world's leading manufacturers of the technology-intensive custom-built equipment and expects to continue its growth in process equipment in FY13. Although the unfortunate Fukushima nuclear incident in Japan has reduced the pace of growth in this sector, your Company is targeting international prospects such as Spent Fuel storage equipment and decommissioning of Generation II plants. The defence sector shows good promise in the medium to long term - both in land and marine business segments. The Defence Offset Programme and recent Government initiatives for encouraging private sector for partnering with Defence Public Sector Undertakings provide a range of opportunities.

3 Hydrocarbon

India's efforts to achieve minimum energy security can only be successful through investment in development of upstream assets. While capex spends on downstream facilities creation is likely to remain modest for some time, investment in deep sea projects and new pipeline networks are likely generate opportunity. Fertiliser capex is likely to revive in FY13 and should provide promising business opportunities. Your Company's thrust on international markets has yielded results, with several prestigious international project orders during the year. In addition to GCC markets, your Company is targeting select opportunities in new geographies like South East Asia, Australia, Africa & CIS through local country presence, strategic partnerships, etc.

4 Thermal Power

While power is one of the largest bottlenecks to economic growth, investment decisions to set up fresh capacity for coal and gas fired power plants remain uncertain due to constraints of coal / gas, land, water, environment clearance and long term finance. While boiler and turbine manufacturing capacities are likely to be well utilised for the current year, improved order inflow is critical for a robust FY14. Your Company, however, is geared to leverage its capabilities in the power sector both in India and nearby countries.

5 Power Transmission & Distribution

Your Company has demonstrated an impressive order book growth in FY12 both in domestic and international markets, backed by strong EPC, fabrication, testing and execution capabilities. The increased investments in India by government undertakings and strengthening of transmission grids in GCC countries provide significant business opportunities for power transmission and distribution business.

6 Metallurgical & Material Handling

The short term outlook in this area remains challenging due to complexities of present mining policies, delays in land acquisition and environmental clearances. The demand, however, for metals in the medium to long term is expected to grow, driven by capex plans by Integrated Steel Players, increased consumption and investments in infrastructure. Material handling prospects are also looking up in areas of power, mining, steel and ports.

7 Electrical & Automation

Although sluggish offtake from industrial sectors led to muted overall growth in FY12, agriculture and buildings sectors are providing growth opportunities to this business. Business is focusing on forging ahead with world class contemporary products, and has filed 162 patent applications in FY12. The Electrical & Automation business can expect an upward momentum when the general economy improves.

8 Machinery & Industrial Products

Machinery & Industrial Products business has been affected by general slowdown, deceleration in industrial activity, and restrictions on mining. In Industrial Products, valves maintained the positive trend in FY12, registering a healthy growth in order inflow and sales. Sustained oil & gas project activities in the Middle East, North Africa and Australia provide good opportunities. The Construction Machinery Business successfully sustained the performance of the preceding year in a market which witnessed intense competition. The Business Unit has maintained its leadership position in the premium market segment and strengthened its position with new offerings in Large Size Mining Equipment.

9 Information Technology & Integrated Engineering Services

L&T Infotech, a wholly owned subsidiary, grew at 30% Y-o-Y on a consolidated basis with over 90% of its revenues from overseas clients. Profit after Tax grew by 33% in spite of withdrawal of STPI Tax benefits in FY12 through tax policy change. L&T Infotech has taken several initiatives for operational excellence, tapping new markets and forging strategic alliances to provide solutions in upcoming technologies.

Integrated Engineering Services, an SBU within L&T and a provider of engineering services, is a global operator with 94% of its business from overseas. It has shown a robust growth of 64% in the revenues during the current fiscal, despite economic slowdown in USA, Europe, etc. With growing clientele, the business is poised for encouraging growth over the next few years.

10 Financial Services

L&T Finance Holdings Ltd. made its debut in Equity Capital Markets in FY12 through a maiden IPO which received overwhelming response from investors. The business continued its growth momentum during FY12 with a 42% growth in its consolidated Total Income and a growth of 16% in Profits after Tax. The Loans and advances extended by the Financial Services Companies have grown by 39% and stands at ₹ 25,442 Cr at end-FY12. The Financial Services group is now a broad-based, diversified Financial Services provider and is benefiting from a solid growth platform.

11 Developmental Projects

Your company has built a significant portfolio of assets covering concessions, mainly in roads, ports, power generation and Metro rail. The majority of projects are in various stages of completion. While returns on developmental projects are typically back-ended, your Company would be seeking to unlock value through churning of mature assets within the portfolio and through equity partnership.

Before I conclude, I would like to thank all L&T-ites for their unstinted support and commitment during the challenging yet exciting period. I would also like to thank my fellow Board members for the support that they have unconditionally extended. I also extend my gratitude to our customers, supply chain partners and all other stakeholders for their continuous support. We remain committed to stakeholder value creation and will live up to the trust reposed in us.

Thank you.

A. M. Naik
Chairman & Managing Director
Mumbai, May 14, 2012

Contents

Company Information

Board of Directors

Mr. A. M. Naik	*Chairman & Managing Director*
Mr. K. Venkataramanan	*Chief Executive Officer & Managing Director*
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. N. Subrahmanyan	*Whole-time Director & Senior Executive Vice President (Infrastructure & Construction)*
Mr. R. Shankar Raman	*Whole-time Director & Chief Financial Officer*
Mr. Shailendra Roy	*Whole-time Director and Senior Executive Vice President (Power Development & Corporate Affairs)*
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*
Mr. A. K. Jain	*Nominee – SUUTI*
Mr. J. S. Bindra	*Non-Executive Director*

Company Secretary
Mr. 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

67th ANNUAL GENERAL MEETING AT BIRLA MATUSHRI SABHAGAR, 19, MARINE LINES, MUMBAI 400 020
ON FRIDAY, AUGUST 24, 2012 AT 3.00 P.M.

Chairman & Managing Director
A M Naik

Chief Executive Officer & Managing Director
K Venkataramanan

S N Roy

Power Development

Development of Thermal and Hydro Power Plants

Corporate Affairs

R Shankar Raman

Finance & Accounts

Finance
Accounts
Treasury
Risk Management
Investor Relations
Taxation

Corporate HR

Hydrocarbon

Upstream
- Oil & Gas Special Projects
- International Oil & Gas Projects
  - MENA
  - Other Regions
- Floating Systems
- Subsea Systems

Subsidiaries
- L&T Valdel Engineering Services
- L&T Sapura Offshore
- L&T Sapura Shipping
- L&T Modular Fabrication Yard, Oman

Mid & Downstream
- Refinery Projects
- Petrochemical Projects
- Fertilizer Projects
- Unit Systems & Modular Process Plants
- Gas Processing Projects
- Mid & Downstream International

Associate
- L&T Chiyoda Engineering Services

Hydrocarbon Construction & Pipelines
- Process Plant Construction (Domestic & International)
- Pipelines & Terminals (Domestic & International)

Subsidiaries
- L&T Gulf
- Larsen & Toubro Electromech
- Larsen & Toubro ATCO Saudia
- Larsen & Toubro Kuwait Construction General Contracting Company

M V Kotwal

Heavy Engineering

Process Plant & Nuclear Equipment
- Refinery, Oil & Gas
- Fertilizer & Petrochem
- Coal Gasification & Thermal Power
- Modification, Revamps & Upgrades
- Nuclear Power Equipment & Systems

Subsidiaries
- L&T Special Steels & Heavy Forgings
- L&T Heavy Engineering, Oman

Defence & Aerospace
- Marine Special Projects & Equipment
- Weapon & Land Systems
- Flight Systems
- Strategic Electronics

Subsidiaries
- L&T Cassidian
- Spectrum Infotech

Shipbuilding

Commercial
- Special Vessels
- Repairs & Conversions

Defence
- Surface Ships
- Submarines

Subsidiary
- L&T Shipbuilding

Ravi Uppal

Power

EPC Projects
- Coal-based Projects
- Gas-based Projects
- STG Island

Subsidiaries
- L&T MHI Boilers
- L&T MHI Turbine Generators
- L&T Howden

Engineering & Design for Gas & Coal-based Plant

Subsidiary
- L&T Sargent & Lundy

Manufacturing
- Supercritical Boilers
- Supercritical Turbines & Generators
- Electrostatic Precipitators
- High-pressure Piping
- Pulverising Mills
- Heavy Foundry
- Axial Fans & Preheaters

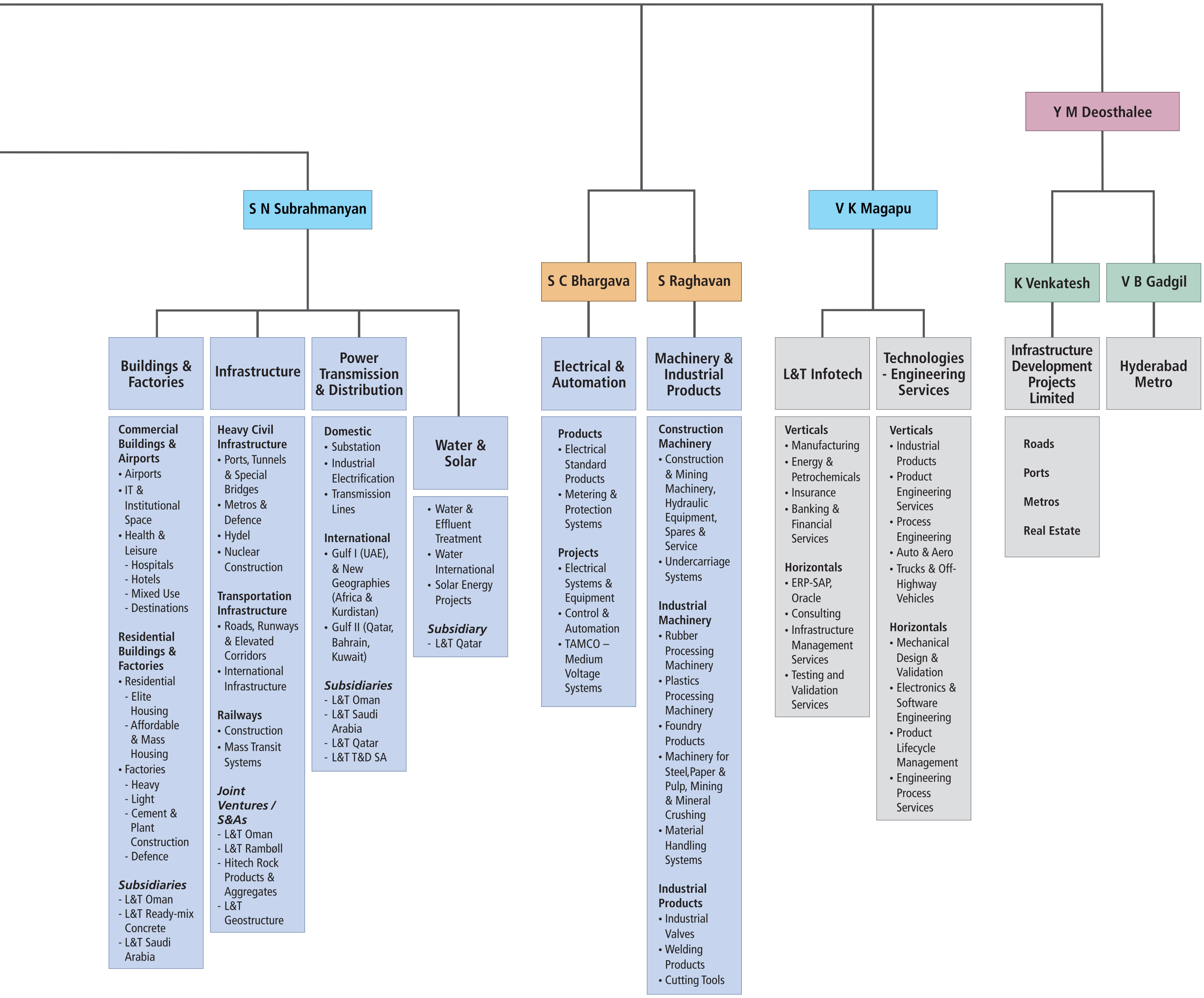
Thermal Power Plant Construction

D R Ray

Metallurgical & Material-Handling

Bulk Material Handling

Minerals & Metals
- Ferrous
- Non-Ferrous



Executive Directors & Executive Management Committee Members

Chairman - Infrastructure Development Projects Limited and Hyderabad Metro

Executive Management Committee Members

Senior Executives

Support Functions

Independent Company

Subsidiaries

Leadership Team

A. M. Naik
Chairman & Managing Director

K. Venkataramanan
CEO & Managing Director

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

M. V. Kotwal
President
(Heavy Engineering)

Ravi Uppal
President
(Power)

S. N. Subrahmanyan
Sr. Executive Vice President
(Infrastructure & Construction)

R. Shankar Raman
Chief Financial Officer

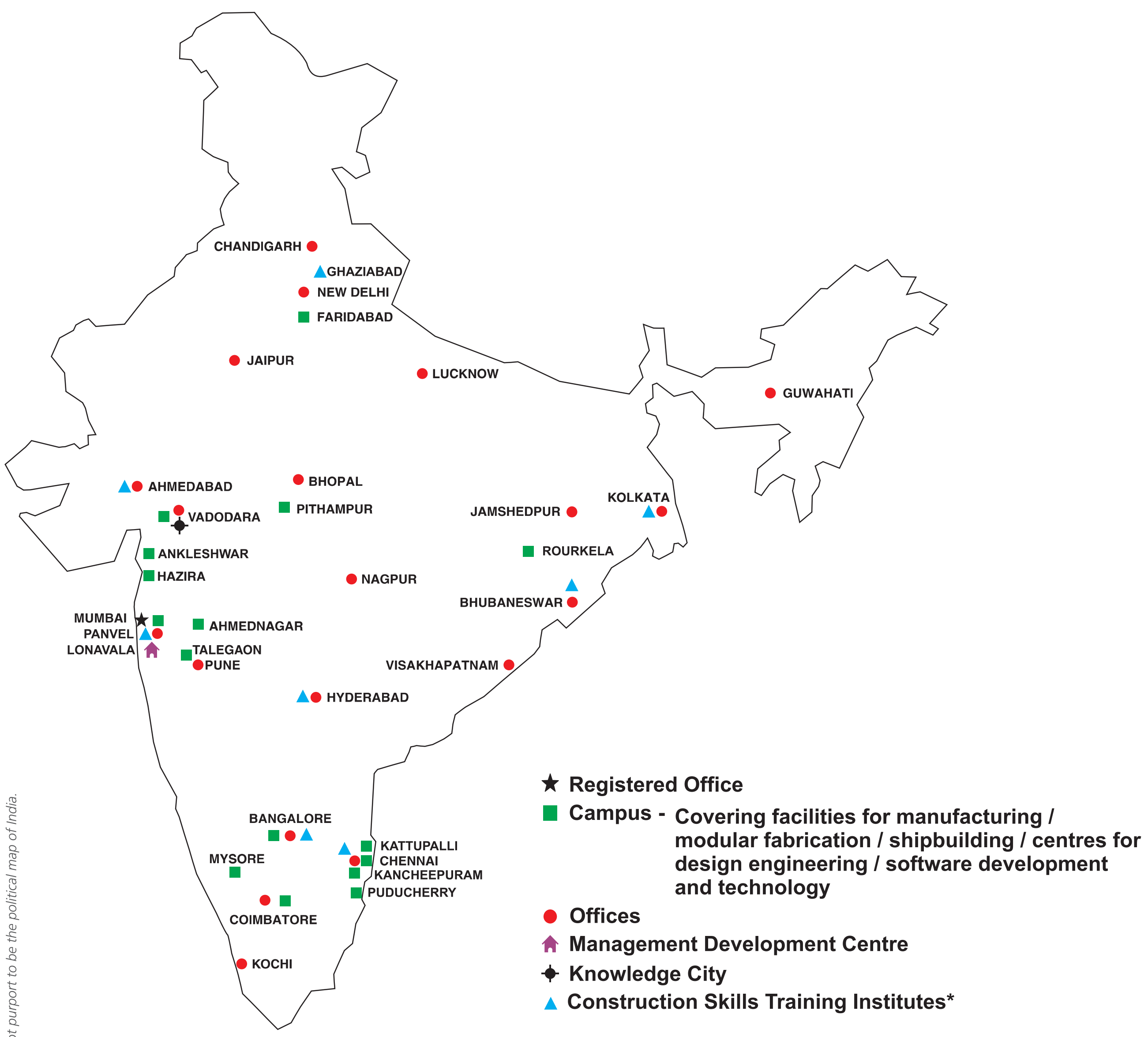
S. N. Roy
Sr. Executive Vice President
(Power Development & Corporate Affairs)

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

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

LARSEN & TOUBRO
It's all about Imagineering

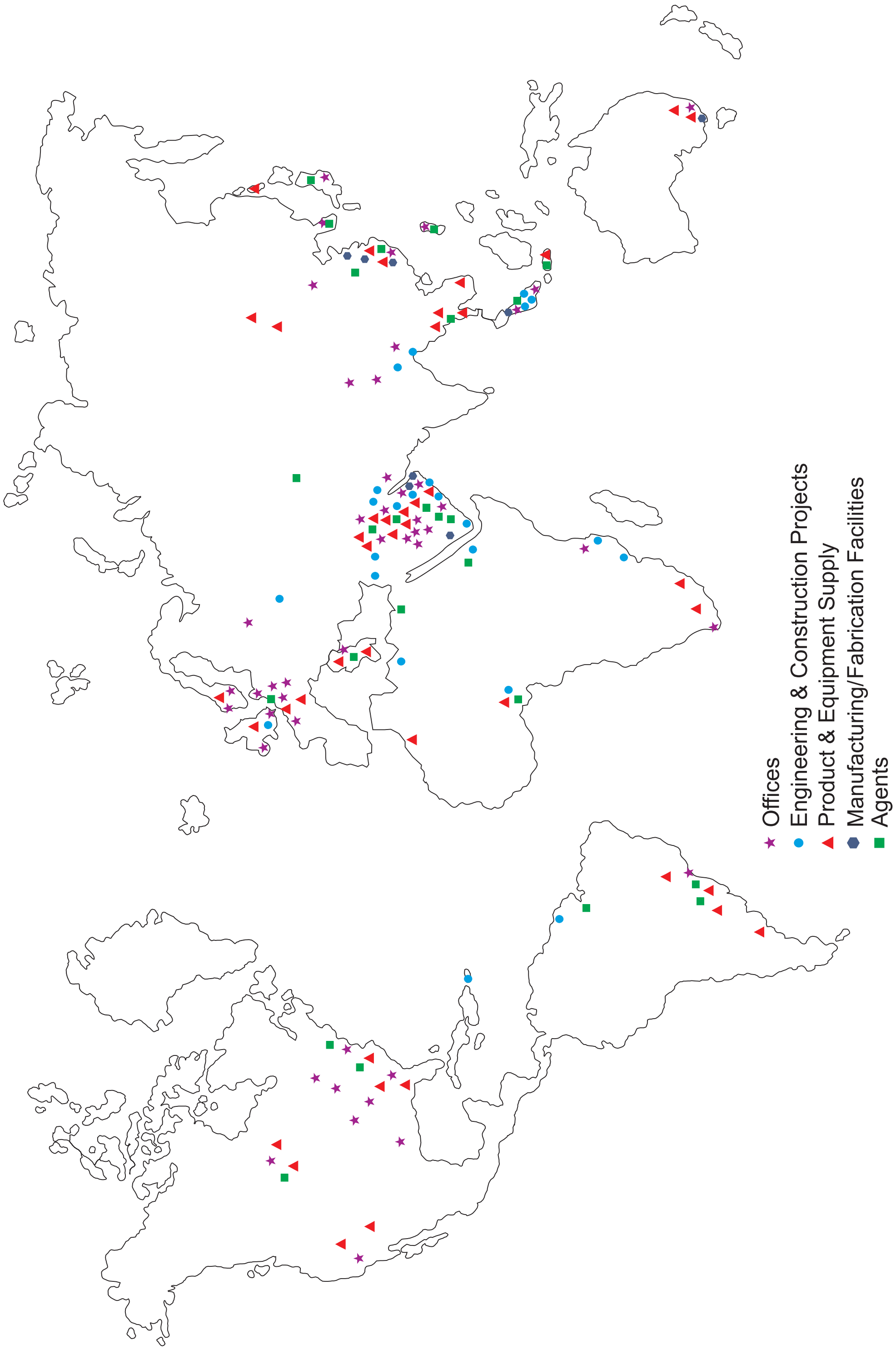
A Nationwide Network



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

*Part of L&T's Corporate Social Initiatives

A Global Presence



Note: Map is broadly representative of L&T's presence in markets worldwide.
For details of establishments within India, please refer to 'Nationwide Network'.

Sustainability in Challenging Times

Our Technology Block at Hazira, Surat is a LEED certified (platinum rating) 'Green' Building

Successful businesses are sustainable businesses – in good times and even more so, in periods of uncertainty. In good times, such companies thrive and set new performance benchmarks. In times of challenge, they possess the inner resilience and the robust systems that help them navigate through cross currents and pull through to the future. Tough times pose searching questions about the caliber of an organization's people, policies and practices.

They also test the organization's resolve to remain steadfastly by its values. L&T's success in addressing and overcoming challenges is a 'live' and continuing demonstration of the quality of its systems and the caliber of its people and processes.

Our annual Sustainability Reports continue to win national and international recognition. The 2011 edition too has secured the 'A+' rating from Global Reporting Initiative – representing the highest level of disclosures.

Spreading smiles through a host of social interventions

L&T's success in addressing and overcoming challenges is a 'live' and continuing demonstration of the quality of its systems and the caliber of its people and processes.

The following pages provide snapshots of sustainability in action. Since financial performance is dealt with elsewhere in the Annual Report, this section confines itself to the environmental & social aspects.

A 'Green Signal' for Progress

Public perception of the importance of protecting the environment is gathering pace. In schools today, children are taught facts about the dangers of environmental degradation that must have been unheard of a couple of generations ago. But there still is a yawning gap between thought and action. Public awareness needs to be raised to the tipping point – to the threshold that leads to the decisive and consistent action which alone can bring about change.

L&T on its part is doing its bit by making green thinking a part of its business agenda. As we push ahead with a number of measures to reduce our carbon footprint, we have also enabled other companies to go green by extending our capabilities to construct more eco-friendly buildings and offering products that conserve energy.

Talegaon literally means the village of lakes. L&T has taken steps to ensure that this little hamlet on the Sahyadris lives up to its name, with a multi-tiered water conservation system.

The 'green' cause needs continuous motivation. We are helping enlist more green champions through regular communications in the form of e-mails, posters and banners that are disseminated across the Company.

The greening of our campuses is part of a company-wide effort that includes project sites and neighbouring areas. Over 30% of the open land around our manufacturing facilities are lush green.

We are not only adopting eco-friendly processes ourselves, we are enabling other companies and the community to advance more rapidly towards a greener tomorrow.

Aligned with the Indian government's National Action Plan on Climate Change (NAPCC), L&T's eco-friendly initiatives have enlarged its green footprint.

Highlights of initiatives:

- We have reduced carbon emission to less than 22,000 tonnes since 2008
- 12 per cent of our energy requirement is sourced from renewable energy
- Several of L&T's buildings are certified 'green buildings'
- 15 of our campuses have achieved zero wastewater discharge status
- Total water consumption reduced by 5 per cent by L&T units since 2009
- Natural material being replaced with crushed sand, fly ash and ground granulated blast-furnace slag
- Apart from these, L&T nurtures over 150,000 full-grown trees across its campuses. Additionally, L&T helps sustain the fragile Himalayan ecosystem by planting saplings

We continue to monitor performance and seek to enhance results across all environment-management initiatives.

(Details of initiatives undertaken this year are published in our Sustainability Report. For the e-version of the Report, please visit www.larsentoubro.com)

SOLAR

SUSTAINABLE HABITAT

SUSTAINING THE HIMALAYAN ECOSYSTEM

A Company with a Social Conscience

Everyone knows that you cannot 'induct' social consciousness into people. The desire to help the underprivileged and the willingness to spend personal time doing it needs to be self-started. The social service programmes that are conducted at our facilities nationwide and the helping hand that we extend to the communities around us prove that, at L&T, our social conscience is alive and well.

The helping hand we extend to the communities around us prove that at L&T, our social conscience is alive and well.

We aim to ensure that every mother and child in the communities we operate has access to medical treatment.

L&T engages with schools in the neighbourhood of its facilities. We believe that education is the single most vital contributor to progress.

L&T's social interactions take place at many levels, and through multiple initiatives. These cover:

Construction Skills Training Institutes:
Eight such units have been set up by L&T on its own, and six by L&T in collaboration with different state governments. Each institute provides training free of cost in basic trades such as masonry, carpentry, bar bending.... Those who are trained find employment with the sub-contractors who work on L&T's projects.

Health Care:
Health Centres in Mumbai (at Andheri and Thane), Chennai, Surat (Hazira) and Coimbatore provide diagnostic services free of charge to the community. A special focus at these centres and in health camps organized by L&T is mother & child health.

Education:
L&T assists schools around its facilities with teaching aids. A growing number of L&T-ites volunteer to teach pupils.

L&Teering in Action:

You will not find the word 'L&T-eers' in the dictionary. It is a unique word crafted to describe a special person – an L&T-ite who volunteers to undertake community service in his or her own time. L&T-eers belong to different age groups and posses varying professional skills. What they all share is the compassion and commitment to give back to society the benefits of their expertise.

Teacher, counsellor and friend – the L&T-eers don many hats.

L&T-ites have been engaged in multiple initiatives for the community. These include:

- Workshops for school students on personality development
- 'Mathematics with Smiles' programmes to help students befriend a tough subject
- Building water tanks, conducting health and eye camps
- Participating in socially oriented community events

LARSEN & TOUBRO PUBLIC CHARITABLE TRUST
An Engine of Change

The L&T Public Charitable Trust epitomizes the true spirit of service. Without fanfare, and away from the glare of publicity, this Trust formed by L&T and its employees is quietly but decisively touching the lives of the underprivileged. LTPCT's initiatives last year include:

Education:
Project Vidya covers 56 schools in Maharashtra and Gujarat.

Vocational Training:
Close to a thousand men and over 4400 women have benefitted.

Water Management:
26 check dams have been contructed in tribal pockets of Thane District, Maharashtra.

Community Health:
Health Center at Coimbatore provides medical assistance to villages in the vicinity. Programme with Family Planning association of India in Mumbai and through KEM Hospital Research Center, Pune has benefitted over 50,000 people in urban and rural areas.

Corporate Technical Training - Support to ITI:
Industry Oriented Training in 27 ITIs improve employability of students.

Trainees at L&T's Construction Skills Training Institute at Chennai learn to put up a scaffolding.

Ladies Take the Lead

The line 'behind every successful man is a woman' has so often been used in a light-hearted context that its original significance has become eroded. But in the case of L&T-ites, the full significance of the line holds good. From the metropolitan centres where the Company's offices are based to project sites in remote locations, spouses constitute an invaluable support system that enables the L&T-ite to function effectively. At many of these locations, the wives have gone a step further – they have pooled their skills and resources to introduce a social dimension to their lives. Groups known as 'Ladies Clubs' function under the umbrella – 'Prayas Trust'.

Ladies Club members interact with women from the community

This movement has been energized by L&T's Chairman & Managing Director, Mr. A.M. Naik. He is an inspirational mentor, a relentless goal-setter and a leader determined to foster the principle of 'giving back to society'. The initiatives are often boosted by his personal contributions. Under Mr Naik's guidance, the Ladies Club network has extended its reach and scope. Currently there are 33 Ladies Clubs with over 3000 members.

Their canvas is vast. Ladies Clubs are involved in educational enrichment programmes for schools , organising vocational training courses, training in life skills for adolescent girls and providing support to the differently-abled . Other key social interventions cover those that make women self-reliant. These include devising avenues for income generation to help women impacted by HIV/AIDS , developing computer literacy and training girls in tailoring and embroidery.

In addition, several Ladies Club members volunteer at orphanages and institutions for the elderly and destitute. At a different level, these clubs also play a very important role to nurture employee bonding within the organisation.

"L&T Ladies Clubs present society the human face of the Company. I see these institutions as instruments to transmit L&T's values of caring and sharing to the community at large."

– Mr. A.M. Naik,
Chairman & Managing Director

At the inauguration of the new centre of 'Prayas Trust' – the Ladies Club at Chennai, Mr. Naik urges members to expand the scope of their activities and deepen their engagements.

STANDALONE FINANCIALS-10 YEAR HIGHLIGHTS

₹ crore

Description	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Operational Indicators										
Order inflow (including Integrated Joint Ventures)	70574	80362	69519	51680	42561	31047	22383	14976	13259	10895
Order book (including Integrated Joint Ventures)	145723	130949	100412	70820	53555	37306	24875	17831	16973	14363
Statement of Profit and Loss										
Gross revenue from operations	53738	44296	37356	34337	25342	17938	14995	13362	9889	9941
PBDIT^^	6283	5640	4816	3922	2969	1784	1126	855	566	816
Profit after tax (excluding extraordinary/ exceptional items)	4413	3676	3185	2709	2099	1385	863	631	533	433
Profit after tax (including extraordinary/ exceptional items)	4457	3958	4376	3482	2173	1403	1012	984	533	433
Balance Sheet										
Net worth	25223	21846	18312	12460	9555	5768	4640	3369	2775	3563
Deferred tax liability (net)	133	263	77	48	61	40	77	95	114	841
Loan funds	9896	7161	6801	6556	3584	2078	1454	1859	1324	3176
Capital employed	35252	29270	25190	19064	13200	7886	6171	5323	4213	7580
Ratios and statistics										
PBDIT as % of net revenue from operations @	11.82	12.84	13.00	11.56	11.87	10.14	7.63	6.50	5.87	8.65
PAT as % of net revenue from operations $	8.30	8.37	8.60	7.98	8.39	7.87	5.85	4.80	5.53	4.59
ROCE % *	15.09	15.03	15.92	18.52	21.12	20.71	16.70	14.63	14.40	7.65
RONW % **	18.77	18.33	20.73	24.67	28.21	26.84	21.88	21.05	20.66	12.91
Gross Debt: Equity ratio	0.39:1	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
Basic earnings per equity share (₹) #	72.92	65.33	73.77	59.50	37.80	25.11	19.02	19.41	10.71	8.71
Book value per equity share (₹) ##	411.53	358.45	303.69	212.31	162.95	101.14	83.50	63.48	54.18	69.57
Dividend per equity share (₹) ##	16.50	14.50	12.50	10.50	8.50	6.50	5.50	4.38	4.00	3.75
No. of equity shareholders	926719	853485	814678	931362	578177	428504	327778	323908	365824	490628
No. of employees	48754	45117	38785	37357	31941	27191	23148	19848	18996	21873

Figures for the year 2002-2003 include demerged cement business.

^^ Profit before depreciation, interest and tax (PBDIT) is excluding extraordinary/exceptional items and other income

@ PBDIT as % of net revenue from operations = [PBDIT/(gross revenue from operations less excise duty)].

$ PAT as % of net revenue from operations = [(PAT excluding extraordinary/exceptional items)/(gross revenue from operations less excise duty)].

* 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 adjustments for issue of bonus shares/restructuring during the respective years.

CONSOLIDATED FINANCIALS - 10 YEAR HIGHLIGHTS

₹ crore

Description	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Statement of Profit and Loss										
Gross revenue from operation	64960	52470	44310	40932	29819	20877	16809	14717	11232	10857
PBDIT^^	8770	7677	4605	5008	3672	2120	1388	826	909	973
Profit attributable to Group shareholders (excluding extraordinary/exceptional items)	4649	4238	3796	3007	2304	1810	1051	697	600	380
Profit attributable to Group shareholders (including extraordinary/exceptional items)	4694	4456	5451	3789	2325	2240	1317	1050	747	380
Balance Sheet										
Net worth	29387	25051	20991	13988	10831	6922	4964	3316	2647	3217
Deferred tax liability (net)	82	311	153	131	122	107	127	138	214	913
Loan funds	47150	32798	22656	18400	12120	6200	3499	3454	2769	4701
Capital employed	82790	63697	46839	35547	24192	14107	8697	7013	5684	8881
Ratios and statistics										
PBDIT as % of net revenue from operations @	13.64	14.75	10.92	12.37	12.48	10.59	8.51	5.84	8.28	9.42
PAT as % of net revenue from operations $	7.23	8.14	9.01	7.43	7.83	9.04	6.42	4.92	5.47	3.68
ROCE % *	10.68	12.19	13.48	14.47	16.94	20.99	17.62	14.92	14.01	7.16
RONW % **	17.10	18.43	21.75	24.32	26.68	30.71	25.78	23.96	21.24	12.45
Gross debt:equity ratio	1.61:1	1.31:1	1.08:1	1.32:1	1.12:1	0.9:1	0.71:1	1.06:1	1.08:1	1.52:1
Basic earnings per equity share (₹) #	76.81	73.56	91.90	64.76	40.44	40.10	24.75	20.70	15.01	7.65
Book value per equity share (₹) ##	479.46	410.95	348.06	238.27	184.31	121.39	89.36	62.44	51.58	61.99
Dividend per equity share (₹) ##	16.50	14.50	12.50	10.50	8.50	6.50	5.50	4.38	4.00	3.75

Figures for the year 2002-2003 include demerged cement business

^^ Profit before depreciation, interest and tax (PBDIT) is excluding extraordinary/exceptional items and other income

@ PBDIT as % of net revenue from operations = [PBDIT/(gross revenue from operations less excise duty)].

$ PAT as % of net revenue from operation = [(PAT excluding extraordinary/exceptional items)/(gross revenue from operations less excise duty)].

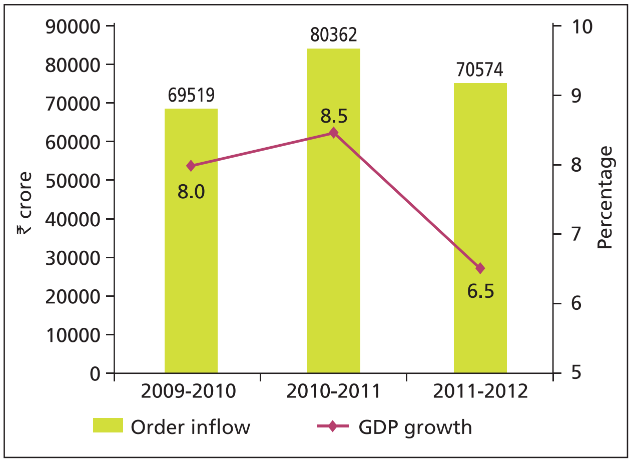
* ROCE [(profit available for appr opriation excluding extraor dinary/exceptional items+minority inter est + inter est -tax on inte rest)/(average capital employed excluding revaluation reserve,miscellaneous expenditure,borrowed funds of financial services business and deferred payment liabilities)].

** RONW [(profit available for appr opriation excluding extraor dinary/exceptional items)/(average net worth excluding r evaluation reserve and miscellaneous expenditure)].

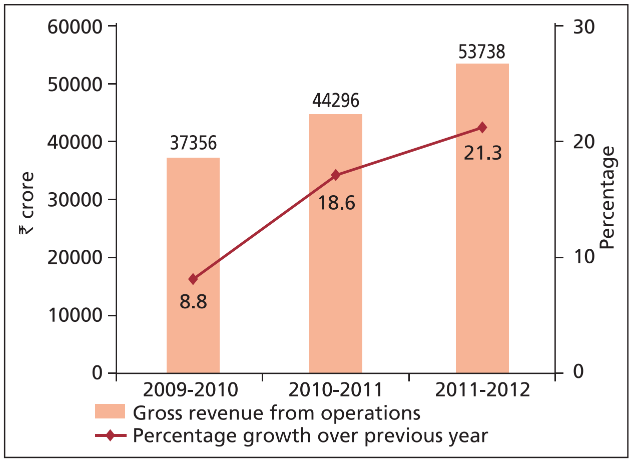
Basic earnings per equity share has been calculated including extraordinary/exceptional items and adjusted for all the years for issue of bonus shares/ restructing during the respective years.

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

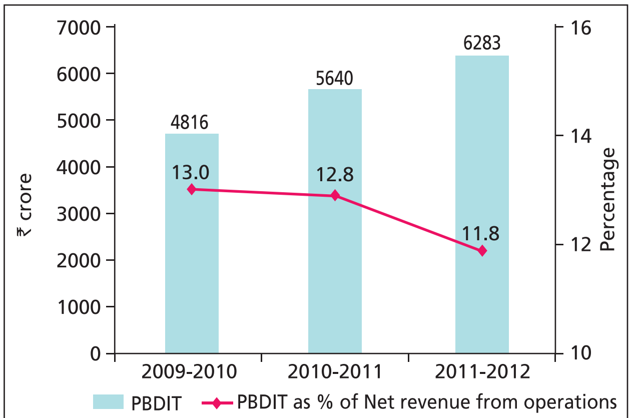
L&T - ORDER INFLOW (INCLUDING INTEGRATED JOINT VENTURES)



L&T - GROSS REVENUE FROM OPERATIONS

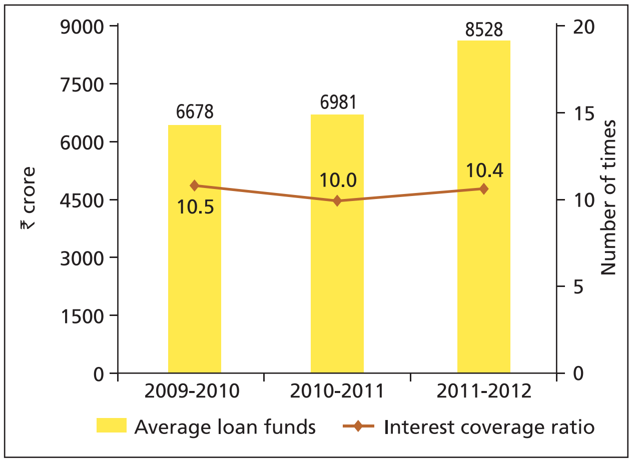


L&T - PBDIT AS % OF NET REVENUE FROMOPERATIONS

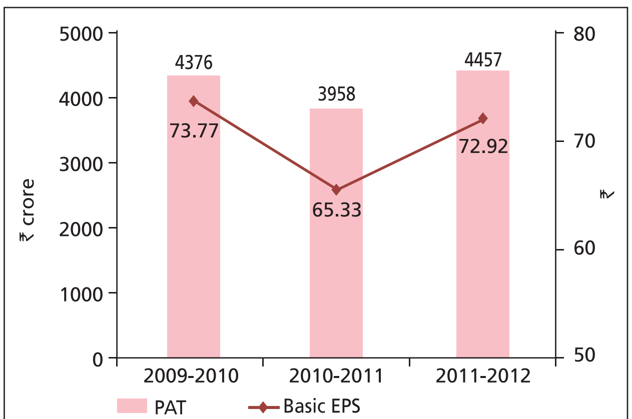


Net revenue from operations and PBDIT exclude exceptional/extraordinary items

L&T - INTEREST COVERAGE RATIO

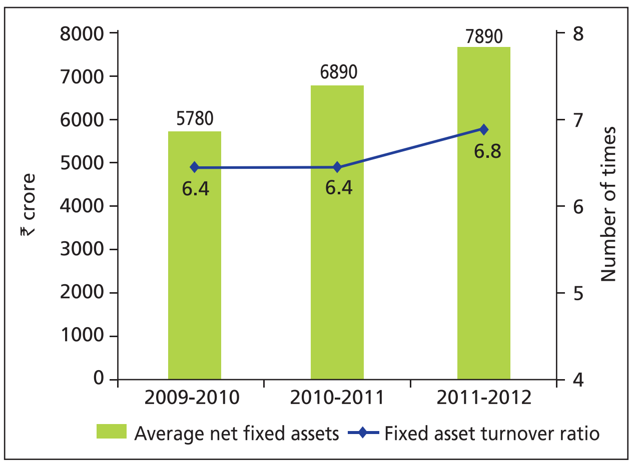


L&T - PAT AND BASIC EPS

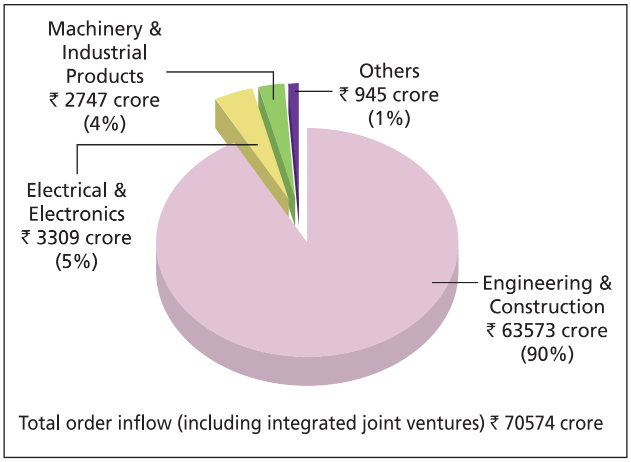


Including extraordinary/exceptional items

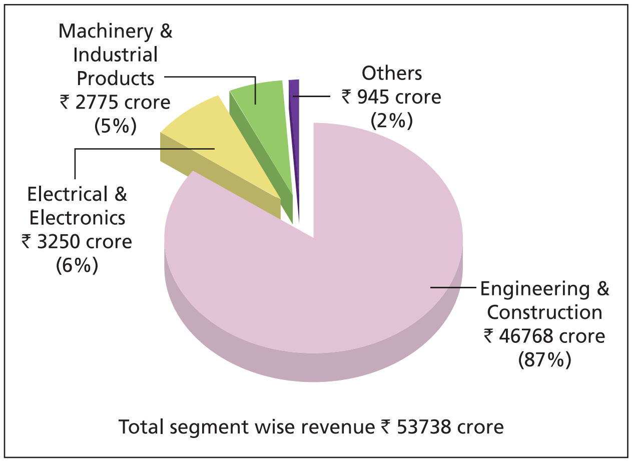
L&T - FIXED ASSET TURNOVER RATIO



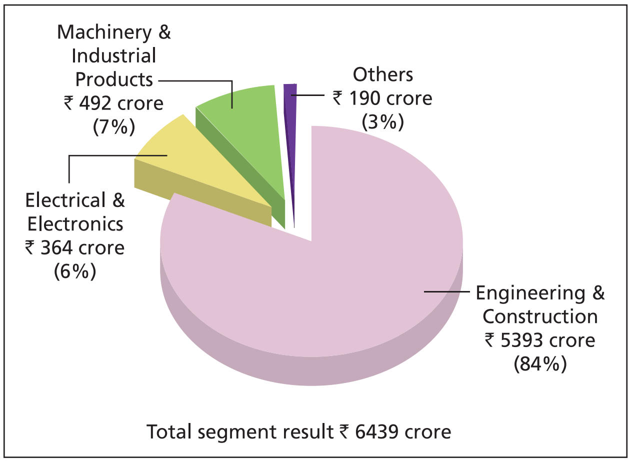
L&T - SEGMENT-WISE ORDER INFLOW 2011-2012



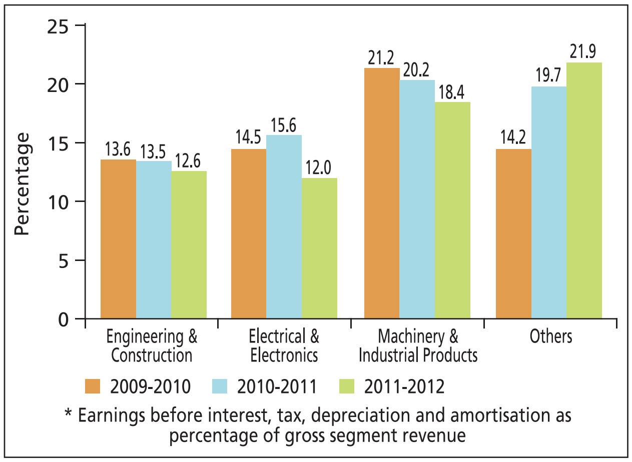
L&T - SEGMENT-WISE REVENUE 2011-2012



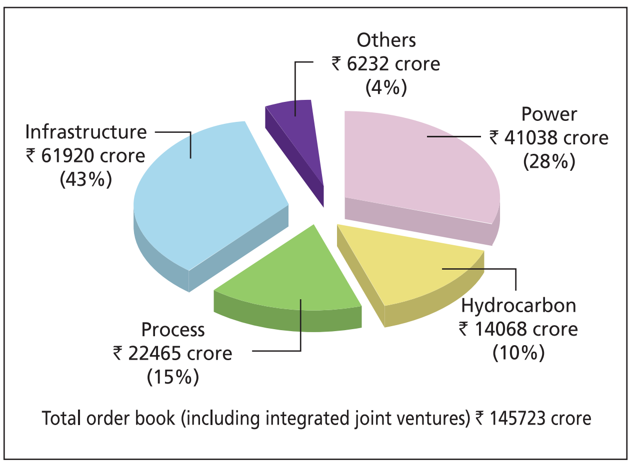
L&T - SEGMENT-WISE RESULT 2011-2012



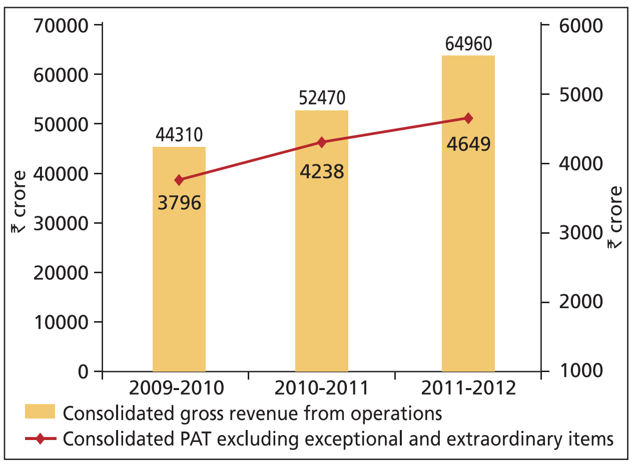
L&T - SEGMENT-WISE EBIDTA MARGINS*



L&T - SECTOR-WISE ORDER BOOK AS AT MARCH 31, 2012



L&T CONSOLIDATED GROSS REVENUE FROM OPERATIONS AND PAT



Directors' Report

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

FINANCIAL RESULTS

	2011-2012 ₹ crore	*2010-2011 ₹ crore*
Profit before depreciation, exceptional and extraordinary items and tax	6,954.79	*6,167.78*
Less: Depreciation, amortization and obsolescence	700.45	*600.28*
	6,254.34	*5,567.50*
Add: Transfer from revaluation reserve	0.99	*1.06*
Profit before exceptional and extraordinary items and tax	6,255.33	*5,568.56*
Add: Exceptional items	55.00	*262.07*
Profit before extraordinary items and tax	6,310.33	*5,830.63*
Extraordinary items	–	*70.84*
Profit before tax	6,310.33	*5,901.47*
Less: Tax expenses	1,853.83	*1,943.58*
Profit after tax	4,456.50	*3,957.89*
Add: Balance brought forward from previous year	105.68	*107.29*
Less: Dividend paid for the previous year (including additional tax on dividend)	3.89	*4.01*
Balance available for disposal which the directors appropriate as follows :	4,558.29	*4,061.17*
Debenture redemption reserve	44.00	*49.83*
Proposed Dividend	1,010.46	*882.84*
Additional tax on dividend	101.44	*112.82*
General reserve	3,250.00	*2,910.00*
	4,405.90	*3,955.49*
Balance to be carried forward	152.39	*105.68*
Dividend The Directors recommend payment of final dividend of ₹ 16.50 per equity share of ₹ 2/- each on 61,23,98,899 shares	1010.46	*882.84*

YEAR IN RETROSPECT

The gross sales and other income for the financial year under review were ₹ 55,076 crore as against ₹ 45,444 crore for the previous financial year registering an increase of 21%. The Profit before tax excluding extraordinary and exceptional items was ₹ 6,255 crore and the Profit after tax excluding extraordinary and exceptional items of ₹ 4,413 crore for the financial year under review as against ₹ 5,569 crore and ₹ 3,676 crore respectively for the previous financial year, registering an increase of 12% and 20% respectively.

DIVIDEND

The Directors recommend payment of dividend of ₹ 16.50 per equity share of ₹ 2/- each.

DEPOSITORY SYSTEM

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2012, 97.19% of the Company's total paid-up Capital representing 59,52,14,789 shares is 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 35,46,773 equity shares upon exercise of stock options by the eligible employees under the Employee Stock Option Schemes.

During the year under review, ₹ 540 crore were drawn by the Company under the partly-paid Non-Convertible Debentures issued in 2010-2011. Further the Company tied up long term foreign currency loans equivalent to approximately USD 145 million, half of which was drawn during the year, the balance to be drawn in 2012-2013.

During the year, the Company repaid a part of the long term foreign currency loans, equivalent to about ₹ 615 crore and redeemed Non-Convertible Debentures of ₹ 250 crore.

CAPITAL EXPENDITURE

As at March 31, 2012, the gross fixed and intangible assets, including leased assets, stood at ₹ 11,295 crore and the net fixed and intangible assets, including leased assets, at ₹ 8,364 crore. Additions during the year amounted to ₹ 1,725 crore.

DEPOSITS

7 Deposits totalling ₹ 71,000 which were due for repayment on or before March 31, 2012 were not claimed by the depositors on that date. As on the date of this report, none of these deposits have been claimed and paid.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

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

As provided in Section 205C(2) of the Companies Act, 1956, dividend amount which was due and payable and remained unclaimed and unpaid for a period of seven years has to be transferred to Investor Education & Protection Fund. Despite the reminder letters sent to each shareholder, an amount of ₹ 1,10,97,033/- remained unclaimed and was transferred to Investor Education & Protection Fund by the Company during the year. Cumulatively, the amount transferred to the said fund was ₹ 9,90,45,963/- as on March 31, 2012.

SUBSIDIARY COMPANIES

During the year under review, the Company subscribed to / sold / 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 those engaged in power and financial services business. The details of investments in subsidiary companies during the year are as under:

A) Shares acquired during the year:

Name of the company	No. of shares
L&T Cassidian Limited	50,000
L&T Howden Private Limited	1,00,20,000
Larsen & Toubro Consultoria E Projecto Ltda	96,819
L&T General Insurance Company Limited	12,50,00,000
L&T Power Development Limited	3,20,00,000
L&T Infrastructure Development Projects Limited	6,94,08,226
PNG Tollway Limited	2,19,83,000
L&T Special Steels and Heavy Forgings Pvt. Limited	11,10,00,000
L&T Kobelco Machinery Private Limited	1,02,00,000
L&T Metro Rail (Hyderabad) Limited	9,30,000
L&T Sapura Shipping Private Limited	1,72,911
L&T Infocity Limited	2,40,30,000

B) Shares sold / transferred during the year:

Name of the company	No. of shares
L&T Cassidian Limited	13,000
L&T- Sargent & Lundy Limited (under buy-back)	4,36,366
L&T Rajkot Vadinar Tollway Limited	5,50,15,000
L&T Western India Tollbridge Limited	1,39,50,007
Raykal Aluminium Company Private Limited	2,250
L&T Power Limited*	7

*During the year the share capital of the Company was consolidated from 15,34,92,000 equity shares of ₹ 10 each into 51,164 equity shares of ₹ 30,000 each.

The Ministry of Corporate Affairs (MCA), vide its circular No. 2/2011 dated February 8, 2011, has granted general exemption under Section 212(8) of the Companies Act, 1956, subject to certain conditions being fulfilled by the Company. As required under the circular, the Board of Directors has, at its meeting held on January 23, 2012, 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 uploaded 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 its appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. The information required under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder, is provided in Annexure forming part of the Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure is related to any Director of the Company.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

By complying with the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company is complying with all the 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 14 to 19 and 106 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, 2012 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

During the year under review, Mr. K. V. Rangaswami Whole-time Director of the Company retired as Director of the Company on June 30, 2011.

Mr. S. N. Subrahmanyan was inducted as Whole-time Director of the Company w.e.f. July 1, 2011.

Mr. Y. M. Deosthalee, Chief Financial Officer and Whole-time Director of the Company retired on September 5, 2011.

The Board has appointed Mr. R. Shankar Raman as Chief Financial Officer w.e.f. September 6, 2011 and as a Whole-time Director of the Company w.e.f. October 1, 2011.

Pursuant to the Articles of Association of the Company, Mr. A. M. Naik is proposed to be appointed as a Director liable to retire by rotation, with effect from October 1, 2012, in the forthcoming Annual General Meeting, in view of his appointment as Executive Chairman from October 1, 2012 upto September 30, 2017.

Mr. K. Venkataramanan is appointed as Chief Executive Officer and Managing Director of the Company w.e.f. April 1, 2012 upto September 30, 2015. Pursuant to the Articles of Association of the Company he will not be liable to retire by rotation.

Mr. Shailendra Roy was inducted as a Whole-time Director of the Company w.e.f. March 9, 2012.

Consequent to her retirement from General Insurance Company Limited (GIC), Mrs. Bhagyam Ramani resigned as a Director w.e.f. May 8, 2012.

Mr. Thomas Matthew T., Mr. M.V. Kotwal, Mr. V. K. Magapu and Mr. Ravi Uppal retire from the Board by rotation and are eligible for re-appointment at the forthcoming Annual General Meeting.

Mr. J. S. Bindra retires from the Board of Directors but has not sought re-appointment at the forthcoming Annual General Meeting. Accordingly, a suitable resolution will be placed before the shareholders for their approval.

The notice convening the Annual General Meeting includes the proposal for appointment/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 September 21, 2010 issued to them by Institute of Chartered Accountants of India (ICAI).

COST AUDITORS

The Ministry of Corporate Affairs (MCA) has introduced The Companies (Cost Audit Report) Rules, 2011 vide its notification no. GSR 430(E) dated June 3, 2011. These rules make it mandatory for industries to appoint a Cost Auditor within 90 days of the commencement of the financial year. The Cost Audit Order No. 52/26/CAB/2010 dated January 24, 2012 covers engineering machinery (including electrical and electronic products) due to which some of the Company's manufacturing operations will get covered w.e.f. April 1, 2012.

Based on the Audit Committee recommendations at its meeting held on May 2, 2012, the Board has approved the appointment of M/s R. Nanabhoy & Co. as the Cost Auditors of the Company for the financial year 2012-2013, subject to approval of the Central Government.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges and all the various 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 14, 2012

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

- Effective load monitoring and rationalization of operational timings of air conditioning chillers, air handling units and elevators.
- Inverter based conversion of all contractor welding rectifiers.
- Replacement of Crawler cranes by Goliath bays in MFF-3 improving working efficiency and reducing fuel consumption.
- Installation of Smart Lighting Energy Savings Device to regulate feeding voltage to illumination system.
- Conducting independent Energy Audit at MFF, Hazira.
- Modification of HVAC in electrical lab and training centre by connecting 12TR air handling units and installing 15TR air handling units to secondary chilled water lines of CRR.
- Replacement of MH/HPSV with CFL.
- Harvesting of rainwater targeting anti-pollution drives against ground and surface water pollution.
- Management of water supply through electro-magnetic water flow meters at Kansbahal.
- Installation of solar water heaters in Guest Houses & Hostels.
- Installation of bio-gas plant for solid waste management.
- Installation of energy savers in lighting distribution in TC-3 towers.
- Use of Electronic drive for Blower motors to improve the motor efficiency and enhance energy saving.
- Use of energy saving devices like Occupancy sensors, Timers and contactors in shop offices, buildings, wash rooms, unused space etc.
- Changing of connections of Blower motor from Delta to star to reduce power consumption of motor.
- Replacement of Tube lights & Metal Halide lamp (MHL) with Compact Fluorescent Lamp (CFL) in offices, shop floor etc.
- Use of Solar power for office lighting, heat water for canteen use, etc.
- Use of Variable frequency drive for various applications such as Welding Positioners, induction motors, EOT cranes, Machine tools to improve the motor efficiency and enhance energy saving.
- Installation of transparent roofing.
- Installation of 3 AC Drives for Turn Tables.
- Automation of Coolant supply system in drilling machines to give feed only during drilling cycle.
- Installation of Standby mode for the cranes.
- Effective utilization of clean green energy.
- Installations of turbo ventilators for shop floor roofs.
- Installations of sky light panels on shop roof & sides.
- Use of Grid Power in place of DG set power.
- Switching off idle transformer.
- Installation of solar street light system in ECC campus.
- Installation of 125 KW rooftop solar PV system in ECC campus resulting in annual power generation of around 197,000 Kwhr.
- Energy saving by change from Star/delta connection to star connection of table motor in 1600 mm table diameter Vertical Turret Lathes at Valves Mfg. Unit (VMU) at Coimbatore.
- Optimization of fan speeds in dust collectors at Foundry Unit, Coimbatore.
- Installation of PLC based air monitoring system in Compressor operations at Foundry Unit, Coimbatore.
- Installation of no-loss drain valve near compressed air pressure vessel at Foundry Unit, Kansbahal.

- Reduction in use of Material handling equipment & saving of fuel by improving overall plant layout in MFF.
- 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.
- Incorporation of transparent poly carbonate sheets at the time of design for new shops to make use of day-light for illumination.
- Retrofitting of CNC control on VDF Table Borer in Machine shop (Machine No. 122) at Kansbahal for increased productivity & reduction in power consumption.
- 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.
- Conducting 70% of MFF Blasting operation in controlled shop environment to realize more efficient blasting process and reduction of diesel consumption & compressor requirements.

2 *Improving energy effectiveness / efficiency of Manufacturing Processes*

- Design new Low voltage heating pads for coke drum to reduce power consumption.
- Modified PLC programme of Toshiba 1 & 2, KOLB & Homma machines to avoid idle running of coolant motors.
- Installation of servo drive in SKODA.
- Installation of AC Spindle motors & Drives 2 nos. for Kolb machines.
- Installation of modified Deep Hole Drilling Tool Holder resulting in 20% Cycle time reduction & energy saving at Coimbatore.
- Implementation of new cutting plan for raw material have resulted in 25% saving of raw material and Energy at Coimbatore.

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

- Solar Street Lights at the remote places for security purpose.
- Biogas plant at the Canteen to reduce the waste disposal.
- Astronomical Timers for better control on Outdoor Lighting System.
- Solar pipe light in shop floor & offices.
- Installation of magnetic resonators for improving the efficiency in fuel consumption (both liquid & gas) in furnaces, pre-heating, post heating etc..
- Installation of energy management system (EMS) at main substation at Kansbahal for monitoring of area wise energy consumption.
- Retrofitting of Variable Frequency Drives for crane hoists at LTM's Kancheepuram Plant.
- Installation of Electronic Drive in 37KW Blower Motor in SR Furnace (HFS-1).
- Changing of control of Brick Furnace from Cycle control to Firing Angle control.
- Changing Heat treatment control panel from convention contactor to Solid State Relay (SSR) based panel.

(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 pr oduction as per Form A in respect of industries specified in the Schedule:

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

[A] POWER & FUEL CONSUMPTION

	FOUNDRY Reporting Year 2011-2012	FOUNDRY Previous Year 2010-2011
1. Electricity		
(a) Purchased Unit	261.247 KWhr	306.08 L KWhr
Total amount	₹ 1,519.72 L	₹ 1,552.24 L
Rate / Unit	₹ 5.82 (Average)	₹ 5.07 (Average)
(b) Own generation		
(i) Through diesel generator		
Unit	2.35 L KWHr	2.859 L KWhr
Unit per ltr. of diesel oil	3.10 Units	3.15 Units
Cost / unit	₹ 12.75	₹ 12.50
(ii) Through steam turbine / generator		
Unit	NIL	NIL
Unit per ltr. of fuel oil / gas	NIL	NIL
Cost / unit	NIL	NIL
2. Coal (specify quality and where used)		
Quantity (tones)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL
3. H S D		
Quantity (k.ltrs.)	643.22	721.50
Total amount	₹ 265.14 L	₹ 55.09 L
Average rate	₹ 41.22/Ltr	₹ 35.00/Ltr
4. Others/internal generation		
Quantity (k.ltrs.)	NIL	NIL
Total cost	NIL	NIL
Rate / unit	NIL	NIL

	FOUNDRY Reporting Year 2011-2012	FOUNDRY Previous Year 2010-2011
A. Consumpion per unit of production Stands (if any)		
Products (with details) unit		
Casting	14,694 Tons	19,434 Tons
Ferro Alloy**	–	–
Electricity	KWH/Ton	KWh/Ton
Casting	1,735	1546.63
Ferro Alloy**	–	–
H S D		
Casting	43.80 Ltr/Ton	37.12 Ltr / Ton
Ferro Alloy**	–	–
Coal (specify quality)	NIL	NIL
Others (specify)	NIL	NIL

[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); Capability development in process simulation for Ammonia and Urea Plants; Process Engineering for Gas Compressor Modules; Technology Evaluation of Air Separation Units; Flow simulation studies for Oil & Gas Projects; Refractory engineering for Fertilizer and Refinery Plant equipment; Modeling and process simulation of fixed bed and entrained bed Coal Gasifiers; Failure analysis and troubleshooting of various process units; Solid handling processes in Petrochemical applications.

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

  Material selection / material characterization for equipment and systems in various Oil & Gas Projects; Failure Analysis studies for components such as waste heat recovery coils, furnace tubes, pulverizer roller liners, pumps, fasteners, fittings, coatings etc.; Reverse engineering and material development support for Defence equipment; Preservation techniques for critical systems; Cathodic protection system for marine vessels; 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 flare and exhaust stack, chimney risers, multi-phase separator and water jet propulsion system); Check-rating and design optimization of waste heat recovery coils and heat exchangers; Analysis of heat loss from subsea pipeline and insulation requirements; String Testing of Process Gas Compressor modules for Offshore Platform; Modeling of heat transfer mechanism in Orifice Chamber; Failure analysis and troubleshooting involving heat exchangers, boilers, heaters and furnaces; Transient analysis of flue gas exhaust system in Refinery; 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 design optimization of rotary absorber unit; Dynamic stress analysis of piping network in Refinery Complex considering flow-induced and acoustic vibration; Design of acoustic insulation for critical piping system; Troubleshooting of machinery vibration problems in high-speed pumps, drive gearboxes and compressors; Plant noise assessment for Refinery Complex; Product development / design optimization studies for Coal Pulverizes units for Supercritical Boilers; String test of PGC Modules; Technical support during Acceptance Test and Commissioning for critical machinery.

- ***Mechanical Engineering***

  Design solutions for critical equipment through advanced Finite Element Analysis; Thermal-Structural composite analysis for equipment, piping and support systems; Design and fatigue analysis of high-pressure vessels as per ASME Sec. VIII Div.3; Advanced stress analysis of critical structures such as offshore jacket, crane pedestal of drilling rig, winch system foundation, pipeline reeling system and flare stack; Boat Impact Analysis for offshore jackets; Buckling analysis of sub-sea piping; Stress analysis and design optimization of piping system for high-pressure / high-temperature well-head platform; Analysis of pipe reeling system; Experimental stress analysis of critical equipment such as deck crane during load testing.

- ***Water Technologies***

  Technology evaluation for water, sludge and effluent treatment processes; Design and detailing of water / wastewater facilities, sludge and effluent treatment plants in Oil & Gas, Fertilizer and Power Projects; Application of advanced treatment technologies such as sea water/brackish water thermal desalination, membrane bioreactor, sequential batch reactor, upflow anaerobic sludge blanket reactor etc.; Oil-water separation processes; Waste minimization / recycling techniques; Methodologies for achieving Zero Discharge from plants; Lab scale pilot plant studies for determining characteristics and treatability aspects of water and wastewater.

- Development of software for the automated design of storm water drains for substation yards.
- Experimental study on the horizontal and vertical connections of precast shear walls.
- Continued Research on the development of software on the design of piled raft foundations suitable for high rise buildings.
- Development of alternate Solution to reduce bitumen content by means of Sulphur Pellets.
- Development of cold mix design for pot hole repair in pavements.
- Development of high enduring fatigue resistant bituminous mixes.
- Development of India's First Composite pavement and evaluation using a Falling weight deflectometer.
- Development of Soil Piles by Deep Soil Mixing Technique.
- Development of Plastic concrete for diaphragm walls
- Development of Low cost sub base layers in highway express corridors.
- Development of Alternate Filling System.
- Development of Roller compacted concrete with margin aggregates for hydroelectric dam projects.

- Development of low permeability concrete mixes using plastic concrete.
- Designed and evaluated high early strength concrete for application in Port structures.
- Development of low cost indigenous cementitious grout for precast housing project.
- Completion of Design validation tests on the Class 3100 20 inch and the 6 inch Class 3100 valves at Valves Manufacturing Unit (VMU) to meet the requirements of customers.
- Design, development and supply of Straight pattern globe valves in Class 4500 which are used in super critical power plants at VMU.
- Validation of designs on metal seated ball valves at VMU.
- Development of a bigger coal crusher (Ring Granulator model 1219 U) at Kansbahal.
- Development of new products by LTM such as 46", 51" and 68.5" Hydraulic Tyre Curing Presses; 95" and 118" Mechanical Tyre Curing Presses and 68.5" Hybrid Tyre Curing Press.
- Development of an All-Electric Injection Molding Machine eTech 160 and also integration of a new injection unit with high power motor for eTech 105 by Product Development Center, Coimbatore.
- Development of mobile screeners and crushers are in progress.
- Developed low cost hydraulic bound layer for metro depot foundation system.
- Developed innovative creep test equipment for concrete.
- Development of iPAD.
- Development of welding Simulation Technology.
- Development of Steam Generator & Moisture Separator for Nuclear Power Plant.
- Development of LNG vaporizer.
- Development of cyclone separator for FCC regenerator in refinery.
- Development of Futuristic Infantry Combat Vehicle.
- Development of mechanical systems & fire control algorithms for mobile artillery systems such as the Towed and Tracked Self Propelled 155 mm Guns.
- Development of Dual band Antenna & High frequency RF receiver along with its stabilized platform for high speed & ultra-reliable tracking system.
- Development of optronics & drive packages for Air Defence Gun upgrades.
- In-house development of software application packages for Solar PV Power Plant, Ship Lift controls, resource management for environment sustainability and material handling.
- Development of low voltage high power BLDC drives.
- Development of Torpedo Weapon Complex for submarines.
- Development of Autonomous Underwater Vehicle for surveillance & target simulation.
- Development of integrated power pack solutions for remotely operated tracked vehicles.
- Development of water jet propulsion system for high speed crafts.
- Development of military communication hardware & solutions and ion-mobile spectroscopy based chemical agent monitors.
- Development of capabilities & technologies related to Frequency Modulated Continuous Wave Radars; Multi-sensor data fusion for automated target recognition; Video analytics for enhanced situation awareness and composite material based radomes & sonar domes.
- Design and development of new products and product ranges of Air Circuit Breakers (ACB), Moulded Case Circuit Breakers (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 (MCC) Switchboards.
- Development of Tele-tector, Gamma Logger and Mobile Radiation Survey system.
- Development of Resin transfer moulding machine, for manufacture of composites with very high Fiber Volume Fraction (FVF).
- Development of special purpose machine for machining of composites for Universal Vertical Missile launchers.

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

- Complete process simulation, design solutions and optimization for Hydrocarbon projects in Fertilizer sector, involving Reformers, Ammonia Plant and Urea Plant.
- Establishment of in-house capability in Process Simulation and FEED Verification of on-shore / off-shore Gas Processing Plants and design optimization of associated equipment.
- In-house expertise for complete Refractory solutions (e.g., material selection, engineering, commissioning and troubleshooting) in high-temperature equipment for process plants.
- Development of in-house capability in multi-phase flow simulation studies for Oil & Gas Projects.
- Successful testing / commissioning of plants and equipment in various Hydrocarbon projects, through multi-disciplinary technology support.
- Effective support to business units for all Materials related assignments (such as material evaluation / characterization; selection of alternative materials; failure analysis; preservation and corrosion protection of critical equipment; development of new materials for strategic applications).
- Development of in-house expertise related to manufacturing processes, welding, heat treatment, failure mechanisms and corrosion protection / preservation issues of equipment having special metallurgy for critical Oil & Gas applications.
- Successful troubleshooting / design optimization of Oil & Gas Processing equipment, heat exchangers, flares and exhaust stack etc., using advanced CFD technique; design and check-rating of critical thermal equipment for heat exchange / heat recovery applications; Estimation of heat loss and insulation requirements for sub-sea pipeline; Transient heat transfer analysis for flue gas exhaust system Capability development in newer applications such as low-temperature thermal desalination and energy storage through molten salt system.
- Establishment of in-house capabilities in analysis of piping system for flow-induced and acoustic-induced vibrations; Completion of Plant Noise studies utilizing in-house expertise; Development of in-house capabilities in special acoustic studies such as piping insulation design and valve noise / vent noise assessment.
- 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 completion of failure analysis / troubleshooting assignments for critical machinery; Technical support to business units for machinery acceptance testing and commissioning.
- Development of FEA-based design / analysis methodology for critical components such as nozzles, expansion joints, winches / sheaves, flare hook and crane pedestal.
- Establishment of in-house capability in composite analysis of complex systems involving equipment, piping and structures; Design methodology for advanced FE analysis involving non-linear effects, shock / impact, thermal fatigue and high-pressure / high-temperature processes.
- Development of in-house expertise in specialized applications such as low-temperature creep phenomenon and buckling of sub-sea piping system.
- Competing with international competitors due to development of new products by LTM.
- Participation in offshore segment due to development of metal seated ball valves.
- Development of eco-friendly products, augmentation of existing range of products and introduction of new features.
- Technical support to Oil & Gas, Fertilizer and Power Projects for complete water and waste water management solution; Design of sludge and effluent treatment systems; Development of water recycling, reuse and zero-discharge schemes; Appropriate technical solutions for water treatment, filtration and desalination applications.
- Savings in time to the tune 75% compared to earlier practice in the design of layout of storm water drains for substation yards.
- Know how on the cost effective precast connection systems for buildings.
- In-house testing facility created for the testing of structural elements.
- Cost savings of bituminous mixes with sulphur pellets is 10%.

- Cold mix for pothole repair is 50% economical compared to proprietary products. Conventional mixes have become obsolete due to continuous damage and repair methodology issues.
- Substituted the imported equipment for creep studies which costs 30 lakhs by indigenous development of test set up.
- The crust thickness of composite pavement is half that of conventional pavement with this new technology and performance evaluation by falling weight deflectometer is excellent for composite pavement when compared to conventional pavement.
- Cost Saving of 25-30% as compared to other conventional Methods using deep soil mixing technique.
- Cost Savings of 25% compared to conventional base material using low cost hydraulic bound layer.
- The alternate engineered soil materials have provided cost and time effective technology in metro sites.
- Development of EOM for C-Line changeover switch and MO range capacitor switching contactors.
- Offering internationally benchmarked product range with contemporary technologies.
- In-house testing facility has yielded reliable and timely delivery of about 125 various construction materials for faster construction and knowledge upgradation.
- Know how in construction materials for forth coming high rise towers, metro and port infrastructure projects.
- Remote monitoring and civil engineers AutoCad viewer.
- Indigenisation & development of products for Indian Defence sector.
- Indigenisation & development of products for Indian Space sector.
- Indigenisation & development of products for Indian Nuclear sector.
- Savings in Foreign Exchange.

3. Future Plan of Action:

The R&D Centre is committed to providing appropriate technology support to all Hydrocarbon Projects, as required by various business units. Future development activities are identified based on the expected needs of upcoming Projects as well as requirements for in-house capability development. The following key areas have been identified under R&D Action Plan:

- 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 multi-phase flow assurance studies using OLGA software.
- Use of Refinery Residue for gasification application.
- Process design capabilities in Petrochemical / Polymer Plants.
- Process technology for coal gasification (technology evaluation, coal characterization, performance simulation, design optimization and system integration for EPC Projects).
- Modularization of Process Plants.
- Carbon Capture and Sequestration (CCS) techniques for Oil & Gas Projects.
- Development of special engineered products for the power industry like Re heat isolation device and the quick closing NRV at VMU.
- Development of semi-mobile crushing plant for coal at Kansbahal.
- Development of Hydraulic presses for passenger car and truck- bus tyres and development of all electric presses for the same segment at LTM.
- Cryogenic Air Separation Processes (technology evaluation, process simulation, heat integration and system engineering).
- Use of CFD techniques for performance assessment of coal gasifiers.
- Emerging (Non-traditional) energy solutions such as CBM, Shale Gas and Tar Sands.
- Design of Cryogenic Vaporizers and Cold Boxes for Air Separation plants.
- Design of Combustion Air Pre-heaters for Reformers in Ammonia Plants.
- Design analysis of Bulk Flow coolers in Urea Plants.
- Application of Low Temperature Thermal Desalination process for commercial use.

- Design / engineering of molten salt based thermal energy storage system for electric arc furnace with intermittent operation.
- Power generation solutions for offshore process platforms using wind power.
- Development of software application packages for substation automation with IEC interface, Integrated Building Management System and Meter Data Acquisition System for Smart Grid.
- Development of in-house design / analysis capability involving Recycle, Reuse and Zero-discharge Technologies.
- Solar energy based desalination plants for "Clean Energy" initiative.
- Advanced Finite Element Analysis (FEA) techniques for process equipment subjected to thermal shock.
- Techniques for Reliability, Availability & Maintainability (RAM) studies as part of specialized engineering support for Process Plants.
- Development of design / analysis methodology for Floating Structures using FEA.
- Study on state-of-the art analysis technique for Cold Creep phenomenon.
- Design methodology for buckling analysis of sub-sea pipelines.
- Study on degradation mechanisms in material of construction for Ammonia Convertor.
- Chemical synthesis of Platinum nano-particles for development of electrodes for Electro-chemical applications.
- Study on degradation / failure mechanisms for High-Strength Steel and Duplex Stainless Steels.
- Development of environmentally-friendly chemical formulations for chemical cleaning and pickling of steels.
- Analytical and experimental study on the different types of precast connections suitable for high rise buildings.
- Software for the design of the large capacity transmission towers.
- Production of mixes with lower bitumen content and higher fatigue life.
- Usage of the proven technology in various other sites and derive long term economical and performance benefits.
- Effective utilization of the deep soil mixing technology at various sites.
- Develop platform product ranges on new technology platform, thereby creating a technology differentiation in the product.
- Incorporate technologically cutting edge to the product portfolio.
- Addressing new applications through the new product ranges.
- Creation of new markets and geographies 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 new concrete.
- Development of new / upgraded products in defence equipments.
- Development of new / upgraded products in space equipments.
- Development of product as well as technological development in the areas of Refineries, Fertilizer, Petrochemical & Energy.
- Development of technologies to automate composite production & integration.
- CEFD – Centre for Excellence and Future Development

  CEFD was started a couple of years ago 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

	2011-2012	*2010-2011*
(a) Capital	56.86	*40.72*
(b) Recurring	78.14	*68.26*
(c) Total	135.00	*108.98*
(d) Total R&D expenditure as a percentage of total turnover	0.25%	*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.
- Institutionalization of in-house schemes (such as ICONs and KnowNet) for identifying, nurturing and implementing innovative ideas and technology solutions.
- 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 of Torpedo Launching mechanism.
- Development of Armoured Fighting Vehicle.
- Development of remote welding technique for repair on live nuclear reactor vault.
- Translation of technologies and product concepts into product designs through state-of-the-art CAD / CAE facilities and well equipped test laboratories.
- Adaptation of crushing technology for various applications at Kansbahal.
- Indigenization of various components for Rubber Processing Machines by designing, developing specifications and adapting to Indian conditions at LTM.
- Increasing filtration capacity at Foundry Unit, Coimbatore through change of filters used in Casting process from Foam Filters to Hyper-cast filters.
- Development of Sulphur block coatings for moulds & cores in place of Zircon based coatings at Foundry Unit, Coimbatore.
- Development of newer grades – SG 700/2 for Gear Box castings and Heat Resistant Steel (High Nickel-High Chrome Steel) for steel rolling mills at Foundry Unit, Coimbatore.

- Optimization of melt mix and improvement in overall Yield through new spread of casting grades (SG, Grey Iron & Steel) at Foundry Unit, Coimbatore.
- Localization of machining vendors at Foundry Unit, Coimbatore.
- Development and tracking of future technologies for integration with products.
- Development of multi-generation platform products.
- Development of mechanization / welding automation on shop floor for specific application.
- In discussions with Shell Projects for detailed engineering of Gasifier.
- Creation of intellectual property for the businesses.

2. Benefits derived as a r esult of the above ef forts, e.g., product improvement, cost reduction, product development, import substitution, etc.:

- Successful performance simulation / optimization of process design and engineering for various Hydrocarbon projects (Refinery, Oil & Gas, Fertilizer and Chemical plants).
- Complete in-house support to business units in providing Refractory solutions (selection, design, engineering, commissioning) for high-temperature applications.
- Energy conservation through optimal design, analysis and engineering of heat exchange equipment and waste heat recovery systems for Process Plants.
- Successful selection and characterization of materials for critical applications and implementation of suitable preservation / corrosion protection techniques to achieve longer life.
- Development of optimized design for Coal Pulverizers through appropriate sizing, material selection and modification of indigenization of manufacturing processes.
- Establishment of in-house capability for specialized engineering analyses (e.g., Modeling & Process Simulation, Computational Fluid Dynamics, Transient Thermal Analysis, advanced Stress Analysis, Vibration & Acoustics, Rotor Dynamics, Tribology etc.) in order to achieve self-sufficiency and minimize dependence on external agencies.
- Multi-disciplinary technology support to Projects towards troubleshooting, failure analysis and plant commissioning, in order to achieve successful Project completion with respect to cost, time, quality and HSE targets.
- Widening of product range at Kansbahal to meet specific application requirement for crushing.
- Manufacture of more safer and reliable products due to efforts of Product Development Centre, Coimbatore.
- Acquisition of in-house expertise in areas such as material characterization, advanced corrosion control methods, coating and wear protection techniques to assess and mitigate material-related risks in Projects.
- Contribution towards new materials development (composites / nano-materials) to effective support Projects of strategic importance in Defence, Nuclear and Aerospace applications.
- 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.
- Indigenisation (import substitution) & development of products for Indian Defence and Space sector.
- Technology differentiation in products and offering of superior features to customers.
- Improvement in turnaround time and reduction in logistics costs.
- Expansion of product range and export opportunities.
- Product improvement.
- Increase in know-how within the country.

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

S. No.	Technology Imported	Year of Import	Status
a)	Manufacturing know-how of Cementing Unit	2007	Absorbed
b)	Manufacture of control valves	2011-12	Under absorption
c)	Crushing Technology	On continuous basis at Kansbahal	

[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.

Hydrocarbon IC:

Hydrocarbon IC has a two decades successful track record of executing a number of international turnkey large size & complex projects including in GCC region where it has established a good presence.

During financial year 2012, few major projects have been received from reputed international clients which reinforces the strong presence Hydrocarbon IC has and future potential in these regions. Order received from PDO for Gas processing facility, SADARA Chemical (a 50:50 JV of Saudi Aramco & Dow Chemical Company) for process plant construction, ADMA OPCO & PTTEP for well head platforms, GASCO for pipeline project. Moreover prequalification obtained for upcoming large size projects from important customers including ADCO, GASCO, ADMA OPCO, PDO, ORPIC, SAUDI ARAMCO, KOC, KNPC.

As a part of Internationalisation initiatives key business development and regional heads have been appointed in select important geographies such as Australia, Houston, London, Malaysia, Perth, Saudi Arabia and Singapore. Further IC has entered into few alliances and collaborations with reputed international players in the area of Subsea systems, FPSO/MOPU, Refineries & Fertilisers, etc.

Going forward we see substantial contribution and growth coming from international region in all the business segments of Hydrocarbon IC.

Heavy Engineering IC:

- In process of approval with Alstom, Toshiba, ENEL, Skoda as worldwide supplier for Power Plant Equipment.
- Pursuing with Saudi Electric Company (SEC) for approval as supplier of Power Plant Equipment.
- Pursuing with Aker Solutions for Medicine Bow project in USA.
- In close interaction with Sasol for CTL Projects worldwide.
- Exploit the good performance of supplying Shell gasifiers in China to expand and acquire business of Shell gasification worldwide.
- Fertilizer projects are expected in gas rich region like Africa, Brazil, Middle East, Azerbaizan, Argentina and China.
- New market opportunities are expected in KSA, Kazakasthan, US & China for our products.
- China emerges as the potential market for EO / EG & Methanol plant equipment.
- Leverage L&T Forged shell for Ammonia Convertors, Reactors etc.
- Toyo qualification of OMAN works for Urea equipment.
- Improving reliability through the Competency Centres for Technology, Design & Planning and Material & Logistics and implementation of Theory of Constraint.
- Penetration in US market in Nuclear business for the BWR technology for Canister, and also awarded order for supply of Canister in PWR technology.
- Expecting Nuclear business from Europe for CUSK and also ITER project - France.

L&T Heavy Engineering has been exploring opportunities for export of Defence, Nuclear Power & Aerospace equipment as well. Orders 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.

Construction IC:

The focus on GCC Countries occupies a predominant position for PT&D for its International Business. The year 2011-12 was an extremely challenging year. Inordinate delay / deferment of projects by clients affected the Sales. However, L&T's Global Footprint coupled with project execution capabilities helped the IC in securing certain prestigious orders in Qatar, UAE and Kuwait in the Power Transmission and Distribution Sector. The IC has substantially improved its market share in Qatar.

Business Environment:

The construction industry continues to witness slowdown and was very sluggish during the last financial year. In UAE, the Abu Dhabi Government, despite being highly liquid and cash rich, is very cautious in it's approach and the same is evident from the delay in placement of Tender/Award of Contracts.

Business Performance:

The IC has secured one of the largest value tender in PT&D business at Qatar during the year 2011-12. Expansion of Business into the new areas viz. Bahrain, Kuwait has helped the Company to reach significantly higher order inflow position.

Volatility in Commodity Prices:

Though oil price was not seen with much oscillation, the commodity price had lot of volatility, however the Operating Company protected its margin by mitigating the risk through proper hedging.

Outlook:

The 2012-13 outlook for GCC countries remains positive despite the Eurozone crisis. With oil prices expected to be around $100/barrel range in 2012, GCC public finances will remain reassuringly strong. Due to Arab spring in 2011, Government will remain focused on their medium term development goals & propel the growth rate which will pave way for enhanced business opportunities.

On the cost side, the various welfare measures announced by GCC Governments for their nationals, including a steep hike in their salaries pose a challenge to the Company in terms of inflation & pressures on margin. In addition, recruitment & management of multinational staffs & workmen will add to the challenges to the Company's project team.

With the IC having firmly established in all GCC countries now, it has set its sight to expand to African Countries & corner a significant market share in GCC Market.

Electrical & Automation IC:

The overall economic activities, affected by factors such as increasing oil prices, inflation, higher interest rates and rise in input costs, remained quite slow. The dull Middle East markets in the middle-east added to the pressure on this business.

Tamco Malaysia (one of the subsidiaries of the Company) qualified for Achilles (UK) certification, made an entry into Philippines and Vietnam markets, qualified in Kuwait and Iraq, received Petronas approval for its MV products and executed its first order for 31.5kA AIS at Lusail City in Qatar.

The switchboards and automation teams bagged an order of US $ 22 million for supply of switchboards and telecommunications package including transmission network and CCTV monitoring for an inter refinery pipelines project in Abu Dhabi.

Future Outlook:

Some of our focused International markets have started showing signs of recovery. The outlook for TAMCO holds good promise. Besides Malaysia, there is an anticipation of boom in mining and offshore industries as well as capacity addition in windmills in Western Australia, opportunities in the infrastructure sector in Qatar, UAE and Malaysia. The Maaden frame agreement has facilitated recognition of the IC's subsidiary with global EPC majors in KSA where higher government spending in infrastructure segment is expected to yield significant business. For the IC's subsidiary in UAE, the Oil & Gas, Utility and Infrastructure segments are showing signs of revival across Middle East, Africa and CIS countries with significant investments announced over next 3-5 years. Having strengthened its position in Telecom System Integration, it expects to grow significantly in this area in addition to the areas in control, electrical and instrumentation.

Electrical & Automation (E&A) business is confident of higher growth with the Utility segment indicating increased activities alongwith revival in the Building segment in GCC region. Africa has become a destination of new opportunities. Prospects of turnkey automation projects are improving and opportunities in the energy management segment should contribute to better growth for automation products and solutions.

For FY 2011-12, E&A filed 162 patents applications, 16 trademark applications, 10 design registrations and 9 Copyrights as well as 10 international patent applications through PCT (Patent Cooperation Treaty) making it the 5th consecutive year of filing more than 100 patent applications.

Power IC:

Power IC has identified export markets as key to growth for its Gas-based Power Plants SBU. This is driven by lack of opportunities in domestic market owing to sharp fall in Gas availability, which led the Ministry of Power to advise Indian Power Producers not to plan any new Gas-based Power project until 2015-16.

Power IC has identified GCC and South East Asia as the potential markets. A good beginning is made in

Bangladesh where the pre-qualification has been achieved successfully. Orders totaling approximately 1600 MW are expected to be ordered out in 2012-13.

Negotiations are also in progress with Mitsubishi Heavy Industries Limited to order components on the manufacturing Joint Ventures, namely L&T-MHI Boilers Private Limited and L&T-MHI Turbine Generators Private Limited.

Manufacturing & Industrial Products IC (MIP IC):

LTM BU has successfully supplied the proto type press to a major European Tyre Manufacturer and the press is under observation. On successful performance LTM will be in a position to get orders for presses to their plants worldwide. LTM also succeeded in obtaining an order for Automatic Truck Tyre Building Machines from another Major European Tyre Major, which opens a new market segment for the unit. The Rubber Machinery business secured orders in Greenfield domestic projects and emerging economies like Brazil and Russia this year. LTM BU also stands to benefit from the new business prospects likely to emerge in the area of Internal Mixers and Twin Screw Extruders in the coming year.

Valves unit did good business on the back of sustained Oil & Gas project activity in the Middle East, North Africa and Australia. The targeted projects in international Oil & Gas were on schedule and enabled Valves to end the year with a healthy order booking. Extension of approval for new range of products including TMBV / TOBV were taken up with end users like Aramco, KOC, Adnoc etc. for their product requirements. Service support at site was strengthened with agreements signed with local modification shop in Qatar, Saudi Arabia & Abu Dhabi. Detailed plans to address replacement market business are being worked out with key distributors. All these measures are expected to bring in international business of significant scale.

Exports opportunities of Crushing and Surface Mining equipment at Kansbahal were limited in 2011-12 due to subdued activities in cement industry in GCC region. The future potential for export growth of products from Kansbahal is envisaged in African countries. The efforts are being made in identifying and aligning with local partners for further promotion and sales activities. Increased mining activity in neighbouring countries like Nepal, Bhutan and Myanmar will also throw opportunities of sale for our equipment in coming year.

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

	2011-2012	*2010-2011*
Foreign Exchange earned	8,057.36	*5,878.81*
Foreign Exchange saved / deemed exports	2,363.25	*1,941.85*
Total	10,420.61	*7,820.66*
Foreign Exchange used	10,572.57	*9,767.54*

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. K. Venkataramanan	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. V. K. Magapu	20,000	35,000	35,000	40,000	22,500	22,500
	Mr. M. V. Kotwal	16,500	27,000	27,000	30,000	17,500	17,500
	Mr. S. N. Subrahmanyan	–	5,400	4,800	3,400	3,250	3,250
	Mr. R. Shankar Raman	–	5,000	13,000	14,000	12,500	12,500
	Mr. Y. M. Deosthalee	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. K. V. Rangaswami	16,000	25,000	25,000	27,000	17,500	17,500
	Mr. J. P. Nayak	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. 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	8,84,400	8,99,800	8,84,400	7,78,250	7,18,250
	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)					
	Options granted to Senior Managerial Personnel post Restructure Pre Bonus Issue 2006:						
	Mr. Shailendra Roy	–	–	–	–	–	10,000

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):

		ESOP SERIES					
	Particulars (1)	**1999** (2)	**2000** (3)	**2002-A** (4)	**2002-B** (5)	**2003-A** (6)	**2003-B** (7)
(a)	(1) Options granted (outstanding and adjusted consequent to Bonus Issue)	Nil	8,400	10,750	29,850	12,94,320	25,84,814
	(2) Options granted post Bonus Issue						7,18,430
	(Equity shares of ₹ 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) and Part B (j)					
	Options granted to Senior Managerial Personnel post Bonus Issue 2006 (Pre Bonus Issue 2008):						
	Mr. S.N. Subrahmanyan	–	–	–	–	–	7,000
	Mr. R. Shankar Raman	–	–	–	–	–	9,000
	Mr. Shailendra Roy	–	–	–	–	–	6,500
							22,500

* 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):							
		ESOP SERIES					
	Particulars (1)	**1999** (2)	**2000** (3)	**2002-A** (4)	**2002-B** (5)	**2003-A** (6)	**2003-B** (7)
(a)	(1) Options granted (outstanding and adjusted consequent to Bonus Issue)	Nil	16,800	21,500	39,700	31,452	23,04,226
	(2) Options granted post Bonus Issue (Equity shares of ₹ 2/- each)						7,13,200
							30,17,426
(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	–	–	–	–	–	21,35,207
	Total	Nil	16,800	21,500	39,700	31,452	22,99,133
(d)	Options exercised	Nil	Nil	Nil	Nil	Nil	21,77,629
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of ₹ 2/- each)	Nil	Nil	Nil	Nil	Nil	21,77,629
(f)	Options lapsed	Nil	Nil	Nil	Nil	Nil	1,92,495
(g)	Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Money realised by exercise of Options	Nil	Nil	Nil	Nil	Nil	₹ 3,81,08,507.50
(i)	Total Number of Options in force -						
	Vested	Nil	16,800	21,500	39,700	31,452	1,04,202
	Unvested	Nil	Nil	Nil	Nil	Nil	5,43,100
	Total	Nil	16,800	21,500	39,700	31,452	6,47,302
(j)	Employee-wise details of Options granted	Please refer to Part A (j), Part B (j) and Part C (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			
		ESOP SERIES	
	Particulars (1)	**2006** (2)	**2006-A** (3)
(a)	(1) Options granted (Pre Bonus Issue) Options Outstanding and adjusted consequent to Bonus Issue# (2) Options granted Post Bonus Issue (Equity shares of ₹ 2/- each)	53,35,750 1,06,71,500 6,94,270	– – 29,06,240
(b)	The pricing formula	The latest available closing price on National Stock Exchange of India Limited on August 31, 2006, preceding the date of initial grant i.e., September 1, 2006 – ₹ 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 Unvested Total	 6,97,138 61,15,000 68,12,138	 14,844 26,85,934 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:**		
	Particulars (1)	**ESOP SERIES** **2006** (2)	**ESOP SERIES** **2006-A** (3)
(a)	(1) Options granted (outstanding and adjusted consequent to Bonus Issue) (2) Options granted Post Bonus Issue (Equity shares of ₹ 2/- each)	1,36,24,276 Nil 1,36,24,276	54,01,556 85,82,980 1,39,84,536
(b)	The pricing formula (Adjusted grant price per share)	₹ 601/-	
(c)	Options vested (Adjusted on Bonus Issue) *Add:* Vested post Bonus Issue Total	13,94,276 1,17,81,255 1,31,75,531	29,688 50,31,790 50,61,478
(d)	Options exercised	1,06,81,677	30,68,800
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of ₹ 2/- each)	1,06,81,677	30,68,800
(f)	Options lapsed and/or withdrawn	9,15,848	22,70,387
(g)	Variation of terms of Options	Nil	Nil
(h)	Money realised by exercise of Options	₹ 641,96,87,877	₹ 184,43,48,800
(i)	Total Number of Options in force – Vested Unvested Total	 20,11,951 14,800 20,26,751	 17,51,546 68,93,803 86,45,349
(j)	Employee-wise details of Options granted to – i) Senior Managerial Personnel ii) Any other employee who receives a grant, in any one year, of Options amounting to 5% or more of Options granted during that year iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	 None None 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 ₹ 72.23 b. Diluted EPS after extraordinary items ₹ 72.23
(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 compensation arising from employee share-based payment plans: a. The employee compensation charge debited to the Statement of Profit and Loss for the year 2011-2012 would have been higher by ₹ 25.99 crore *(previous year: ₹ 43.85 crore)* [excluding ₹ 4.79 crore *(previous year: ₹ 3.31 crore)* on account of grants to employees of subsidiary companies] b. Basic EPS before extraordinary items would have decreased from ₹ 72.92 per share to ₹ 72.50 per share c. Basic EPS after extraordinary items would have decreased from ₹ 72.92 per share to ₹ 72.50 per share d. Diluted EPS before extraordinary items would have decreased from ₹ 72.23 per share to ₹ 71.81 per share e. Diluted EPS after extraordinary items would have decreased from ₹ 72.23 per share to ₹ 71.81 per share
(m)(i)	(a) Weighted average exercise prices of Options granted during the year where exercise price is less than market price.	₹ 566.22 per share
	(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.	₹ 745.94 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 Option Pricing Model
	(b) Significant Assumptions	
	(i) Weighted average risk-free interest rate	8.28%
	(ii) Weighted average expected life of Options	4.33 years
	(iii) Weighted average expected volatility	41.09%
	(iv) Weighted average expected dividends	₹ 62.84 per option
	(v) Weighted average market price	₹ 1146.53 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 option Purchase Scheme) Guidelines, 1999 and the resolutions of the Company in general meetings held on 26 August, 1999, 22 August, 2003 and 25 August, 2006.

SHARP & TANNAN
Chartered Accountants
ICAI registration no. 109982W
by the hand of

R. D. KARE
Partner
Membership No. 8820

Mumbai, 14 May, 2012

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 your 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 endeavours to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

C. THE GOVERNANCE STRUCTURE

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

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

(ii) **Executive Management –** by the Corporate Management comprising the Executive Directors and two Senior Managerial Personnel and three Advisors to the Chairman.

(iii) **Strategy & Operational Management –** by the Independent Company Boards of each Independent Company (IC) comprising representatives from the Company Board, Senior Executives from the IC and independent members.

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

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

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

a. Board of Directors (the Board):

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

b. 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 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.

The Board has bifurcated the position of CMD. Presently, the Company has a Chief Executive Officer and Managing Director (CEO & MD). The present CMD will take on his new role as Group Executive Chairman with effect from October 1, 2012.

The CEO & MD will be fully accountable to the Board for the Company's business results, people development, operational excellence, business development and other related responsibilities. The Group Executive Chairman will provide leadership and devote his full attention to certain core actions which would include, *inter alia*, focus on restructuring, mentor senior executives, succession planning, corporate governance, interface with critical Government entities and major customers for the Company and Group Companies and provide support, wherever necessary.

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

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):

In 2010-11, the Company developed its strategic plan for 2010-15 (LAKSHYA 2015) which, *inter alia*, defined various business areas to be focused on over the next five years. The thrust of LAKSHYA 2015 was increased accountability and ownership for performance, making the Company less complex to manage and be more focused on its core business. The Company was restructured into 10 Independent Companies (ICs) [not legal entities] with each IC having its own Board, with members both within the Company, independent members and a representative from the Company's Board.

Since the formulation of "LAKSHYA 2015" the development in domestic and international environment impacted the performance and future expectations of many of the Company's existing businesses compared to the original targets in "LAKSHYA 2015". The Company has now undertaken a mid-term review of the Strategy Plan called "LAKSHYA 2016" to initiate various strategic actions to achieve the goals set earlier with minimum deviations.

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, Chief Executive Officer and Managing Director, 6 Executive Directors and 8 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, 10 Meetings were held on April 6, 2011, April 14, 2011, May 19, 2011, August 8, 2011, August 27, 2011, October 21, 2011, December 28, 2011, January 23, 2012, January 24, 2012 and March 9, 2012 .

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

The following composition of the Board of Directors is as on March 31, 2012. 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, 2012 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 company Directorships	No. of Committee Membership *(see Note 1)*	No. of Committee Chairmanship *(see Note 1)*
Mr. A. M. Naik	CMD	10	10	YES	3	1	–
Mr. Y. M. Deosthalee*	ED	10	5	YES	–	–	–
Mr. K. Venkataramanan	CEO & MD	10	10	YES	3	–	–
Mr. K.V. Rangaswami¥	ED	10	3	–	–	–	–
Mr. V. K. Magapu	ED	10	10	YES	1	1	–
Mr. M. V. Kotwal	ED	10	10	YES	2	–	–
Mr. Ravi Uppal	ED	10	10	YES	4	2	–
Mr. S. N. Subrahmanyan**	ED	10	7	YES	1	–	–
Mr. R. Shankar Raman***	ED	10	5	–	6	6	–
Mr. Shailendra N. Roy £	ED	10	–	–	14	6	1
Mr. S. Rajgopal	NED	10	10	YES	1	1	–
Mr. S. N. Talwar	NED	10	9	YES	13	4	4
Mr. M. M. Chitale	NED	10	10	YES	10	6	5
Mr. Thomas Mathew T. $	NED	10	7	YES	5	1	–
Mr. N. Mohan Raj $	NED	10	9	YES	1	1	–
Mr. Subodh Bhargava	NED	10	10	YES	8	4	2
Mrs. Bhagyam Ramani @	NED	10	7	YES	–	–	–
Mr. A. K. Jain #	NED	10	10	YES	2	–	2
Mr. J. S. Bindra	NED	10	10	YES	–	–	–

Note1: Committee memberships includes memberships of Audit Committee and Shareholders' Grievance Committee in all public limited companies (whether listed or not) and excludes private limited companies, foreign companies and Section 25 companies.

* ceased to be a director w.e.f. close of working hours of 05.09.2011.

** appointed as an ED w.e.f. 01.07.2011

¥ ceased to be a Director w.e.f. close of working hours of 30.06.2011.

*** appointed as an ED w.e.f. 01.10.2011

£ appointed as an ED w.e.f 09.03.2012

$ Representing equity interest of LIC

@ Representing equity interest of GIC – During the year, her nomination was withdrawn by GIC consequent to her superannuation from GIC and she resigned as a Director w.e.f. 08.05.2012

Representing equity interest of SUUTI

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

CEO & MD – Chief Executive Officer and Managing 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 Company and business segments
- Financing plans of the Company
- Minutes of meeting of Board of Directors, Audit Committee, Nomination & Remuneration Committee and Shareholders' / Investors' Grievance Committee
- Details of any joint venture, acquisitions of companies or collaboration agreement
- Quarterly report on 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 and Remuneration Committee and 3) Shareholders' / Investors' Grievance Committee. The Board is responsible for constituting, assigning and co-opting the members of the Committees.

1) Audit Committee

i) Terms of reference:

The role of the Audit Committee includes the following:

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

of non-payment of declared dividends) and creditors, if any

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

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, 2012 comprised three Non-Executive Directors, all of whom are independent.

iii) Meetings:

The Committee met 7 times during the year on April 14, 2011, May 18, 2011, August 8, 2011, October 21, 2011, December 10, 2011, January 23, 2012 and March 1, 2012. The attendance of Members at the Meetings was as follows:

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. M. M. Chitale	Chairman	7	7
Mr. N. Mohan Raj	Member	7	7
Mrs. Bhagyam Ramani @	Member	7	6

@ GIC has withdrawn the nomination of Mrs. Bhagyam Ramani as Director pursuant to her superannuation and she resigned as a Director w.e.f. 08.05.2012.

Mr. A. K. Jain has been appointed as a member of Audit Committee on 07.04.2012.

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 jointly to the Chairman & Managing Director and Chief Executive Officer & 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)

i) Terms of reference:

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

ii) Composition:

The Committee has been in place since 1999. As at March 31, 2012, the Committee comprised 5 Non-Executive Directors and the Chairman & Managing Director.

iii) Meetings:

The Committee met 10 times during the year on April 6, 2011, May 18, 2011, July 4, 2011, August 8, 2011, August 27, 2011, October

21, 2011, December 28, 2011, December 29, 2011, March 2, 2012 and March 9, 2012. 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	10	10
Mr. S. N. Talwar	Member	10	9
Mr. Subodh Bhargava	Member	10	10
Mr. A. M. Naik	Member	10	10
Mr. Thomas Mathew T.	Member	10	7
Mr. J. S. Bindra*	Member	10	8
* Inducted as a member w.e.f. 19.05.2011			

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 and participation in and contribution to the activities of the Board by the Director.

The Non-Executive Directors comply with the definition of Independent Director as given under Clause 49 of the Listing Agreement. As per the definition, all our NEDs qualify as "Independent Directors". While appointing / re-appointing any NEDs 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 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 and participation in IC meetings.

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, 2012:

(a) Executive Directors:

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

₹ Lakh

Names	Salary	Perquisites	Retirement Benefits
Mr. A. M. Naik	195.00	20.00	52.65
Mr. Y. M. Deosthalee*	35.65 #	11.25	9.63
Mr. K. Venkataramanan	101.10	30.42	27.30
Mr. K. V. Rangaswami**	18.00 #	3.45	4.86
Mr. V. K. Magapu	93.00	14.10	25.11
Mr. M. V. Kotwal	91.50	25.72	24.70
Mr. Ravi Uppal	87.00	22.50	23.49
Mr. S. N. Subhramanayan***	63.00	12.75	17.01
Mr. R. Shankar Raman £	42.00	9.00	11.34
Mr. Shailendra N. Roy ¥	2.23	0.33	0.60

* retired w.e.f. the close of working hours of 5th September, 2011

** retired w.e.f. the close of working hours of 30th June, 2011

*** appointed w.e.f. 1st July, 2011

£ appointed w.e.f. 1st October, 2011

¥ appointed w.e.f. 9th March, 2012

\# excludes Gratuity and Leave encashment paid on retirement.

Note: The salary as aforesaid does not include commission. The provision of ₹ 53.45 crore has been made for the year 2011-2012 towards commission to Executive Directors and has been duly disclosed in the financial statements. This provision represents the aggregate of the maximum amount of commission payable to each of these Directors as per the individual contracts entered into with them. However, the amount of commission payable to each of them is yet to be finalized as per the commission structure approved by the board. The effect, if any, arising out of actual payment of commission being lower than the provision made, will be reckoned in 2012-2013.

- Notice period for termination of appointment of Chairman & Managing Director, Chief Executive Officer & 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	2.00	2.00	42.00	46.00
Mr. S. N. Talwar	1.80	1.80	33.75	37.35
Mr. M. M. Chitale	2.00	1.40	33.25	36.65
Mr. Thomas Mathew T.	1.40*	1.40*	26.25*	29.05
Mr. N. Mohan Raj	1.80*	1.40*	35.00*	38.20
Mr. Subodh Bhargava	2.00	2.00	40.00	44.00
Mrs. Bhagyam Ramani	1.40*	1.20*	27.50*	30.10
Mr. A. K. Jain	2.00	0.80	20.25*	23.05
Mr. J. S. Bindra	2.00	1.60	US$ 1,66,000	–

* Payable to respective Institutions they represent.

Details of shares and convertible instruments held by the Non-Executive Directors as on March 31, 2012 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 but not yet exercised

3) Shareholders' / Investors' Grievance Committee:

i) Terms of reference:

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

- Redressal of Shareholders' / Investors' complaints
- Allotment, transfer & transmission of Shares / Debentures or any other securities

and issue of duplicate certificates and new certificates on split / consolidation / renewal etc. as may be referred to it by the Share Transfer Committee.

ii) Composition:

As on March 31, 2012 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 19, 2011, August 8, 2011, October 21, 2011 and January 23, 2012. The attendance of Members at the Meetings was as follows-

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. A. K. Jain	Chairman	4	4
Mr. V. K. Magapu	Member	4	3
Mr. Ravi Uppal*	Member	4	3
* Inducted as a member w.e.f. 06.04.2011			

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

iv) Number of Requests / Complaints:

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

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

Particulars	Opening Balance	Received	Resolved	Pending*
Complaints:				
SEBI / Stock Exchange	NIL	82	82	NIL
Shareholder Queries:				
Dividend Related	138	7,245	6,388	995
Transmission / Transfer	18	1,023	1,012	29
Demat / Remat	15	486	500	1
* Investor complaints / queries shown outstanding as on March 31, 2012 have been subsequently resolved. The substantial increase in number of queries is on account of the Company's repeated reminders to shareholders regarding unclaimed shares and dividends.				

The Board has delegated the powers to approve transfer of shares to a Transfer Committee of Executives comprising 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.

The Company holds Board meetings at its registered office and also if necessary, in locations, where it operates. Site / factory visits are organized at various locations for the Directors.

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 Page 52 in Annexure 'C' to the Directors Report.

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

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 auditors. S&T has furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non-audit assignments for the Company. The Company believes that S&T, over a period of time, has gained extensive knowledge of the Company and 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 2011-2012 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.larsentourbo.com. The declaration of Chairman & Managing Director is given below:

To the Shareholders of Larsen & Toubro Limited

Sub.: Compliance with Code of Conduct

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

A. M. Naik
Chairman & Managing Director

Date: May 11, 2012
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
2010-2011	August 26,2011	3.00 p.m.
2009-2010	August 26, 2010	3.00 p.m.
2008-2009	August 28, 2009	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, 2011:

- To approve appointment of Statutory Auditors and remuneration payable to them.

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 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 appointment of Statutory Auditors and remuneration payable to them.

g) Approval of Members through Postal Ballot:

The Company received approval of the members, for passing an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, for transfer of the Electronic & Automation (E&A) business of the Company to its subsidiary or associate Company or such other entity as may be approved by the Board. Mr. S. N. Ananthasubramanian, Practicing Company Secretary, was appointed as the Scrutinizer for conducting the Postal Ballot process. The details of the voting pattern are as under:

Particulars	No. of votes cast	% of total votes cast
In favour of the resolution	33,07,72,713	92.65
Against the resolution	2,62,37,800	7.35
Total	**35,70,10,513**	**100.00**

Number of Invalid Ballots (unsigned / unticked) was 553.

Procedure for Postal Ballot:

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

h) **Disclosures:**

1. During the year, there were no transactions of material nature with the Directors or the Management or the subsidiaries or relatives that had potential conflict with the interests of the Company.

2. Details of all related party transactions form a part of the accounts as required under AS 18 and the same are given on page 166 to page 177 of the Annual Report.

3. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing the Financial Statements.

4. The Company makes presentations to Institutional Investors & Equity Analysts on the Company's performance on a quarterly basis.

5. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

i) **Means of communication:**

Financial Results	Quarterly & Annual Results are published in prominent daily newspapers viz. The Financial Express, The Hindu Business Line & Loksatta. The results are also posted on the Company's website: www.larsentoubro.com
News Releases	Official news releases are sent to stock exchanges as well as displayed on the Company's website: www.larsentoubro.com
Website	The Company's corporate website www.larsentoubro.com provides comprehensive information about its portfolio of businesses. Section on "Investors" serves to inform and service the Shareholders allowing them to access information at their convenience. Presentations made to Institutional Investors and the shareholding pattern of the Company on a quarterly basis are also displayed on the website. The entire Annual Report and Accounts of the Company and subsidiaries are available in downloadable formats. The Annual Report will also be made available on the websites of the Stock Exchanges.
Corpfiling	Information to Stock Exchanges is now 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 24, 2012 at Birla Matushri Sabhagar, Marine Lines, Mumbai – 400 020 at 3.00 p.m.

b) **Financial calendar:**

1. Annual Results of 2011-12	May 14, 2012
2. Mailing of Annual Reports	Third week of July, 2012
3. First Quarter Results	During third week of July, 2012*
4. Annual General Meeting	August 24, 2012
5. Payment of Dividend	August 28, 2012
6. Second Quarter results	During third week of October, 2012 *
7. Third Quarter results	During third week of January, 2013 *

* Tentative

c) **Book Closure:**

The dates of Book Closure are from Friday, August 17, 2012 to Friday, August 24, 2012 (both days inclusive) to determine the members entitled to the dividend for 2011-2012.

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 2012-2013 to the above Stock Exchanges.

f) Custodial Fees to Depositories:

The Company has paid custodial fees for the year 2012-2013 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

g) Stock Code / Symbol:

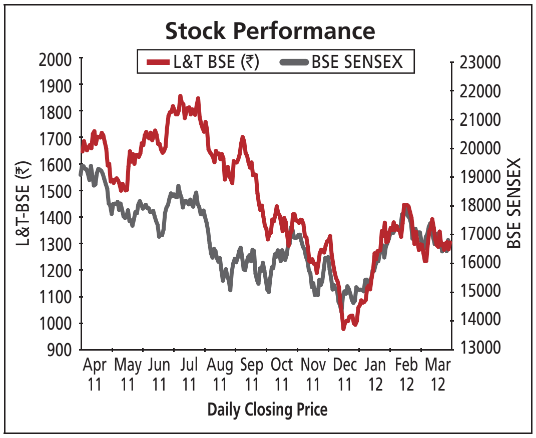
The Company's equity shares / GDRs are listed on the following Stock Exchanges and admitted for trading in London Stock Exchange:

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

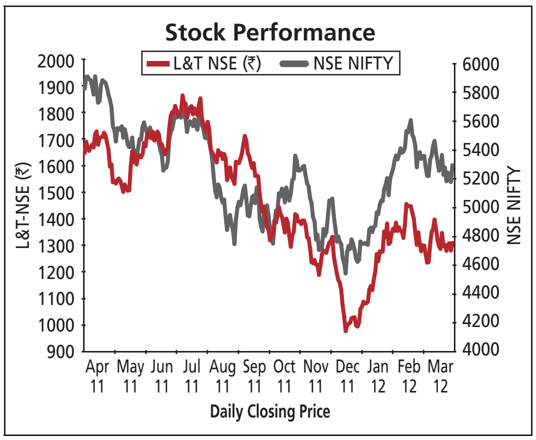
The Company's shares constitute a part of BSE 30 Index of the Bombay Stock Exchange Limited as well as NIFTY Index of the National Stock Exchange of India Limited.

h) Stock market data for the year 2011-2012:

Month	L&T BSE Price (₹)			BSE SENSEX		
2011	High	Low	Month Close	High	Low	Month Close
April	1,768.35	1,592.90	**1,597.90**	19,811.14	18,976.19	**19,135.96**
May	1,668.90	1,475.00	**1,644.00**	19,253.87	17,786.13	**18,503.28**
June	1,836.95	1,635.00	**1,822.65**	18,873.39	17,314.38	**18,845.87**
July	1,867.85	1,720.00	**1,725.95**	19,131.70	18,131.86	**18,197.20**
August	1,768.00	1,518.00	**1,609.80**	18,440.07	15,765.53	**16,676.75**
September	1,719.90	1,350.00	**1,358.20**	17,211.80	15,801.01	**16,453.76**
October	1,453.40	1,268.40	**1,413.25**	17,908.13	15,745.43	**17,705.01**
November	1,406.85	1,175.00	**1,268.80**	17,702.26	15,478.69	**16,123.46**
December	1,334.90	971.00	**995.10**	17,003.71	15,135.86	**15,454.92**
2012						
January	1,388.00	991.00	**1,310.60**	17,258.97	15,358.02	**17,193.55**
February	1,529.80	1,278.30	**1,308.10**	18,523.78	17,061.55	**17,752.68**
March	1,404.00	1,211.15	**1,306.85**	18,040.69	16,920.61	**17,404.20**



Month	L&T NSE Price (₹)			NIFTY		
2011	High	Low	Month Close	High	Low	Month Close
April	2,001.70	1,590.00	**1,595.55**	5,944.45	5,693.25	**5,749.50**
May	1,670.00	1,474.50	**1,642.35**	5,775.25	5,328.70	**5,560.15**
June	1,834.85	1,630.50	**1,823.75**	5,657.90	5,195.90	**5,647.40**
July	1,868.45	1,718.15	**1,725.55**	5,740.40	5,453.95	**5,482.00**
August	1,767.25	1,518.15	**1,608.95**	5,551.19	4,720.00	**5,001.00**
September	1,723.00	1,348.65	**1,357.60**	5,169.25	4,758.85	**4,943.25**
October	1,450.00	1,267.65	**1,413.15**	5,399.70	4,728.30	**5,326.60**
November	1,405.90	1,174.25	**1,272.15**	5,326.45	4,639.10	**4,832.05**
December	1,335.00	969.15	**994.65**	5,099.25	4,531.15	**4,624.30**
2012						
January	1,388.00	990.70	**1,310.80**	5,217.00	4,588.05	**5,199.25**
February	1,531.80	1,278.00	**1,308.05**	5,629.95	5,159.00	**5,385.20**
March	1,407.75	1,210.00	**1,309.00**	5,499.40	5,135.95	**5,295.55**



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 (DPs) 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.

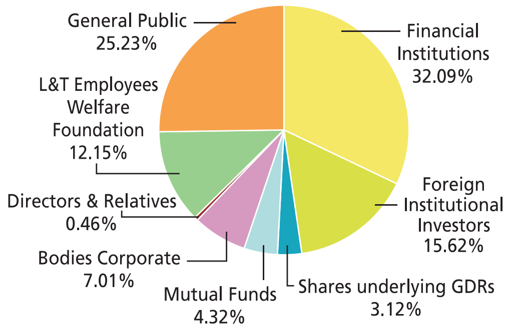
k) **Distribution of Shareholding as on March 31, 2012:**

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Upto 500	8,24,643	88.99	4,26,00,762	6.96
501 – 1000	53,504	5.77	1,99,20,654	3.25
1001 – 2000	26,358	2.84	1,92,94,581	3.15
2001 – 3000	7,705	0.83	95,33,210	1.56
3001 – 4000	4,320	0.47	76,79,924	1.25
4001 – 5000	2,159	0.23	48,77,597	0.80
5001 – 10000	4,183	0.45	1,46,62,042	2.39
10001 & ABOVE	3,847	0.42	49,38,30,129	80.64
TOTAL	**9,26,719**	**100.00**	**61,23,98,899**	**100.00**

l) **Categories of Shareholders is as under:**

Category	31.03.2012		31.03.2011	
	No. of Shares	%	No. of Shares	%
Financial Institutions	19,65,45,867	32.09	20,08,33,146	32.99
Foreign Institutional Investors	9,56,38,792	15.62	9,24,07,708	15.18
Shares underlying GDRs	1,90,99,263	3.12	2,16,46,059	3.55
Mutual Funds	2,64,30,606	4.32	2,62,45,751	4.31
Bodies Corporate	4,29,38,374	7.01	4,01,23,114	6.59
Directors & Relatives	28,36,544	0.46	51,00,566	0.84
L&T Employees Welfare Foundation	7,44,04,116	12.15	7,44,04,116	12.22
General Public	15,45,05,337	25.23	14,80,91,666	24.32
TOTAL	**61,23,98,899**	**100.00**	**60,88,52,126**	**100.00**

Categories of Shareholders as on March 31, 2012



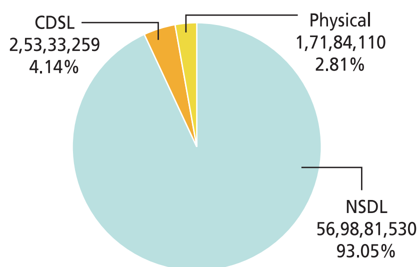
m) **Dematerialization of shares:**

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	56,98,81,530	93.05
Held in dematerialized form in CDSL	2,53,33,259	4.14
Physical	1,71,84,110	2.81
TOTAL	**61,23,98,899**	**100.00**

Shares held in Demat / Physical Form as on March 31, 2012



n) **Outstanding GDRs / ADRs / W arrants 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, 2012:

3.50% USD 200 million Foreign Currency Convertible Bonds due 2014		
(i)	Principal Value of the Bonds issued	USD 200 million
(ii)	Principal Value of Bonds converted to GDRs since issue	NIL
(iii)	Principal Value of Bonds outstanding as at March 31, 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
   Samhita Warehousing Complex,
   Bldg. No.13 A B, 2nd Floor,
   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 five 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 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's 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) 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.

x) Unclaimed Shares:

As required under clause 5A of the Listing Agreement, the Company has sent 3 reminders to the shareholders whose shares were lying unclaimed/undelivered with the Company. The Company has received a substantial number of requests to claim these share certificates which are released after a thorough due diligence. As on today the Company has only 0.20% of the total shares, lying unclaimed. These will be transfered to the unclaimed suspense account as required under the listing agreement. The Company has initiated the process of opening the "Unclaimed Suspense Account" and will transfer the shares as soon as the account is operational.

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, 2012 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 propose 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,

R. Shankar Raman
Chief Financial Officer

A. M. Naik
Chairman & Managing Director

Place: Mumbai
Date: May 14, 2012

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, 2012 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 explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which 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 14, 2012

Notes

Management Discussion & Analysis 2011-2012

Global Economic Condition

The world economy continues to face challenges on the road to sustained recovery. Advanced Economies that seemed to be shaping well at the start of 2011 lost steam towards the fag-end of the year and this uncertainty is clouding the prospects for global growth during 2012. The growth momentum was impacted as the protracted debt crisis in the euro area and fiscal fragilities dampened business and consumer confidence.

The economic crisis and its ramifications 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. The consequence has been volatile and low growth which is likely to stay for sometime to come.

Near term, the growth prospects for 2012-2013 remain uncertain, with growth petering out in the euro area and moderating in the emerging markets, while a better-than-expected recovery is shaping up in the US. The baseline scenario suggests that global growth may continue to be low in 2012, with a recession in the euro area as the region makes the much needed fiscal adjustment. Meanwhile, the resource rich Middle East and North Africa (MENA) region has been facing significant internal challenges and geopolitical risks. In addition, there is the risk of large potential spillovers to the region from Europe.

The year 2011-2012 was abetted by the continuing global volatility and challenges. These uncertainties led to widespread risk aversion and adversely affected capital flows to new projects. The competition for limited opportunities, led to socio-political tensions, increasing protectionism, reassessment of regulation and more importantly, heightened competition for scarce natural resources.

Overview of Indian Economy

After a rebound in growth in 2010-2011, the Indian economy slowed down to 6.5% in fiscal 2011-2012. This was the lowest annual growth in the last 9 years and was sub-par in comparison to not just the pre-crisis years up to 2008 but also compared to immediate post crisis period.

With increasing global integration, the Indian economy was impacted by global uncertainties, while at the same time faced significant domestic challenges of persistent and high inflation, tight monetary conditions, low investment and delays in policy making.

The slowdown in 2011-12 was seen in all the major sectors of the economy as compared with the previous year. The Services sector grew by 8.9%, Industry by 3.4% and Agriculture by 2.8% as compared with 9.3%, 7.2% and 7% respectively in 2010-2011. Industrial growth remained subdued due to supply-side bottlenecks, particularly in the mining sector, and moderation in investment demand. The most dismal picture has been presented by capital goods segment which has been in a negative territory during the fiscal. Significantly, slowdown was witnessed in capacity addition as defined by capital formation which decelerated to 5.5% in 2011-2012 as against 7.5% achieved in 2010-2011.

Business scenario:

Core sectors in the country which are of key importance to the businesses of the Company, in particular, Power, Transportation Infrastructure, Hydrocarbon, Fertiliser, Defence, faced multiple challenges due to policy delays. Consequently the commitments on capital expenditure and fresh investments were deferred, impacting the growth in the order inflow of the Company during 2011-2012.

Delays in obtaining various clearances and approvals staggered progress on a few ongoing projects in power, power transmission, roads and railways segment. Product businesses of the Company witnessed sluggish industrial demand and recorded moderate sales during 2011-2012.

Despite the prevailing economic uncertainties, the year 2012-2013 holds prospects of gradual build-up in the growth momentum of the Indian economy. Infrastructure development assumes prominence in the Government's budget proposals for the year 2012-2013. Apart from Power and Transportation Infrastructure, the emphasis will be on strengthening certain other sectors such as Fertiliser, Oil & Gas Pipelines, Irrigation, and Rural Market Network with increase in the budgeted allocation of resources for funding growth in these sectors.

In the long-term, India continues to offer considerable opportunities aided by its favourable demographic profile. Its large consumer market has attracted global companies, many of whom have made India their manufacturing hub. However, in order to harness this potential and achieve sustainable growth, the country needs to push forward critical reforms and build innovative public-private partnerships to deliver rapid and inclusive growth as also provide an enabling environment for upgrading infrastructure.

Besides policy reforms, better governance, delivery systems and stronger implementation, the leaders from the government, industry and society need to collaborate to improve the education system, invest in much needed infrastructure, increase the agricultural productivity and ensure an equitable distribution of opportunities for achieving an inclusive and sustainable growth.

With some signs of stability returning in the MENA region and crude prices sustaining at remunerative levels, infrastructure development and capacity expansion in Oil & Gas sector is expected to attract fresh investments in the Middle East which augur well for the businesses of the Company.

Business Challenges:

Order prospects of the Company especially from Power, Infrastructure, Defence, Fertiliser, Water and Railways in India largely depend upon the policy direction and availability of resources to finance large projects.In spite of large demand for power, projects for setting up of new power plants are not gaining momentum due to fuel shortage, delays in obtaining environmental clearances, issues associated with land acquisition and competition from Chinese equipment manufacturers. Political stability, good governance and speedy decision making hold the key for achieving growth in the order inflow.

The businesses of the Company are also focusing on harnessing international prospects, mainly from the Middle East region in 2012-2013. The forays into international markets would mean dealing with many challenges such as stiff competition from multinational players, regulatory requirements of local sourcing etc.

Margins would remain under pressure during 2012-2013 with inflationary conditions and continuing competition from domestic and international players. The volatility in commodity prices and foreign currency exchange rates are expected to pose challenges to the operating margins. Conditions of tight liquidity and elevated interest rates are expected to prevail in 2012-2013. The working capital levels unless managed well are likely to trend higher.

Growth Strategies and Thrust Areas:

Improved execution efficiencies, cost competitiveness, better supply chain management, control over working capital, efficient utilization of resources, smart bidding strategies, better product and service offerings will enable the businesses to achieve the desired targets in the medium term. The major growth strategies of the Company include:

- **Thrust to International Business :**

  While strengthening its domestic presence, the Company is accelerating forays into the international markets, particularly in the Middle East. The prospects in the new geographies such as Australia, parts of Africa and CIS countries are also being explored. Building an international organisation for business development and execution is a major thrust area. The businesses are focusing on tie-ups/pre-qualification alliances for securing large value international orders.

- **Strengthening Execution and Operational efficiency:**

  The businesses have taken steps for focused cost reduction and productivity improvement to enhance their competitive positioning. These steps will also enable deployment of innovative pricing strategies for achievement of targeted business inflow for both projects as well as product businesses of the Company.

Efficient project monitoring and improved contract management remain the key thrust areas for management of large sized, long cycle EPC jobs under execution. The businesses are concentrating on superior execution and enhanced delivery capability for achieving targeted sales and profitability in 2012-2013.

- **Capacity augmentation and productivity gains:**

  With an eye on capacity augmentation, the Company has undertaken in 2011-2012 capital expenditure mainly to acquire various plant and equipment for the businesses in Engineering and Construction segment and for expansion of the Modular Fabrication Yard at Kattupalli, Tamilnadu. The manufacturing facilities at Vadodara and Ahmednagar for the Electrical and Electronics business segment are being augmented to reap benefits of low cost locations.

  The Company has made significant investments in the past few years in expanding the fabrication & manufacturing facilities for its various businesses. While these new capacities will enhance the competitive edge of the Company, the returns on these investments are expected only over a longer term. The businesses are focusing on increasing capacity utilization and enhancing productivity in order to improve returns on these investments.

- **New Business Structure and Strategic Plan:**

  The Independent Companies (ICs) structure has been institutionalized in L&T Group for empowering businesses for scaling up performance. A mid-term review of the Strategic Plan 2015 was carried out and requisite course corrections have been incorporated in the newly adopted Lakshya 2016 plan. With improved organizational structure and strategic direction, the businesses are enabled to harness opportunities and tackle challenges. The Strategic Plan will aid the Company to take initiatives for growing remunerative businesses.The Strategic Plan is also expected to facilitate organizational and business portfolio restructuring for increased value creation in the medium term.

- **Human Resource Development:**

  Talent management, leadership development and succession planning are the major focus areas for the Company. The individual business units have been focusing on acquiring and retaining the talent with requisite competencies. Specific high impact programmes are being conducted for leadership development. The Company has invested in setting up various in-house training and development centers. L&T-Project Management Institute in Baroda is accredited by PMI of USA. The Company runs Construction Skill Training Institutes (CSTI) in association with the Ministry of Rural Development, GOI and some of the State Governments at 7 locations across India for imparting vocational training to rural youth on skills such as masonry, carpentry, plumbing etc.

With identified key strategic initiatives, large order book and the proven track record, the Company is well positioned to chart out its course on the growth trajectory and create value for all its stakeholders in the medium term. It is in this background that the Company's ICs, Subsidiary & Associate Companies present their operations review for the year 2011-2012 as under:

Hydrocarbon IC

L&T's heavy-lift-cum-pipelay vessel LTS 3000 installing a topside for Newfield Peninsula in Malaysia.

Overview

Hydrocarbon IC delivers design-to-build world class solutions in the Engineering & Construction space for Oil & Gas sector. In-house expertise and experience, synergized with strategic partnerships enable it to deliver a singlepoint solution for every phase of project – from front end design through engineering, fabrication, project management, procurement, construction and installation right up to commissioning.

The key aspects of business philosophy are on-time delivery, cost competitiveness, high quality standards with focus on best in class Healthy Safety Environment and IT security practices. Integrated strengths coupled with experienced and highly skilled work force, are the key enablers in delivering critical and complex projects in India and in select overseas countries.

Major capabilities of the IC include in-house engineering, R & D centers, engineering joint ventures with reputed international companies, offshore installation capabilities, world class modular fabrication facilities,experienced & competent project execution team and safety oriented work culture. Hydrocarbon IC constantly strives to enhance health safety and environment parameters during project execution through safety cultural transformation across various disciplines. It has major work centres in India at Powai [Mumbai], Vadodara, Chennai, Bengaluru, Faridabad, Hazira and Kattupalli. The IC is a significant player in the Middle East and South East Asia. Internationally it has a manufacturing facility in Sohar [Oman], project execution capabilities in UAE [Abu Dhabi and Sharjah], Qatar [Doha] and Al-Khobar [Saudi Arabia] and business development offices in Houston, London, Singapore, Malaysia & Brazil.

Hydrocarbon IC is structured into the following three Strategic Business Groups (SBGs):

- Hydrocarbon Upstream
- Hydrocarbon Mid & Downstream (HMD)
- Hydrocarbon Construction & Pipelines (HCP)

Hydrocarbon Upstream

Hydrocarbon Upstream SBG provides a wide range of EPIC solutions covering entire value chain of offshore Oil & Gas encompassing drilling rigs, offshore platforms and subsea pipelines. Its wide business portfolio includes well-head platforms, process platforms & modules, subsea pipelines, brownfield developments, floating systems and deep water sub-sea.

The SBG has successfully executed large size projects in East & West Coast of India, the Gulf and Africa and has an elite clientele comprising global companies such as ONGC, GSPC, Songas, Qatar Petroleum, Maersk Oil Qatar, Bunduq, PTTEPI, ADMA OPCO and also executed break through orders for major jack up rig refurbishment.

Upstream SBG has three state-of-art fabrication facilities offering round the year delivery, accessing strategically important regions – Hazira near Surat on the west coast of India, Kattupalli near Chennai on the east coast of India, and at Sohar on the Gulf of Oman, with a capacity of about 150,000 MT per year catering to fabrication of large oil & gas modules and heavy offshore and onshore structures. In addition, the deepwater yards at Sohar and Kattupalli can execute construction / refurbishment of Jack-up Rigs & Semis, FPSO's and Integrated Decks. The SBG's capabilities are further augmented with the new Heavy Lift-cum-Pipelay installation Vessel, LTS3000.

The SBG recently completed installation of the country's largest project order bagged in 2009 – the US $ 1.2 Billion Mumbai High North complex, where it achieved several firsts for Indian offshore such as largest jacket, heaviest loadout, heaviest lift at offshore, largest offshore living quarter module and largest process platform. The entire Engineering and Fabrication for this project was done in-house, achieving an end-to-end delivery capability for such mega projects. Installation vessel LTS 3000 owned by L&T's JV LTSSPL was used for installation of Jackets including heaviest MNP Jacket weighting 13,500 MT for first time in India. A total of 80,000 MT of fabrication was involved in this project.

During the year, Upstream SBG was successful in bagging major well head platform orders from international clients like PTTEPI and ADMA OPCO.

As a part of strategic initiatives, newer geographies are being explored to maintain the growth momentum.

Hydrocarbon Mid & Downstream (HMD)

Hydrocarbon Mid & Down Stream SBG offers turnkey solutions encompassing engineering, procurement, construction and commissioning (EPCC) to petroleum refining, petrochemicals, fertiliser and onshore gas processing sectors.

The SBG has rich experience of project execution with diverse technologies form process licensors like UOP, Axens, HaldorTopsoe, CB&I Lummus, Black & Veatch, Ortloff, ExxonMobil, BOC Parsons, Du-Pont (Invista) & Davy Process Technologies.

HMD has built the capabilities and has the resources to simultaneously execute multiple large value complex projects meeting stringent delivery schedules and safety norms. The multi-locational centres of engineering excellence comprising L&T-Chiyoda and in-house design and engineering centres, have over 1500 experienced engineers, equipped to address the complete spectrum of process and detailed engineering. In India, the SBG mainly operates from Mumbai and Vadodara. As a part of internationalization initiative, business development and execution capabilities have been established in Sharjah and Al-Khobar.

HMD has also been prequalified with major state owned oil & gas producers in MENA and SEA such as ORPIC, ADCO, ADMA OPCO, KOC, KJO, Saudi ARAMCO for large value upcoming projects.

During the year, SBG has bagged a green field gas processing project from PDO Oman. HMD has actively participated in almost all the fertilizer projects in India. Through strategic alliances with internationally renowned companies, HMD has access to world-class technologies offering process for manufacture of ammonia and urea.It has three Ammonia Plant modernisation projects under execution at Bharuch for GNFC and at Panipat & Bhatinda for NFL which are progressing as per schedule.

The SBG has excellent track record in executing hydrogen generation and synthesis gas generation projects and has also executed several fast track refinery projects including diesel hydrodesulphurisation and diesel hydro-treating units. In the domestic Gas processing segment, two projects are under execution for additional gas processing facilities from ONGC at Hazira & Uran.

Major jobs completed during the year include commissioning of hydrogen generation unit of GGSR at Bhatinda and mechanical completion of diesel hydrotreating unit and hydrogen generation unit of MRPL at Mangalore. Reactor regenerator package for IOCL-Paradip is also under advanced stage of execution.

Hydrocarbon Construction & Pipelines (HCP)

Hydrocarbon Construction & Pipelines SBG undertakes turnkey construction of refinery, petrochemicals, chemical plants, fertilizers, gas gathering stations, crude oil & gas terminals, underground cavern storage system for LPG covering civil, structural, piping, equipment and heavy lift works. It also undertakes cross-country pipelines on lump-sum turnkey (LSTK) basis.

Major capabilities include engineering design centers, heavy lift competency and quality adherence. SBG has put in focused efforts to set higher benchmarks in Health Safety Environment Culture. The SBG has a joint venture with Gulf Interstate Engineering of USA to provide world class engineering for cross-country pipelines. L&T's capability to meet the global standards in pipeline construction on EPC mode has been proven in Cairn's Barmer Salaya pipeline project which is the world's longest heated and PUF insulated waxy crude pipeline.

To cater to GCC opportunities, the SBG has well established at Sharjah & Al Khobar supported by plant and machinery 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 SBG has entered into joint venture with reputed local partners in Oman, Kuwait and Saudi Arabia. Hydrocarbon IC is targeting select opportunities in other international geographies such as - South East Asia, Australia, Africa & CIS countries and key regional business development personnel have been appointed in those regions.

The SBG has executed various projects for key clients such as SABIC (Saudi Arabia), KOC (Kuwait), KAFCO (Kuwait) ADNOC, ENOC, Qatar Petroleum, Oiltanking Odfjell Terminals & Co. (Oman) and Saudi Aramco directly as well as through other EPC contractors.

During the year, SBG achieved major milestone by bagging a 52" X 123 km pipeline contract on EPC basis from GASCO in UAE and breakthrough order in Saudi Arabia for CMIE construction work of poly ethylene plant from Sadara Chemicals (a 50:50 JV of Saudi Aramco & Dow Chemical Company).

Business Environment

Domestic Market is becoming increasingly competitive with new players trying to establish themselves through aggressive bidding as also established international players quoting on marginal cost basis to utilize their idle capacities.

In order to achieve sustainable growth going forward, IC has embarked on cost reduction & value engineering initiatives and diversification into new geographies. Hydrocarbon IC is also focusing on modular process plant opportunities including onshore LNG modules for international markets.

During the year, a few orders, mainly domestic, got deferred due to lack of clear policies on fertilisers, fuel pricing and weaker financial condition of oil marketing PSUs.Internationally, select GCC countries saw some sluggishness namely Qatar due to gas moratorium and Kuwait due to political reasons. On the contrary, UAE and Saudi are seen to be active on new project announcements. Successful execution of jobs bagged during the year from some prestigious international client like ADMA OPCO, PDO, PTTEP, GASCO and SADARA Chemical, would lead to potential of repetitive orders.

Significant Initiatives

During the year, the IC achieved prequalification for major upcoming projects in Saudi, UAE, Australia, South East Asia and Kuwait. For venturing into newer product lines like

Subsea systems, FPSO/MOPU and to strengthen position in areas like fertilizer, it has formed strategic alliances/ collaborations with world-class technology providers. The IC will target large value projects in GCC, through consortium model with big EPC players.

In order to realign to the changing market scenario, a mid term review of Strategic plan – "Lakshya 2016" was taken up during the year wherein a number of new initiatives have been identified to ensure sustainable business growth as well as operational excellence.

As a part of internationalization initiatives, key business development personnel and international business heads have been appointed across geographies such as Houston, London, Kaula Lumpur, Perth, Al-Khobar (Saudi Arabia) and Singapore. Moreover, to strengthen international organization, proven performers in the domestic operations have been identified and are being assigned key roles in the international arena.

In order to tap upcoming opportunities reserved for local companies, an IK EPC Joint Venture is being formed in Saudi Arabia. IC continues to explore new avenues of cost savings and cost reduction. Target pricing, alternate sourcing, value engineering and effective contract management are the key initiatives which will help in sustained growth.

During the year Kattupalli yard witnessed dispatch of GSPCL Deck for Kakinada Oil fields. In view of increased international opportunities in modularisation the yard is being developed further, which is expected to be completed in 2012-2013.

The IC has undertaken various efforts to strengthen the safety culture within the organization by engaging DuPont to lead the initiative. A safety governance structure with an apex committee comprising senior management personnel is formed. Eight standards on high risk activities have been formulated and approved by Apex safety committee for implementation across the facilities. Safety Innovation school has been established in Hazira providing trainings on various safety competencies including facilities for experiential learnings.

Hydrocarbon IC has a strong resource base of skilled and experienced people working in various disciplines. HR efforts are targeted to ensure that the right talent is sourced, selected, trained and deployed across the organization. Special efforts are being put to identify potential leaders and groom them to take on higher responsibilities in the future.

The IC has entered into Memorandum of Understanding [MoU] with prestigious Universities to offer specialized courses in niche areas relevant to the IC for grooming select young engineers to be a part of the workforce. L&T Institute of Project Management, at Vadodara, plays a pivotal role in equipping the employees with the tools and techniques that can be deployed in effective project execution. The HR Excellence Model patterned around the Malcolm Balridge Quality Model & People Capability Maturity Model (PCMM), takes a holistic view of the existing HR processes and provides a structured approach for continuously improving the HR processes and its effectiveness.

The IC has institutionalised matured Risk Management Process with clear policies and guidelines to enhance/protect operating margins. The process is aimed at identification, assessment, mitigation and monitoring risks from pre-bid to completion of the project.

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

Project Managers of the IC are undergoing Risk Induction Programme conducted by ECRI (Engineering & Construction Risk Institute) on a continuous basis to get acquainted with Global Best Practices in Engineering & Construction Risk Management.

Outlook

Oil prices are steady at elevated level and have upward bias in near term given the political tensions between USA and Iran. The IC foresees business momentum building up particularly in Saudi Arabia and UAE markets in 2012-2013.

Major triggers in domestic markets would be clarity on gas pricing and availability which will facilitate award of fertilizer projects and expected impetus to cross country pipeline projects. Good business opportunities are also seen in upcoming onshore gas processing projects.

On the international front, the IC is confident of securing a few large size orders from Saudi Arabia, UAE, Oman, South East Asia region aided by business development initiatives undertaken by the IC and good business prospects in these select markets.

Lube-base oil project built by L&T on an EPC basis for Petronas Penapisan's refinery at Melaka, Malaysia.

Lowering of 36" dia gas pipeline for Qatar Petroleum at Ras Laffan.

Buildings & Factories IC

In the heart of Chennai, L&T has constructed ITC's 600-room star hotel – one of India's largest.

Overview

Buildings & Factories (B&F) IC undertakes engineering design and construction of Airports, IT office spaces & institutional buildings, hospitals, hotels, residential buildings, factories and cement plants. Our thrust is on diversifying in various building segments and expanding customer base by providing "Concept to Commissioning" solutions thus maintaining its leadership position, retaining key customers and bagging major orders.

B&F IC, as a part of L&T's Construction business has completed many landmark projects in India as well as abroad. In a global setting, L&T construction ranked 29th amongst the top 225 Global Contractors [source: Engineering News Record (ENR) August 29, 2011] consistently improving its ranking over last five years from 54th rank in ENR 2006.

Business Environment

Despite a decline in overall GDP growth, the B&F IC maintained its leadership in the market during 2011-2012. Elite & luxury housing segment in the metro cities, commercial complexes for Retail and IT industry provided good opportunities to B&F IC during 2011-2012.

The Order book of B&F IC recorded significant growth with major orders bagged during 2011-2012. In Airports, B&F bagged the prestigious project of Bangalore International Airport Limited Terminal 1 expansion at Bengaluru on a design and build model. In IT Parks and offices, the IC received orders from IT Giants like TCS, Cognizant and HCL at Kochi and Chennai locations. B&F IC also received mixed use development orders from DLF and RMZ at Noida and Bangalore respectively. The IC has put a strong foot into the Hyper-mart construction by getting orders on Pan-India basis from Reliance Industries Limited. The IC has strengthened its presence in residential segment in Mumbai by bagging orders from Omkar, Oberoi Realty and Lodha Crown Buildmart. In addition to the above, the IC has received residential projects at Chennai, Mumbai, Bangalore and Mangalore from DLF, Prestige Estates Projects, Essar and SKS Netgate to name a few. Factories segment has bagged orders from Renault Nissan, Birla Suriya and Arshiya.

Repeat orders from Cognizant, TCS, Omkar and DLF, to name a few, indicates the capability of the IC in project deliveries to the satisfaction of our customers.

B&F IC has reported significant growth in the revenues during the year 2011-2012. Some of the key notable projects completed by B&F IC include the Punjab War Memorial and Mumbai International Airport Limited (MIAL) Airside. The completion of these prestigious projects within stringent timeline, demonstrates B&F IC's superior project management / project execution capabilities in handling large design build / turnkey projects.

Significant Initiatives

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, Maintenance, repair and operations (MRO) facilities and precast housing. Various initiatives including technology tie-ups have been implemented to improve upon the execution and delivery capabilities for complex and large value orders.

Outlook

The opportunities in airports in domestic expansions and international projects, IT campus development, government thrust on healthcare, retail, demand for housing, factories and cement plant expansion plans by major players will be the key drivers for B&F IC's growth. Construction market is also expected to remain attractive in MENA countries. Given the fact that the global construction majors have been witnessing slowdown in their home markets, the growth hubs of India & MENA countries will attract a number of players.

Nevertheless, B&F IC is poised to register a satisfactory growth in the revenues during the year 2012-2013 on the back drop of a healthy order book and proven track record.

L&T builds state-of-the-art airports in India and abroad. In India, L&T has been involved in the construction of modern airports including New Delhi, Bangalore, Hyderabad and Mumbai. Currently L&T is executing the Salalah International Airport at Oman.

Asia's largest software development campus for Tata Consultancy Services in Chennai, constructed by L&T – India's largest builder of IT infrastructure.

Infrastructure IC

L&T is constructing India's first monorail corridor in Mumbai – India's commercial capital.

Overview

Infrastructure (Infra) IC undertakes design, engineering and construction of projects in Roads and Runways, Elevated Corridors, Metros, Tunnels, Ports, Special Bridges, Hydro Power, Nuclear Power, Defence and Railway infrastructure sectors.

Business Environment

The slowdown in economic growth adversely affected the investment in various infrastructure projects in 2011-2012. Apart from deferment of ordering, the IC also witnessed stiff competition on the available business prospects during the year 2011-2012. Tight liquidity position, issues relating to land acquisition slowed down the pace of execution of certain large scale projects. The prices of key inputs remained volatile during 2011-2012.

Some of the major orders secured in during the year 2011-2012 include Hosur-Krishnagiri, Bewar-Pindwara, Kishangarh-Ahmedabad and Shivpuri-Dewas projects in road sector, various underground and elevated metro packages of Delhi, Chennai & Kolkata, common service package for Kakrapar & Rajasthan Atomic Power Projects. The IC has also secured two orders for construction of roads in the Sultanate of Oman.

Some of the key projects completed by Infra IC include Halol-Godhra-Shamlaji, Rajkot-Jamnagar-Vadinar, Kattupalli port, railway electrification of Moradabad-Roza and Barauni – Chappra sections, gauge conversion for Nagore – Karaikal section and port connectivity for Bharuch – Dahej section.

Significant Initiatives

Infra IC has undertaken several new initiatives with clear focus on areas of supply chain management, cost competitiveness, operational excellence, value engineering and improved capacity utilisation. Attracting and retaining talent with requisite competencies and focus on training and development to enhance productivity are also being done continuously to support the business needs.

Outlook

Given the huge gap between infrastructure demand and supply in a growing economy like India, all business relating to urban infrastructure, power, roads and water would witness attractive growth over a sustained period. The Union Budget 2012-2013 also lays greater emphasis on infrastructure development. The realisation of order prospects in infrastructure, power, defence and railways sectors, however, largely depend upon the government's ability to implement the policy decision and finance large scale projects.

Infra IC is clearly focussing in capitalising the current market trend. With the specific and continuous thrust on business development, the IC is looking at new opportunities across various business segments in India as well as in the International fronts. The healthy Order book position of Infra IC gives the confidence of registering good growth in revenues during the year 2012-2013.

Natural draft cooling towers executed by L&T for Rajasthan Atomic Power Plant. L&T supplied critical equipment and built virtually every nuclear power plant in India.

Artist's impression of the Sheikh Khalifa Interchange - a major infrastructure project linking the emirates of Abu Dhabi and Dubai, being built by L&T.

L&T's capabilities in bridge-building cover design and construction of many types of bridges in different span lengths using innovative techniques and construction methods.

192 MW Alain Duhangan Hydroelectric Power Project in Himachal Pradesh. L&T's capabilities encompass construction services for hydropower and irrigation projects.

Metallurgical & Material Handling IC

Open stockyard equipped with rail-mounted stacker reclaimers at India's multi-purpose river valley project for Damodar Valley Corporation's Koderama Thermal Power Project in Jharkhand.

Overview

Metallurgical & Material Handling (MMH) IC undertakes EPC (Engineering, Procurement & Construction) projects for ferrous (iron & steel making) and non-ferrous (Aluminium, copper, lead & zinc) metal industries, bulk material & ash handling systems in power, port, steel & mining sectors. It has a well-established fabrication unit at Kanchipuram, Tamil Nadu to meet the specific needs of its customers.

Business Environment

MMH IC retained its market leadership in its areas of operation during the year 2011-2012. Greenfield project of Tata Steel at Kalinganagar picked up momentum for which the IC is executing major packages.

MMH IC had won orders from Tata Steel for Blast Furnace, Coke Oven, Raw Material Handling System, Civil & Structural works for SMS, HSM and PDS at Kalinganagar and rebuild of Blast Furnace F&G at Jamshedpur. Other orders won include Civil and Structural works for CDQ and DRI at Bellary from JSW, Civil and Structural works for Alumina Refinery at Raigarh from Utkal Alumina, Civil and Structural works for BOF and Slab Caster for Phase III at Angul from Bhushan Steel, Civil and Structural works for Phase II at Amravati, Nashik from India Bulls, Raw Material Handling System at Tuticorin from Sterlite, Coal Handling Plant at Bara from Jaypee and supply and Erection of CHP at Parsa Kente Mines for Adani Group.

MMH IC had successfully completed India's largest pellet plant (6 MTPA), LD-3 & Thin Slab Caster Rolling Mill at Jamshedpur, Bedding & Blending System for Iron Ore Fines at Noamundi, Yard Machines at Joda Mines for Tata Steel, Blast Furnace-4 at Bellary for JSW, Coal handling plant for stage II at Simhadri for NTPC, coal handling plant at Kodermafor DVC and at Tiroda for Powergen Infrastructure.

MMH IC is currently executing projects involving various facilities at steel plant at Kalinganagar for Tata steel, at Bhila for SAIL, at Angul for Bhushan Steel, at Bellary for Jindal Steel, Alumina refinery at Raigarh for Utkal Alumina and 13

Coal Handling Plants concurrently for various customers, which is a landmark achievement.

MMH IC is also involved in fabrication of Coke Oven Battery equipment including primary gas cooler for Tata steel and Bhushan steel, Blast furnace shell, lower tower structures and hot stove shell including dome for SAIL- Bhilai Plant, surface condensers for power plants, N2 vessel for Bhushan steel plant, wagon shifter for India Bulls and Pot shells for Hindalco.

Key success factor for the IC is high customer retention, operational efficiency and consistent performance.

The deployment of Business development Head dedicatedly focusing on International market has resulted in securing first order in Oman for MMH IC. The IC intends to carry forward this initiative to tap the potential in the Middle East market in ferrous & non-ferrous segment.

Significant Initiatives

MMH IC has made strategic alliance with leading global technologist as a part of business line diversification in ferrous segment which include:

- Paul Worth - for blast furnace, coke oven and by-product plant
- SMS Siemag - for steel melt shop and thin slab caster
- Outotec - for sinter plant and pellet plant
- Nippon Steel - for coke-dry-quenching and continuous annealing & processing line
- METSO - for iron ore beneficiation

To avail new concept & technology for increased capacity in material handling sector, MMH IC has technology tie ups with global technologist which include:

- Ashton Bulk, U.K - for crescent type wagon tipplers, high capacity side-arm-chargers and ducking tripper type stacker reclaimer;
- Norwest, U.S - for coal washeries;
- FLCE, France - for long belt conveyors;
- UCC. U.S - for ash handling system.

Outlook

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 Metals & Minerals business. Healthy order book gives MMH IC confidence of achieving the revenue growth in 2012-2013.

Sinter plant project for Steel Authority of India's Rourkela Steel Plant.

Can mill of Hindalco Hirakund Maithan Power Project.

India's second-largest blast furnace at a steel plant. L&T undertakes detailed engineering, procurement, manufacture, supply, construction, erection and commissioning of projects in the areas of ferrous and non-ferrous metals and mineral beneficiation.

Power Transmission & Distribution IC

Transmission line towers designed and installed by L&T, traversing the deserts of the Gulf.

Overview

Power Transmission & distribution (PT&D) IC with its foot prints in India and GCC Countries, is one of the major players in EPC space for High Voltage Substations, Industrial Electrification and Power Transmission Lines.

The Industrial Electrification Business provides turnkey Electrical and Instrumentation & Communication solutions for major Power plants including Thermal & Nuclear plants, Process plants & Infrastructure projects.The Substation & Transmission Line Businesses cater to the needs of Power Transmission & Distribution in Domestic & International Market, boosted by its state of the art tower testing facility at Kanchipuram and tower manufacturing units at Pondicherry and Pithampur, with an installed capacity of 50,000 TPA in each location.

Over the last few years, IC has established strong presence in GCC countries and is now set to expand to African countries.

Business Environment

The business environment for PT&D business was challenging during 2011-2012. Increased Competition from local and small players, volatility in currency and commodity prices, entry of new players, delays in Power capacity additions and Power density improvement projects imposed constraints for growth in PT&D business.

Some of the major orders bagged by PT&D IC include transmission lines projects from PGCIL for Varanasi to Kanpur, Raipur to Wardha, Wardha to Aurangabad, Substation projects of Phagi from RVPN, E-BOP for 2X660 MW Thermal power plant for Abhijeeth Power in Bihar.

International orders include EHV Substations and Cabling projects from Qatar General Electricity & Water Authority, Abu Dhabi Transmission & dispatch Company, Substation for Abu Dhabi Port Company and EHV substation from Ministry of Electricity & Water, Kuwait.

PT&D IC had commissioned India's First 765 kV Substation for Uttar Pradesh Power Transmission Corporation Limited at Unnao, charged 1200 kV transformer for PGCIL's Bina test station which is a first of its kind. Other completed projects include 400 KV GIS substation for PGCIL at Gurgaon, 15 EHV Substations at various locations, synchronization of Unit-1 of 2 x 500MW Thermal Power Plant for NTECL at Vellore, Electrical works of a 330MW power project for Adani Power Limited, Mundra-Shandong electric power Construction Corporation.

PT&D IC also commissioned 400kV D/C Karcham Wangtoo-Abdullapur Transmission line in the toughest terrain of Himachal Pradesh and 34 No's of Substations/Package Units and 89 KM of Overhead Transmission Line in overall Gulf region.

Despite several challenges, IC has demonstrated an impressive growth of about 60% in Order Intake this financial year, and is well positioned to continue the momentum next year owing to the increased private player participation, domestic demand for Power transmission and opportunities in overseas. The IC is also ambitious about its GCC operations where T&D investments in strengthening of Transmission Grids provide significant business opportunities.

Significant Initiatives

PT&D IC took several initiatives for improving the operational excellence, retain competitiveness and thereby improve upon the market share

- Dedicated Business Initiative cells have been established at Strategic locations and improve proximity to customers with cluster operations.
- The Right of Way (ROW) team at cluster level especially for TL business has been strengthened for speedy project execution.
- The IC has targeted portfolio expansion in GCC countries and forays into new geographies, new lines of business in Security solution.

Outlook

Power shortage scenario in India is expected to intensify the focus by the Government for improving power transmission & distribution. Utilities like PGCIL, NTPC, etc and State Electricity Boards are likely to go-ahead with their investments in the coming years in power transmission and distribution. With high crude oil prices, GCC public finances will remain reassuringly strong. The focus on infrastructure development and boost to tourism in most of the countries in the Middle East region augur well for the business expansion of PT&D IC.

Industrial electrification at Hindustan Zinc at Chanderiya. L&T offers complete project electrification solutions.

Railway infrastructure – a major thrust area for L&T.

Water and Solar SBG

Water treatment plant executed by L&T at Maharani Bagh near Delhi.

Overview

Water & Solar SBG brings under one umbrella the water & effluent treatment (WET) business, the water technology business and Solar EPC business to cater to the entire value chain of Water business and Solar EPC business.

The water and effluent treatment business caters waterintake, transmission, treatment and distribution including industrial waste water treatment & disposal and ordinary waste water treatment & reuse segments. Water technology business by deploying advanced and complex water treatment technologies caters to advance water and waste water treatment for very complex treatment plants, concentrating mostly on the Middle East market.

Solar EPC business comprises Solar photovoltaic (PV), Concentrated solar power (CSP) and Solar thermal which are the three emerging segments of the solar business.

Business Environment

Investments in water management systems are on the rise throughout the world. The huge outlay envisaged in water supply, water treatment, waste water management and desalination plants in India and International markets like Middle East, opens up opportunities for SBG to leverage and expand the core competencies in this area.

Some of the orders bagged in water business are Combined Water Supply Scheme to Attur, Melur & Vellore Package I, II & III for Tamil Nadu Water Supply & Sewerage Board, 60 Km MS Pipeline from Dhanki to Navada - NC – 34 Water Supply Project for Gujarat Water Infrastructure Limited, Development Works of Kamal Vihar for Raipur Development Authority, Chhattisgarh and development Works of Aerocity for Greater Mohali Area Development Authority, Punjab.

The water business completed the projects of Water Supply Scheme to 392 villages for Ananthapur Phase III Water Supply Project, Andhra Pradesh, 50 MGD Water Supply Scheme covering 172 KM of MS Pipeline from Narayanapura Dam to Jindal Steel Plant at Bellary, Karnataka, Pumped Water Supply Scheme with 65 km of MS Pipeline from Kadiyali to Kesaria for NC – 24 Water Supply Project, Gujarat.

Solar Business Unit has set track record of putting up largest & fastest solar power plants in India and emerged as no. 1 EPC player, providing solutions for various solar technologies. The BU has highest rating - 'SP1 A' and has been certified as a highly rated RESCO (Renewable Energy Service Company) and system integrator, enabling it to become one of the most reputed channel partners of MNRE to execute off-grid solar power projects.

Some of the major orders executed in Solar business are are 40 MW solar PV power plant for Reliance Power at Pokhran, Rajasthan, 10 MW solar PV tracker based power plant for Millennium Synergy at Dhama, Surendranagar, Gujarat, 25 MW solar PV power plant for SunEdison at Charankha, Gujarat, 20 MW solar PV power plant for Kiran Energy at Charankha, Gujarat.

Significant Initiatives

The initiatives such as building a strong in-house design team, Strategic Alliances for advanced technology know-how, readiness & clear focus on growth segments, entering Middle East market by putting up a strong organization structure have helped water and solar business to chart a good growth in 2011-2012.

India's largest solar plant, executed by L&T in Rajasthan.

Outlook

Indian Government's consistent support to bridge the demand supply gap in water segment coupled with the interest shown by water bodies towards water management contracts, offer promising growth prospects for the water segment in India. With increased pollution monitoring by regulators and almost 79% of waste water generated not been collected, the highly inadequate waste water segment will see large investments in the coming years.

Water Technology BU which will concentrate on the Middle East markets predominantly has seen very favourable prospects in Desalination and Reuse in Oman and KSA. Industries in these countries are going for Reuse projects to meet water demand. The BU is building up on its technology tie-ups, which is seen to be the main differentiator among the competitors.

With further ease in external sources of financing, prices of solar panels stabilizing, grid parity to be achieved by 2014-2015, the solar segment appears promising. With the Indian government already having unveiled the National Solar Mission to target of 20,000 MW of solar generating capacity by the end of the 13th Five Year Plan, there are many favourable growth prospects for solar EPC for 2012-2013.

Power IC

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

Overview

Power IC specializes in setting up of power generation projects for utilities like electricity boards and independent power producers on a lump sum turnkey basis.

Power IC undertakes coal based & gas-based projects & specialises in the super critical technology equipments. Its in house manufacturing facilities in the form of Boiler & Steam Turbine , pressure piping fabrication, Axial fans & air-preheaters & Electrostatic Precipitators together with its decades strength in the areas of project management, engineering & construction management has made Power IC as end to end solution provider under one cloud in setting up the thermal based power plants, particularly of the super critical type.

During the year 2011-2012, the Power IC focused on timely execution of its existing projects amid multiple challenges on the business prospects front. The facility for manufacture of Electrostatic Precipitators was commissioned during 2011-2012. The facilities of the joint venture with Howden UK for manufacture of axial fans and air-preheaters were also commissioned during the year. Major dispatches of machines and materials to the various project sites of customers were made from the manufacturing facilities for Boiler and Steam Turbine, High Pressure piping which were commissioned during 2010-2011. With this, the Power IC is geared up to provide nearly 85% (by value) of equipment and services in house.

During the year, most projects entered into the critical phase. The Phase 2 of GMR Vemagiri gas based combined cycle power plant progressed substantially during the year, with Unit 2 being commissioned in record time of 24 months and the mechanical completion of Unit 3 was also completed. A significant milestone in power projects, 'Ceiling Girder Final Jackup' was completed for 2 units of the JPVL Nigrie project

(Madhya Pradesh) and 1 unit of the Nabha Power project (Rajpura, Punjab).

The year 2011-2012 also saw dispatch of ODC consignments and critical supplies for Boiler for the Koradi and Nigrie projects, notably the Generator Stator and related assemblies. In case of APPDCL project, the 392MT Generator Stator was successfully erected.

Currently, 3 BOP projects are under execution and will enter the critical phase of completion in the year 2012-2013.

The Dhuvaran gas based project being constructed for Gujarat State Electricity Corp. Ltd. saw the HRSG primary structures executed in a record 14 days.

The challenging economic environment reflected on lower order inflow during 2011-2012. The IC has, however, registered substantial growth in sales and profitability.

Business Environment

Recently, India's installed power generation capacity exceeded the milestone of 200,000 MW, still much lower than the installed capacity of 950,000 MW of China.India faces acute power shortages, slowing its economic engine.

The planned capacity addition target of 76000 MW in the XII plan also look increasingly difficult to achieve, considering the myriad problems plaguing the power sector. Over the last 12 to 18 months, business opportunities for players in thermal power space have shrunk dramatically, despite high demand for power. The Power industry faced unexpected headwinds on many fronts such as fuel shortages, difficulties in financial closure of new projects, delayed environmental clearance, land acquisition issues and the financial troubles of SEBs. The domestic coal and gas supply did not reach the expected levels. The domestic market for gas-based projects has, therefore, pretty much evaporated. The IC also faced intense competition from BHEL, Chinese equipment suppliers as also from Korean and European players, battling for shrinking opportunities with aggressive bidding strategies.

The Union Budget 2012 also left the domestic power equipment industry largely disappointed. The much sought after demand for levy of duties on import of power equipment from China, was ignored, and the market continues to be dominated by Chinese imports, further supported by financing from Chinese banks.

Significant Initiatives

The challenging business environment necessitated the introduction of a slew of initiatives to ensure that the growth plans remain on track and the IC continue to build on its body of knowledge in the areas of super critical technology.

Considering the limited opportunity in the domestic market for gas based projects, the IC has taken steps to expand its horizons beyond India for gas based projects. The IC is exploring opportunities in Asia (Bangladesh, Sri Lanka, Malaysia, Indonesia & Thailand), Middle East (Saudi Arabia, Oman, Qatar) and Africa (presently only Gabon) as many of these countries have proven gas reserves, and fairly good gas transportation networks. The move to explore new frontiers will enable the IC to diversify its project profile and ride on the growth expected in these markets.

A Technical Services Support Agreement was entered into with MHI pursuant to which the IC has formed Engineering & Technology Group which is entrusted with the responsibility to assimilate the best practices of MHI in Interface Engineering of Boiler, Turbine Generator, Balance of Plant and also for commissioning the projects.

To increase operational efficiencies, the IC also came up with various improvements in execution methodologies. The IC is first in India to use the Strand Jack method for Generator Stator erection in the Krishnapatnam project and Boiler erection in the Rajpura project. With a view to develop a pool of talented professionals with sound knowledge of the power industry, technologies and capabilities, the IC has set up the Power Training Institute at Vadodara in 2011-2012. With the objective of developing and sustaining a strong and reliable vendor base, the IC convened its first ever vendor meet to identify, discuss and understand the needs and solutions of vendors.

The IC is also in the process of setting up a Central Project Monitoring system. With this, it will be possible to remotely monitor from a central location the progress at various project sites across the country.

Outlook

The Government has recently taken certain measures, which indicate its seriousness about the problems plaguing the power sector. The recent directive to Coal India to enter into long term Fuel Supply Agreements with power developers provides assurance of coal supply to all plants expected to be commissioned by March 2015. A few state electricity distribution companies have raised their tariffs which is a big positive for their finances, and provides the necessary impetus to both state power generation companies and IPP's to plan for new projects.

IC expects the first half of 2012-2013 to be challenging; the second half, however, seems promising with some awards materializing especially from state owned companies.

The focused initiatives taken by ICs in the overseas market will help getting awards in Asia for gas based projects. The IC also expects orders for civil packages in power plants from both private and public sector.

With existing order backlog and expected timely execution of all projects, the IC is confident to sustain the growth in sales and profitability in 2012-2013.

The IC with all its factories commissioned, offering of energy efficient solutions, a robust technology and manpower base with relevant capabilities, is poised to capitalize on the opportunities of the future.

388.5 MW natural-gas-fired combined-cycle power plant built by L&T at Vemagiri in Andhra Pradesh.

Supercritical boiler manufactured at L&T's state-of-the-art manufacturing facilities at Hazira.

Heavy Engineering IC

End shields for a nuclear power plant being machined by CNC floor-mounted horizontal boring machines at L&T's Heavy Engineering workshop at Hazira.

Overview

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

HE IC has manufacturing & fabrication facilities at Mumbai in Maharashtra, at Baroda & Hazira in Gujarat and at Visakhapatnam in Andhra Pradesh. At Talegaon in Maharashtra; it has a Strategic Systems Complex for integration and testing of Weapons Systems, Sensors & Engineering Systems. A Precision Manufacturing Facility at Coimbatore in Tamilnadu caters to the needs of precision-machined/manufactured components & assemblies.

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. Defence Electronics Systems' design & engineering is supported through a dedicated Strategic Electronics Centre including a new product development centre at Bengaluru in Karnataka.

IC has warship Design Centre, which is well-equipped with latest software tools & know-how and has developed in-house designs for surface ships such as Fast Speed Boats, Attack Crafts, Offshore Patrol Vessels and Corvettes.

A heavy fabrication facility, set up as a Joint Venture in Oman, manufactures a range of equipment for the hydrocarbon & power sectors. The IC has set up a Joint Venture Company for manufacture of heavy forgings for the hydrocarbon & nuclear power sectors.

Business Environment

The sluggish global economic scenario, the Fukushima nuclear incident in Japan and lack of policy decisions on the domestic front have adversely impacted the Order Inflow & Sales during Financial Year 2011-2012 in most of the business segments of the IC. Deferment/cancellation of planned projects across geographies has led to a sharp drop in Export Orders.

Despite large scale induction programmes of the Armed Forces and the Indian Coast Guard, not many orders were awarded to private players during the year 2011-2012. For the Defence Marine business, competition from other Indian Private Shipyards has intensified. The IC, however, managed to secure a breakthrough order for the Strategic Communications Programme, which would open up fresh avenues in this segment.

In the process plant equipment businesses, the margins are under pressure due to aggressive pricing from competitors having idle capacities. The localization 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. International sanctions on Iran deprive us from some good business opportunities.

Significant Initiatives

In the pursuit for excellence in productivity and working efficiency, a number of initiatives have been undertaken by the IC in a campaign titled 'UDAAN' which signifies flight or breaking free from existing mindsets to scale new heights. This campaign has been initiated with the objective to achieve an exclusive position in the global process plant equipment and to fortify our lead position as supplier of defence equipment & systems from private sector.

Some of the major initiatives under "UDAAN" are:

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

With an aim of improving execution & delivery performance, HE IC has been using 'Critical Chain Project Management' methodology of 'Theory of Constraints'. HE IC has also undertaken the implementation of the Strategy and Tactic (S&T) Tree in order to achieve operational excellence.

Lakshya is the 5-year strategic plan for identifying strategies and action plans for their implementation to drive growth during the plan period.

'Enterprise-wide Collaboration for Alignment with Strategy (ECAS)' aims at enhancing Organisational Excellence for improved performance and alignment of operations to the strategy of Customer Intimacy through a collaborative culture.

Employee Engagement initiative by HE IC helps in seeking an unbiased employee perception on numerous dimensions creating healthy, customer focused and productive work environment.

A Culture of Innovation through collaboration and creative thinking helps in seeking newer and better ways of designing, manufacturing and execution.

The IC maintains its leadership position through its multiple Technology & Product Development Centers which are focused on process technologies, manufacturing technologies, mechanical systems technologies and ship & submarine designs.

These centers provide specific emphasis on welding & metallurgy, composite materials, heat transfer, computational fluid dynamics, stress analysis, microwave & RF technologies, embedded systems and drives technologies.

A large part of the current revenues in the Defense & Aerospace businesses are the fruits of sustained development of products in-house in these centers over the years. The current efforts of these centers would lead to a quantum jump in business volumes in the future.

Outlook

In the hydrocarbon sector, business is expected to look up in the medium term with expected investments in refinery upgrade and revamp / modification projects, new value-added petrochemical products, grass root Refinery projects in Middle-East, Turkey, Vietnam, Taiwan, Latin America, Russia & CIS countries likely to come up in 2012-2013. Major Oil & Gas investments including LNG are also slated in Australia, Qatar & Russia.

The Urea Investment policy cleared recently by the Government of India and widely welcomed by Fertiliser sector is expected to provide major impetus for investment in domestic market and some brown-field projects are likely to be finalized in the near future. Fertiliser projects are expected in gas-rich regions like Africa, Brazil, Middle East, Azerbaijan, Argentina and China. Indian Fertilizer companies are also exploring possibilities of setting up projects in some of these regions. The IC sees good potential for EO/EG & Methanol plant equipment in China. In the backdrop of rising coal prices vis-à-vis lower price of gas, the IC sees prospects in the GTL market.

In the Nuclear Equipment business, post Fukushima, there is likely to be a demand spurt for Spent Fuel storage equipment and increased opportunities for decommissioning of Generation II plants.

The enhanced budget allocation for defence and the first wave of "Make" programmes and "Buy & Make Indian" programmes in Defence, the IC sees major opportunities in co-development to be followed by co-production over medium to long term. The recent Government guidelines for establishing joint ventures by Defence Public Sector undertakings in the Public-Private Partnership mode usher in a range of opportunities to the IC.

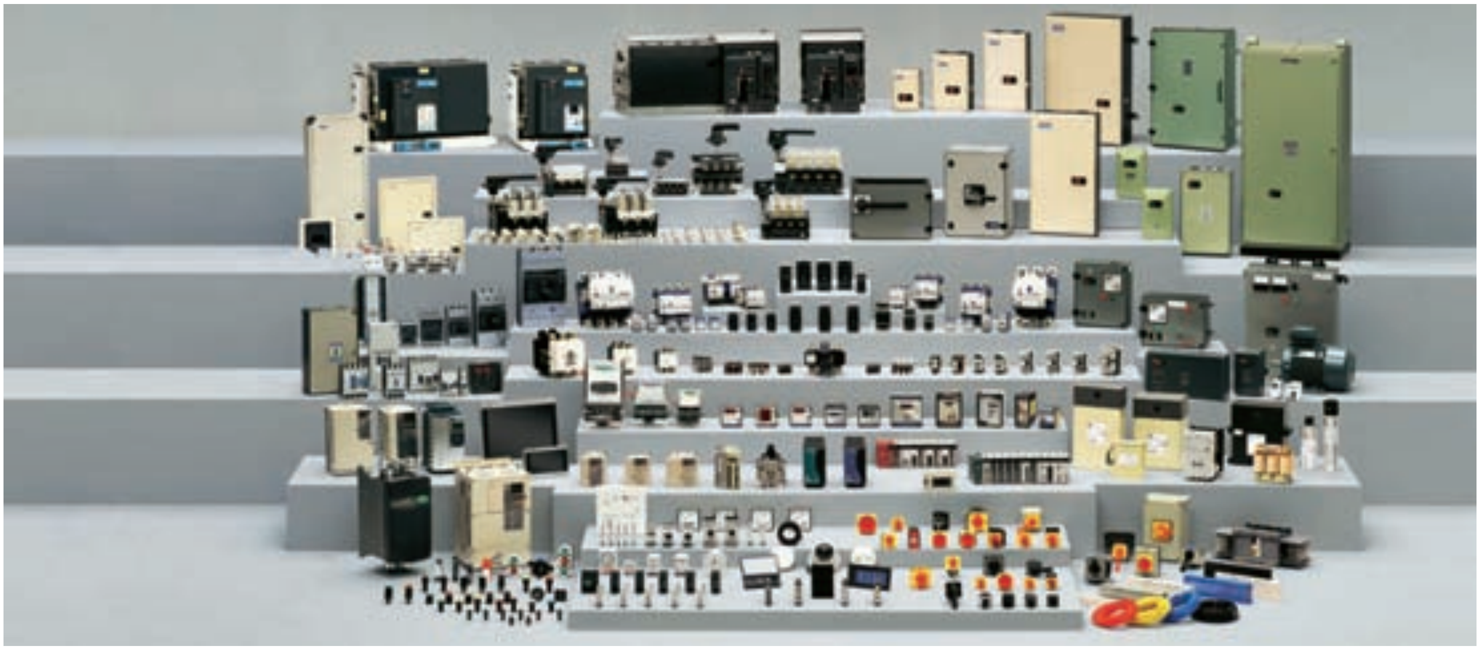
With superior technology, state of the art manufacturing facilities, HE IC is well-poised to tap upcoming business opportunities.

A coal-gasifier component being exported to Vietnam from L&T's Hazira Works.

Cr-Mo-V forged reactors being despatched by barge from L&T's captive jetty at Hazira for Kuwait National Petrochemical Corporation's Clean Fuels Project.

L&T made a critical contribution to India's first nuclear-powered submarine – INS Arihant.

Electrical & Automation IC



India's widest range of switchgear, offered by L&T. Switchgear is part of L&T's broad range of electrical and electronic systems, widely used in industrial, agricultural, building and commercial sectors.

Overview

Electrical & Automation (EA) IC includes low and medium voltage switchgear products, electrical systems, energy meters, automation solutions and a stand-alone strategic business unit - Medical Equipment & Systems.

A major strength of EAIC is its in-house design and development center for switchgear as well as tooling facility that designs and manufactures a wide range of high precision tools, a pre-requisite for high quality products.

The manufacturing operations of EAIC are located at Mumbai (Powai), Navi Mumbai, Ahmednagar, Coimbatore, Vadodara and Mysore in India and its subsidiary companies have facilities in Saudi Arabia, UAE (Jabel Ali, Dubai), Malaysia, Indonesia and Australia outside India.

EA IC comprises of two Strategic Business Groups (SBGs) – Products SBG and Projects SBG. Product SBG has two Business Units (BUs) –namely, Electrical Standard Products (ESP) and Metering & Protection System (MPS) while Projects SBG has Electrical Systems & Equipment (ESE) and Control & Automation (C&A).

Business Environment

The businesses of the IC witnessed subdued industrial demand in domestic and international markets, volatile commodity prices, tight liquidity conditions and stiff competition.

While certain stronghold sectors of ESP business such as textile, telecom and sugar industries slowed down, agricultural, agro-based industry and electrical sectors witnessed good growth. The demand from Tier 2-3 cities and retail segment also showed improvements. The market for energy meters grew with good demand for single phase and 3-phase meters.

In spite of these odds, EAIC managed to earn double-digit growth, and worked around achieving excellence in many operational areas in order to maintain its competitive capabilities.

Significant Initiatives

Meters' manufacturing reached a new high as the single phase meters production touched 3.1 million as against 2.45 million in the previous year. During the year, development of pre-paid meters and smart meters as well as integration of radio modules for facilitating collection of data over mesh network was also initiated.

In the Medium Voltage category, the domestic sales more than doubled during the period 2011-2012. Tamco Malaysia qualified for Achilles (UK) certification, made an entry into Philippines and Vietnam markets, qualified in Kuwait and Iraq, received Petronas approval for its MV products and executed its first order for 31.5kA AIS at Lusail City in Qatar.

The switchboards and automation teams bagged an order of US $ 22 million for supply of switchboards and telecommunications package including transmission network and CCTV monitoring for an inter refinery pipelines project in Abu Dhabi.

The IC participated in technology and automation conclaves and exhibitions such as ELECRAMA and ACETECH for improving visibility of its numerous products and solutions. A major initiative was taken towards expanding the manufacturing operation and a new manufacturing facility was commissioned at Vadodara for the commercial production of Moulded Case Circuit Breakers (MCCBs).

The Medical BU launched Sky view, a web-based system for remote monitoring and a compact rugged pulse oximetry to complement its position in the oximetry market. On the Electro-surgery front the addition of advanced vessel sealing feature completes the offering.

Initiatives on spreading a culture of operational excellence through continual improvements continued under the banner of 'ELITE', an acronym for IC's Lean Initiative towards Excellence. These were Lean-5S, VSM, Value Engineering, Six Sigma, PFMEA and TPM-JH.

The IC undertook Value Stream Mapping (VSM) to improve the flow of all operating processes. As many as 71 VSM projects were implemented. Like in the previous years, the IC was successful in achieving significant savings on account of Value Engineering (VE) and majority of the projects were focused on reduction in material consumption. In an effort to reduce customer complaints and defects at source, Six Sigma was used. The IC started two more initiatives in 2011-2012 namely Total Productive Maintenance (TPM) for machines and Process Failure Mode Effect Analysis (PFMEA) for identifying potential defects during the course and addressing them well before they surface.

The IC currently has 173 Green Belts, 62 Black Belts and 14 Master Black Belts in Six Sigma category, 125 VSM trained resources in Lean initiative and 27 AVS (Associate Value Specialists) in VE.

ESP has covered its key suppliers under CRISIL rating to judge their performance capability and financial strength. After winning the prestigious Ram Krishna Bajaj National Quality Award (RBNQA), the BU has now started its journey on challenging the Deming award.

C&A received prestigious Indian Merchant Chambers Ramakrishna Bajaj National Quality Award "Performance Excellence Trophy 2011" in Service Category. Similarly, its Unnati facility was awarded BEE 4 Star rating for energy conservation.

Engineered Tooling Solutions (ETS), won the India Manufacturing Excellence Award (IMEA) Platinum award instituted by Frost & Sullivan.

Design and development of new products has always been the focus of the IC. It launched a number of products and variants in Controlgear, Powergear, Industrial automation and Building automation categories to meet the needs of discerning customers. In the space of electrical systems control and automation, the IC launched a number of products and solutions that addressed the aspects of safety, environment and innovation.

In 2011-2012, ESP launched Moulded Case Circuit Breakers (MCCBs) with Matrix release which offers wide range of flexibility in protection and current metering with add-on modules for display. Compact & cost effective versions of MCCBs viz. DN0, DN1 & DU250 were also added to ESP basket during the year. ESP has started offering standard solution for reactive power compensation. In Medium Voltage segment, 11kv & 33 kv panels were introduced through ESP channel. In the industrial automation category, ESP launched A1000 AC drive with embedded crane control software for EOT crane hoist application and L1000 drive for elevator industry.

In residential and commercial segments, ORIS offers a complete range of modular switches designed using high quality fire retardant polycarbonate and high performance electrical components that ensure a very long life. Environmental care is embedded into the design by way of low energy consuming SMD LED for all indications / foot-lights, ROHS compliance of GI wall box.

The IC introduced T-ERA range of switchboards that highlighted safety and reliability through its compact design and saving of space, total closed door operation, racking of the breaker without door opening, an arc resistant design and clearances higher than those required by standards. It is also built to simplify communications solutions and provide user customization through fully interchangeable modules. A new, indigenously developed motor protection relay, MCOMP, with capability of protecting all motors from lower to the highest ratings was launched. It is the first relay to be certified by Profibus International and will help IC to consolidate its leadership in the Indian technology race.

To highlight its capability in the automation space, the IC brought out a software based Resource Management Solution. i-Vision$_{max}$ Resourze - that would help facilities to monitor, report and take conversation measures for energy, water, electricity and gas. In the field of renewable energy, it developed new products solutions for solar thermal and photo voltaic systems. Other software based solutions such as i-Vision$_{max}$ PMS for Power Management and i-Vision$_{max}$ I-TAS for Terminal Automation were successfully implemented at various sites.

Ship Lift Control System was designed for the first time in India and deployed successfully at LTSB shipyard at Kattupalli. The system is designed for 68 numbers of closed loop vector controlled hoist Drives controlled in a synchronous manner with high position accuracy using state-of-the-art redundant Automation System. The control system takes care of all possible failure modes to ensure platform stability at all times.

In the medium voltage category, Tamco developed as many as 33 new products, completed the type test for 40kA AIS family (lowest width), successfully tested the most compact 12/24kV GIS and the cost competitiveness design of 36kV AIS.

In 2011-2012, the IC filed 162 patents applications, 16 trademark applications, 10 design registrations and 9 Copyrights as well as 10 international patent applications through PCT (Patent Cooperation Treaty). This was the 5th consecutive year that the IC has filed more than 100 patent applications.

Continuous efforts on IP creation and its management earned the IC the highest awards in patents filing and design registration, instituted by the Indian Patents Office.

Outlook

With Government's focus on Agricultural sector, the growth momentum in Agri segment is expected to continue. Some of the industry segments like Steel, Cement, Sugar & other agro-based industries are likely to see enhanced growth which will benefit ESP business. Some of our focused International markets have also started showing signs of recovery. Retail segment is also expected to continue the growth momentum. It is also expected that the energy consumption for commercial and residential applications will grow that will trigger a positive growth for ESP business. Most electrical systems are expected to use automation – in industries, buildings & homes for greater control, comfort and convenience. ESP is well-positioned to capture these opportunities.

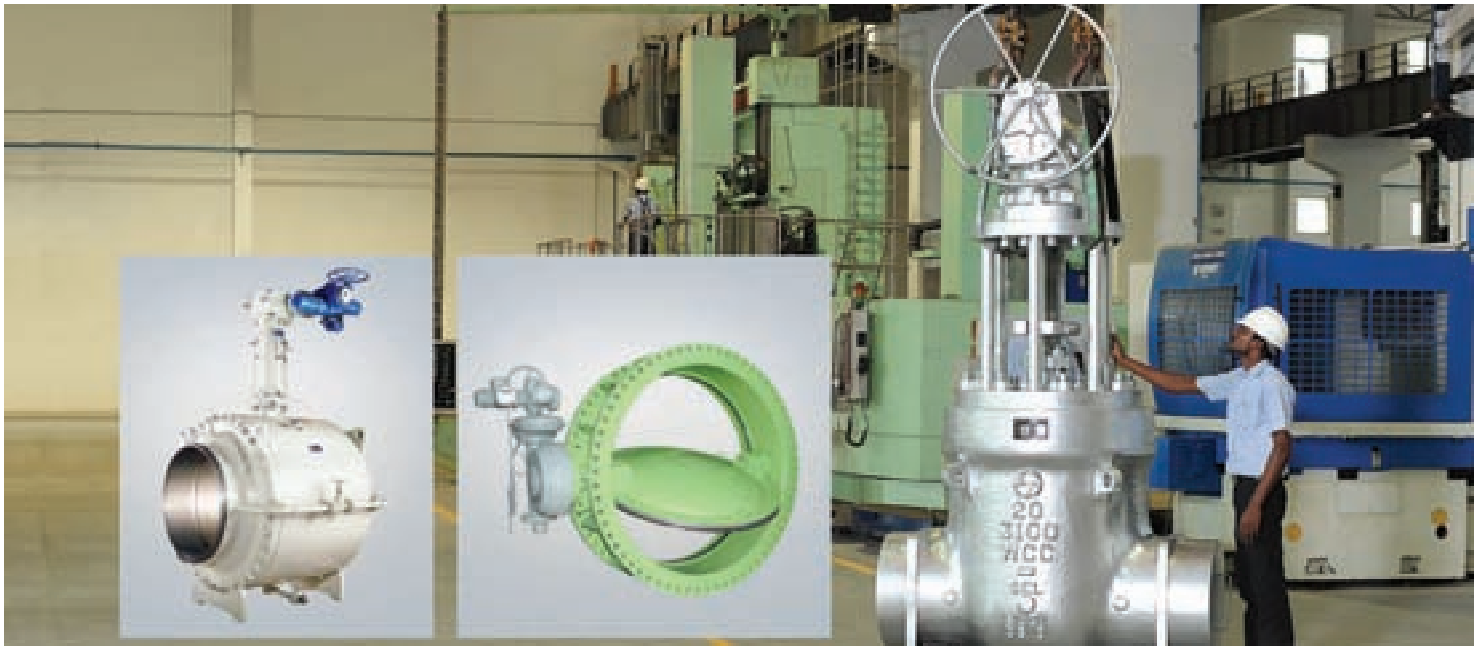
Meter market is expected to grow albeit at a lower rate than 2011-2012. The market will witness a technology change with utilities more open to obtaining data from remote. This will increase the requirement for meters with built-in radio.

L&T's custom-engineered switchboards are equipped with both conventional and intelligent protection, control and communication systems.

Control hub of a process plant. L&T's control and automation systems reflect the convergence of electrical, communication and automation technologies.

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

Machinery & Industrial Products IC



L&T offers flow-control solutions for hydrocarbon and power sectors worldwide.

Overview

Machinery & Industrial Products (MIP) IC comprises three Strategic Business Groups (SBGs) – Construction & Mining Machinery, Industrial Machinery and Industrial Products.

Construction & Mining Machinery SBG

Construction & Mining Machinery SBG markets and renders support for Construction & Mining Equipment. The SBG comprises Construction & Mining Business Unit (CMB) which markets Equipment manufactured by L&T-Komatsu Limited, India and the entire range of Equipment available from Komatsu worldwide. CMB also represents Scania, Sweden for their Mining Tipper Trucks. L&T-Komatsu Limited (LTK) is a 50:50 joint venture between the Company and Komatsu that manufactures Hydraulic Excavators and Hydraulic Components, all of which are distributed in India by CMB.

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. Industrial Machinery SBG comprises of Rourkela Campus Kansbahal plant, Foundry business unit, Rubber Processing Machinery Unit.

Rourkela Campus, which includes Kansbahal Plant, undertakes Design, Manufacturing & Marketing of Mineral Crushing Solutions (Limestone, Coal and other minerals), Surface Miners, Specialised Equipment for Steel Plants (such as Torpedo Ladle Cars) and Machinery for Paper & Pulp. Foundry Business Unit comprises two foundries, one at Coimbatore and the other at Kansbahal in Rourkela Campus.

The state-of-the-art Casting Manufacturing Unit at Coimbatore has an annual capacity of 30,000 T to manufacture large sized SG Iron and special Iron castings for Wind power and other Engineering sectors. The Foundry can produce castings in the weight range of 3T to 28T each.

The other Foundry operates at Kansbahal Works, Orissa (Rourkela Campus) manufacturing Steel, Alloy Iron, SG Iron & Grey Iron castings and also addresses requirement of large Wear and Abrasion resistant castings for Power and Cement sectors.

Industrial Machinery SBG also includes LTM Business Unit (LTMBU) which manufactures and markets Rubber Processing Machinery for the tyre industry across the globe. Currently, the Unit has manufacturing facilities at Manapakkam, Chennai and Kancheepuram near Chennai.

The IC has set up through the subsidiary companies manufacturing facilities for various businesses such as Rubber Processing Machinery, Internal Mixes and Twin Screw Roller Head Extruders for Tyre Industry and Plastic Injection Moulding Machines.

Industrial Products SBG

Industrial Products (IP) SBG consists of businesses related to Industrial Valves, Welding Equipment & Products and Cutting tools. The IP SBG comprises Valves business and Industrial Cutting Tool business.

Valves Business Unit (VBU) markets valves and allied products manufactured by Audco India Limited (AIL), a JV Company and Larsen & Toubro (Jiangsu) Valve Company Limited (LTJVCL), China, a Subsidiary Company and a few Indian & Overseas manufacturers. VBU is one of the few select suppliers of valves for global oil majors.

The IC has also set up Valves Manufacturing Unit (VMU) in Coimbatore is responsible for manufacturing of Valves for Power Sector through its Manufacturing Plant at Coimbatore as well as Contract Manufacturing of Valves in ranges not fully supported by AIL; besides providing the technology support for new product development of Valves.

MIP IC has under its fold the business of welding products housed in EWAC Alloys Limited (EWAC), a wholly owned subsidiary of L&T. It has manufacturing facilities at Powai and Ankleshwar. The principal products and services comprise Maintenance & Repair (M&R) consumables, specification grade electrodes, flux-cored welding wires, wear plates/parts, welding and cutting equipment, Terro Cote Lab services etc.

Industrial Cutting Tools (INP) Business of MIP IC provides metal cutting solutions to the Indian manufacturing industry covering automobile, engineering and machine tool segments through marketing of Industrial Cutting tools manufactured by ISCAR Limited, Israel.

Product Development Center (PDC) of MIP IC based at Coimbatore renders Engineering and Product Development support across all the businesses of the IC.

Business Environment

The Construction Equipment Industry has sustained the performance largely on account of the road sector and general construction activities. IC's foray into large size Mining Equipment has been successfully received by the market and the business is strengthening its position in this market.

Capacity additions in Indian Cement and Power Sector during 2011-2012 helped realise revenue growth for Kansbahal's Industrial Machinery business through supply of Limestone and Coal Crushing Plants. Adoption of more energy-efficient processes in Indian Steel industry also saw continued demand for Torpedo Ladle Cars. 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 2011-2012 resulting in better performance in both our EWAC and Cutting tools business.

The year 2011-2012 saw slowing down of the domestic market due to over-capacity in the conventional Car & Truck tyre market. However, the domestic market experienced green field investment in Off-the Road tyre. Rubber Machinery Business secured a large order for OTR tyre curing presses against tough Chinese competition for this project. Rubber Machinery Business has been successful in getting project orders from some of the Japanese and European tyre companies for supplies to their sites in Brazil and Russia. LTM BU moved to 8^{th} Rank in the Global Rubber Machinery business in 2011-2012 from 13th Rank a year ago. LTM BU continues to enjoy a majority market share in the domestic market and over 10% share in the Global market for the Tyre Curing Presses.

Sustained oil & gas project activity in the Middle East, North Africa and Australia provided good opportunity for Valves Business. Long-term relationships with key end-users and EPCs in the Middle East and Far East were leveraged to enhance our market presence. However project investments in North America and Europe continued to be sluggish. Though activity in domestic mid & downstream oil & gas segments were low, fertilizer and power sectors offered potential for the valves business. The renewed thrust in the projects has helped the IC achieve the projected order booking by closely working with EPCs. With rationalized product portfolio, IC 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. Valves business also expanded into new segment of defence.

Despite the slow down in the mining activity in India during the year 2011-2012, CMB managed to maintain its leadership position in the Construction and Mining Equipment Market. During the year 2011-2012, CMB increased its presence in large size mining machinery arena by supplying more than 100 dump trucks of various sizes.

Significant Initiatives

During the year 2011-2012, the businesses of MIP IC have taken various initiatives to enhance the product range and increase the market share.

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.

A new assembly line for Wheel Loader manufacture within the existing shop at KBL was put up. The first set of Wheel Loaders have been tested and proven under rigorous application areas.

As an initiative to widen the product range and to strengthen the position of L&T Tyre machinery globally, a Joint venture has been formed for providing world class Internal Mixers and Twin Screw Extruders. The IC also introduced new range of Tyre Building machines to cater to Truck and Off-the-road tyre markets.

L&T's Valves expanded approvals from key oil companies in the international market. This year, international valves sales network has been strengthened with personnel posted in key growing markets such as Middle East and South Africa. Market coverage of domestic channel business has been strengthened with appointment of new distributors as well as field force. Key products were evaluated and certified for Safety Integrity Level as per international standards.

With new generation ball and butterfly valves replacing conventional products, IC has built design and manufacturing capabilities to address this challenge. Prototype trials have been successfully completed and initial orders secured.

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.

Over the last year, many new products in drilling, milling and turning have been launched successfully in the market. These new introductions are expected to enhance the competitive position and build market share for the business.

Outlook

With renewed focus on infrastructure development in India, the demand for Hydraulic Excavators is expected to improve.

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. Resolution of environmental concerns and land acquisition issues by the government hold the key for business prospects from the mining sector. CMB is well placed to take advantage of the available opportunities through supply of large size Mining Equipment both to the public and private coal producing companies.

Demand for Industrial Machinery from Mineral Processing and Infrastructure segments continue to show an upward trend. This should give us good business opportunities for KBL in our Crushing & Screening segment as well as Wheel Loaders.

In the year 2012-2013, it is expected that the Domestic Tyre Companies would reach full utilization of installed capacity and may look for further expansion opportunities.

Augmentation in power generation and distribution capacity in India is expected to provide promising prospects to the Valves business.

Overall, moderate improvement in the Industrial growth indices in the coming year are expected to enable our businesses to register better growth trends.

An L&T-Komatsu hydraulic excavator at a construction site.

Limestone crusher manufactured at L&T's Kansbahal Works.

L&T-designed surface miner, ideal for limestone and coal mines.

Integrated Engineering Services

Knowledge City at Vadodara. The campus houses the global headquarters of L&T's Integrated Engineering Services.

Overview

Integrated Engineering Services (IES) has registered a three year CAGR of 51% and is today acknowledged as one of the emerging leaders in the Indian Engineering Research and Development (ER&D) service segment. Recent analyst studies on Global Service Provider Ranking for 2011 have positioned IES as highest amongst the pure play Engineering Services companies. For Industrial Products Domain, IES has been ranked in the Leadership Zone. This is a true reflection of our commitment to be on the fast track of being the "BEST" in engineering outsourcing service industry.

IES head office is at Vadodara, India with design centers located in cities of Vadodara, Bengaluru, Chennai, Mysore and Mumbai. IES has a global footprint with offices in the US, Europe, Middle East and Asia Pacific.

IES's service offerings include product design, analysis, prototyping, testing, embedded system design, manufacturing engineering, plant engineering & construction management and asset information management using cutting-edge Computer Aided Design / Computer Aided Manufacturing / Computer Aided Engineering technology in various domains. IES has supported innovation through co-authoring of over 70 patents.

IES has alliances and partnerships with AUTOSAR (Automotive Open System Architecture), National Instruments, Intel, GENIVI. IES maintains high quality and data security standards. IES was the first in the world which received ISO/IEC 27001:2005 certification for IT Security Management Systems. IES is an ISO 9001:2008 and a CMMI level 5 certified organization.

IES has marquee clientele in automotive, aerospace, industrial products, medical devices, consumer electronics, consumer packed goods, oil & gas, etc. and over 30 of its clients are Fortune 500 companies.

Business Environment

Analysts are highly optimistic on the prospects of outsourcing business to India. With the economic slowdown, there is a pressure on American and European companies to leverage outsourcing for getting the benefits of value added services and cost arbitrage.

Engineering Research & Development (ER&D) outsourcing to India has shown remarkable growth from $8.3 Bn in 2009 to $11.3 Bn in 2011. The Engineering Outsourcing market to India is expected to grow to $ 40-$ 45 billion by the year 2020 with a CAGR of 16%. (Source: Nasscom)

Engineering Service Industry is on the cusp of a significant change, shifting to knowledge-intensive and value-added services that call for a new way of functioning. Besides cost arbitrage, the need to scale rapidly, greater focus on core competencies, enhanced productivity, competition and reduced time to market are driving the business.

Revenue from North America contributes 70% of the total revenues, the visa policies of North America especially USA, therefore, have maximum impact on IES's business. To minimize this effect and to meet the business requirements, IES is also recruiting local talent.

IES being in an export oriented service business, any fluctuation in the foreign currency exchange rate has a considerable impact on its performance. IES has undertaken a range of measures like hedging to minimize these exchange fluctuation impact.

ER&D outsourcing sector is predominantly a project based business. IES is actively working to increase its annuity business portfolio and some of the significant long term contracts won during the year are a testimony to that.

A significant growth in ER&D market will be in the industry sectors of Transportation, Industrial Products and Plant Engineering. These sectors together will account for more than 70% of ER&D market. IES is uniquely positioned to have strong presence in each of these industry sectors as compared to our domestic and international competitors.

Significant Initiatives

IES has taken significant initiatives towards propelling its growth so as to grab the opportunity with a focus on Transportation, Industrial Products and Plant Engineering verticals.

- IES is strategically focused on Solutioneering and Menu Card approach in delivering to customers
- Efforts have been taken to develop analytical engineering capabilities among the resources in IES
- Significant investments have been made in Tools, Test labs, Licenses and in Tear down studios
- Focused HR team to nurture & acquire talent in IES and to bring personal & professional development in the organization resources.
- IES has identified high growth potential clients and the action plan to nurture and grow the relationship with them for long term benefits
- IES is seeing significant potential in new geographies like Russia, Eastern Europe, Australia, Africa, Mexico and Brazil. Sales force is being setup for these regions for building momentum in the revenue from these regions
- Actively working on acquiring a suitable prospect for increasing its services portfolio base in key industry segments

Outlook

Global trends in the economy today motivate the people in general to invest in businesses which have been growing significantly over the years. Engineering Services is one such industry. During the current fiscal year, IES has been able to achieve a revenue growth of 60%. To cater to this growth, IES has added more than 1200 employees in the year and more than 50 clients including 15 fortune 500 companies.

With the initiatives taken in 2011-2012, actions planned in the next year and addition of new geographies, IES is confident of achieving impressive growth in the 2012-2013.

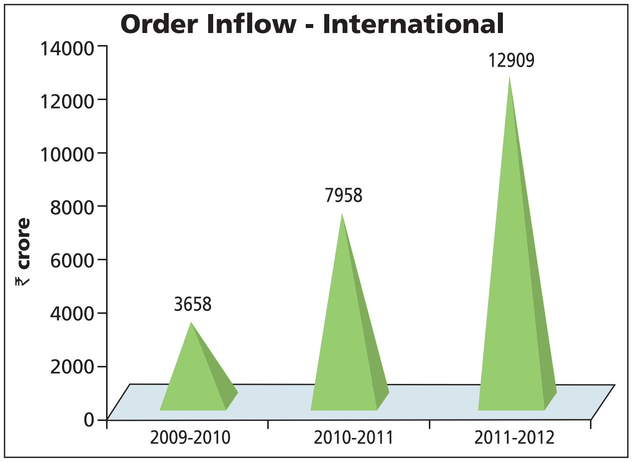
Financial Review 2011-2012

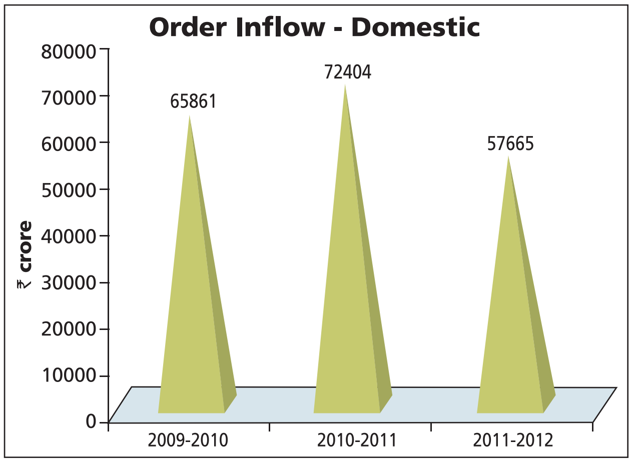
L&T Standalone

I. SUPERIOR PERFORMANCE IN A CHALLENGING ENVIRONMENT

Good revenue growth, healthy order book, enhanced profit and strong balance sheet are the highlights of the Company's performance during 2011-2012.

The Company garnered fresh orders amounting to ₹ 70574 crore, despite decelerating growth momentum across the sectors in India during the year 2011-2012. Order Inflow includes proportionate share in Integrated Joint Ventures. Lower GDP growth, policy uncertainties and rising borrowing costs led to deferment of various order prospects during the year 2011-2012. Moreover, stiff competition from international and domestic players posed considerable challenges in converting available prospects into orders. Still Buildings & Factories, Infrastructure, Power Transmission & Distribution and Metallurgical & Material Handling businesses contributed significantly to the order inflows during the year. International order inflow at ₹ 12909 crore during the year 2011-2012 recorded an increase of 62% aided by concerted business development initiatives undertaken in select geographies.

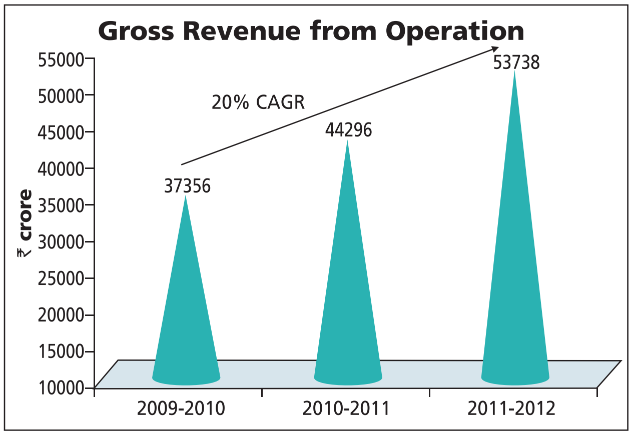




The Order Book including share in Integrated Joint Ventures at the close of the year was healthy at ₹ 145723 crore. Proven track record in the various business segments, enhanced capacities and sector specific focus enabled the Company to achieve CAGR of 20% in its order book over the last 3 years.

Revenue from Operations

Gross Revenue from Operations for the year at ₹ 53738 crore registered a growth of 21% over 2010-2011 on the back of healthy Order Book at the start of the year. Most of the projects progressed well as scheduled, in particular, EPC Power, Buildings & Factories and Hydrocarbon businesses contributed significantly to the Company's Revenue growth. The product businesses, however, recorded a modest revenue increase with sluggish industrial off-take during the year 2011-2012. International Revenue grew by 38%, constituting 12% of the total Revenue, mostly contributed by various projects under execution in Power Transmission & Distribution, Infrastructure and Oil & Gas sectors in GCC countries and sales by Integrated Engineering Services business.

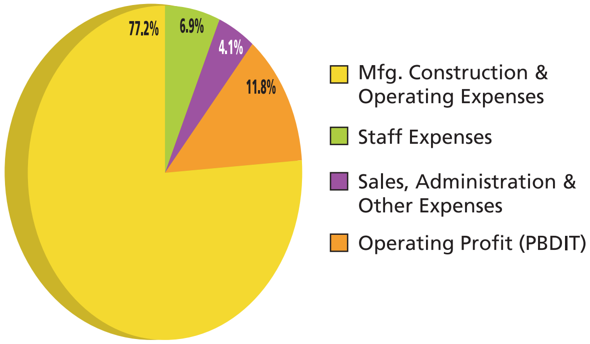


A compounded annual growth in Revenue of 20% over the last 3 years, reflects consistent good performance delivered over the years.

Operating Cost

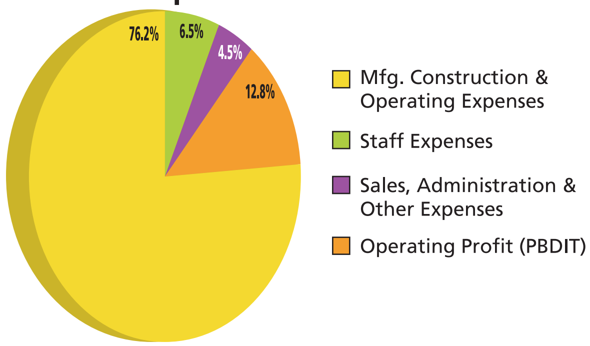
Manufacturing, Construction and Operating expenses for the year 2011-2012 amounted to ₹ 41020 crore, translating into 77.1% of the Net Revenue. As compared to the previous year, these costs increased by 90 basis points as the prices of key inputs were higher in the year 2011-2012.

Distribution of Net Revenue from Operations 2011-2012



(Total Income excluding exceptional/extraordinary items)

Distribution of Net Revenue from Operations 2010-2011



(Total Income excluding exceptional/extraordinary items)

The Staff Expenses for the year 2011-2012 at ₹ 3663 crore increased by 29.4% as compared to the previous year, representing 6.9% of the Net Revenue. There was a net addition of 3637 employees during the year mainly to support higher level of activities in Engineering & Construction businesses and Integrated Engineering Services business. The Company's manpower strength stood at 48754 as at March 31, 2012.

Sales, Administration & Other expenses for 2011-2012 at ₹ 2204 crore were contained at 4.1% of Net Revenue as against 4.5% for 2010-2011, reflecting a saving of 40 basis points, largely arising out of lower warranty provisions, reduction in packing & forwarding expenses and decrease in losses of Integrated Joint Ventures. The Sales, Administration & Other expenses for the year 2011-2012 comprised higher net exchange loss of ₹ 459 crore largely arising from MTM valuation of exposures vis-à-vis ₹ 193 crore for the previous year, as INR weakened significantly against USD during the year.

Depreciation & Amortization charge

Depreciation and amortisation charge for the year 2011-2012 at ₹ 699 crore increased by 37% over the previous year reflecting the full impact of the additions to the fixed assets carried out in the previous year and part impact of the additions made during 2011-2012.

Other Income

Other Income for 2011-2012 amounted to ₹ 1338 crore as against ₹ 1147 crore for the previous year. Dividends from Group companies during the year amounted to ₹ 408 crore as against ₹ 229 crore earned in 2010-2011. Temporary surplus funds invested in low risk, largely interest-bearing short term investments, earned an income of ₹ 723 crore in 2011-2012 vis-à-vis ₹ 516 crore in the previous year. The yield on these short-term investments was 8.90%.

During the year, the Company divested its part stake in Raykal Aluminium Company Private Limited, a subsidiary company at an exceptional gain of ₹ 55 crore (net of tax ₹ 43 crore). The previous year included an exceptional gain of ₹ 262 crore (net of tax ₹ 211 crore).

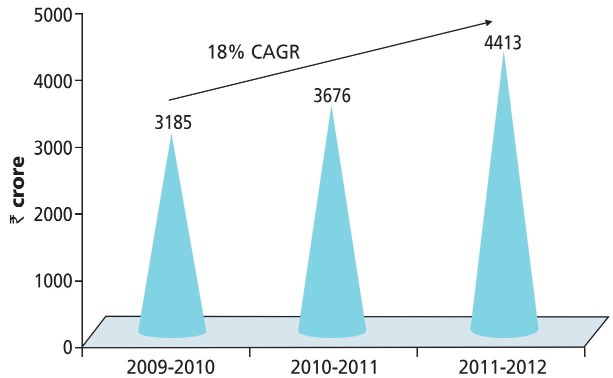
Finance cost

Interest expense for 2011-2012 amounted to ₹ 666 crore with an average borrowing cost of 7.8% p.a. as against 8.0% p.a. for the previous year. The Company's loan portfolio is carefully balanced with a combination of suitably hedged foreign currency loans and domestic loans, tied-up at appropriate times. This has enabled the Company to reduce its average borrowing cost, despite weak INR, tight liquidity conditions and high interest rates regime that prevailed throughout the year.

Profit after tax and EPS

Profit after Tax (PAT) for the year 2011-2012 from normal operations excluding exceptional and extraordinary items

Profit After Tax (excluding exceptional/extraordinary items)



stood at ₹ 4413 crore recording an increase of 20% over the PAT of ₹ 3676 crore for the previous year.

Overall PAT including extraordinary and exceptional items, for the year 2011-2012 was ₹ 4457 crore vis-à-vis ₹ 3958 crore for the year 2010-2011.

The Earnings per Share (EPS) excluding exceptional and extraordinary items for 2011-2012 at ₹ 72.22 improved by 19% over the previous year.

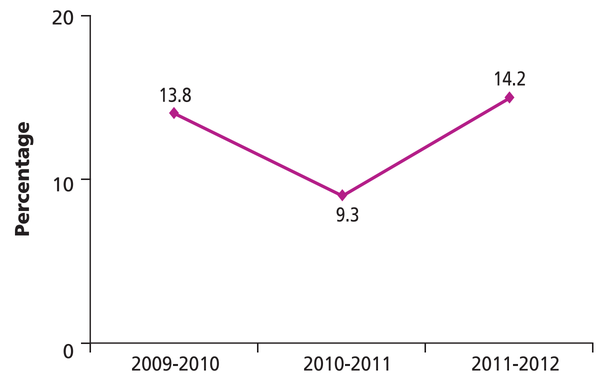
Over a period of last 3 years, PAT registered a compound growth of 18%.

Funds Employed and Returns

With continued thrust on capacity augmentation, the Company invested ₹ 1730 crore in 2011-2012 mainly to acquire various plant and equipment for the businesses in Engineering and Construction segment and for expansion of the Modular Fabrication Yard at Kattupalli, Tamilnadu. The manufacturing facilities at Vadodara and Ahmednagar for the Electrical and Electronics business segment are being ramped up to improve the competitiveness of the business.

Gross Working capital as at March 31, 2012 was ₹ 39287 crore, representing 73.1% of sales vis-à-vis 71.5% as at the end of the previous year. The increase was mainly due to increase in customer receivables. Net Customer Receivables as at the end of the year stood at ₹ 18730 crore, reflecting 127 Days of Sales, higher by 25 Days sales over the previous year. The customer receivables as on March 31, 2012 included ₹ 12393 crore contractually not due. The balance customer receivables which were contractually due as on March 31, 2012 have increased by 7 days sales over the previous year.

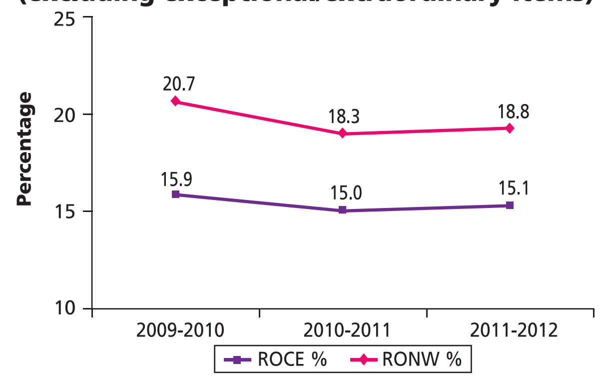
Net Working Capital as % of Sales



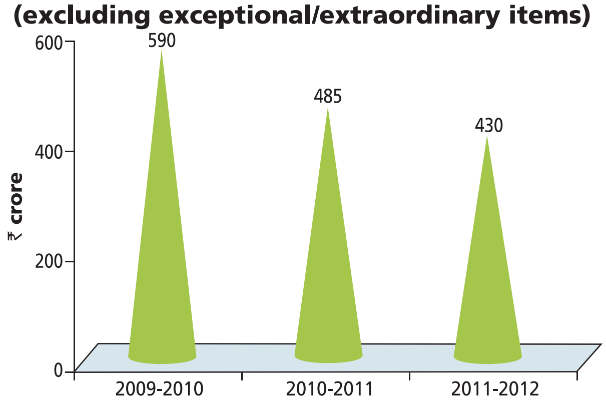
Net Working capital as at March 31, 2012 also increased over the previous year due to lower advances from customers, as anticipated orders were not received.

During the year, fresh investments of ₹ 1684 crore were made in the equity shares of subsidiary, joint venture & associate companies. Investments in terms of loans, inter-corporate deposits and advances against equity to the subsidiary & associate companies stood at ₹ 3541 crore as on March 31, 2012 vis-à-vis ₹ 2440 crore as on March 31, 2011. Major investments have been made in Developmental Projects business, Realty business and in the Ship Building subsidiary company.

Return on Net Worth & Capital Employed (excluding exceptional/extraordinary items)



Economic Value Added (excluding exceptional/extraordinary items)



Accordingly, the overall Funds Employed by the Company at ₹ 35252 crore as at March 31, 2012 increased by ₹ 5981 crore as compared to the previous year end position.

Return on Net Worth (RONW) for the year 2011-2012 is at 18.8% as against 18.3% for the previous year. Return on Capital Employed (ROCE) for the year 2011-2012 is at 15.1% quite close to the ROCE of 15.0% for the previous year. The new facilities created in the recent past for the various businesses of the Company, are yet to reach their optimum utilization levels. Moreover, the investments in emerging businesses housed in subsidiary companies such as shipbuilding, power development and heavy forgings are in the construction stage. Many of the BOT projects are either in the construction stage or in their early phase of commercial operations. As a result, the increase in net earnings is moderate as compared to the addition to net funds employed, leading to muted return profile.

Economic Value Added from normal operations stands positive at ₹ 430 crore for 2011-2012. The trend during the past three years reflects the investment phase for the company.

Liquidity & Gearing

During the year 2011-2012 the cash accruals from operations were lower at ₹ 1082 crore as compared to the previous year, mainly due to increase in net working capital, despite higher net earnings. The Company incurred capital expenditure of ₹ 1730 crore and made investment in group companies of ₹ 2139 crore. Fresh borrowings and proceeds from sale of short term investments supplemented the accruals from operations to fund these investments.

During the year 2011-2012, some of the expensive loans were repaid and fresh loans were raised at relatively lower interest rates.

Liquidity & capital resources	**₹ crore**	
	2011-2012	*2010-2011*
Cash & bank balance at the start of year	1730	*1432*
Add: Net cash provided / (used) by :		
Operating activities	1082	*3833*
Capital expenditure	(1730)	*(1645)*
Investments in group companies	(2139)	*(3077)*
Other investing activities (Mainly dividend and interest income)	1191	*1119*
Divestment proceeds	126	*476*
Proceeds from sale of short term investments	629	*717*
Financing Activities	1016	*(1125)*
Cash & bank balance at the end of year	**1905**	*1730*

Net additional cashflow of ₹ 175 crore was generated during the year 2011-2012.

The gross Debt Equity ratio as at March 31, 2012 was 0.39:1 vis-à-vis 0.33:1 as at March 31, 2011. After adjusting investment in liquid funds, the Company virtually enjoys a debt-free status.

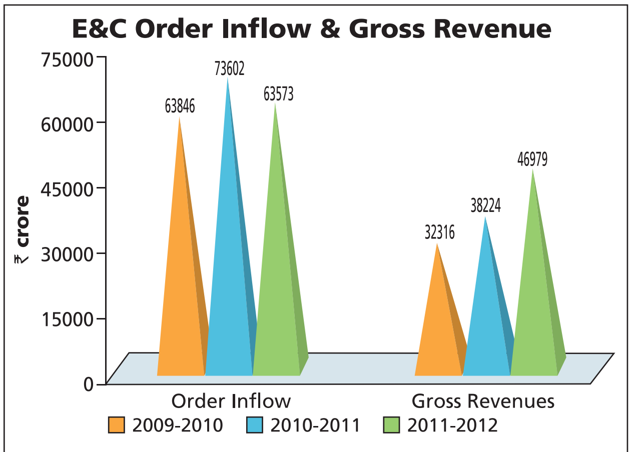
SEGMENT WISE PERFORMANCE

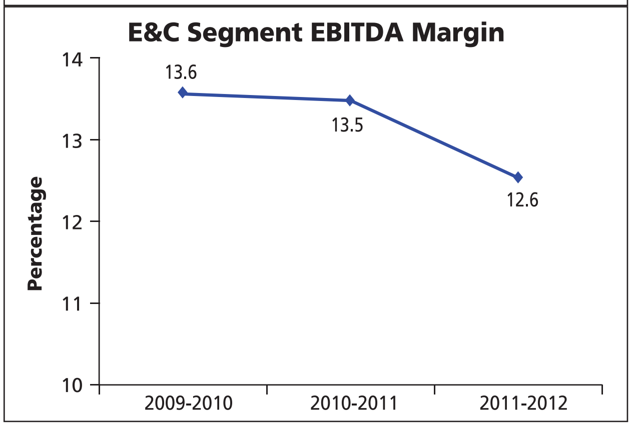
Engineering & Construction Segment (E&C)

E&C segment achieved Gross Segment Revenue of ₹ 46979 crore during 2011-2012 registering a growth of 23% over the previous year, driven by satisfactory progress on the jobs by Power, Buildings & Factories and Hydrocarbon businesses. This revenue growth was achieved despite deferment of some of the anticipated orders and delays in obtaining clearances in a few projects under execution.

During the year, the Segment secured orders totaling to ₹ 63573 crore vis-à-vis order inflow of ₹ 73602 crore during the previous year. International orders constituting 18% of the total order inflow grew by 70% over the previous year. The business environment was highly challenging during the year as investment momentum paused in Power sector, intense competition witnessed in the Oil & Gas sector and policy delays led to deferment of bidding process in Fertilizer and Defence sectors.

The Order Book of the Segment stood at a healthy ₹ 143448 crore as at March 31, 2012 with international orders constituting 12% of the total order book.



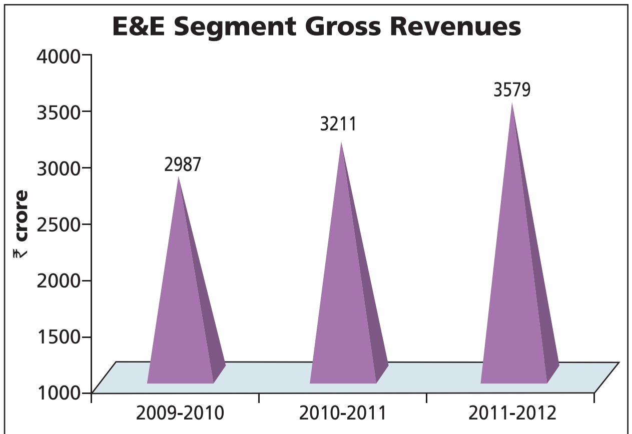


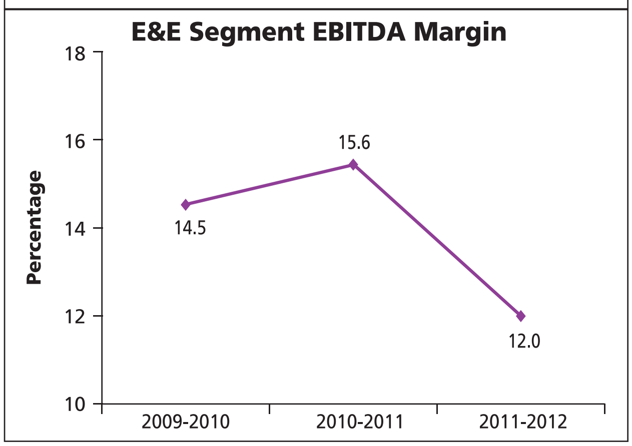
The composition of jobs under execution during 2011-2012 was dominated by material intensive EPC Power jobs with relatively lower, albeit steady margins. The job composition of other businesses of E&C Segment was skewed towards contracts in early stages of execution. Despite unfavourable job mix, the Segment recorded Operating Margin of 12.6% in 2011-2012 with efficient management of costs and superior execution capabilities.

Electrical & Electronics Segment

Gross Segment Revenue of Electrical & Electronics business stood at ₹ 3579 crore for 2011-2012 recording a moderate growth of 11.5% due to subdued industrial demand and intense competition. International sales at ₹ 343 crore registered 69% growth, driven by Electrical Systems & Equipment (ESE) business. International Sales revenue constituted 10% of the total revenue as against 6% during the corresponding previous year.

The businesses of the Segment reeled under the pressure of higher input costs and intense competition. During the year 2011-2012, the EBITDA Margin of the Segment was 12.0% vis-à-vis 15.6% for the year 2010-2011.

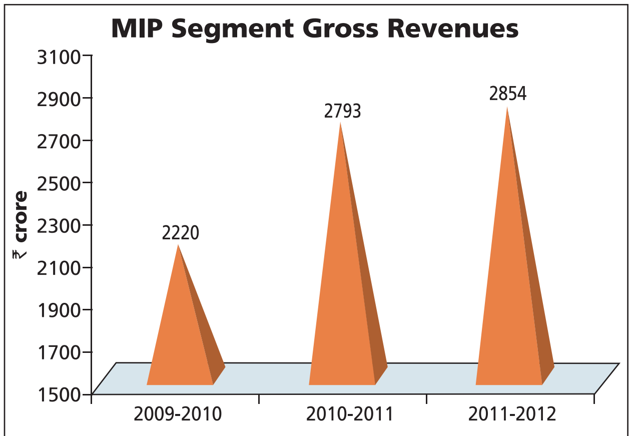


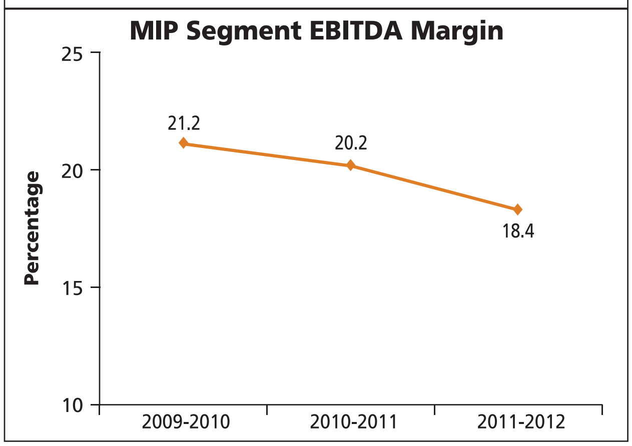


Machinery & Industrial Products Segment (MIP)

The MIP Segment recorded Gross Revenue of ₹ 2854 crore during 2011-2012 vis-à-vis Revenue of ₹ 2793 crore for the previous year. The sales growth was moderate due to transfer of Welding Products Business (WPB) to a wholly owned subsidiary in July 2011. On like-to-like basis, excluding the revenue from WPB which formed part of the total revenue in 2010-2011, the Segment achieved growth of 10% in 2011-2012 over the previous year.

International sales revenue during 2011-2012 at ₹ 448 crore doubled as compared to ₹ 202 crore for 2010-2011 propelled by Valves business and Rubber Processing Machinery business of the Segment.





The EBITDA Margin of the Segment at 18.4% declined during 2011-2012. The Margin was adversely affected by higher input costs and unfavourable sales mix.

"Others" Segment

"Others" Segment includes Integrated Engineering Services (IES) and Property Development businesses. The IES business dominates the Segment contributing 93% of the gross revenue.

IES revenue at ₹ 891 crore in 2011-2012 recorded impressive revenue growth of 68% over the previous year. New customers and enhanced billing to existing flagship clients enabled IES business to record robust performance during the year.

IES recorded EBITDA margin of 18.7% in 2011-2012, marginally lower as compared to 19.4% for 2010-2011. Despite favourable foreign currency rates, the EBITDA margin was lower, due to large capacity addition undertaken during the year to support future growth aspirations.

II. RISK MANAGEMENT

The company is predominantly engaged in the engineering and construction business with a high dependence on the core sectors of the economy. With increasing focus on international operations and extensive assortment of risks associated with turnkey projects, our long-term success largely depends on how effectively we identify and analyze the risks involved in a project and manage them to our competitive advantage.

The Company strongly believes that its Risk Management culture should pervade the whole enterprise instead of being restricted to a few silos and has, therefore, actively pursued a uniform risk framework and understanding across the organization. Continuing on this belief, besides employing an efficient risk management structure in its main businesses of engineering and construction, the company has also succeeded in establishing a similar risk management structure in its product businesses, as well as in all its major subsidiary companies.

The current slowdown in investment momentum witnessed in almost all sectors of the economy, coupled with high inflation and interest rates, volatile financial markets and delayed policy intervention are posing considerable challenge to the growth of the core sector with fewer projects coming up for capacity augmentation. The sluggish economy of the developed countries has further intensified the competition with more number of foreign players vying for a share of the limited pie. Despite all these challenges, the company, by leveraging on its Enterprise Risk Management (ERM) culture and past record of excellence in project execution, has been able to secure orders against stiff domestic and international competition. On strategic front, opportunities in international geographies and markets are being exploited to its fullest potential in order to counter the risk of business momentum slowdown in domestic markets of the company.

The key to successful project execution lies in timely completion and cost management. The well-established process of detailed pre-bid risk review not only helps in realistic estimation of project cost, but also facilitates early identification of the key risks in the project and devising informed mitigation strategy. Once a project order is won, the process of risk review continues throughout the project lifecycle. The project team and business heads, facilitated by the risk management committee, continuously monitor the impact of new risks emerging during the execution phase and take appropriate mitigation steps.

Information technology plays a very important role in achieving business goals and hence it becomes essential for the company to have sound risk management in this area. The company has integrated its Information Security initiatives with its overall risk management framework and enhanced such security by deploying latest technology and improving the monitoring processes. Business Continuity and Disaster Recovery systems are constantly upgraded with state-of-the-art tools for replication, and performing drills to ensure unhindered availability of data and systems at all times.

Each business group follows a well-documented risk management policy and procedures framed around the uniqueness of the businesses. Risk Management offices in each business along with the Corporate Risk Management representatives actively participate in the risk review process and also continuously assess the ERM structure for improvements.

The year saw a sharp volatility of Indian Rupee against US Dollar. The company has a well-defined hedging policy wherein a joint committee of the respective Business Heads and the Treasury department decides on the hedging strategy for all projects. This helps in effectively insulating the company against the risk of foreign exchange fluctuations.

A significantly large part of the company's business portfolio being made up of project business, is exposed to a variety of risks. The large volume of procurement and sub-contracting across various countries poses the challenge of appropriate cost estimation for long duration LSTK contracts. Successful implementation of international projects requires knowledge of the regulatory and taxation laws of respective countries. Talent acquisition in remote project sites becomes difficult in many cases. The risk management process gives a platform to discuss all such critical risks and their mitigation plans which in turn brings in transparency and predictability in the project management process.

The company is a member of the Engineering & Construction Risk Institute (ECRI), USA and actively participates in training and knowledge sharing sessions with its peers. As a part of risk assurance, the company's risk management policy and procedures are periodically reviewed and revised to align with changing business needs and the demands of the new organisation structure. Corporate Audit Service also conducts independent reviews of risk management processes to check their effectiveness. The Audit Committee of the Board is periodically informed about the significant risks, functioning of the risk management process and various initiatives taken for improvement in the risk management framework of the company.

Internal Controls

The growing business activities and restructuring of business processes call for a constant review of the efficacy of the company's internal control mechanism. The company has an internal process for such a review to facilitate formulation and revision of policies and guidelines to align with the changing needs.

A corporate policy on internal control is in place which provides structured framework for identification, rectification, monitoring and reporting of internal control weaknesses in the company. Various business segments of the company have also created well documented policies, authorization guidelines and standard operating procedures as per their business requirements. There is a separate process in the company which oversees the guidelines and implementation of internal controls in business processes.

Apart from having all policies, procedures and internal audit mechanism in place, the company also periodically engages an expert consulting firm to carry out an independent review of the effectiveness of various business processes. The observations and good practices suggested are reviewed by the Management and Audit Committee and appropriately implemented for strengthening the controls of various business processes.

The effectiveness of internal control mechanism is also continuously reviewed by Corporate Audit Services. The statutory auditor, during the process of financial audit, checks the internal control efficacy. All significant observations and corrective actions taken are reviewed by the Management and Audit Committee of the Board.

III. FINANCIAL RISKS

a) Capital Structure, Liquidity and Interest rate risks

Over the years, the Company's strategy of keeping a conservative capital structure has positioned it well in managing the economic volatility and at the same time, also providing the flexibility for funding growth. With an objective of maintaining a healthy credit profile, the Company has consciously followed a policy of restricting its financial leverage. This policy, apart from contributing to a strong balance sheet, provides flexibility for future fund raising options, which is of significance given the recent volatility in global markets.

The Company holds necessary levels of liquidity, judiciously deployed into short term investments in line with the corporate treasury policy. In addition, the company regularly assesses and maintains other means of sourcing liquidity, such as ready lines with the banking system and quick access to capital markets. The company regularly evaluates the right levels of liquidity in line with business needs and economic factors.

To manage interest rate risks, the Company uses a mix of fund-raising and investment products across maturity profiles, and adopts 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 optimizing borrowing costs. Appropriate hedging tools are used under the framework of a Board approved Risk Management Policy. Financial risks in each business portfolio are measured and managed centrally. These risks are reviewed periodically and managed in line with the objective laid out in the Risk Management Policy of the Company. The process is also subject to an annual review by the Audit Committee.

IV. GETTING THE BEST OUT OF INFORMATION TECHNOLOGY FOR BUSINESS BENEFITS

The company is of the firm belief that Information Technology is a key enabler for employee productivity and business efficiency. Every business of the company is well supported by an Enterprise Resource Planning (ERP) system to carry out its business processes and to take care of all transaction processing needs. Most businesses have niche application systems to complement the ERP and perform special functions to provide a competitive advantage. During the year the company has also deployed CRM systems for marketing specific to the project business, PLM systems for better connect with bidding, engineering , execution and BI systems for providing better information for decision making. The company has re architected and upgraded its systems periodically to prevent obsolescence and to ensure better business IT alignment.

The use of advanced networking and communications has facilitated team collaboration, with savings in travel costs. IT infrastructure has been enhanced and expanded to provide reliability, security and availability. A new state-of-the-art Data center at Powai has been one such initiative that was successfully completed during the year.

Modern technology initiatives are pursued after due scrutiny and evaluation; a pilot deployment of mobile applications has been done as a prelude to more applications that are on the anvil. We see Cloud computing emerging as a major change in IT delivery model and in sync with this trend, the foundations for a Private Cloud are being built that will leverage all the cloud computing models and technologies to reduce costs, provide better performance and elastic capacity on demand.

The IT function in the company continues to focus on value delivery, security, superior customer service and complete alignment with business as its cornerstones of performance.

V. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

A sense of responsibility towards society and environment is demonstrated through our culture of trust and caring. L&T has adopted sound business practices, be it in natural resources management, social harmony or corporate governance, the practices are in sync with our value system.

The company is disclosing the economic, environmental and social performance through Corporate Sustainability Reports since 2008 as per GRI (Global Reporting Initiatives) guideline in public domain.

As part of sustainability journey, L&T's various businesses have adopted sustainability approach encompassing initiatives covering natural & energy resource conservation, water efficiency, waste reduction and product innovation. This is strengthened through commitment of top management, robust processes and policy formulation.

The company actively works towards development of underprivileged communities especially around our area of operations. Mother & child health, primary education and skill building are the key thrust areas for community welfare.

Mechanisms to monitor and facilitate these developmental activities on the social front are systemic. L&T units and project sites are encouraged to undertake programmes that benefit the community. Employee volunteers and spouses of employees are important drivers of our community development initiatives. Through a network of L&T units, offices and project sites spread across the country we are able to reach a significant number of beneficiaries of our social interventions.

The company has put in place an Environmental and social risk management framework to proactively address environmental and social issues in the planning stage of products & services. This ensures that negative impacts on environment are mitigated or controlled effectively.

Since 2008, L&T has been conducting carbon footprint mapping of its operations that enables to determine the annual GHG emissions. This level of comprehensive quantification is helping to strategically plan and monitor our emission intensity.

At L&T our objective is to progressively drive design expertise, operational efficiency and maintenance efforts towards cleaner and greener technologies. We have implemented many eco-friendly initiatives such as, 'Zero wastewater Discharge Approach' and presently 15 of L&T locations have achieved zero discharge status. All wastewater generated is treated, and reused within the units.

L&T's energy conservation practices not only result in environment protection but also result in cost optimization. The company focuses on state of the art technology, cleaner processes and propagating energy optimization culture. Biodiversity conservation is consciously implemented across the company and we have done GIS based biodiversity assessment of key campuses.

The Corporate Social Initiatives (CSI) cell of the company engages with local stakeholders, community leaders and NGOs to identify and assess community needs, in order to plan and develop social interventions. The CSI apex set-up based in Mumbai works closely with respective L&T offices to bring in uniform approach, consistency, monitoring mechanism and to scale up community initiatives across various locations.

The Company's Working on Wellness (WoW) initiative caters to overall employee wellbeing while ensuring that a preventive and curative approach is adopted for occupational health care.

SUBSIDIARIES & ASSOCIATES (S&A) PORTFOLIO:

Progressive Performance amidst Challenges

Larsen & Toubro continues to expand its Subsidiary & Associate companies portfolio (hereafter referred to as S&A companies) to accelerate growth momentum. L&T group had 128 subsidiaries, 18 associates and 14 Joint venture companies under its umbrella as on March 31, 2012.

L&T's S&A portfolio is further classified under the IC Business structure based on its business risk-reward profile and the business segment to which it caters.

The following are the IC Groups under which the S&A companies function:

I. Hydrocarbon IC Group
II. Power Transmission & Distribution IC Group
III. EPC Power & Power Equipment IC Group
IV. Heavy Equipment IC Group
V. Ship Building IC Group
VI. Electrical & Automation IC Group
VII. MIP (Machinery & Industrial Products) IC Group
VIII. Financial Services Group
IX. Technology & Services Group
X. Development Projects Group
XI. Power Development Group
XII. Urban Infrastructure Group
XIII. Holding company for overseas investments

Some of the ventures initiated in the emerging business sectors during last couple of years are still under construction stage/in initial phase of operation. These ventures are yet to contribute to the Group's revenues.

For the year ended March 31, 2012, consolidated revenue at ₹ 64313 crore grew by 24% and the consolidated Profit after tax excluding exceptional and extraordinary items at ₹ 4238 crore increased by 10% over the previous year.

A review of the major operating S&A companies under respective IC Group is presented below:

I. HYDROCARBON

Domestic Companies

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

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 subsea pipes and cables under the sea for the Hydrocarbon Upstream Industry. The Joint Venture (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.

JV companies recorded revenue from operations of ₹ 164 crore and profit after tax of ₹ (72) crore for the period ended March 31, 2012. LTSSPL closed the year with order book of ₹ 164 crore.

B. L&T-VALDEL ENGINEERING LIMITED (LTV): Subsidiary Company

LTV, wholly owned by L&T, provides complete engineering solutions for upstream oil & gas sector and offers design engineering services as well as project management services globally.

The Company recorded order inflows of ₹ 100 crore during 2011-2012 as against ₹ 61 crore during 2010-2011. The order book as at March 31, 2012 stood at ₹ 63 crore recording a growth of 50% over the previous year.

Revenue from operations at ₹ 81 crore registered a growth of 16% over the previous year. Profit after tax for 2011-2012 was marginally higher at ₹ 6.42 crore as compared to ₹ 6 crore in 2010-2011.

C. L&T-CHIYODA LIMITED (LTC): Associate Company

LTC, a company where L&T has 50% stake, is a globally recognised design & engineering consultancy company for hydrocarbon processing industry. LTC was set up in the year 1994 as a JV between Chiyoda Corporation of Japan and L&T with an equal stake. LTC offers total engineering solutions 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.

Revenue from operations for 2011-2012 at ₹ 111 crore registered a growth of 14% over 2010-2011. Profit after tax for the year was lower at ₹ 6 crore as compared to ₹ 9 crore during the previous year.

International Companies

D. LARSEN & TOUBRO ELECTROMECH LLC (L&T Electromech): Subsidiary Company

L&T Electromech is a JV 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.

During the year under review, the Company bagged orders worth ₹ 635 crore as against ₹ 514 crore in 2010, thus registering a growth of 24%. Sales for the year at ₹ 478 crore registered a growth of 4% over 2010. Profit after tax stood at ₹ 48 crore as against ₹ 36 crore in 2010. The Order Book as at December 31, 2011 stood at ₹ 655 crore.

Investments to the tune of ₹ 7200 crore for refinery expansion in Sohar is on the anvil. Investment in Oil & gas sector has been planned for ₹ 15000 crore. In the backdrop of depleting oil and gas reserves, the government continues to focus on implementing the economic diversification strategy to enhance the non-oil production base of the economy. Targeted economic growth for Oman for 2012 is 5%. On an overall basis, the business outlook in Oman for 2012 is buoyant.

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

LTMFYL is a JV company between Zubair Corporation & L&T 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.

During the year 2011, LTMFYL's revenues were at ₹ 149 crore vis-à-vis ₹ 252 crore in 2010. The Profit after tax for the year 2011 was ₹ 9 crore.

LTMFYL has secured major order for Fabrication of 5 Offshore Platforms (Jackets, Topsides, Piles and Bridges) for ADMA OPCO, Abu-Dhabi during the year 2011.

F. LARSEN & TOUBRO ATCO SAUDIA COMPANY LLC (L&T ATCO): Subsidiary Company

L&T ATCO is a strategic JV between L&T 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.

During 2011 the Company's total income was at ₹ 67 crore against ₹ 25 crore in 2010. The Company registered a Profit after tax of ₹ 3 crore as against ₹ 0.09 crore in 2010.

The company has made a major breakthrough in Saudi Arabia by bagging a large order for constructing state of the art solution polyethylene plant from 'SADARA Petrochemicals', an Aramco Dow JV.

The Company will leverage the benefit of specific tie-ups with prominent EPC players in the Refinery & Petrochemical sector. The recent prequalification with large and most prestigious customer in the Kingdom and pre-bid alliance with some of the leading EPC players will benefit the Company to gain competitive strength and obtain new project orders.

G. LARSEN & TOUBRO KUWAIT CONSTRUCTION GENERAL CONTRACTING COMPANY WLL (LTKC): Subsidiary Company

LTKC is a strategic JV between M/s Bader Almulla and Brothers Company WLL, a Kuwaiti company and L&T. 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.

The Company reported revenues of ₹ 30 crore during 2011 with Profit after tax of ₹ (0.90) crore

II. POWER TRANSMISSION & DISTRIBUTION

Domestic company:

A. L&T-RAMBØLL CONSULTING ENGINEERS LIMITED (LTRCE): Associate Company

LTRCE, a consultancy firm where L&T has 50% stake, was established in 1998 as a JV with 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. LTRCE also offers consultancy services in SEZ Planning & Environmental Engineering.

The Company has consolidated its position in the domestic market as advisors and consultants to developers of projects. LTRCE registered total income of ₹ 46 crore and Profit after tax of ₹ 10 crore during 2011-2012.

International companies:

B. LARSEN & TOUBRO (OMAN) LLC (LTO): Subsidiary Company

LTO, a JV with Zubair Corporation LLC, provides engineering, construction and contracting services for the last 15 years in Sultanate of Oman. The Company has an excellent track record in civil projects 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.

The Company procured order valued OMR 113 Million (₹ 1493 crore) during 2011. Order Book as at December 31, 2011 stood at OMR 203 Million (₹ 2682 crore). The revenue at ₹ 2017 crore for the year grew by 21% over 2010. The Profit after tax for the year 2011 stood at ₹ 96 crore.

Based on the country's budgets, the company is confident of securing orders in the areas of roads, bridges, water network & other government projects.

C. LARSEN & TOUBRO READYMIX CONCRETE INDUSTRIES LLC (RMC LLC): Subsidiary Company

RMC LLC is a JV between Mr. Majed Al Muhari (51%), UAE and Larsen & Toubro International FZE (49%), a wholly owned subsidiary of L&T.

The construction and real estate activity remained stable during 2011. Accordingly, the gross revenue from operations was at ₹ 58 crore in 2011 as compared to ₹ 57 crore in 2010.

III. EPC POWER & POWER EQUIPMENT

Domestic companies:

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

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

Considering the market scenario of power sector, the Company has not secured any fresh orders during 2011-2012. The order book position stood at ₹ 1533 crore as on March 31, 2012. The Gross sales at ₹ 1300 crore registered a significant growth over the previous year with 4 projects under execution.

Besides high capital costs the power industry is facing lot of challenges over the availability of critical resources viz. land, water and coal linkages. Many power producers are holding back their expansion plan which has sharply reduced the business opportunities of the power equipment manufacturers. Considering that the energy security is paramount to achieve the desired GDP growth of the economy, recently the Government has taken several measures to give impetus for power infrastructure to meet the growing energy demand.

The competition has intensified with many international players having presence in Indian market and able to get their share of business during last couple of years. The aggressive pricing and delivery terms from the Chinese power equipment manufacturers has also added to severe pressure on the pricing.

The Company is focusing on internal processes & capabilities with the objective of cutting wastage, enhancing efficiency and maximizing productivity to build a strong foundation to meet the challenges of tomorrow. The Company is confident of meeting the market requirements to manufacture & deliver the cost competitive products in the coming years.

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

L&T and MHI have entered into a JV to manufacture and supply Supercritical Boilers for large coal based power utilities. L&T-MHI Boilers Private Limited has been formed with L&T holding 51% equity stake. The Company has completed its first phase of setting up the manufacturing facilities at Hazira, Gujarat. The total capacity being installed is 4000 MW.

The Company has recorded healthy growth in gross revenue from operations at ₹ 2457 crore as against ₹ 1029 crore in the previous year.

The thermal power sector of the country is facing issues like fuel availability, land acquisition and environmental clearances. With enhancing capacity of domestic players and entry of international players by forming joint ventures with local companies, the competition has intensified.

With the impetus to the power sector and the benefits of super critical technology, the Company is confident of meeting the market requirements with focused efforts to manufacture/deliver the products and to become more cost competitive in the coming years. The Company has made inroads in introducing advance ultra-supercritical Steam Generators for the Indian market to remain ahead of competition by providing energy efficient and environment friendly products. The initiatives undertaken by the company are expected to add significantly to execution capability with improved in efficiency and productivity.

C. L&T-SARGENT & LUNDY LIMITED (LTSL): Subsidiary Company

LTSL, a 50% each joint venture between L&T and Sargent & Lundy, USA is ISO 9001:2008 quality certified engineering consultancy organisation. LTSL offers a complete range of Power Plant Engineering & Consultancy services, from concept to commissioning to its customer base in India and abroad. LTSL has extensive expertise in gas based and coal based power projects and forms the engineering base for L&T's thrust into turnkey execution of super-critical technology. LTSL is also expanding its capabilities in the renewable (Solar/Wind/Biomass) energy. LTSL is located at Vadodara, Gujarat and has set up a full-fledged Design & Engineering centres at Faridabad & Kolkata to expand its horizons.

LTSL received new orders aggregating to ₹ 110 crore during 2011-2012 of which export orders amount to ₹ 66 crore.

Revenue from operations for 2011-2012 at ₹ 114 crore registered a growth of 32% over the previous year. Exports constitute 31% of revenue from operations. Profit after tax registered a 38% growth at ₹ 20 crore during 2011-2012.

LTSL will capture opportunities for large super-critical and ultra-super critical power projects in domestic market and gas based and oil fired power projects in International market. With increased focus on business development in international market, LTSL seeks to achieve sustainable growth momentum in medium to long term.

IV. HEAVY EQUIPMENT

Domestic Companies:

A. SPECTRUM INFOTECH PRIVATE LIMITED (SIPL): Subsidiary Company

SIPL, a wholly owned subsidiary of L&T, possesses 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.

Revenue from operations were at ₹ 13 crore during 2011-2012 with Profit after tax at ₹ 2 crore.

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

LTSHF is a JV 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. The company is expected to commence production by September 2012.

V. SHIP BUILDING

Domestic Companies:

L&T SHIPBUILDING LIMITED (LTSB): Subsidiary Company

L&T has identified shipbuilding as a major thrust area in the heavy engineering sector. LTSB, a 97% 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 project involves development of Shipyard for manufacturing and repair of defence as well as commercial vessels and operation of Port complex on a commercial basis with a capacity of 1.2 million TEUs per annum.

LTSB entered into a JV agreement with TIDCO to set up the project. 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 advancing well as per schedule. The Company has entered into license and collaboration agreement with Mitsubishi Heavy Industries Ltd., Japan to enable itself for seizing new business opportunities.

VI. ELECTRICAL & AUTOMATION

International Companies:

A. TAMCO GROUP OF COMPANIES: Subsidiary Companies

TAMCO Group of companies operating from Malaysia, Indonesia and Australia are the wholly owned subsidiaries of L&T International FZE.

TAMCO has strengthened its brand equity for Low and Medium Voltage switchgear both in domestic and overseas market. Its products are widely used in power, oil & gas, construction and manufacturing industries. Through extensive R&D and advanced manufacturing technology, the TAMCO group is able to deliver high quality and cost effective products. It has a wide market share in Dubai, Qatar, Oman and other GCC countries.

During the financial year ended December 2011, TAMCO Group has secured orders amounting to ₹ 479 crore. Gross revenue from operations for 2011 stood at ₹ 599 crore. The operations have been impacted by the slow off-take in the Middle East and Gulf markets. Sales in Australia increased to ₹ 91 crore in 2011 while the revenue in Indonesia increased to ₹ 32 crore in 2011. Profit after tax was at ₹ 55 crore for the year ended December 2011.

GDP growth in Malaysia is expected to be at 6%. Accordingly, Tamco Malaysia sees opportunities in upcoming tenders for 2500 AIS tenders, RMU tender for 12kV and PPU tender for sub-stations. The company also boasts of containerized and rehab sub-stations.

Tamco Australia holds good prospects due to the boom in Mining & Offshore industries in Western Australia. The company can leverage good reference of NSW utilities in Western Australia and achieve capacity addition in Windmills of 2000MW by the year 2020.

The market shows good prospects for business in UAE. FEWA approval is expected by May 2012 along with a new tender for 33kV GIS substation from SEWA. The approval from ADWEA is in advance stage.

The market also holds good prospects for business in Qatar in the infrastructure segment on account of FIFA 2022. Further, 8500 panels for AIS are to be finalized in 2012-2013.

Tamco group aims to make new product developments in line with "Lakshya 2016" Strategic plan. Initiative is on to make in-roads in Western Australia in mining and petrochemical business, to develop OEMs in select markets and to synergize with PT&D in the ME market particularly in Kuwait and Iraq. Attempts would also be made to increase localization in Indonesia and make in-roads in the KSA market.

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

Subsidiary Company

L&T Electricals Saudi Arabia Company Limited (LTESA) is a JV between Larsen & Toubro Limited, India and Yusuf Bin Ahmed Kanoo Group, KSA with a state-of-the-art integrated manufacturing facility in Dammam to cater 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.

The order inflow for the year ended December 2011 was at ₹ 47 crore.The performance of the company was impacted by the slowdown in the market where many projects were stalled and decisions on order finalization were deferred. Revenue from operations for the year ended December 2011 was ₹ 56 crore.

The company sees good prospects in 2012-2013 as the Maaden frame agreement has facilitated recognition with global EPC majors in KSA. Also, product certification as per KSA standards is under progress. SEC potential of USD 70-80 Million annually from T&D segments will become addressable after approval. Business from E&C & PTD in KSA is also expected to contribute from 2012-2013. Higher government spending in Infrastructure segment is expected to yield significant business.

C. L&T ELECTRICAL & AUTOMATION FZE, (LTEAFZE):

Subsidiary Company

L&T Electrical & Automation FZE, 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 the Middle East, Africa and CIS markets with expertise in Automation, Telecommunication, Electrical & Instrumentation segments.

The order inflow for the year ended December 2011 was ₹ 242 crore as against ₹ 118 crore in 2010. Revenue from operations for the year were ₹ 111 crore. The performance of the company was affected by slowdown in the Middle East market and very low opening order book. The Profit after tax for the year ended December 2011 was ₹ 17 crore. The company has a healthy order book of ₹ 186 crore as on January 1, 2012. During 2011, the company declared a 10% maiden dividend to its holding company L&T International FZE.

The Oil & Gas, Utility and Infrastructure segments are showing signs of revival across Middle East, Africa & CIS countries with significant investments announced over next 3-5 years. The company has strengthened its position in Telecom System Integration and expects to grow significantly in this area in addition to Control, Electrical & Instrumentation areas.

With major customer approvals in place, the company is focusing to provide solutions and services to Engineering Procurement & Construction (EPC) companies and to end users for both new and brown field projects.

D. LARSEN & TOUBRO (WUXI) ELECTRIC COMPANY LIMITED (LTW): Subsidiary Company

Larsen & Toubro (Wuxi) Electric Company Ltd. (LTW) is a 100% subsidiary of L&T International FZE, Sharjah. It is located at Wuxi in the Jiangsu province of People's Republic of China. The factory was established in 2006 to manufacture Air circuit breakers (ACB) and Moulded Case Circuit Breakers (MCCB) for Chinese market.

Sales and other income for the year ended December 2011 was at ₹ 33 crore and Profit after tax at ₹ (0.30) crore.

As the growth and profitability of the business has been low as compared to the plan, it has been decided to close the business. Accordingly, the plans to exit the business is awaiting Chinese Government clearance.

VII. MACHINERY & INDUSTRIAL PRODUCTS

Domestic Companies:

A. L&T PLASTICS MACHINERY LIMITED (LTPML): Subsidiary Company

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.

The company reported revenue of ₹ 206 crore during 2011-2012 from its operations and Profit after tax of ₹ 11 crore.

The business for the company's products is expected to continue the growth during the year 2012-2013. Due to good energy saving feature, we foresee increase demand for DTS and 2-tech series. We also expect to see good growth of the export business consequent to the appointment of a few agents in Dubai and Nigeria.

B. EWAC ALLOYS LIMITED (EWAC): Subsidiary Company

EWAC is a wholly owned subsidiary of L&T.

EWAC is a market leader in the business of Maintenance & Repairs, Welding & Welding solutions for conservation of global metal resources. The principal products and services comprise Maintenance & Repair (M&R) consumables, specification grade electrodes, flux-cored welding wires, wear plates/parts, welding and cutting equipment, Tero Cote Lab services etc. EWAC had a Selling Agency Agreement (SAA) with the Welding Products Business Unit (WPBU) of L&T till June 30, 2011. EWAC, with effect from July 1, 2011 acquired the WPBU from L&T in line with the strategic restructuring of Company's business and is aimed at consolidating the welding products business.

EWAC reported Revenue of ₹ 368 crore from its operations during 2011-2012 and Profit after tax of ₹ 55 crore.

The Company has undertaken expansion of its facilities at Ankleshwar with the objective of consolidating all its manufacturing operations at one place and accordingly has decided to close its manufacturing operations at Powai, Mumbai. The Company expects to complete the expansion and shifting of operations by June 2012.

EWAC expects to continue with its good performance in the year 2012-2013 and has planned major initiatives for addressing export markets and providing integrated solutions to its customers.

C. L&T KOBELCO MACHINERY PRIVATE LIMITED: Subsidiary Company

L&T Kobelco Machinery Private Limited (LTKM), a JV of Larsen & Toubro Limited, India and Kobe Steel Ltd., Japan to manufacture Internal Mixers and Twin Screw Roller head Extruders for the tyre industry.

LTKM commissioned the plant during the year and also delivered three internal mixers to Indian and Indonesian Customers. The technology from Kobe Steel, Japan was transferred during the year. During year 2011-2012 LTKM recorded revenue from operations of ₹ 14 crore.

It is expected that the Rubber Processing Machinery business will continue to see a growth on account of investments being made both Indian and International tyre manufacturers.

Overall the Company envisages a good improvement in the industrial growth indices, in the coming year and its business are better equipped to harness the market potential.

D. L&T-KOMATSU LIMITED (LTK): Associate Company

LTK is a 50:50 Joint Venture between L&T and Komatsu Asia Pacific Pte. Ltd., Singapore, a wholly owned subsidiary of Komatsu Limited, Japan. Komatsu is the 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.

During the year 2011-2012, LTK posted gross sales of ₹ 1615 crore registering 8% growth from previous year. Profit after tax at ₹ 5 crore however, declined due to significant increase in component costs, arising out of steep appreciation in Japanese Yen and steel price hikes during the year. The Company was able to maintain market share in spite of intense competition from existing players and new entrants.

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 with further scope to improve on the back of infrastructure projects taking off in 2012-2013.

E. AUDCO INDIA LIMITED (AIL): Associate Company

AIL is a JV with 50% equity holding each by L&T and Flowserve Corporation, USA. AIL is a leading manufacturer of Industrial Valves.

AIL caters to all major industries viz Refineries & Pipelines, Power, Offshore Platforms, Petro Chemicals, Chemicals, Fertilizers, Food & Pharma, etc.

AIL Valves are approved by international Oil majors such as Shell, Chevron, EXXON, Aramco, PDO, ADCO, which helps in participating in their worldwide projects. Apart from Indian Oil majors and various other industrial segment approvals, AIL also has a unique advantage of Indian Nuclear Industry approval.

AIL witnessed growth in gross revenue from operations by 22% and growth in profits during 2011-2012. AIL posted gross revenue from operations of ₹ 586 crore in 2011-2012 and Profit after tax stood at ₹ 61 crore.

With a healthy Order Book position as on March 31, 2012, AIL expects a satisfactory performance in the year ahead.

International Companies:

F. LARSEN & TOUBRO (QINGDAO) RUBBER MACHINERY COMPANY LIMITED (LT QINGDAO) – Subsidiary Company

L&T Qingdao, a subsidiary of L&T, set up in Jiaonan, Qingdao, People's Republic of China to develop and supply Tyre Curing Presses and other Rubber Processing Machinery on par with the quality of products being supplied by L&T to its global clients.

During the year 2011, L&T Qingdao posted revenues of ₹ 93 crore (previous year ₹ 70 crore) and a Proft after tax of ₹ (1.8) crore (previous year ₹ 0.53 crore). During the year 2011, the Company successfully executed orders from Tyre majors in China as well as from Pirelli for delivery to its plants in South America. LT Qingdao also has secured orders from new customers in Vietnam during the year that will be executed in 2012.

The sustained growth of the automobile industry in China as well as globally, provides opportunity for the Company to grow in the future. The Company plans to enhance its product offerings for the domestic market from 2012-2013 onwards so as to strengthen its presence in China.

G. LARSEN & TOUBRO (JIANGSU) VALVE COMPANY LIMITED (LTJVCL): Subsidiary Company

LTJVCL a subsidiary was set up in Yancheng City, People's Republic of China, for manufacture of certain range of Valves for global markets. The plant has state-of-the-art manufacturing facilities and has secured important approvals of oil majors such as SHELL, BP, Chevron, Saudi Aramco, Alstom, SASOL, Dow Chemicals etc.

The revenue for the year 2011 was ₹ 62 crore. The improved performance was attributable to higher order inflows during the latter half of previous year.

The appreciation of RMB vs USD and rising costs in China are a matter of concern as these impact the competitiveness of the Company. However, with the customer approvals in place and plans to widen the offerings to large size and special valves, together with firm oil prices, the Company expects to overcome these challenges and looks ahead with optimism.

H. LARSEN & TOUBRO LLC, HOUSTON, USA (L&T LLC): Subsidiary Company

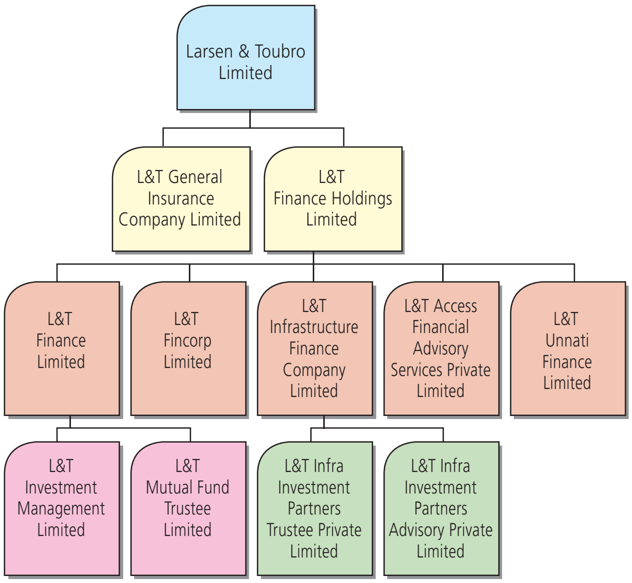
L&T LLC, a wholly owned subsidiary of L&T, is based in Houston, USA and represents L&T for sale of industrial valves in the North American market.

During the year 2011, the sales revenue was ₹ 5 crore. The Company has decided to gradually scale down the operations in view of the lower volumes & high cost of operations.

VIII. FINANCIAL SERVICES

Financial Services spectrum:

Domestic Companies



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

L&T FH, a 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.The Company came out with an IPO in August 2011 and became the first listed subsidiary company of the group. 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.

The Company's investments in its subsidiaries and strategic investments amounted to ₹ 3047 crore as at March 31, 2012.

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

LTF, a wholly owned subsidiary of L&T Finance Holdings Limited was incorporated as a public limited company on November 22, 1994 to provide a comprehensive range of financial products and services. It is registered with RBI as a non-deposit taking non-banking financial company.

During 2011-2012, LTF recorded an improvement in major performance parameters. This was facilitated by the growth in its business segments, 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, 2012, total assets grew by 24% to ₹ 13823 crore. Total income at ₹ 1789 crore recorded a growth of 28% and Profit after tax during 2011-2012 was ₹ 199 crore.

The favourable changes in rural landscape are expected to offer multiple opportunities for launching new offerings in 2012-2013 coupled with intense competition from banks and peer companies. In the absence of clear trend on interest rate movements, the ability to maintain net interest margin and good asset quality would be value drivers.

C. L&T MUTUAL FUND TRUSTEE LIMITED (LTMFTL) & L&T INVESTMENT MANAGEMENT LIMITED (LTIML)

LTIML managed an Average Asset of ₹ 4469 crore for the year ended March 31, 2012 across L&T Mutual Fund Schemes as against ₹ 3782 crore for the year ended March 31, 2011. The average assets under management (AAUM) of LTMFTL grew by 18% compared to previous period. The market share of LTMFTL grew to 0.7% from previous year.

The number of Investor Folios increased to 1, 45,712 as of March 31, 2012.

The Industry's AAUM for the year ended March 31, 2012, however, stood at ₹ 700740 crore registering a decline of 0.4% over the previous year (Source: Association of mutual fund of India website).

Investment Management Fees as a percentage of Asset Under Management improved to 0.2% in 2011-2012. LTIML's loss from operations for the year ended March 31, 2012 was at ₹ 25 crore.

LTMFTL launched two Open Ended Schemes during the financial year 2011-2012; L&T Wealth Builder Fund and L&T Short Term Debt Fund. The total amounts mobilized in L&T Wealth Builder Fund and L&T Short Term Debt Fund were ₹ 73 crore and ₹ 62 crore respectively.

D. L&T INFRASTRUCTURE FINANCE COMPANY LIMITED (LTIFCL): Subsidiary Company

LTIFCL, a subsidiary of L&T Finance Holdings Limited, is a non-banking financial company focused on financing of infrastructure projects, across various sectors. LTIFCL has developed a comprehensive service platform across various lines of businesses to create and offer appropriate financing solutions to its diverse set of customers. Being a specialist in infrastructure financing and advisory services, it has expanded its service offerings from pure lending in project finance towards enhanced value addition to clients in terms of equity & debt syndication, investment banking, private equity and inputs to various governments/regulatory bodies/Chambers of Commerce on infrastructure-related issues.

LTIFCL recorded improved performance during 2011-2012, on the strength of the 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, 2012, total assets grew by 44% to ₹ 11070 crore. Total income at ₹ 1183 crore recorded growth of 68% in 2011-2012. Profit after tax during 2011-2012 grew by 31% to ₹ 264 crore.

As LTIFCL steps into its next phase of growth from 2012-2013 onwards, it would be reviewing a wide range of strategic options for continuing the momentum of growth together with measures to persist with excellence in processes and governance, diversify sources of funding and infuse capital to support asset growth while maintaining healthy capital adequacy ratios. LTIFCL would continue to make asset quality its top priority. LTIFCL would consider a broad spectrum of strategic initiatives and engagement with multilaterals to expand beyond its current horizons.

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

LTGI, a wholly owned subsidiary of Larsen & Toubro Ltd., is into general insurance business offering a wide range of insurance solutions to various segments of corporate and retail customers through multiple product offerings.

LTGI, with its advanced technological platform, is well equipped to expand its distribution reach in the fast growing Indian General Insurance sector.

LTGI in its second year of operations and first full financial year, achieved Gross Written Premium of ₹ 143 crore by selling nearly hundred thousand policies (97,766) and was the fastest growing Insurance Company in India in 2011-2012. LTGI already has a pan India presence with 10 branch offices as hub locations.

The delay in approval of health products resulted in lower achievement of health business. The company's prudent underwriting practices resulted in lower levels of engineering business where the market did not support by adequate increase in price realisation. The existing resources being properly re-deployed and utilized resulted in motor line showing a significant growth. However, lower price realization in this line has resulted in higher loss ratio. The loss in the current year stands at ₹ 106 crore.

Indian general insurance industry continues to show an impressive growth in top line and has reported a growth of 23% to ₹ 58344 crore in 2011-2012. 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.

F. L&T CAPITAL COMPANY LIMITED (LTCCL): Subsidiary Company

LTCCL, a wholy owned subsidiary of L&T, is a Portfolio Manager registered with the Securities And Exchange Board of India, with over ₹ 2050 crore under its fund management. It is also a significant Mutual Fund Distributor/Advisor with outstanding mutual fund assets under advice of around ₹ 2000 crore. LTCCL holds and monitors a significant portion of L&T Group's strategic investments.

During the year, the company's overall income was at ₹ 10 crore with Profit after tax of ₹ 7 crore.

The Company has expanded its private wealth advisory team and is poised to offer investment advisory services to a larger number of investors, including offshore investors. The Company has already established a branch office at Bengaluru and is in the process of setting up a wider network of branches in identified centres across India.

IX. TECHNOLOGY & SERVICES

Domestic Companies

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

L&T Infotech, a wholly owned subsidiary of L&T, is a global IT Services and solutions provider. A full-services IT firmwith a blue-chip client roster, the Company 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 Servicesand & Insurance.

The Company's key service areas are Application Maintenance & Development, Application Outsourcing, Legacy Modernization, Package implementations in SAP/Oracle, Infrastructure Management Services, Testing Services and specialized services like Data Warehousing, Business Intelligence and System Integration. These have been complimented by providing Consulting Services to clients building on the 'Thought Leadership' in respective domains.

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

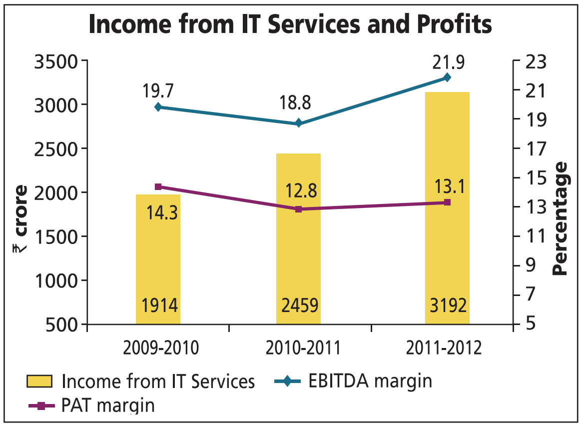
Business Environment

The Indian IT BPO industry achieved a significant landmark of crossing aggregate revenue of USD 100 Billion (including USD 88 Billion comprised of IT Software and Services Revenue) during the year 2011-2012. This resulted into 14% growth over last year, and as per NASSCOM estimates, the growth rate for 2012-2013 is projected at 11%-14%.

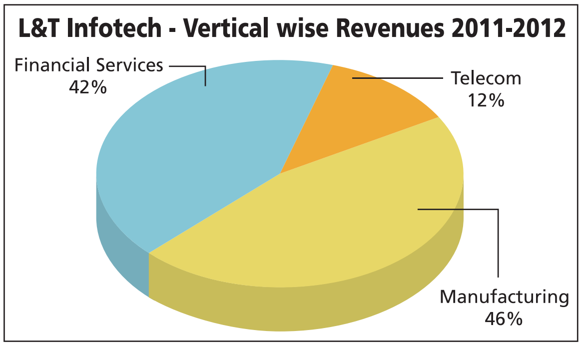
The year witnessed volatile operating environment with fluctuations in customer demand and the industry adapted to stay ahead of the curve to continue to be relevant. The industry has embarked on a focused path of change, which includes redesigning internal operations, flexibility in product solutions portfolio, and compelling vertical market strategies. New technologies especially the cloud, mobility, social and bid data analytics are impacting service providers, who are reviewing how industry verticals and customer segments will adjust themselves to the changing technology landscape.

For the year ended 2011-2012, L&T Infotech recorded total revenue of ₹ 2969 crore, registering an increase of 26%. Export revenue constituted 94% of the total revenue of ₹ 2794 crore in 2011-2012.Operating profit (PBDIT) is higher by 44% at ₹ 629 crore. Profit after tax at ₹ 405 crore grew by 29%. Also on consolidated basis, Profit after tax at ₹ 419 crore grew by 35%.

L&T Infotech operates through its subsidiaries in Canada, Germany and USA. During the year, the Company commenced operations from its new SEZ facilities at various locations across Navi Mumbai, Pune, Bengaluru, Mysore and Chennai, which added total seat capacity by 3,166 seats.



Segmental / Regional Performance: Industry-wise split of revenues



For the year 2011-2012, North America continued to be the significant region contributing to 67% of revenue with Europe region contributing 16%. Contribution from APAC and Africa/MEA stand at 6% and 5% in 2011-2012 respectively. Onsite proportion of export revenue has increased from 53% in 2010-2011 to 55% in 2011-2012.

The industry is moving towards non-linear (IP Driven) business model. Major opportunities are visible in current scenario in large deals including renewals and SI deals in India, alliance and partnerships around niche products, emergence of new technologies like Cloud, Mobility, Business Process Consulting, Risk management, Digital publishing, Security and IP protection, new geographies like Australia and South Africa, growing interest in independent Testing Services, and increasing Regulatory changes.

With increasing customer spend in IT sector, L&T infotech is confident to capitalise these opportunities with several strategic initiatives.

International companies

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. The total income of the company remained stable at ₹ 57 crore with Profit after tax at ₹ 2 crore.

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. The total income of the Company for 2011-2012 amounted to ₹ 36 crore, with Profit after tax at ₹ 2 crore.

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. GDA Tech is engaged in two business segments: Intellectual property (IP) and custom design & manufacturing services.

The total income of GDA Tech for 2011-2012, amounted to ₹ 26 crore with Profit after tax at ₹ 0.4 crore.

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 2011-2012, the total revenue of the Company amounted to ₹ 35 crore with Profit after tax at ₹ 2.1 crore.

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. For the year 2011-2012, the Company recorded total revenue of ₹ 197 crore with Profit after tax at ₹ 22 crore.

X. DEVELOPMENT PROJECTS

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

L&TIDPL has been set up as an infrastructure development arm of the Group, where L&T currently has 97.45% 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 metro.

During the year under review in roads and bridges space, the Company commenced tolling operations for L&T Krishnagiri Walajahpet Tollway Ltd. (Tamil Nadu) and L&T Rajkot Vadinar Tollway Ltd. (Gujarat) from June 7, 2011 and February 1, 2012 respectively. Further, during the year under review, two SPVs of the Company signed concession agreements with NHAI – (i) L&T BPP Tollway Ltd. on June 22, 2011 for four-laning of Beawar-Pali-Pindwara section of NH-14 (from KM 0.00 to KM 244+120) in the state of Rajasthan under NHDP Phase III on design, build, operate and transfer basis (ii) L&T Deccan Tollway Ltd. on February 2, 2012 for 4-laning of Sangareddy in Andhra Pradesh to Maharashtra-Karnataka border, part of NH-9 in the states of Andhra Pradesh & Karnataka.

The Company has received from NHAI Letters of Award dated March 31, 2012 for four-laning of Amravati-Jalgaon section of NH-6 in Maharashtra and four-laning of Jalgaon to Maharashtra-Gujarat border section of NH-6 in Maharashtra. The Company is expected to incorporate two SPVs for development of these projects under concession agreements to be entered into with NHAI.

The Company has now reached position of leadership in developing transportation infrastructure in india.

For the year ended 31st March 2012, L&TIDPL has reported a total income of ₹ 103 crore and a Profit after tax of ₹ 7 crore.

As of March 31, 2012, L&TIDPL's portfolio of transportation and infra projects includes following projects:

Sr. No.	Major SPVs	Project Cost* (₹ crore)	Status	Stage
	Roads and Bridges:			
1	L&T Panipat Elevated Corridor Limited	422	Subsidiary	Operational
2	Narmada Infrastructure Construction Enterprise Limited	142	Subsidiary	Operational
3	L&T Krishnagiri Thopur Toll Road Limited	525	Subsidiary	Operational
4	L&T Western Andhra Tollways Limited	328	Subsidiary	Operational
5	L&T Transportation Infrastructure Limited	104	Subsidiary	Operational
6	L&T Interstate Road Corridor Limited	555	Subsidiary	Operational
7	L&T Vadodara Bharuch Tollway Limited	1450	Subsidiary	Operational
8	L&T Rajkot VadinarTollway Limited	1096	Subsidiary	Operational
	Sub Total	**4622**		

Sr. No.	Major SPVs	Project Cost* (₹ crore)	Status	Stage
9	L&T Samakhiali Gandhidham Tollway Limited	1300	Subsidiary	Under Implementation
10	L&T Ahmedabad-Maliya Tollway Limited	1497	Subsidiary	Under Implementation
11	L&T Halol - Shamlaji Tollway Limited	1305	Subsidiary	Under Implementation
12	L&T Krishnagiri Walajahpet Tollway Limited	1370	Subsidiary	Under Implementation
13	L&T Devihalli Hassan Tollway Limited	314	Subsidiary	Under Implementation
14	L&T Chennai Tada Tollway Limited	848	Subsidiary	Under Implementation
15	L&T Decaan Tollways Limited	1273	Subsidiary	Under Implementation
16	L&T BPP Tollway Limited	2472	Subsidiary	Under Implementation
	Sub Total	**10379**		
	Roads and Bridges Total	**15001**		
	Ports:			
17	The Dhamra Port Company Limited	3639	Joint Venture	Operational
18	International Seaport (Haldia) Private Limited	125	Associate	Operational
	Ports Total	**3764**		
	Metro:			
19	L&T Metro Rail (Hyderabad) Limited	14917	Subsidiary	Under Implementation
	Metro Total	**14917**		

* Excludes amount payable/receivable by way of grant.

Financial performance summary of key operational SPVs:

A. Roads and bridges:

Sr. No.	Name of Subsidiary	Project Details	Total Income (₹ crore)		PAT / (Loss) (₹ crore)	
			2011-2012	2010-2011	2011-2012	2010-2011
1	L&T Panipat Elevated Corridor Limited	Widening of the existing Road on National Highway No.1 (NH-1) on BOT basis.	42	39	(42)	(46)
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).	56	52	30	26
3	L&T Krishnagiri Thopur Toll Road Limited	Widening of the existing Road from the end of proposed Krishnagiri flyover to Thumpipadi on BOT basis.	95	81	(12)	(25)
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.	44	38	(14)	(20)

Sr. No.	Name of Subsidiary	Project Details	Total Income (₹ crore)		PAT / (Loss) (₹ crore)	
			2011-2012	2010-2011	2011-2012	2010-2011
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.	34	36	9	11
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.	90	88	10	5
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.	215	192	(60)	(79)
8	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.	9	–	(15)	–

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. Ports

THE DHAMRA PORT COMPANY LIMITED (DPCL): JOINT VENTURE

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).

With a draft of 18.5 meters, the port can accommodate cape size vessels of up to 1,80,000 DWT. This is 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 and during the year handled a total cargo of 5.1 Million tonnes.

DPCL reported a total income of ₹ 198 crore for 2011-2012 with a net loss of ₹ 458 crore. As this was the first year of operations for the port, it had high amortisation and interest costs along with initial ramp-up in traffic.

C. Metros

L&T METRO RAIL (HYDERABAD) LIMITED

L&T Metro Rail (Hyderabad) Limited was incorporated on August 24, 2010 as a special purpose vehicle to undertake the business to construct, operate and maintain the Metro Rail System including the Transit Oriented Development in Hyderabad under Public Private Partnership model on Design, Build, Finance, Operate and Transfer (DBFOT) basis. During the year under review, conceptual engineering and design basis report for the Project has been completed. Further, detailed design for Viaduct, Stations, Depot, Power Supply systems and Track system is in Progress.

XI. POWER DEVELOPMENT

L&T POWER DEVELOPMENT LIMITED (L&T PDL): SUBSIDIARY COMPANY

L&T PDL, a wholly owned subsidiary of L&T, has been incorporated as the power development arm with the objective of developing, investing, operating and maintaining power generation projects of all types namely thermal, hydel, nuclear and other renewable form of energy including captive and co-generation power plants.

During the year 2011-2012, L&T PDL has reported a total income of ₹ 17 crore by way of Project facilitation and advisory service fees & other income. Profit after tax was ₹ 1.3 crore for the year 2011-2012.

As of March 31, 2012, L&T PDL is developing the following projects through its wholly owned subsidiaries:

Name of Project	Capacity (MW)	State	Name of Subsidiary	Current Status
Rajpura Thermal Power Plant – Phase I	1400	Punjab	Nabha Power Limited	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	Construction work is in progress.
Tagurshit Hydro Electric Project	60	Arunachal Pradesh	L&T Arunachal Hydropower Limited	Detailed Project Report (DPR) is being revised for a possible upsizing of capacity.
Sach-Khas Hydro Electric Project	149	Himachal Pradesh	L&T Himachal Hydropower Limited	DPR is under preparation and Survey & Investigations work is being carried out.
Reoli-Dugli Hydro Electric Project	420	Himachal Pradesh	L&T Himachal Hydropower Limited	DPR is under preparation and Survey & Investigations work is being carried out.
TOTAL	**2828**			

Government's policy to encourage significant capacity addition provides various growth opportunities for private power developers. Several large projects (including Ultra Mega Power Projects and Case-2 Bids) are in the 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 Indian Power Sector. This throws up many opportunities for the Company to consider opportunities on its merit.

XII. URBAN INFRASTRUCTURE

L&T URBAN INFRASTRUCTURE LIMITED (L&T UIL): SUBSIDIARY COMPANY

L&T UIL, a wholly owned subsidiary of L&T Realty Ltd., has built a balanced portfolio of Urban Infrastructure related projects in IT/ITES, commercial, hospitality and residential sectors over the past 6 years. It has operational/under construction projects in Chennai, Hyderabad, Bengaluru, Vijayawada, Chandigarh and Kochi.

L&T UIL has its portfolio investment of over ₹ 562 crore as at March 31, 2012, bulk of which is in the residential, commercial & IT and ITES sector. The Company earned total income of ₹ 27 crore which includes project facilitation and advisory service fees of ₹ 8 crore. Profit after tax was at ₹ 13 crore for the year 2011-2012.

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)	
			2011-2012	2010-2011	2011-2012	2010-2011
1	L&T Tech Park Limited	The Company has 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. is fully occupied.	21	20	1	5
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'. The Company is in the process of identifying certain land parcels for development of commercial and residential space.	145	331	40	140

Sr. No.	Name of Subsidiary	Project Details	Total Income (₹ crore)		PAT/(Loss) (₹ crore)	
			2011-2012	2010-2011	2011-2012	2010-2011
3	L&T South City Projects Limited	The Company is developing a township consisting of residential complex, school, shopping complex etc., over 90 acres of land situated at Siruseri Village, Kancheepuram District. As of March 2012, 626 apartments have been sold. The next phase of 4.5 Million sq.ft of development is planned to be launched by September 2012. The overall development is expected to be executed by 2017.	242	132	31	13
4	Hyderabad International Trade Expositions Limited	The Company has developed a modern trade exposition centre on a 52 acre plot at Cyberabad, Hyderabad.	18	16	3	3
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 2.1 lakh sq.ft of built up space. During 2011-2012, the total occupancy increased by 10,917 sq.ft. The Board has decided to de-notify the SEZ for attracting more companies.	0.67	0.69	(5)	(8)

B. Major Projects under implementation (Urban Infrastructure)

Sr. No.	Name of Subsidiary	Project Details
1	CSJ Infrastructure Private Limited	The Company is developing Mixed use Commercial Project of 1.85 million sq. ft., consisting of Mall, Hotel and Office space in Chandigarh.
2	L&T Bangalore Airport Hotel Limited	The Company is formed to undertake construction & operation of business class hotel with a total of 154 rooms.
3	L&T Vision Ventures Limited	The Company is formed to undertake development of a residential township at Vishakhapatanam.
4	L&T Seawoods Private Limited	The Company was formed to execute a Transit Oriented Development at Seawoods, Navi Mumbai.

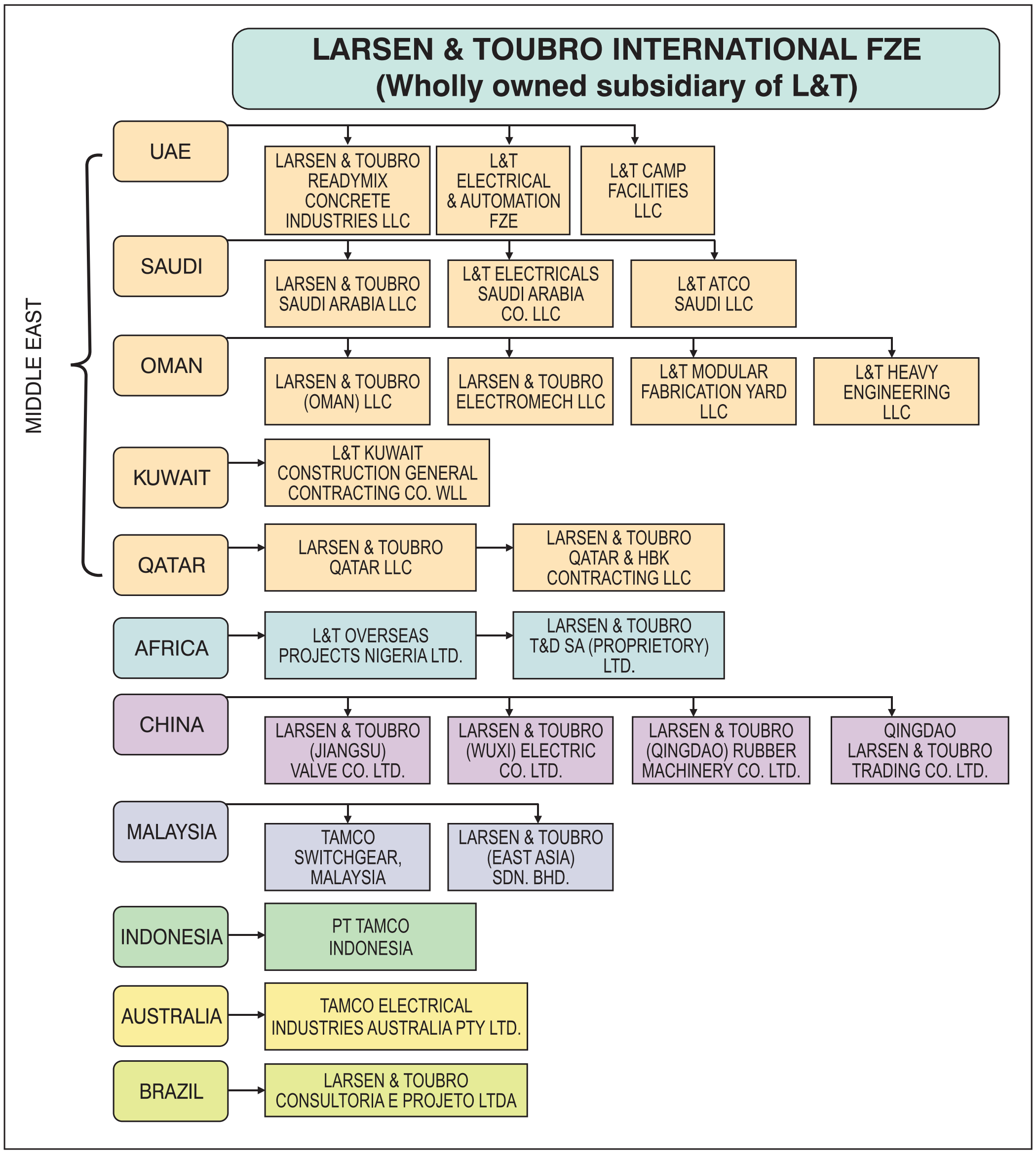
XIII. HOLDING COMPANY FOR OVERSEAS INVESTMENTS

LARSEN & TOUBRO INTERNATIONAL FZE (LTIFZE): SUBSIDIARY COMPANY

LTIFZE, a wholly owned subsidiary of L&T, is 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.

The value of investments made in various S&A Companies through LTIFZE is ₹ 697 crore. Total revenue earned during the year was ₹ 40 crore. The income mainly comprised of revenue from hire of plant & equipment and dividend income from investments in subsidiary companies. Profit after tax was ₹ 33 crore for the year ended December 2011.

COUNTRYWISE 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, 2012 and also the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012, and taken on record by the board of directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes 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, 2012;

2) in the case of the Statement of Profit and Loss, 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 14, 2012

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 has 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 all its manufacturing and construction activities 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, 2012 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and 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, 2012 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	0.47	1997-1998 to 1999-2000, 2005-2006 and 2007-2009	Commercial Tax Officer
	Non-submission of forms, disallowance of deemed inter-state sales, classification dispute and other matters	298.26	1991-1992 to 2011-2012	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	37.23	1989-1990, 1991-1992 and 1993-1994 to 2010-2011	Deputy Commissioner (Appeals)
	Non-submission of forms, disallowance of transit sales, classification dispute and other matters	146.22	1993-1994, 1994-1995, 1996-1997 to 2009-2010	Joint Commissioner (Appeals)
	Non-submission of forms, additional demand for pending forms, disallowance of inter-state sales and other matters	14.94	1991-1992, 1992-1993, 1996-1997 to 2011-12	Additional Commissioner (Appeals)
	Non-submission of forms, dispute related to sales in transit and other matters	79.39	2003-2004 to 2008-2009	Commissioner (Appeals)
	Non-submission of forms, inter-state sales, sub-contractors turnover, rate dispute, disallowance under composition scheme and other matters	162.80	1987-1988 to 2005-2006 and 2008-2009	Sales Tax Tribunal
	Inter-state sales, classification dispute and disallowance of deemed sales in course of imports and taxability of sub-contractors turnover	934.83	1987-1988 to 2008-2009, 2010-2011 and 2011-2012	High Court
	Taxability of sub-contractor turnover, rate of tax for declared goods and inter-state sales	6.14	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 of excise duty on fabrication	0.39	1989-1990 to 2011-2012	Additional Commissioner
	Demand for custom duty for fuel, software and on export under rebate	0.02	2006-2007 and 2008-2009	Commissioner (Appeals)
	Classification dispute, exemptions denied, valuation disputes and other matters	84.72	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	220.46	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	127.47	2002-2003 to 2006-2007	CESTAT
	Export rebate claim, service tax on commercial construction service	0.07	2003-2004	High Court
The Income-tax Act, 1961	Dispute regarding tax not deducted on purchase of software	1.92	2010-2011	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	2.07	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, 2012 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 14 , 2012

Balance Sheet as at March 31, 2012

	Note no.	As at 31-3-2012 ₹ crore	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*	*As at 31-3-2011 ₹ crore*
EQUITY AND LIABILITIES:					
Shareholders' Funds					
Share capital	**A**	122.48		*121.77*	
Reserves and surplus	**B**	25100.54		*21724.49*	
			25223.02		*21846.26*
Non-current liabilities					
Long-term borrowings	**C(I)**	5330.06		*5425.41*	
Deferred tax liabilities (net)	**Q(13)**	133.01		*263.47*	
Other long term liabilities	**C(II)**	376.02		*32.41*	
Long-term provisions	**C(III)**	275.05		*242.08*	
			6114.14		*5963.37*
Current liabilities					
Short-term borrowings	**D(I)**	2936.72		*906.17*	
Current maturities of long term borrowings	**D(II)**	1628.99		*829.53*	
Trade payables	**D(III)**	15752.81		*12853.42*	
Other current liabilities	**D(IV)**	13925.24		*12709.15*	
Short-term provisions	**D(V)**	2112.04		*2002.10*	
			36355.80		*29300.37*
TOTAL			67692.96		*57110.00*
ASSETS:					
Non-current assets					
Fixed Assets					
Tangible assets	**E(I)**	7528.00		*6569.06*	
Intangible assets	**E(II)**	76.98		*75.13*	
Capital work-in-progress	**E(I)**	697.53		*748.20*	
Intangible assets under development	**E(II)**	61.15		*23.14*	
			8363.66		*7415.53*
Non-current investments	**F**		9084.71		*7400.84*
Long-term loans and advances	**G(I)**		4042.80		*3317.06*
Cash and bank balances	**G(II)**		127.14		*0.80*
Current assets					
Current investments	**H(I)**	6787.19		*7283.98*	
Inventories	**H(II)**	1776.62		*1577.15*	
Trade receivables	**H(III)**	18729.84		*12427.61*	
Cash and bank balances	**H(IV)**	1778.12		*1729.55*	
Short term loans and advances	**H(V)**	5085.24		*4908.23*	
Other current assets	**H(VI)**	11917.64		*11049.25*	
			46074.65		*38975.77*
TOTAL			67692.96		*57110.00*
CONTINGENT LIABILITIES	**I**				
COMMITMENTS (Capital and others)	**J**				
OTHER NOTES FORMING PART OF THE ACCOUNTS	**Q**				
SIGNIFICANT ACCOUNTING POLICIES	**R**				

A. M. NAIK
Chairman & Managing Director

As per our report attached
SHARP & TANNAN
Chartered Accountants
ICAI Registration no.109982W
by the hand of

K. VENKATARAMANAN
Chief Executive Officer & Managing Director

R. SHANKAR RAMAN
Chief Financial Officer & Whole Time Director

R. D. KARE
Partner
Membership No. 8820

S. RAJGOPAL

M. M. CHITALE

N. MOHAN RAJ

A. K. JAIN

N. HARIHARAN
Company Secretary

Directors

Mumbai, May 14, 2012

Mumbai, May 14, 2012

Statement of Profit and Loss for the year ended March 31, 2012

	Note no.	2011-2012 ₹ crore	2011-2012 ₹ crore	*2010-2011 ₹ crore*	*2010-2011 ₹ crore*
REVENUE:					
Revenue from operations (gross)	**K**	53737.78		*44296.11*	
Less: Excise duty		567.26		*390.24*	
Revenue from operations (net)			53170.52		*43905.87*
Other income	**L**		1338.28		*1147.46*
Total revenue			54508.80		*45053.33*
EXPENSES:					
Manufacturing, construction and operating expenses:	**M**				
Cost of raw materials, components consumed		10141.75		*7737.67*	
Construction materials consumed		12477.79		*10069.76*	
Purchase of stock-in-trade		2369.40		*2282.55*	
Stores,spares and tools consumed		1622.83		*1187.79*	
Sub-contracting charges		10647.54		*9395.97*	
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(539.77)		*(532.64)*	
Other manufacturing, construction and operating expenses		4300.64		*3327.07*	
			41020.18		*33468.17*
Employee benefits expense	**N**		3663.45		*2830.08*
Sales, administration and other expenses	**O**		2223.03		*1977.82*
Finance costs	**P**		666.10		*619.25*
Depreciation amortisation and obsolescence		700.45		*600.28*	
Less: Transfer from revaluation reserve		0.99		*1.06*	
			699.46		*599.22*
			48272.22		*39494.54*
Less: Overheads charged to fixed assets			18.75		*9.77*
Total expenses			48253.47		*39484.77*
Profit before exceptional and extraordinary items and tax			6255.33		*5568.56*
Exceptional items	**Q(3)**		55.00		*262.07*
Profit before extraordinary items and tax			6310.33		*5830.63*
Extraordinary items			–		*70.84*
Profit before tax			6310.33		*5901.47*
Tax expenses					
Current tax	**Q(5)**	1814.13		*1776.58*	
Deferred tax		39.70		*167.00*	
			1853.83		*1943.58*
Profit after tax carried to Balance Sheet			4456.50		*3957.89*
Basic earnings per equity share before extraordinary items (₹)	**Q(12)**		72.92		*64.16*
Diluted earnings per equity share before extraordinary items (₹)	**Q(12)**		72.23		*63.20*
Basic earnings per equity share after extraordinary items (₹)	**Q(12)**		72.92		*65.33*
Diluted earnings per equity share after extraordinary items (₹)	**Q(12)**		72.23		*64.35*
Face value per equity share (₹)			2.00		*2.00*
OTHER NOTES FORMING PART OF ACCOUNTS	**Q**				
SIGNIFICANT ACCOUNTING POLICIES	**R**				

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 14, 2012

N. HARIHARAN
Company Secretary

K. VENKATARAMANAN
Chief Executive Officer & Managing Director

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Directors

Mumbai, May 14, 2012

Cash Flow Statement for the year ended March 31, 2012

		2011-2012	*2010-2011*
		₹ crore	*₹ crore*
A.	**Cash flow from operating activities:**		
	Profit before tax (excluding extraordinary and exceptional items)	6255.33	*5568.56*
	Adjustments for:		
	Dividend received	(464.19)	*(394.24)*
	Depreciation, amortisation and obsolescence	699.46	*599.22*
	Exchange difference on items grouped under financing activity	172.51	*130.73*
	Interest expense	666.10	*619.25*
	Interest income	(568.94)	*(335.91)*
	Profit on sale of fixed assets (net)	(13.24)	*(143.47)*
	Profit on sale of investments (net)	(122.64)	*(119.65)*
	Employee stock option-discount forming part of staff expenses	156.73	*156.53*
	Provision/(reversal) for diminution in value of investments	(6.44)	*13.79*
	Operating profit before working capital changes	6774.68	*6094.81*
	Adjustments for:		
	(Increase)/decrease in trade and other receivables	(7300.21)	*(6871.67)*
	(Increase)/decrease in inventories	(214.80)	*(161.78)*
	Increase/(decrease) in trade payables and customer advances	4007.28	*6773.22*
	Cash (used in)/generated from operations	3266.95	*5834.58*
	Direct taxes refund/(paid)-net	(2185.37)	*(2001.28)*
	Net cash (used in)/from operating activities	1081.58	*3833.30*
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(1729.50)	*(1644.63)*
	Sale of fixed assets (including advance received)	132.36	*125.90*
	Investment in subsidiaries, associates and joint ventures	(1753.23)	*(2116.33)*
	Divestment of stake in subsidiaries, associates and joint ventures	126.40	*469.05*
	Sale of long term investments	17.94	*319.19*
	(Purchase)/Sale of current investments (net)	629.03	*717.21*
	Deposits/Loans (given)/repaid (net)-subsidiaries, associates, joint venture companies and third parties	512.58	*(837.99)*
	Advance towards equity commitment (net)	(898.74)	*(122.88)*
	Interest received	576.69	*279.45*
	Dividend received from subsidiaries	385.13	*187.35*
	Dividend received from other investments	79.06	*206.89*
	Cash (used in)/from investing activities (before extraordinary items)	(1922.28)	*(2416.79)*
	Extraordinary item		
	Cash received (net of expenses) on sale of Petrol Dispensing Pumps & Systems businesses	–	*6.81*
	Net cash (used in)/from investing activities (after extraordinary items)	(1922.28)	*(2409.98)*
C.	**Cash flow from financing activities:**		
	Proceeds from fresh issue of share capital	192.63	*347.25*
	Proceeds from long term borrowings	1979.70	*1067.41*
	Repayment of long term borrowings	(1543.10)	*(1228.89)*
	(Repayments)/Proceeds from other borrowings (net)	1950.33	*(29.88)*
	Loans from subsidiary and associate companies (net of repayments)	–	*170.00*
	Dividends paid	(886.19)	*(756.19)*
	Additional tax on dividend	(113.36)	*(110.82)*
	Interest paid (including cash flows from interest rate swaps)	(564.40)	*(583.72)*
	Net cash (used in)/from financing activities	1015.61	*(1124.84)*
Net (decrease)/increase in cash and cash equivalents (A + B + C)		174.91	*298.48*
Cash and cash equivalents at beginning of the year		1730.35	*1431.87*
Cash and cash equivalents at end of the year		1905.26	*1730.35*

Notes:
1. Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
2. Purchase of fixed assets includes movement of capital work-in-progress during the year.
3. Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of ₹ 0.76 crore *(previous year unrealised loss of ₹ 1.88 crore)* on account of translation of foreign currency bank balances.
4. For cash and cash equivalents not available for immediate use as on the Balance Sheet date, see Note no.G(II)(a) of notes forming part of accounts
5. Cash and cash equivalents are reflected in the Balance Sheet as follows:

		2011-2012	*₹ crore* *2010-2011*
(a)	Cash and cash equivalents disclosed under current assets [Note no.H(IV)]	1778.12	*1729.55*
(b)	Cash and cash equivalents disclosed under non-current assets [Note no.G(II)]	127.14	*0.80*
	Total cash and cash equivalents as per cash flow statement	1905.26	*1730.35*

6. 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 14, 2012

N. HARIHARAN
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Chief Financial Officer & Whole Time Director

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M. M. CHITALE

N. MOHAN RAJ

A. K. JAIN

Directors

Mumbai, May 14, 2012

Notes forming part of the Accounts

NOTE [A]

Share capital

A(I) Share capital authorised, issued, subscribed and paid up:

Particulars	As at 31-3-2012 Number of shares	As at 31-3-2012 ₹ crore	As at 31-3-2011 Number of shares	As at 31-3-2011 ₹ crore
Authorised:				
Equity shares of ₹ 2 each	1,62,50,00,000	325.00	*1,62,50,00,000*	*325.00*
Issued, subscribed and fully paid up:				
Equity shares of ₹ 2 each	61,23,98,899	122.48	*60,88,52,126*	*121.77*

A(II) Reconciliation of the number of equity shares and share capital:

Particulars	As at 31-3-2012 Number of shares	As at 31-3-2012 ₹ crore	As at 31-3-2011 Number of shares	As at 31-3-2011 ₹ crore
Issued, subscribed and fully paid up equity shares outstanding at beginning of the year	60,88,52,126	121.77	*60,21,95,408*	*120.44*
Add: Shares issued on exercise of employee stock options during the year	35,46,773	0.71	*66,56,718*	*1.33*
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	61,23,98,899	122.48	*60,88,52,126*	*121.77*

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

The Company has only one class of share capital, i.e. equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

A(IV) Shareholders holding more than 5% of equity shares as at the end of the year:

Name of the shareholder	As at 31-3-2012 Number of shares	As at 31-3-2012 Shareholding %	As at 31-3-2011 Number of shares	As at 31-3-2011 Shareholding %
Life Insurance Corporation of India	11,04,05,734	18.03	*11,75,37,768*	*19.30*
L&T Employees Welfare Foundation	7,44,04,116	12.15	*7,44,04,116*	*12.22*
Administrator of the Specified Undertaking of the Unit Trust of India	5,05,72,216	8.26	*5,22,78,703*	*8.59*

A(V) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

Particulars	As at 31-3-2012 Number of equity shares to be issued as fully paid	As at 31-3-2012 ₹ crore (At face value)	As at 31-3-2011 Number of equity shares to be issued as fully paid	As at 31-3-2011 ₹ crore (At face value)
Employee stock options granted and outstanding #	@ 1,14,28,854	2.29*	*@ 1,39,53,309*	*2.79**
3.5% 5 years & 1 day US$ denominated foreign currency convertible bonds (FCCB) ##	49,07,243	0.98**	*49,07,243*	*0.98***

* The equity shares will be issued at a premium of ₹ 640.32 crore *(previous year: ₹ 774.87 crore)*

** The equity shares will be issued at a premium of ₹ 935.42 crore *(previous year: ₹ 935.42 crore)* on the exercise of options by the bond holders

\# Refer Note no.A(VIII) for terms of employee stock option schemes

\## Refer Note no.C(I)(b) for terms of foreign currency convertible bonds

@ The number of options have been adjusted consequent to bonus issue wherever applicable

Notes forming part of the Accounts (contd.)

A(VI) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31, 2012 are 29,25,92,054 *(previous period of five years ended March 31, 2011: 43,26,11,409 shares)*

A(VII) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding last five years ended on March 31, 2012 – Nil *(previous period of five years ended March 31, 2011: 2 shares)*

A(VIII) Stock option schemes

a) Terms:

i. 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 fulfillment of certain conditions.

ii. Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. Management has discretion to modify the exercise period.

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)	
		2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*
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*	932880	*1124980*	3974443	*8839975*	8936534	*7476608*
5	Options lapsed during the year	–	*–*	–	*–*	–	*–*	–	*–*	56711	*33250*	89849	*227758*	817452	*686201*
6	Options granted during the year	–	*–*	–	*–*	–	*–*	–	*–*	118400	*276700*	–	*–*	1867930	*3260665*
7	Options exercised during the year	–	*–*	–	*–*	–	*–*	–	*–*	347267	*435550*	1857843	*4637774*	1341663	*1114538*
8	Options granted and outstanding at the end of the year	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	647302	*932880*	2026751	*3974443*	8645349	*8936534*
	of which –														
	Options vested	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	104202	*102482*	2011951	*3717133*	1751546	*1180945*
	Options yet to vest	–	*–*	–	*–*	–	*–*	–	*–*	543100	*830398*	14800	*257310*	6893803	*7755589*
9	Weighted average remaining contractual life of options (in years)	Nil	*Nil*	Nil	*Nil*	Nil	*Nil*	Nil	*Nil*	4.87	*5.09*	1.51	*2.53*	4.85	*5.32*

c) The number and weighted average exercise price of stock options for the following group of options are as follows:

Particulars	2011-2012		*2010-2011*	
	No. of stock options	Weighted average exercise price (₹)	*No. of stock options*	*Weighted average exercise price (₹)*
(i) Options granted and outstanding at the beginning of the year	13953309	557.33	*17551015*	*559.90*
(ii) Options granted during the year	1986330	566.22	*3537365*	*555.36*
(iii) Options allotted during the year	3546773	543.87	*6187862*	*559.93*
(iv) Options lapsed during the year	964012	566.67	*947209*	*580.52*
(v) Options granted and outstanding at the end of the year	11428854	562.27	*13953309*	*557.33*
(vi) Options exercisable at the end of the period out of (v) above	3977151	569.38	*5110012*	*576.59*

Notes forming part of the Accounts (contd.)

d) Weighted average share price at the date of exercise for stock options exercised during the period is ₹ 1540.11 *(previous year: ₹ 1865.45)* per share.

e) (i) In respect of stock options granted pursuant to the Company's 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 over the vesting period.

(ii) Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2011-2012 is ₹ 156.73 crore *(previous year: ₹ 156.53 crore)* net of recoveries of ₹ 10.52 crore *(previous year: ₹ 16.91 crore)* from its group companies towards the stock options granted to deputed employees, pursuant to the employee stock option schemes. (refer note N). The entire amount pertains to equity-settled employee share-based payment plans.

f) During the year, the Company has recovered ₹ 31.51 crore *(previous year: ₹ 17.93 crore)* from its subsidiary companies towards the stock options granted to their employees, pursuant to the employee stock option schemes.

g) Had fair value method been adopted for expensing the compensation arising from employee share-based payment plans:

a. The employee compensation charge debited to the Statement of Profit and Loss for the year 2011-2012 would have been higher by ₹ 25.99 crore *(previous year: ₹ 43.85 crore)* [excluding ₹ 4.79 crore *(previous year: ₹ 3.31 crore)* on account of grants to employees of subsidiary companies]

b. Basic EPS before extraordinary items would have decreased from ₹ 72.92 per share to ₹ 72.50 per share

c. Basic EPS after extraordinary items would have decreased from ₹ 72.92 per share to ₹ 72.50 per share

d. Diluted EPS before extraordinary items would have decreased from ₹ 72.23 per share to ₹ 71.81 per share

e. Diluted EPS after extraordinary items would have decreased from ₹ 72.23 per share to ₹ 71.81 per share

h) Weighted average fair values of options granted during the year is ₹ 745.94 *(previous year: ₹ 1266.10)* per option.

i) The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. no.	Particulars	2011-2012	*2010-2011*
(i)	Weighted average risk-free interest rate	8.28%	*7.69%*
(ii)	Weighted average expected life of options	4.33 years	*4.30 years*
(iii)	Weighted average expected volatility	41.09%	*44.50%*
(iv)	Weighted average expected dividends over the life of the option	₹ 62.84 per option	*₹ 53.72 per option*
(v)	Weighted average share price	₹ 1146.53 per option	*₹ 1678.77 per option*
(vi)	Weighted average exercise price	₹ 566.22 per share	*₹ 555.36 per share*
(vii)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.	

j) The balance in share option outstanding account as on March 31, 2012 is ₹ 431.94 crore (net) *(previous year: ₹ 368.31 crore)*, including ₹ 134.00 crore *(previous year: ₹ 81.02 crore)* for which the options have been vested to employees as on March 31, 2012.

A(IX) The Directors recommend payment of final dividend of ₹ 16.50 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 61,23,98,899 equity shares outstanding as at March 31, 2012 amounting to ₹ 1010.46 crore.

Notes forming part of the Accounts (contd.)

NOTE [B]

Reserves and surplus

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Capital reserve		10.52		*10.52*
Securities premium account: [Note no.Q(5)(b)]				
As per last Balance Sheet	6879.37		*6402.64*	
Addition during the year	327.31		*477.42*	
	7206.68		*6880.06*	
Less: Share/bond issue expenses (net of tax)	0.33		*1.68*	
Reversal of expenses debited in previous year	–		*(0.99)*	
		7206.35		*6879.37*
Debenture redemption reserve:				
As per last Balance Sheet	136.51		*86.68*	
Add: Transferred from surplus Statement of Profit and Loss	44.00		*49.83*	
Less: Transferred to general reserve	62.50		*–*	
		118.01		*136.51*
Revaluation reserve:				
As per last Balance Sheet	22.13		*23.29*	
Less: On assets sold or obsoleted during the year	–		*0.10*	
Less: Transferred to Statement of Profit and Loss	0.99		*1.06*	
		21.14		*22.13*
Share options outstanding account:				
Employee stock options outstanding:				
As per last Balance Sheet	805.82		*566.23*	
Addition during the year	115.27		*376.80*	
Deduction during the year	212.09		*137.21*	
		709.00		*805.82*
Deferred employee compensation expense:				
As per last Balance Sheet	(437.51)		*(282.34)*	
Addition during the year	(115.27)		*(376.80)*	
Deduction during the year	275.72		*221.63*	
		(277.06)		*(437.51)*
Hedging reserve (net of tax): [Note no.Q(13)]				
As per last Balance Sheet	52.75		*12.58*	
Addition/(deduction) during the year (net)	(354.28)		*40.17*	
		(301.53)		*52.75*
General reserve:				
As per last Balance Sheet	14149.22		*11239.22*	
Add: Transferred from surplus Statement of Profit and Loss	3250.00		*2910.00*	
Add: Transferred from debenture redemption reserve	62.50		*–*	
		17461.72		*14149.22*
Carried forward		24948.15		*21618.81*

Notes forming part of the Accounts (contd.)

Particulars	As at 31-3-2012		As at 31-3-2011	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward		24948.15		21618.81
Surplus Statement of Profit and Loss				
As per last Balance Sheet	105.68		107.29	
Profit for the year	4456.50		3957.89	
	4562.18		4065.18	
Less: Dividends paid for previous year	3.35		3.44	
Additional tax on dividend paid for previous year	0.54		0.57	
Transfer to general reserve	3250.00		2910.00	
Transfer to debenture redemption reserve	44.00		49.83	
Proposed dividend	1010.46		882.84	
Additional tax on dividend	101.44		112.82	
	4409.79	152.39	3959.50	105.68
		25100.54		21724.49

NOTE[C(I)]

Long-term borrowings

Particulars	Note no.	As at 31-3-2012			As at 31-3-2011		
		Secured	Unsecured	Total *	Secured	Unsecured	Total *
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Redeemable non-convertible fixed rate debentures	C(I)(a)	900.00	800.00	1700.00	900.00	260.00	1160.00
3.50% Foreign currency convertible bonds	C(I)(b)	–	1017.50	1017.50	–	891.90	891.90
Term loans from banks	C(I)(c)	–	2557.85	2557.85	–	3262.56	3262.56
Sales tax deferment loan	C(I)(d)	–	15.54	15.54	–	38.37	38.37
Long-term maturities of finance lease obligations [Note no.Q(11)(ii)(b)]	C(I)(e)	–	39.17	39.17	–	72.58	72.58
		900.00	4430.06	5330.06	900.00	4525.41	5425.41

* Loans guaranteed by directors ₹ nil *(Previous year ₹ nil)*

C(I)(a) i) **Secured redeemable non-convertible fixed rate debentures (privately placed):**

Sr. no.	Face value per debenture (₹)	Date of allotment	31.3.2012 ₹ crore	*31.3.2011 ₹ crore*	Interest for the year 2011-2012	Terms of repayment for debentures outstanding as on 31.3.2012
1	10,00,000	January 5, 2009	400	*400*	9.15% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
2	10,00,000	December 5, 2008	500	*500*	11.45% p.a. payable annually	Redeemable at face value 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.
Total			**900**	***900***		

Security: The debentures are secured by way of a first charge having *pari passu* rights on the immovable property at certain locations and part of a movable property of a business division, both present and future.

Notes forming part of the Accounts (contd.)

ii) **Unsecured redeemable non-convertible fixed rate debentures (privately placed):**

Sr. no.	Face value per debenture (₹)	Date of allotment	31.3.2012 ₹ crore	*31.3.2011 ₹ crore*	Interest for the year 2011-2012	Terms of repayment for debentures outstanding as on 31.3.2012
1	10,00,000	May 26, 2010	300	*30*	8.95% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
2	10,00,000	May 11, 2010	300	*30*	9.15% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
3	10,00,000	April 13, 2010	200	*200*	8.80% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
4	10,00,000	January 21, 2009	–	*250*	9.20% p.a. payable annually	
	Total		**800**	***510***		

C(I)(b) Foreign Currency Convertible Bonds:

3.50% US$ denominated 5 years & 1 day Foreign Currency Convertible Bonds (FCCB) carried at ₹ 1017.50 crore as on March 31, 2012 (₹ 891.90 crore as on March 31, 2011) represent 2000 bonds of US$ 1,00,000 each. The bonds are convertible into the Company's fully paid equity shares of ₹ 2 each at a conversion price of ₹ 1908.20 per share at the option of the bond holders at any time after December1, 2009 up to October 15, 2014. The bonds are redeemable, subject to fulfillment of certain conditions, in whole but not in part, at the option of the Company, on or at any time after October21, 2012 but not less than seven business days prior to the maturity date, at the principal amount together with accrued interest till the date fixed for redemption, unless the bonds have been previously redeemed, converted or purchased and cancelled.

C(I)(c) Term loans (unsecured): External Commercial Borrowings (ECBs)

Sr. no.	31.3.2012 ₹ crore	*31.3.2011 ₹crore*	Rate of interest	Terms of repayment of term loan outstanding as on March 31, 2012
1	274.05	*238.05*	JPY LIBOR + Spread	Repayable in 4 equal annual installments commencing from December 24, 2015 and ending on December 24,2018
2	129.25	–	JPY LIBOR + Spread	The borrowings are repayable in 3 equal annual installments commencing from 4th anniversary from the Weighted Average Drawdown Date. The Weighted Average Drawdown Date will be determined based on the weighted aggregate utilisation of drawdown of loans during the availability period being the period from the date of signing of the loan agreement up to and including December 31, 2012.
3	178.06	*156.08*	USD LIBOR + Spread	Repayable in 6 equal installments payable annually from September 18, 2013 to September 18, 2017 with the final installment due on June 18, 2018
4	247.85	–	JPY LIBOR + Spread	Repayable in 3 equal annual installments commencing from March 12, 2016 and ending on March 12, 2018
5	922.40	*801.23*	JPY LIBOR + Spread	Repayment due on July 26, 2014
6	180.52	*156.80*	JPY LIBOR + Spread	Repayment due on November 21, 2013
7	625.73	*543.53*	JPY LIBOR + Spread	Repayment due on April 15, 2013
8	486.06	*844.41*	JPY LIBOR + Spread	Repayment due on February 10, 2013
9	112.09	*97.36*	JPY LIBOR + Spread	Repayment due on January 27, 2013
10	101.75	*89.19*	USD LIBOR + Spread	Repayment due on December 21, 2012
11	872.77	*758.12*	JPY LIBOR + Spread	Repayment due on December 21, 2012
12	–	*96.08*	JPY LIBOR + Spread	
Total	**4130.53**	**3780.85**		
Less:	1572.68	*518.29*	Current portion of long term borrowings [Note no.D(II)]	
	2557.85	***3262.56***	Long term borrowings as disclosed in [Note no.C(I)]	

Notes forming part of the Accounts (contd.)

C(I)(d) Sales tax deferment loan (Unsecured):

Sr. No.	As at 31.3.2012 ₹ crore	*As at 31.3.2011 ₹ crore*	Rate of Interest	Terms of repayment as on March 31, 2012
1	0.39	*0.39*	Interest free	Repayable in 5 equal annual installments of ₹ 0.08 crore ending on April 26, 2018
2	0.60	*0.60*		Repayable in 5 equal annual installments of ₹ 0.12 crore ending on April 26, 2017
3	0.72	*0.72*		Repayable in 5 equal annual installments of ₹ 0.14 crore ending on April 26, 2016
4	0.42	*0.53*		Repayable in 4 equal annual installments of ₹ 0.10 crore ending on April 26, 2015
5	20.26	*26.98*		Repayable in 3 equal annual installments of ₹.6.79 crore ending on May 20, 2014
6	0.22	*0.29*		Repayable in 3 equal annual installments of ₹0.07 crore ending on April 26, 2014
7	0.10	*0.16*		Repayable in 2 equal annual installments of ₹ 0.05 crore ending on April 26, 2013
8	15.73	*37.05*		Repayable on April 30, 2012
Total	**38.44**	***66.72***		
Less:	22.90	*28.35*	Current portion of long term borrowings [Note no.D(II)]	
	15.54	***38.37***	Long term borrowings as disclosed in [Note no.C(I)]	

C(I)(e) Long term maturities of finance lease obligations:

Sr. No.	As at 31.3.2012 ₹ crore	*As at 31.3.2011 ₹ crore*	Rate of interest for the year 2011-2012	Terms of repayment as on March 31, 2012
1	72.58	*101.05*	16.02%	Repayable in 24 equal monthly installments of ₹ 3.56 crore ending in March 2014
2	–	*0.02*	–	
Total	**72.58**	***101.07***		
Less:	33.41	*28.49*	Current portion of long term borrowings [Note no.D(II)]	
	39.17	***72.58***	Long term borrowings as disclosed in [Note no.C(I)]	

NOTE [C(II)]
Other long-term liabilities

Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*
Forward contract payable	347.24	*31.00*
Others	28.78	*1.41*
	376.02	*32.41*

Notes forming part of the Accounts (contd.)

NOTE [C(III)]

Long-term provisions

Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011* *₹ crore*
Provision for employee benefits		
Employee pension scheme [Note no.Q(8)(ii)(a)]	174.19	*157.31*
Post-retirement medical benefits plan [Note no.Q(8)(ii)(a)]	82.18	*84.77*
Interest rate guarantee-provident fund [Note no.Q(8)(ii)(a)]	18.68	*–*
	275.05	*242.08*

NOTE [D(I)]

Short term borrowings

Particulars	As at 31-3-2012			*As at 31-3-2011*		
	Secured	Unsecured	Total*	*Secured*	*Unsecured*	*Total**
	₹ crore	₹ crore	₹ crore	*₹ crore*	*₹ crore*	*₹ crore*
Loans repayable on demand from banks [Note no.D(I)(a)]	132.58	8.94	141.52	*26.61*	*8.94*	*35.55*
Short term loans and advances from banks [Note no.D(I)(b)]	420.76	2041.44	2462.20	*136.43*	*544.19*	*680.62*
Loans from related parties (subsidiary companies)	–	333.00	333.00	*–*	*190.00*	*190.00*
	553.34	2383.38	2936.72	*163.04*	*743.13*	*906.17*

* Loans guaranteed by directors ₹ nil *(Previous year: ₹ nil)*

D(I) (a) Loans repayable on demand from banks include fund based working capital facilities viz. cash credits and demand loans. The secured portion of working capital facilities and other non-fund based facilities viz. bank guarantees and letters of credit are secured by hypothecation of inventories, book debts and receivables. The total charge on these assets is ₹ 2652.47 crore as on March 31, 2012.

D(I) (b) Short term loans and advances from bank includes loans amounting to ₹ 254.88 crore *(previous year: ₹ nil)* availed under bill discounting facility and are secured against specific receivables.

NOTE [D(II)]

Current maturities of long-term borrowings

Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011* *₹ crore*
Unsecured		
Redeemable non-convertible fixed rate debentures [Note no.C(I)(a)]	–	*250.00*
Term loan from banks [Note no.C(I)(c)]	1572.68	*518.29*
Loans and advances from related parties	–	*4.40*
Finance lease obligation [Note no.C(I)(e)]	33.41	*28.49*
Sales tax deferment loan [Note no.C(I)(d)]	22.90	*28.35*
	1628.99	*829.53*

Loans guaranteed by directors ₹ nil *(Previous year: ₹ nil)*

Notes forming part of the Accounts (contd.)

NOTE [D(III)]

Trade payables

Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*
Acceptances	142.10	*27.77*
Due to related parties:		
Subsidiay companies	1659.85	*467.45*
Associate companies	199.61	*298.70*
Joint venture companies	6.34	*5.26*
Micro and small enterprises [Note no.Q(22)]	49.27	*28.74*
Due to others [Note no.D(III)(a)]	13695.64	*12025.50*
	15752.81	*12853.42*

D(III)(a) Due to others includes ₹ 42.08 crore being provision for commission to directors.

NOTE [D(IV)]

Other current liabilities

Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*
Interest accrued but not due on borrowings	113.99	*69.40*
Unpaid dividend	19.52	*16.15*
Unpaid matured deposits	0.01	*0.03*
Due to customers (Construction and project related activity)	2911.75	*2158.07*
Advances from customers	9812.57	*9611.93*
Other payable	1067.40	*853.57*
	13925.24	*12709.15*

NOTE [D(V)]

Short term provisions

Particulars	As at 31-03-2012 ₹ crore	₹ crore	*As at 31-3-2011 ₹ crore*	*₹ crore*
Provision for employee benefits:				
Gratuity [Note no.Q(8)(ii)(a)]	0.85		*0.84*	
Compensated absences	369.18		*334.84*	
Employee pension scheme [Note no.Q(8)(ii)(a)]	9.84		*4.83*	
Post-retirement medical benefits plan [Note no.Q(8)(ii)(a)]	4.83		*6.54*	
Bonus provision	12.17		*10.70*	
Long-service awards	–		*3.12*	
		396.87		*360.87*
Others:				
Current tax *[Net of payments made ₹ 1605.26 crore in previous year]*	–		*85.59*	
Proposed dividend	1010.46		*882.84*	
Additional tax on dividend	101.44		*112.82*	
Other provisions (AS 29 Related) [Note no.Q(15)]	603.27		*559.98*	
		1715.17		*1641.23*
		2112.04		*2002.10*

Notes forming part of the Accounts (contd.)

NOTE [E(I)]

Tangible assets

₹ crore

Class of assets	Cost/valuation				Depreciation				Impairment	Book value	
	As at 1-4-2011	Additions	Deductions	As at 31-3-2012	*Up to 31-3-2011*	For the period	Deductions	Up to 31-3-2012	As at 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
Land - freehold	*400.28*	90.71	83.49	407.50	–	–	–	–	–	407.50	*400.28*
Land - leashold	*121.71*	7.95	–	129.66	*4.63*	1.26	–	5.89	–	123.77	*117.08*
Sub total - Land	*521.99*	98.66	83.49	537.16	*4.63*	1.26	–	5.89	–	531.27	*517.36*
Buildings											
Owned	*1931.42*	311.37	2.76	2240.03	*253.92*	49.94	0.60	303.26	–	1936.77	*1677.50*
Leased out	*136.28*	8.00	–	144.28	*1.75*	2.38	–	4.13	–	140.15	*134.53*
Sub total - Buildings	*2067.70*	319.37	2.76	2384.31	*255.67*	52.32	0.60	307.39	–	2076.92	*1812.03*
Plant & equipment											
Owned	*5080.15*	1101.36	38.42	6143.09	*1529.84*	464.48	27.74	1966.58	–	4176.51	*3550.31*
Leased out	*36.26*	–	–	36.26	*9.95*	0.95	–	10.90	6.93 #	18.43	*19.38*
Taken on lease	*144.96*	–	2.86	142.10	*27.18*	14.16	0.48	40.86	–	101.24	*117.78*
Sub total - Plant & equipment	*5261.37*	1101.36	41.28	6321.45	*1566.97*	479.59	28.22	2018.34	6.93	4296.18	*3687.47*
Computers											
Owned	*346.03*	87.34	14.91	418.46	*162.02*	67.66	13.12	216.56	–	201.90	*184.01*
Taken on lease	*0.47*	–	–	0.47	*0.45*	–	–	0.45	–	0.02	*0.02*
Sub total - Computers	*346.50*	87.34	14.91	418.93	*162.47*	67.66	13.12	217.01	–	201.92	*184.03*
Office equipment											
Owned	*147.80*	35.92	2.18	181.54	*56.46*	25.35	1.81	80.00	–	101.54	*91.34*
Sub total - Office equipment	*147.80*	35.92	2.18	181.54	*56.46*	25.35	1.81	80.00	–	101.54	*91.34*
Furniture and fixtures											
Owned	*194.49*	29.74	1.64	222.59	*87.19*	19.00	1.43	104.76	–	117.83	*107.30*
Sub total - Fumiture & fixtures	*194.49*	29.74	1.64	222.59	*87.19*	19.00	1.43	104.76	–	117.83	*107.30*
Vehicles											
Owned	*173.38*	44.74	11.35	206.77	*64.65*	22.54	6.61	80.58	–	126.19	*108.73*
Taken on lease	*2.02*	–	–	2.02	*1.38*	0.18	–	1.56	–	0.46	*0.64*
Sub total - Vehicles	*175.40*	44.74	11.35	208.79	*66.03*	22.72	6.61	82.14	–	126.65	*109.37*
Other assets											
Owned											
Railway sidings	*0.25*	–	–	0.25	*0.25*	–	–	0.25	–	–	*–*
Aircraft	*10.62*	–	–	10.62	*6.32*	0.65	–	6.97	–	3.65	*4.30*
Ships	*71.46*	–	–	71.46	*12.53*	4.97	–	17.50	–	53.96	*58.93*
Sub total - Other assets	*82.33*	–	–	82.33	*19.10*	5.62	–	24.72	–	57.61	*63.23*
Lease adjustment	–	–	–	–	–	–	–	–	–	(3.07)	*(3.07)*
Total	*8797.58*	1717.13	157.61	10357.10	*2218.52*	673.52	51.79	2840.25	6.93	7506.85	*6569.06*
Previous year	*7181.64*	*1709.15*	*93.21*	*8797.58*	*1721.05*	*572.27*	*74.80*	*2218.52*	*6.93*		
Add: Asset held for sale										21.15	*–*
										7528.00	*6569.06*
Add: Capital work-in-progress										697.53	*748.20*
										8225.53	*7317.26*

Impairment up to 31-3-2012 ₹ 6.93 crore. During the year ₹ nil

1 Cost/valuation of freehold land includes ₹ 0.14 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: ₹ 82.36 crore, including 2340 shares of ₹ 50 each, 227 shares of ₹ 100 each and 1 share of ₹ 250 each.

Notes forming part of the Accounts (contd.)

(b) in various co-operative societies and apartments and shop-owners' associations: ₹ 19.07 crore for which share certificates are yet to be issued.

(c) in proposed co-operative societies ₹ 10.63 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 various locations.

3 Additions during the year and capital work-in-progress include ₹ 19.79 crore *(previous year ₹ 28.10 crore)* being borrowing cost capitalised in accordance with Accounting Standard (AS)16 on "Borrowing Costs" as specified in the Companies (Accounting Standards) Rules, 2006. Asset wise break-up of borrowing costs capitalised is as follows:

₹ crore

Asset class	2011-2012	*2010-2011*
Building owned	6.07	*12.93*
Plant & equipment owned	0.25	*2.28*
Computer owned	0.16	–
Office equipment owned	0.22	–
Capital work-in-progress	13.09	*12.89*
Total	**19.79**	***28.10***

4 Depreciation for the year include obsolescence ₹ 8.53 crore *(previous year ₹ 5.86 crore)*

5 The Company had revalued as at October 1,1984 some of its land, buildings, plant and equipment and railway sidings at replacement/ market value which resulted in a net increase of ₹ 108.05 crore.

6 Cost/valuation of leasehold land includes ₹ 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.

7 Own assets given on operating lease have been presented separately in the schedule as per Accounting Standard (AS) 19.

8 Cost/valuation as at April 1, 2011 of individual assets has been reclassified wherever necessary.

9 Out of its freehold/leasehold 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.

NOTE [E(II)]

Intangible assets

₹ crore

Particulars	Cost/valuation				Amortisation				Book value	
	As at 1-4-2011	Additions	Deductions	As at 31-3-2012	*Up to 31-3-2011*	For the period	Deductions	Up to 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
Specialised softwares	*144.77*	18.36	–	163.13	*72.06*	17.61	–	89.67	73.46	*72.71*
Technical knowhow	*14.32*	1.89	–	16.21	*11.90*	0.79	–	12.69	3.52	*2.42*
Total	*159.09*	20.25	–	179.34	*83.96*	18.40	–	102.36	76.98	*75.13*
Previous year	*108.45*	*56.79*	*6.15*	*159.09*	*67.48*	*22.15*	*5.67*	*83.96*		
Add: Intangible assets under development									61.15	*23.14*
									138.13	*98.27*

Notes forming part of the Accounts (contd.)

NOTE [F]

Non-current investments (at cost unless otherwise specified)

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Long term investments				
(1) Trade investments				
(i) Investments in equity instruments - Fully paid				
(a) Subsidiaries companies		8687.19		*7089.32*
(b) Associate companies	66.91		*66.91*	
Less: Provision for diminution in value	0.56		*0.56*	
		66.35		*66.35*
(c) Other companies	19.90		*19.90*	
Less: Provision for diminution in value	15.90		*15.90*	
		4.00		*4.00*
(ii) Other investments:				
Investment in integrated joint ventures		140.88		*54.88*
		8898.42		*7214.55*
(2) Other Investments				
Other fully paid equity shares		186.29		*186.29*
		9084.71		*7400.84*

Non current Investments (at cost unless otherwise specified)

Particulars	Face value per unit	Number of units As at 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
	₹		₹ crore	*₹ crore*
(1) Trade investments				
(i) Investments in equity instruments-fully paid				
(a) Subsidiary companies:				
Bhilai Power Supply Company Limited	10	49,950	0.05	*0.05*
EWAC Alloys Limited	100	829,440	150.24	*150.24*
HI-Tech Rock Products & Aggregates Limited	10	50,000	0.05	*0.05*
Kesun Iron & Steel Company Private Limited	10	9,500	0.01	*0.01*
Larsen & Toubro Consultoria E Projeto Ltda	R$ 1	96,819	0.27	*–*
L&T-Gulf Private Limited	10	4,000,016	4.00	*4.00*
L&T Ahmedabad-Maliya Tollway Limited [₹ 1000 *(previous year ₹ 1000)*]	10	100	–	*–*
L&T Aviation Services Private Limited	10	24,000,000	24.00	*24.00*
L&T Capital Company Limited	10	22,000,000	22.00	*22.00*
L&T Cassidian Limited	10	37,000	0.04	*–*
L&T Finance Holdings Limited (quoted)	10	1,417,024,221	1778.59	*1778.59*
L&T Chennai – Tada Tollway Limited [₹ 1000 *(previous year ₹ 1000)*]	10	100	–	*–*
L&T Devihalli Hassan Tollway Limited [₹ 1000 *(previous year ₹ 1000)*]	10	100	–	*–*
L&T General Insurance Company Limited	10	325,000,000	325.00	*200.00*
L&T Halol-Shamlaji Tollway Limited [₹ 1000 *(previous year ₹1000)*]	10	100	–	*–*
Carried forward			2304.25	*2178.94*

Notes forming part of the Accounts (contd.)

Particulars	Face value per unit	Number of units As at 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
	₹		₹ crore	*₹ crore*
(a) **Subsidiary companies:** ***(contd.)***				
Brought forward			2304.25	*2178.94*
L&T Howden Private Limited	10	15,030,000	15.03	*5.01*
L&T Infocity Limited	10	24,030,000	16.02	*–*
L&T Metro Rail (Hyderabad) Limited	10	4,370,000	4.37	*3.44*
L&T Infrastructure Development Projects Limited	10	312,859,096	2696.47	*1356.81*
L&T Kobelco Machinery Private Limited	10	25,500,000	25.50	*15.30*
L&T Krishnagiri Walajahpet Tollway Limited [₹ 26000 *(previous year ₹ 26000)*]	10	2,600	–	*–*
L&T-MHI Boilers Private Limited	10	112,251,000	112.25	*112.25*
L&T-MHI Turbine Generators Private Limited	10	127,551,000	127.55	*127.55*
L&T Natural Resources Limited	10	50,000	0.05	*0.05*
L&T Power Development Limited	10	1,362,000,000	1362.00	*1330.00*
L&T Power Limited	30,000	51,157	153.47	*153.49*
L&T Powergen Limited	10	50,000	0.05	*0.05*
L&T Rajkot-Vadinar Tollway Limited [₹ 1000]	10	100	–	*55.02*
L&T Realty Limited	10	47,160,700	47.16	*47.16*
L&T Samakhiali Gandhidham Tollway Limited	10	13,000	0.01	*0.01*
L&T Sapura Offshore Private Limited	10	6,000	0.01	*0.01*
L&T Sapura Shipping Private Limited	10	95,311,850	95.31	*95.14*
L&T Seawoods Private Limited	10	10,000	0.01	*0.01*
L&T Shipbuilding Limited	10	50,000	0.05	*0.05*
L&T Solar Limited	10	50,000	0.05	*0.05*
L&T Special Steels and Heavy Forgings Private Limited	10	333,000,000	333.00	*222.00*
L&T Electricals and Automation Limited	10	50,000	0.05	*0.05*
L&T Transportation Infrastructure Limited	10	10,864,000	10.86	*10.86*
L&T Western India Tollbridge Limited	10	–	–	*13.95*
L&T Plastics Machinery Limited	10	16,000,000	13.00	*13.00*
L&T-Sargent & Lundy Limited	10	3,691,828	1.09	*1.53*
L&T Technologies Limited	10	50,000	0.05	*0.05*
L&T-Valdel Engineering Limited	10	1,179,000	23.89	*23.89*
Larsen & Toubro Infotech Limited	5	32,250,000	134.25	*134.25*
Larsen & Toubro International FZE	Dhs 550500	1,829	1147.40	*1147.40*
Larsen & Toubro LLC	USD 1	50,000	0.23	*0.23*
Narmada Infrastructure Construction Enterprise Limited	10	12,648,507	12.65	*12.65*
PNG Tollway Limited	10	43,966,000	43.97	*21.98*
Raykal Aluminum Company Private Limited	10	37,750	0.04	*0.04*
Spectrum Infotech Private Limited	10	440,000	6.80	*6.80*
Tractor Engineers Limited	1,000	68,000	0.30	*0.30*
Total [1]-(i) (a)			8687.19	*7089.32*
(b) **Associate companies:**				
Audco India Limited	100	781,630	0.05	*0.05*
Gujarat Leather Industries Limited	10	735,000	0.56	*0.56*
L&T-Chiyoda Limited	10	4,500,000	4.50	*4.50*
Carried forward			5.11	*5.11*

Notes forming part of the Accounts (contd.)

Particulars	Face value per unit	Number of units As at 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
	₹		₹ crore	*₹ crore*
(b) Associate companies: ***(contd.)***				
Brought forward			5.11	*5.11*
L&T-Komatsu Limited	10	60,000,000	60.00	*60.00*
L&T-Ramboll Consulting Engineers Limited	10	1,800,000	1.80	*1.80*
			66.91	*66.91*
Less: Provision for diminution in value			0.56	*0.56*
Total [1]-(i) (b)			66.35	*66.35*
(c) Other companies:				
International Seaport Dredging Limited	10,000	15,899	15.90	*15.90*
Tidel Park Limited	10	4,000,000	4.00	*4.00*
			19.90	*19.90*
Less: Provision for diminution in value			15.90	*15.90*
Total [1]-(i) (c)			4.00	*4.00*
(ii) Other investments				
Integrated joint venture				
Desbuild-L&T Joint Venture			0.05	*0.05*
HCC-L&T Purulia Joint Venture			0.37	*1.57*
International Metro Civil Contractors Joint Venture			9.21	*9.68*
L&T-Eastern Joint Venture			11.50	*10.45*
L&T-AM Tapovan Joint Venture			71.33	*–*
L&T-Hochtief Seabird Joint Venture			19.36	*14.83*
L&T-Shanghai Urban Corporation Group Joint Venture			12.53	*7.23*
Metro Tunneling Group			13.02	*11.07*
Metro Tunneling Delhi - L&T SUCG JV			3.03	*–*
Metro Tunneling Chennai - L&T SUCG JV			0.48	*–*
Total			140.88	*54.88*
Total trade Investments -total (1)			8898.42	*7214.55*
(2) Other Investments				
Investments in fully paid equity instruments				
Other companies:				
Satyam Computer Services Limited (quoted)	2	23,009,291	186.29	*186.29*
Utmal Multi purpose Service Co-operative Society Limited (B Class) [₹ 30,000 *(previous year ₹ 30,000)*]	100	300	–	*–*
Total Investments in fully paid equity instruments			186.29	*186.29*
Non current investments-total (1+2)			9084.71	*7400.84*

Details of quoted/unquoted investments:

particulars	As at 31-3-2012	*As at 31-3-2011*
	₹ crore	*₹ crore*
(a) Aggregate amount of quoted investments and market value thereof;		
Book Value	1964.88	*186.29*
Market Value	6965.91	*151.17*
(b) Aggregate amount of unquoted investments;		
Book Value	7119.83	*7214.55*
(c) Aggregate provision for diminution in value of investments: ₹ 16.46 crore *(previous year: ₹ 16.46 crore)*		

Notes forming part of the Accounts (contd.)

NOTE [G(I)]

Long term loans and advances

Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*
Secured considered good:		
Loans against mortgage of house property	8.93	*12.26*
Capital advances	2.83	*2.16*
Unsecured considered good		
Capital advances	107.58	*49.85*
Loans and advances to related parties:		
Subsidiary companies		
Loans [Note no.Q(2)(a)]	241.50	*93.00*
Advances towards equity commitment	2382.08	*1709.63*
Inter-Corporate deposits including interest accrued [Note no.Q(2)(a)]	633.64	*496.99*
Joint venture companies:		
Loans	283.63	*140.00*
Other loans and advances		
Security deposits	74.83	*56.86*
Earnest money deposits	0.60	*2.21*
Unamortised expenses	14.07	*7.87*
Advances recoverable in cash or in kind	292.30	*745.91*
Balances with customs, port trust etc.	0.32	*0.32*
Lease receivable	0.49	*–*
	4042.80	*3317.06*

NOTE [G(II)]

Cash and bank balances

₹ crore

Particulars	As at 31-3-2012	*As at 31-3-2011*
Cash and bank balances not available for immediate use [Note no.G(II)(a)]	127.14	*0.80*
	127.14	*0.80*

G(II) (a) Particulars of cash and bank balances not available for immediate use

₹ crore

	Particulars	As at 31.3.2012	*As at 31.3.2011*
1	Amount deposited under credit support arrangement which is refundable only on cessation of exposure to a bank.	125.25	*–*
2	Amount received including interest accrued thereon from customers of property development business – to be handed over to housing society on its formation.	17.64	*17.00*
3	Contingency deposit (including interest accrued thereon) received from customers of property development business towards their sales tax liability - to be refunded / adjusted depending on the outcome of the legal case.	10.28	*8.69*
4	Other bank balances not available for immediate use being in the nature of security offered for bids submitted, loans availed, guarantees issued by bank on behalf of the company, collaterals, earmarked grants etc.	7.28	*8.22*
	Total	**160.45**	***33.91***
	Less: Amount reflected under Current Assets [Note no.H(IV)]	33.31	*33.11*
	Amount reflected under Non-current Assets [Note no.G(II)]	**127.14**	***0.80***

Notes forming part of the Accounts (contd.)

NOTE [H(I)]

Current Investments

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
(a) Current investments				
Government and trust securities	371.28		*517.36*	
Less: Provision for diminution in value	7.89		*4.88*	
		363.39		*512.48*
Bonds	236.31		*4.90*	
Less: Provision for diminution in value	0.66		*0.11*	
		235.65		*4.79*
Debentures	368.71		*764.45*	
Less: Provision for diminution in value	3.95		*13.99*	
		364.76		*750.46*
Mutual funds	920.63		*2362.79*	
Less: Provision for diminution in value	0.02		*0.02*	
		920.61		*2362.77*
Other current investments	4907.76		*3659.81*	
Less: Provision for diminution in value	6.37		*6.33*	
		4901.39		*3653.48*
(b) Current portion of long term investments		1.39		*–*
		6787.19		*7283.98*

Other particulars in respect of current investment mentioned in H(I) are as follows:

Particulars	Face value per unit	Number of Units As at 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
	₹		₹ crore	*₹ crore*
(1) Government and trust securities:				
6.35% Government of India Bonds 2020 (quoted)	100	4,500,000	40.48	*44.97*
7.94% Government of India Bonds 2021 (quoted)	100	–	–	*217.40*
8.20% Government of India Bonds 2022 (quoted)	100	–	–	*189.94*
8.26% Government of India Bonds 2027 (quoted)	100	–	–	*40.10*
8.28% Government of India Bonds 2032 (quoted)	100	500,000	4.99	*24.95*
8.79% Government of India Bonds 2021 (quoted)	100	31,500,000	325.81	*–*
			371.28	*517.36*
Less: Provision for diminution in value			7.89	*4.88*
Government and trust securities -Total			363.39	*512.48*
(2) Bonds:				
8.00% Indian Overseas Bank 2016 bonds (quoted)	1,000,000	50	4.90	*4.90*
9.40% National Bank for Agricultural and Rural Developement 2015 (quoted)	1,000,000	250	25.00	*–*
9.32% National Bank for Agricultural and Rural Developement 2015 (quoted)	1,000,000	100	10.00	*–*
8.20% National Highway Authority of India 2022 (quoted)	1,000	741,713	74.17	*–*
9.70% Power Finance Corporation 2021 (quoted)	1,000,000	100	10.03	*–*
9.61% Power Finance Corporation 2021 (quoted)	1,000,000	16	1.60	*–*
9.46% Power Finance Corporation 2026 (quoted)	1,000,000	200	19.99	*–*
8.20% Power Finance Corporation 2022 (quoted)	1,000	854,355	85.44	*–*
9.75% Rural Electrification Corporation Limited 2021 (quoted)	1,000,000	50	5.18	*–*
			236.31	*4.90*
Less: Provision for diminution in value			0.66	*0.11*
Bonds-Total			235.65	*4.79*

Notes forming part of the Accounts (contd.)

Particulars	Face value per unit	Number of Units As at 31-3-2012	As at 31-3-2012	As at 31-3-2011
	₹		₹ crore	₹ crore
(3) Debentures:				
(i) Subsidiary companies:				
L&T Finance Limited - 10.24% Secured Redeemable Non Convertible Debentures, 2019 (quoted)	1,000	369,770	36.98	*36.98*
L&T Infrastructure Finance Company Limited - 7.50% Non Convertible Debentures, 2012 (quoted)	1,000,000	–	–	*200.00*
L&T Infrastructure Finance Company Limited - 8.91% Non Convertible Debentures, 2018 (quoted)	1,000,000	1,750	174.85	*174.85*
			211.83	*411.83*
Less: Provision for diminution in value			3.06	*9.06*
Subsidiary companies-Total			208.77	*402.77*
(ii) Other Debentures				
Citi Corporation Non Convertible Debentures - Series 409 - 2014 (quoted)	100,000	5,000	50.13	–
HDFC Limited 9.95% Non Convertible Debentures 2012 (quoted)	1,000,000	50	5.00	–
IDFC Limited 7.53% Non Convertible Debentures 2012 (quoted)	1,000,000	–	–	*200.00*
Tata Steel Limited 11.8% Non Convertible Debentures,Perpetual (quoted)	1,000,000	1,000	101.75	*152.62*
			156.88	*352.62*
Less: Provision for diminution in value			0.89	*4.93*
Other Debentures-Total			155.99	*347.69*
Debentures-Total			364.76	*750.46*
(4) Mutual funds:				
Birla Sun Life Fixed Term Plan-Series CO-Growth (quoted)	10	–	–	*10.00*
Birla Sun Life Fixed Term Plan-Series CY-Growth (quoted)	10	50,000,000	53.19	–
Birla Sun Life Fixed Term Plan-Series DB (369 Days)-Growth (quoted)	10	10,000,000	10.60	–
Birla Sun Life Short Term FMP-Series 5-Dividend Payout (quoted)	10	–	–	*25.00*
Birla Sun Life Short Term FMP-Series 4-Dividend Payout (quoted)	10	–	–	*75.09*
DSP Black Rock FMP-13M Series 2-Growth (quoted)	10	–	–	*32.26*
DSP Black Rock FMP-3M-Series 27-Dividend Payout (quoted)	10	–	–	*50.01*
DWS Fixed Term Fund-Series 80-Growth (quoted)	10	35,000,000	37.22	–
DWS Fixed Term Fund-Series 67-Growth (quoted)	10	–	–	*63.93*
DWS Insta Cash Plus Fund-Regular Bonus-Growth	10	8,865,472	8.71	*8.71*
DWS Ultra Short Term Fund-Regular Bonus Option	10	90,974,616	88.81	–
HDFC Gold-Exchange Traded Fund (quoted)	100	–	–	*57.52*
HSBC Fixed Term-Series 79-Growth (quoted)	10	–	–	*10.00*
ICICI Prudential FMP-Series 51-14 Months-Plan D-Growth (quoted)	10	–	–	*32.11*
ICICI Prudential FMP-Series 51-13 Months-Plan C-Growth (quoted)	10	–	–	*32.04*
ICICI Prudential FMP-Series 56-1 Year-Plan E-Growth (quoted)	10	25,000,000	26.60	–
ICICI Prudential Gold-Exchange Traded Fund (quoted)	100	–	–	*49.72*
ICICI Prudential Liquid-Super Institutional Plan-Growth	100	–	–	*51.29*
IDFC Fixed Maturity Plan-Quarterly-Series 62-Dividend (quoted)	10	–	–	*50.00*
IDFC Fixed Maturity Plan-Yearly-Series 32 -Quarterly Dividend Reinvestment (quoted)	10	–	–	*25.00*
JP Morgan India FMP 400D-Series 1-Growth (quoted)	10	–	–	*20.00*
Kotak FMP 370 Days-Series 2-Growth (quoted)	10	–	–	*31.95*
Carried forward			225.13	*624.63*

Notes forming part of the Accounts (contd.)

Particulars	Face value per unit	Number of Units As at 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
	₹		₹ crore	*₹ crore*
(4) Mutual funds: ***(contd.)***				
Brought forward			225.13	*624.63*
Kotak FMP 370 Days-Series 8-Dividend Payout (quoted)	10	–	–	*20.00*
Kotak FMP 370 Days-Series 9-Growth (quoted)	10	–	–	*51.15*
Kotak Quarterly Interval Plan-Series 9-Dividend Reinvestment (quoted)	10	–	–	*50.00*
L&T FMP-Series 12-Plan 15M-March 2010-I-Growth (quoted)	10	–	–	*21.39*
L&T FMP-II (Jan 15M A)-Growth (quoted)	10	10,000,000	10.87	*10.00*
L&T FMP-II (January 90D A)-Dividend Payout (quoted)	10	–	–	*20.00*
L&T FMP-III (February 90D A)-Dividend Payout (quoted)	10	–	–	*25.00*
L&T FMP-III (Jan 369D A)-Growth (quoted)	10	–	–	*15.00*
L&T FMP-III (June 366D A)-Growth (quoted)	10	7,000,000	7.36	*–*
L&T FMP-III (March 90D A)-Dividend Payout (quoted)	10	–	–	*10.00*
L&T FMP-III (March 90D B)-Dividend Payout (quoted)	10	–	–	*10.00*
L&T FMP-III (March 366D A)-Growth (quoted)	10	–	–	*10.00*
L&T FMP-V (December 366D A)-Growth (quoted)	10	5,000,000	5.00	*–*
L&T FMP-V (December 368D A)-Growth (quoted)	10	8,000,000	8.03	*–*
L&T FMP-V (February 368D A)-Growth (quoted)	10	12,000,000	12.00	*–*
L&T Liquid Fund-Institutional Plus Plan-Daily Dividend Reinvestment	1,000	2,472,366	250.11	*–*
L&T Liquid Fund-Super Institutional Plan-Growth	1,000	–	–	*350.00*
L&T Select Income Fund-Flexi Debt-Institutional Plan-Growth	10	26,510,240	30.46	*100.00*
L&T Ultra Short Term Fund-Institutional Plan-Growth	10	–	–	*741.11*
LIC Nomura FMP-Series 48-Growth (quoted)	10	10,000,000	10.39	*–*
L&T FMP-IV (September 367D A)-Growth (quoted)	10	2,500,000	2.50	*–*
Reliance Fixed Horizon Fund XIX-Series 4-Growth (quoted)	10	20,000,000	21.26	*–*
Religare FMP-Series II-Plan A-Growth (quoted)	10	–	–	*53.69*
Religare FMP Series II-Plan C (15 Months)-Growth (quoted)	10	–	–	*63.92*
Religare FMP Series IX-Plan D (370 Days)-Growth (quoted)	10	4,000,000	4.00	*–*
Religare FMP Series VII-Plan C (369 Days)-Growth (quoted)	10	15,000,000	15.92	*–*
Religare FMP Series V-Plan A (368 Days)-Growth (quoted)	10	–	–	*10.00*
Religare FMP Series XI-Plan E (371 Days)-Growth (quoted)	10	10,000,000	10.00	*–*
SBI Premier Liquid Fund-Super Institutional Plan-Growth	1,000	–	–	*50.00*
SBI Premier Liquid Fund-Super Institutional Plan-Daily Dividend Reinvestment	1,000	2,592,735	260.12	*–*
Tata Fixed Maturity Plan-Series 30-Scheme A-Growth (quoted)	10	–	–	*50.69*
UTI Fixed Income Interval-Quarterly Interval Plan VII-Daily Dividend Reinvestment	10	–	–	*76.21*
UTI Fixed Term Income Fund-Series IX-II (369 Days)-Dividend (quoted)	10	32,305,920	32.35	*–*
UTI Fixed Term Income Fund-Series IX-(367 Days)-Growth (quoted)	10	14,512,707	15.13	*–*
			920.63	*2362.79*
Less: Provision for diminution in value			0.02	*0.02*
Mutual funds-Total			920.61	*2362.77*

Notes forming part of the Accounts (contd.)

Particulars	Face value per unit	Number of Units As at 31-3-2012	As at 31-3-2012	As at 31-3-2011
	₹		₹ crore	₹ crore
(5) Other Current investments:				
(i) Collateralized borrowing and lending obligation	NA	NA	71.96	199.79
CBLO-Total			71.96	199.79
(ii) Commercial paper:				
7.25% HDFC Limited 15 July 2011	500,000	–	–	93.33
10.25% IDFC Limited 22 October 2012	500,000	2,000	93.64	–
			93.64	93.33
Less: Provision for diminution in value			0.45	0.61
Commercial paper-Total			93.19	92.72
(iii) Certificate of deposits:				
Allahabad Bank 31 May 2012	100,000	10,000	98.13	–
Andhra Bank 14 June 2012	100,000	5,000	48.86	–
Axis Bank 31 January 2013	100,000	20,000	181.76	–
Axis Bank 21 February 2013	100,000	5,000	45.38	–
Axis Bank 22 November 2012	100,000	2,500	22.80	–
Axis Bank 29 June 2012	100,000	10,000	96.41	–
Bank of India 13 June 2011	100,000	–	–	24.50
Bank of India 15 March 2013	100,000	10,000	91.15	–
Canara Bank 01 March 2013	100,000	32,500	294.95	–
Canara Bank 06 June 2011	100,000	–	–	24.54
Canara Bank 07 April 2011	100,000	–	–	95.99
Canara Bank 07 March 2013	100,000	10,000	90.49	–
Canara Bank 13 December 2012	100,000	5,000	46.58	–
Canara Bank 14 December 2012	100,000	7,500	69.21	–
Canara Bank 14 March 2013	100,000	12,500	113.98	–
Canara Bank 15 June 2011	100,000	–	–	489.63
Canara Bank 18 March 2013	100,000	5,000	45.22	–
Canara Bank 20 February 2013	100,000	10,000	90.84	–
Canara Bank 23 December 2011	100,000	–	–	182.75
Canara Bank 24 June 2011	100,000	–	–	117.11
Canara Bank 26 December 2012	100,000	17,500	160.75	–
Canara Bank 26 February 2013	100,000	15,000	136.31	–
Central Bank of India 06 June 2011	100,000	–	–	294.83
Central Bank of India 15 February 2013	100,000	2,500	22.85	–
Central Bank of India 15 June 2012	100,000	5,000	48.84	–
Central Bank of India 17 December 2012	100,000	7,500	69.28	–
Central Bank of India 18 February 2013	100,000	17,500	160.09	–
Corporation Bank 19 June 2012	100,000	5,000	48.80	–
IDBI Bank 10 June 2011	100,000	–	–	24.55
IDBI Bank 12 July 2012	100,000	2,500	22.77	–
IDBI Bank 24 December 2012	100,000	2,500	23.01	–
Carried forward			2028.46	1253.90

Notes forming part of the Accounts (contd.)

Particulars	Face value per unit	Number of Units As at 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
	₹		₹ crore	*₹ crore*
(iii) Certificate of deposits: ***(contd.)***				
Brought forward			2028.46	*1253.90*
IDBI Bank 26 June 2012	100,000	7,500	72.61	–
Indian Overseas Bank 06 July 2012	100,000	2,500	22.90	–
Indian Overseas Bank 22 January 2013	100,000	5,000	45.66	–
Oriental Bank of Commerce 06 December 2012	100,000	7,500	68.80	–
Oriental Bank of Commerce 07 August 2012	100,000	5,000	46.56	–
Oriental Bank of Commerce 07 December 2012	100,000	7,500	68.98	–
Oriental Bank of Commerce 12 August 2011	100,000	–	–	*92.90*
Oriental Bank of Commerce 12 December 2012	100,000	10,000	91.26	–
Oriental Bank of Commerce 13 December 2012	100,000	2,500	23.08	–
Oriental Bank of Commerce 20 June 2012	100,000	5,000	48.79	–
Oriental Bank of Commerce 21 January 2013	100,000	15,000	136.63	–
Oriental Bank of Commerce 30 November 2012	100,000	10,000	92.28	–
Punjab And Sind Bank 21 June 2012	100,000	5,000	48.78	–
Punjab National Bank 03 July 2012	100,000	2,500	23.89	–
Punjab National Bank 06 December 2012	100,000	2,500	23.12	–
Punjab National Bank 11 November 2011	100,000	–	–	*92.70*
Punjab National Bank 12 April 2011	100,000	–	–	*193.32*
Punjab National Bank 12 July 2012	100,000	2,500	22.89	–
Punjab National Bank 14 June 2012	100,000	5,000	48.87	–
Punjab National Bank 15 March 2013	100,000	10,000	91.12	–
Punjab National Bank 18 December 2012	100,000	15,000	138.81	–
Punjab National Bank 25 February 2013	100,000	10,000	90.85	–
Punjab National Bank 27 June 2011	100,000	–	–	*195.43*
Punjab National Bank 29 November 2012	100,000	5,000	46.40	–
Punjab National Bank 31 January 2013	100,000	20,000	182.36	–
State Bank of Bikaner & Jaipur 21 December 2011	100,000	–	–	*68.58*
State Bank of Bikaner & Jaipur 10 September 2012	100,000	10,000	94.67	–
State Bank of Bikaner & Jaipur 19 December 2012	100,000	10,000	92.51	–
State Bank of Bikaner & Jaipur 24 December 2012	100,000	2,500	23.22	–
State Bank of Hyderabad 03 December 2012	100,000	5,000	46.31	–
State Bank of Hyderabad 04 July 2011	100,000	–	–	*93.61*
State Bank of Hyderabad 06 December 2012	100,000	2,500	22.93	–
State Bank of Hyderabad 07 November 2012	100,000	2,500	23.34	–
State Bank of Hyderabad 18 July 2011	100,000	–	–	*186.98*
State Bank of Hyderabad 23 January 2013	100,000	7,500	68.72	–
State Bank of Hyderabad 26 December 2012	100,000	2,500	22.81	–
State Bank of Mysore 06 May 2011	100,000	–	–	*198.04*
State Bank of Mysore 21 December 2011	100,000	–	–	*91.44*
State Bank of Mysore 24 May 2012	100,000	2,500	24.02	–
Carried forward			3881.63	*2466.90*

Notes forming part of the Accounts (contd.)

Particulars	Face value per unit	Number of Units As at 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
	₹		₹ crore	*₹ crore*
(iii) Certificate of deposits: *(contd.)*				
Brought forward			3881.63	*2466.90*
State Bank of Patiala 03 August 2012	100,000	5,000	46.00	*–*
State Bank of Patiala 03 September 2012	100,000	10,000	92.03	*–*
State Bank of Patiala 12 December 2012	100,000	15,000	138.82	*–*
State Bank of Patiala 13 May 2011	100,000	–	–	*177.89*
State Bank of Patiala 14 December 2011	100,000	–	–	*91.61*
State Bank of Patiala 14 July 2011	100,000	–	–	*187.14*
State Bank of Travancore 13 August 2012	100,000	2,500	22.85	*–*
State Bank of Travancore 27 May 2011	100,000	–	–	*94.17*
Syndicate Bank 15 June 2012	100,000	7,500	73.32	*–*
Syndicate Bank 18 December 2012	100,000	2,500	23.05	*–*
Syndicate Bank 26 December 2012	100,000	5,000	45.96	*–*
Syndicate Bank 28 September 2012	100,000	10,000	94.20	*–*
Syndicate Bank 06 August 2012	100,000	5,000	46.58	*–*
Syndicate Bank 20 June 2011	100,000	–	–	*73.41*
Syndicate Bank 21 January 2013	100,000	10,000	91.07	*–*
Syndicate Bank 30 July 2012	100,000	5,000	46.41	*–*
UCO Bank 03 April 2012	100,000	4,500	44.95	*–*
UCO Bank 05 June 2012	100,000	5,000	48.99	*–*
UCO Bank 09 May 2011	100,000	–	–	*84.07*
UCO Bank 23 June 2011	100,000	–	–	*93.69*
UCO Bank 24 June 2011	100,000	–	–	*97.81*
Union Bank of India 03 December 2012	100,000	5,000	46.30	*–*
			4742.16	*3366.69*
Less: Provision for diminution in value			5.92	*5.72*
Certificate of deposits-Total			4736.24	*3360.97*
Other Current investments-Total (5) (i+ii+iii)			4901.39	*3653.48*
(b) Current portion of long term investments: H (1) (b)				
Bonds				
Anka'a Sukuk Limited	AED 10000	100	1.39	*–*
Bonds - total			1.39	*–*
Total Current Investments- (a+b)			6787.19	*7283.98*

Details of quoted/unquoted investments:

Particulars	As at 31-3-2012	*As at 31-3-2011*
	₹ crore	*₹ crore*
(a) Aggregate amount of quoted current investments and market value thereof;		
Book Value	1246.20	*2253.18*
Market Value	1275.22	*2261.39*
(b) Aggregate amount of unquoted current investments;		
Book Value	5540.99	*5030.80*
(c) Aggregate provision for diminution in value of current investments: ₹ 18.89 crore *(previous year: ₹ 25.33 crore)*		

Notes forming part of the Accounts (contd.)

NOTE [H(II)]

Inventories (at cost or net realisable value whichever is lower)

Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*
Raw Materials [Includes goods in transit ₹ 16.93 crore *(previous year: ₹ 9.79 crore)*]	418.58	*347.72*
Components [Includes goods in transit ₹ 52.72 crore *(previous year: ₹ 21.30 crore)*]	330.94	*278.72*
Construction material [Includes goods in transit ₹ 1.99 crore *(previous year: ₹ 31.40 crore)*]	2.02	*40.75*
Manufacturing work-in-progress [Note no.Q(25)(d)]	506.31	*380.81*
Finished goods	237.88	*233.37*
Stock in trade (in respect of goods acquired for trading) [Includes goods in transit ₹ 50.99 crore *(previous year: ₹ 48.05 crore)*]	196.33	*200.66*
Stores and spares [Includes goods in transit ₹ 2.43 crore *(previous year: ₹ 0.97 crore)*]	80.05	*90.79*
Loose tools	4.51	*4.33*
	1776.62	*1577.15*

NOTE [H(III)]

Trade receivables

Particulars	As at 31-3-2012 ₹ crore	₹ crore	*As at 31-3-2011 ₹ crore*	*₹ crore*
Unsecured:				
Debts outstanding for more than 6 months				
Considered good	1633.70		*1183.15*	
Considered doubtful	603.16		*461.01*	
	2236.86		*1644.16*	
Other debts: [Note no.H(III)(a)]				
Considered good	17096.14		*11244.46*	
	19333.00		*12888.62*	
Less: Allowance for doubtful debts	603.16		*461.01*	
		18729.84		*12427.61*
		18729.84		*12427.61*

H(III)(a) Other debts includes ₹ 12393.15 crore *(previous year: ₹ 8001.00 crore)* contractually not due.

NOTE [H(IV)]

Cash and bank balances

Particulars	As at 31-3-2012 ₹ crore	₹ crore	*As at 31-3-2011 ₹ crore*	*₹ crore*
Cash and cash equivalent				
Balance with banks	555.71		*951.01*	
Cheques and drafts on hand	272.60		*375.34*	
Cash on hand	2.87		*1.92*	
Fixed deposits with banks (maturity less than 3 months)	856.93		*165.62*	
		1688.11		*1493.89*
Carried forward		1688.11		*1493.89*

Notes forming part of the Accounts (contd.)

NOTE [H(IV)]

Cash and bank balances *(contd.)*

Particulars	As at 31-3-2012 ₹ crore	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*	*As at 31-3-2011 ₹ crore*
Brought forward		1688.11		*1493.89*
Other bank balances				
Fixed deposits with banks including interest accrued thereon [including ₹ 0.02 crore of bank deposits with more than 12 months maturity *(Previous year: ₹ 2.50 crore)*	13.09		*165.48*	
Earmarked balances with banks-Unpaid dividend	19.52		*16.15*	
Margin money deposits	15.15		*11.98*	
Cash and bank balances not available for immediate use [Note no.(G)(II)(a)]	33.31		*33.11*	
Bank balances subject to restriction on repatriation [Note no.H(IV)(a)]	8.94		*8.94*	
		90.01		*235.66*
		1778.12		*1729.55*

NOTE H (IV) (A)

₹ crore

Particulars	31.3.2012	*31.3.2011*	
Rafidian Bank, Iraq	8.25	*8.25*	The balance represents fixed deposit/call deposit against loan taken from Rafidian bank. The deposit with Mashreq Bank is subject to an escrow arrangement duly approved by the Reserve Bank of India. The proceeds of both deposits, together with interest thereon, would be applied towards full and final settlement of loan taken from Rafidian Bank, Iraq which is disclosed as loan repayable on demand vide Note no.(D)(I) for an equivalent amount of ₹ 8.94 crore.
Mashreq Bank, Iraq	0.69	*0.69*	
Total	8.94	*8.94*	

NOTE [H(V)]

Short term loans and advances

Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*
Secured considered good:		
Loans against mortgage of house property:		
Key management personnel	0.29	*0.63*
Others	1.76	*1.19*
Unsecured		
Loans and advances to related parties:		
Considered good:		
Subsidiary companies		
Loans [Note no.Q(2)(a)]	325.39	*358.69*
Inter-Corporate deposits including interest accrued [Note no.Q(2)(a)]	49.51	*646.00*
Others	1109.58	*1372.44*
Associate companies		
Advance recoverable	11.47	*13.15*
Carried forward	1498.00	*2392.10*

Notes forming part of the Accounts (contd.)

NOTE [H(V)]

Short term loans and advances *(contd.)*

Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*
Brought forward	1498.00	*2392.10*
Joint ventures companies		
Loans	84.04	–
Inter-Corporate deposits including interest accrued	–	*39.41*
Advance recoverable	–	*0.08*
Advances to suppliers	10.18	*1.88*
Others		
Considered good:		
Security deposits	132.51	*98.71*
Earnest money deposits	36.16	*31.34*
Unamortised expenses	4.72	*5.52*
Advances recoverable in cash or kind	3153.42	*2296.17*
Income tax receivable of current year (net of provision of ₹ 1814.10 crore)	94.91	–
Balance with customs,port,trust etc.	70.92	*43.02*
Lease receivable	0.38	–
Considered doubtful:		
Deferred credit against sale of ships	21.16	*18.55*
Security deposits	0.47	*0.98*
Other loans and advances	130.80	*128.74*
	5237.67	*5056.50*
Less: Allowance for doubtful loans and advances	152.43	*148.27*
	5085.24	*4908.23*

NOTE [H(VI)]

Other current asset

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Due from customers (construction & project related activity)	11781.47		10934.41	
Interest accrued on investments	93.84		101.60	
Unbilled revenue	42.33		13.24	
		11917.64		11049.25
		11917.64		11049.25

Notes forming part of the Accounts (contd.)

NOTE [I]
Contingent liabilities

	Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*
(a)	Claims against the Company not acknowledged as debts	198.15	*263.47*
(b)	Sales-tax liability that may arise in respect of matters in appeal	107.04	*194.31*
(c)	Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company in WRIT	28.59	*11.95*
(d)	Income-tax liability (including penalty) that may arise in respect of which the Company is in appeal	198.38	*1.95*
(e)	Corporate guarantees given on behalf of Subsidiary Companies	1570.47	*775.66*

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 up to eight 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.

NOTE [J]
Commitments

₹ crore

Particulars	As at 31-3-2012	As at 31-3-2011
Estimated amount of contracts remaining to be executed on capital account (net of advances)	397.56	400.32
Estimated amount of committed funding by way of equity / loans to subsidiary and associate companies	7809.00	6114.00

NOTE [K]
Revenue from operations

Particulars	Note no.	2011-2012 ₹ crore	2011-2012 ₹ crore	*2010-2011 ₹ crore*	*2010-2011 ₹ crore*
Sales & service:					
Manufacturing, trading and property development activity	Q(25)(a)(i)	6389.29		*6056.11*	
Construction and project related activity	Q(6), Q(25)(a)(ii)	45356.71		*36874.46*	
Servicing	Q(25)(a)(iii)	285.63		*277.08*	
Commission	Q(25)(a)(iv)	205.01		*186.99*	
Engineering and service fees	Q(25)(a)(v)	875.74		*535.30*	
			53112.38		*43929.94*
Other operational revenue:					
Income from hire of plant and equipment		9.95		*10.80*	
Technical fees		62.58		*45.39*	
Company's share in profit of Integrated joint ventures	Q14(b)	5.13		*10.40*	
Lease rentals		40.72		*2.20*	
Income from services to the Group companies		67.44		*41.85*	
Premium earned (net) on related forward exchange contract		254.72		*113.62*	
Miscellaneous income		184.86		*141.91*	
			625.40		*366.17*
			53737.78		*44296.11*

Notes forming part of the Accounts (contd.)

K(I) Revenue from sales & service includes:

(a) ₹ 320.47 crore *(previous year: ₹ 352.04 crore)* for price variations net of liquidated damages in terms of contracts with the customers.

(b) Ship building subsidy ₹ 2.09 crore *(previous year: ₹ 32.16 crore)* and reversal of shipbuilding subsidy of ₹18.24 crore *(previous year: ₹ nil).*

NOTE [L]

Other income

Particulars	2011-2012		*2010-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Interest income				
Income from long-term investments/non-current assets				
Interest on inter-corporate deposits, from subsidiary and associate companies,customers and others	119.79		*34.80*	
Income from current investments/current assets				
Interest on inter-corporate deposits, from subsidiary and associate companies, customers and others interest on bonds and government securities	449.15		*301.11*	
		568.94		*335.91*
Dividend income				
From long term investments:				
Subsidiary companies	385.13		*187.35*	
Associate companies	22.58		*42.06*	
Other Trade investments	7.50		*-*	
Other investments	1.20		*1.22*	
	416.41		*230.63*	
From current investments	47.78		*163.61*	
		464.19		*394.24*
Net gain/(loss) on sale of investment				
Long term investments (net)	(1.75)		*68.57*	
Current investments (net)	124.39		*51.08*	
		122.64		*119.65*
Net gain/(loss) on sale of fixed assets (net)		13.24		*143.47*
Lease rental		18.98		*24.86*
Miscellaneous income (net of expenses) Note no.[L(I)]		150.29		*129.33*
		1338.28		*1147.46*

[L(I)] Miscellaneous income includes recoveries from subsidiary, joint venture and associate companies towards directly attributable expenses incurred on employees deputed to these companies. Such expenses, the details of which given hereunder, have been netted off from miscellaneous income.

₹ crore

Expenses	2011-2012	*2010-2011*
Salaries	74.07	*53.65*
Contribution to Provident Fund	1.84	*1.69*
Compensation for Employee Stock Option Plan (ESOP)	10.52	*16.91*
Welfare expenses	2.93	*3.20*
Other expenses	2.46	*4.30*
Total	91.82	*79.75*

Notes forming part of the Accounts (contd.)

NOTE [M]

Manufacturing, construction and operating expenses

Particulars	2011-2012		2010-2011	
	₹ crore	₹ crore	₹ crore	₹ crore
Materials consumed:				
Raw materials and components [Note no.Q(25(b)]	10253.45		7807.73	
Less: Scrap sales	111.70		70.06	
		10141.75		7737.67
Construction materials		12477.79		10069.76
Purchase of stock-in-trade [Note no.Q(25)(c)]	2384.73		2282.55	
Value of stock-in-trade transferred on sale of business	(15.33)		–	
		2369.40		2282.55
Stores, spares and tools consumed		1622.83		1187.79
Sub-contracting charges		10647.54		9395.97
Changes in inventories of finished goods, work-in-progress and stock-in-trade:				
Closing stock:				
Finished goods	237.88		233.37	
Stock in trade	196.33		200.66	
Work-in-progress	2011.97		1472.38	
	2446.18		1906.41	
Less: Opening stock:				
Finished goods	233.37		145.59	
Stock in trade	200.66		179.71	
Work-in-progress	1472.38		1048.47	
	1906.41		1373.77	
		(539.77)		(532.64)
Other manufacturing ,construction and operating expenses:				
Excise duty	16.27		8.60	
Power and fuel [Note no.O(I)]	638.79		420.27	
Royalty and technical know-how fees	18.07		9.57	
Packing and forwarding [Note no.O(I)]	210.75		183.19	
Hire charges - plant & equipment and others	971.85		732.15	
Engineering, technical and consultancy fees	793.63		696.06	
Insurance [Note no.O(I)]	121.63		146.44	
Rent [Note no.O(I)]	207.97		138.15	
Rates and taxes [Note no.O(I)]	186.40		67.81	
Travelling and conveyance [Note no.O(I)]	529.29		396.87	
Repairs to plant and equipment	51.24		54.80	
Repairs to buildings [Note no.O(I)]	12.68		14.62	
General repairs and maintenance [Note no.O(I)]	177.59		135.27	
Bank guarantee charges	66.46		74.15	
Miscellaneous expenses [Note no.O(I)]	298.02		249.12	
		4300.64		3327.07
		41020.18		33468.17

Notes forming part of the Accounts (contd.)

NOTE [N]

Employee benefits expense

Particulars	2011-2012 ₹ crore	2011-2012 ₹ crore	*2010-2011 ₹ crore*	*2010-2011 ₹ crore*
Salaries, wages and bonus		2861.58		*2122.33*
Contribution to and provision for:				
Provident funds and pension fund	102.39		*90.97*	
Superannuation/ employee pension schemes [including provision ₹ 17.97 crore *(previous year: ₹ 17.08 crore)*]	28.04		*66.34*	
Gratuity funds [Note no.Q(8)(b)] [including provision ₹ 0.01 crore *(previous year: ₹ 0.34 crore)*]	53.38		*29.50*	
		183.81		*186.81*
Expenses on Employee Stock Option Schemes [Note no.A(VIII)(e)(ii)]		156.73		*156.53*
Insurance expenses-Medical and others [Note no.O(I)]		40.10		*20.60*
Staff welfare expenses		421.23		*343.81*
		3663.45		*2830.08*

[Refer Note no.L(I) for employee benefit expeneses netted off]

NOTE [O]

Sales, administration and other expenses

Particulars	2011-2012 ₹ crore	2011-2012 ₹ crore	*2010-2011 ₹ crore*	*2010-2011 ₹ crore*
Power and fuel [Note no.O(I)]		49.10		*37.36*
Packing and forwarding [Note no.O(I)]		103.70		*124.04*
Professional fees		171.63		*140.75*
Insurance [Note no.O(I)]		9.11		*9.02*
Rent [Note no.O(I)]		96.74		*82.73*
Rates and taxes [Note no.O(I)]		38.46		*33.60*
Travelling and conveyance [Note no.O(I)]		181.62		*166.16*
Repairs to buildings [Note no.O(I)]		21.14		*14.05*
General repairs and maintenance [Note no.O(I)]		169.29		*127.70*
Directors' fees		0.30		*0.37*
Telephone, postage and telegrams		83.04		*71.13*
Advertising and publicity		76.86		*78.47*
Stationery and printing		37.85		*33.60*
Commission:				
Distributors and agents	29.21		*28.77*	
Others	17.00		*37.27*	
		46.21		*66.04*
Bank charges		34.75		*25.98*
Carried Forward		1119.80		*1011.00*

Notes forming part of the Accounts (contd.)

NOTE [O]

Sales, administration and other expenses *(contd.)*

Particulars	2011-2012		*2010-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Brought Forward		1119.80		*1011.00*
Miscellaneous expenses [Note no.O(I)]		289.91		*245.94*
Bad debts and advances written off	41.40		*132.82*	
Less: Allowance for doubtful debts and advances written back	31.30		*97.50*	
		10.10		*35.32*
Company's share in loss of integrated joint ventures [Note no.Q(14)(b)]		23.99		*68.62*
Discount on sales		58.43		*71.84*
Allowance for doubtful debts and advances (net)		180.11		*114.38*
Provision/(reversal) for foreseeable losses on construction contracts		42.86		*(8.61)*
Provision/(reversal) for diminution in value of investments (net)		(6.44)		*13.79*
Exchange (gain)/loss (net)		458.55		*192.51*
Other provisions [Note no.Q(15)(a)]		45.72		*233.03*
		2223.03		*1977.82*

O(I) Aggregation of expenses disclosed vide notes M, N and O in respect of specific items is as follows:

₹ crore

Sr No.	Nature of expenses	2011-2012				*2010-2011*			
		Note no. M	Note no. N	Note no. O	Total	*Note no. M*	*Note no. N*	*Note no. O*	*Total*
1	Power and fuel	638.79	–	49.10	687.89	*420.27*	*–*	*37.36*	*457.63*
2	Packing & forwarding	210.75	–	103.70	314.45	*183.19*	*–*	*124.04*	*307.23*
3	Insurance	121.63	40.10	9.11	170.84	*146.44*	*20.60*	*9.02*	*176.06*
4	Rent	207.97	–	96.74	304.71	*138.15*	*–*	*82.73*	*220.88*
5	Rates & taxes	186.40	–	38.46	224.86	*67.81*	*–*	*33.60*	*101.41*
6	Travelling and conveyance	529.29	–	181.62	710.91	*396.87*	*–*	*166.16*	*563.03*
7	Repairs to buildings	12.68	–	21.14	33.82	*14.62*	*–*	*14.05*	*28.67*
8	General repairs and maintenance	177.59	–	169.29	346.88	*135.27*	*–*	*127.70*	*262.97*
9	Miscellaneous expenses	298.02	–	289.91	587.93	*249.12*	*–*	*245.94*	*495.06*

NOTE [P]

Finance costs

Particulars	2011-2012	*2010-2011*
	₹ crore	*₹ crore*
Interest expenses	604.11	*613.20*
Other borrowing costs	6.14	*6.05*
Exchange loss (attributable to finance costs)	55.85	*–*
	666.10	*619.25*

Notes forming part of the Accounts (contd.)

Q(1) The Balance Sheet as on March 31, 2012 and the Statement of Profit and Loss for the year ended March 31, 2012 are drawn and presented as per the new format prescribed under Schedule VI to the Companies Act, 1956 applicable for the financial year commencing from April 1, 2011. The amounts pertaining to the previous year have been recast to conform with the new format.

Q(2) Particulars in respect of loans and advances in the nature of loans as required by the listing agreement:

₹ crore

Name of the company			Balance as at		Maximum outstanding during	
			31.03.2012	*31.03.2011*	2011-2012	*2010-2011*
(a)	Loans and advances in the nature of loans given to subsidiaries:					
	1	Larsen & Toubro Infotech Limited	–	*100.00*	101.48	*100.00*
	2	L&T FinCorp Limited	–	*–*	–	*125.02*
	3	Bhilai Power Supply Company Limited	7.19	*7.19*	7.19	*7.19*
	4	Tractor Engineers Limited	24.25	*49.00*	49.00	*66.00*
	5	L&T Finance Limited	–	*–*	100.05	*1,700.00*
	6	L&T Capital Company Limited	103.50	*103.50*	103.50	*510.50*
	7	L&T Seawoods Private Limited	256.20	*–*	256.20	*–*
	8	L&T Infrastructure Development Projects Limited	–	*240.00*	253.29	*240.00*
	9	L&T Infrastructure Finance Company Limited	–	*152.58*	231.32	*390.00*
	10	L&T Realty Limited	465.00	*292.00*	1,002.08	*292.00*
	11	L&T Arun Excello IT SEZ Private Limited	159.92	*145.00*	159.93	*145.10*
	12	L&T Arun Excello Commercial Projects Private Limited	27.57	*25.00*	27.57	*25.02*
	13	L&T Power Limited	–	*–*	–	*152.15*
	14	L&T Finance Holdings Limited	–	*356.00*	470.37	*356.00*
	15	L&T Shipbuilding Limited	168.01	*74.41*	182.46	*74.41*
	16	L&T Special Steels & Heavy Forgings Private Limited	–	*–*	–	*50.00*
	17	L&T Transportation Infrastructure Limited	–	*–*	–	*150.00*
	18	L&T Uttaranchal Hydropower Limited	–	*50.00*	264.90	*50.00*
	19	Nabha Power Limited	–	*–*	–	*291.18*
	20	Narmada Infrastructure Construction Enterprise Limited	–	*–*	–	*50.00*
	21	L&T Sapura Offshore Private Limited	25.26	*–*	25.26	*–*
	22	L&T Rajkot-Vadinar Tollway Limited	–	*–*	39.02	*–*
	23	PNG Tollway Limited	13.14	*–*	13.14	*–*
	Total		1250.04	*1594.68*		
(b)	Loans and advances in the nature of loans where repayment schedule is not specified/is beyond 7 years :					
	1	L&T Shipbuilding Limited	168.00	*74.41*	182.46	*74.41*
	2	PNG Tollway Limited	13.00	*–*	13.14	*–*
	3	Bhilai Power Supply Company Limited	7.19	*7.19*	7.19	*7.19*
	Total		188.19	*81.60*		
(c)	Loans and advances in the nature of loans where interest is not charged or charged below bank rate:					
	1	Tractor Engineers Limited	–	*49.00*	49.00	*66.00*
	2	L&T Capital Company Limited	103.50	*103.50*	103.50	*510.50*
	3	L&T Realty Limited	200.00	*292.00*	796.00	*292.00*
	4	L&T Seawoods Private Limited	256.20	*–*	256.20	*–*
	5	Bhilai Power Supply Company Limited	7.19	*7.19*	7.19	*7.19*
	Total		566.89	*451.69*		

Note: Loans to employees (including directors) under various schemes of the Company (such as housing loan, furniture loan, education loan, etc.) have been considered to be outside the purview of disclosure requirements.

Notes forming part of the Accounts (contd.)

Q(3) Exceptional Items [accounting policy no.R(4)]:

Exceptional items for the year ended March 31, 2012 include profit of ₹ 55.00 crore on sale of the Company's part stake in Raykal Aluminium Company Private Limited.

Exceptional items for the year ended March 31, 2011 include the following:

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.

Q(4) The expenditure on research and development activities recognised as expense in the Statement of Profit and Loss is ₹ 78.14 crore *(previous year: ₹ 68.26 crore)*. Further, the Company has incurred capital expenditure on research and development activities as follows:

(a) on tangible assets of ₹ 17.17 crore *(previous year: ₹ 16.67 crore)*

(b) on intangible assets being expenditure on new product development of ₹ 38.58 crore *(previous year: ₹ 22.72)* [accounting policy no.R(5)(b)] and

(c) on other intangible assets of ₹ 1.11 crore *(previous year: ₹ 1.33 crore)*.

In addition, the Company has carried out work of a developmental nature of ₹ 13.06 crore *(previous year: ₹ 16.46)* which is partially/ fully paid for by the customers.

Q(5) (a) Provision for current tax includes:

i. ₹ 8.32 crore in respect of income tax payable outside India *(previous year: ₹ 3.58 crore)*

ii. ₹ nil being provision for income tax in respect of earlier years *(previous year: ₹ 87.39 crore)*.

(b) Tax effect of ₹ 0.03 crore *(previous year: ₹ 0.62 crore)* on account of debenture issue expenses has been credited to securities premium account.

Q(6) Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts":

₹ crore

	Particulars	2011-2012	*2010-2011*
i)	Contract revenue recognised for the financial year [Note no.(K)]	45356.71	*36874.46*
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	118453.74	*88512.36*
iii)	Amount of customer advances outstanding for contracts in progress as at end of the financial year	9250.11	*9026.62*
iv)	Retention amounts due from customers for contracts in progress as at end of the financial year	4973.43	*3121.40*

Q(7) Disclosures pursuant to Accounting Standard (AS) 13 "Accounting for Investments"

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. 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%.

Notes forming part of the Accounts (contd.)

c. To National Highway Authority of India, to hold minimum 26% stake in L&T Samakhiali Gandhidham Tollway 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.

d. To National Highway Authority of India, to hold minimum 26% stake in PNG Tollway Limited till the commercial operations date.

e. To Gujarat State Road Development Corporation Limited:

  (i) to hold in L&T Ahmedabad-Maliya Tollway Limited and in L&T Halol - Shamlaji Tollway 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.

f. To Gujarat State Road Development Corporation Limited, to hold in L&T Rajkot - Vadinar Tollway 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.

g. To the lenders of L&T Ahmedabad-Maliya Tollway 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.

h. To the lenders of L&T Rajkot - Vadinar Tollway Limited (a subsidiary of the Company), not to divest control without the prior approval of the lenders or Gujarat State Road Development Corporation Limited.

i. 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.

j. 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.

k. 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.

l. 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 and

  (iii) minimum 26% or such lower stake as may be permitted by National Highway Authority of India during remaining concession period

m. To the lenders of PNG Tollway Limited, to hold minimum 51% equity stake PNG Tollway Limited, until final settlement date.

n. To the security trustee of the lenders of L&T Sapura Shipping Private Limited, not to sell or transfer equity stake without prior approval.

o. To hold 15,899 shares comprising 9.85% of the issued capital of International Seaport Dredging Limited till January 24, 2016.

p. 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.

q. 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.

Notes forming part of the Accounts (contd.)

r. To the Security Trustee of L&T Aviation Services Private Limited, to hold at least 51% stake, directly or indirectly, in L&T Aviation Services Private Limited, until any amount is outstanding under the Credit Facility Agreement.

s. 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.

Q(8) Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits".

i. Defined contribution plans: [accounting policy no.R(6)(b)(i)] Amount of ₹ 74.52 crore *(previous year: ₹ 89.62 crore)* is recognised as an expense and included in "employee benefits expense" (note no. N) in the Statement of Profit and Loss.

ii. Defined benefit plans: [accounting policy no.R(6)(b)(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 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*
A) Present value of defined benefit obligation:								
Wholly funded	340.22	*335.49*	–	*–*	–	*–*	1526.04	*1396.21*
Wholly unfunded	0.85	*0.84*	88.44	*92.92*	184.67	*162.89*	18.68	*–*
	341.07	*336.33*	88.44	*92.92*	184.67	*162.89*	1544.72	*1396.21*
Less: Fair value of plan assets	291.66	*308.38*	–	*–*	–	*–*	1507.47	*1369.08*
Less: Unrecognised past service costs	–	*–*	1.43	*1.61*	0.64	*0.75*	–	*–*
Amount to be recognised as liability or (asset)	49.41	*27.95*	87.01	*91.31*	184.03	*162.14*	37.25	*27.13*
B) Amounts reflected in the Balance Sheet								
Liabilities	49.41	*27.95*	87.01	*91.31*	184.03	*162.14*	37.32	*29.56*
Assets	–	*–*	–	*–*	–	*–*	–	*–*
Net liability/(asset)	49.41	*27.95*	87.01	*91.31*	184.03	*162.14*	37.32	*29.56*
Net liability/(asset) - current	49.41	*27.95*	4.83	*6.54*	9.84	*4.83*	18.64#	*29.56#*
Net liability/(asset) - non-current	–	*–*	82.18	*84.77*	174.19	*157.31*	18.68	*–*

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*
1 Current service cost	24.25	*21.37*	5.95	*4.74*	5.12	*3.60*	79.67$	*74.18$*
2 Interest cost	24.90	*24.27*	7.75	*6.66*	13.27	*11.08*	110.70	*117.57*
3 Expected (return) on plan assets	(20.80)	*(19.70)*	–	*–*	–	*–*	(110.70)	*(117.57)*
4 Actuarial losses/(gains)	21.08	*1.20*	(13.26)	*4.43*	12.54	*16.15*	11.57	*11.42*
5 Past service cost	–	*0.38*	0.18	*0.51*	0.11	*0.11*	–	*–*
6 Actuarial gain/(loss) not recognised in books	–	*–*	–	*–*	–	*–*	7.11	*(1.83)*
Total (1 to 6)	49.43	*27.52*	0.62	*16.34*	31.04	*30.94*	98.35	*83.77*
I Amount included in "employee benefits expense"	53.38	*29.50*	0.06	*11.24*	27.12	*21.50*	79.67	*74.18*
II Amount included as part of "Interest"	(5.56)	*(1.98)*	0.56	*5.10*	2.59	*9.44*	18.68	*9.59*
III Amount recovered from S&A Companies	1.61	*–*	–	*–*	1.33	*–*	–	*–*
Total (I + II + III)	49.43	*27.52*	0.62	*16.34*	31.04	*30.94*	98.35	*83.77*
Actual return on plan assets	20.70	*24.18*	–	*–*	–	*–*	117.81	*106.15*

Notes forming part of the Accounts (contd.)

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*
Opening 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*
Add: Current service cost	24.25	*21.37*	5.95	*4.74*	5.12	*3.60*	79.67$	*74.18$*
Add: Interest cost	24.90	*24.27*	7.75	*6.66*	13.27	*11.08*	110.70	*117.57*
Add: Contribution by plan participants								
i) Employer	–	–	–	–	–	–	–	–
ii) Employee	–	–	–	–	–	–	150.63	*135.30*
iii) Transfer-in/(out)	(2.03)~	*(1.73)~*	–	–	–	–	–	–
Add/(less): Actuarial losses/(gains)	20.98	*5.68*	(13.26)	*4.43*	12.54	*16.15*	18.68	–
Less: Benefits paid	(63.36)	*(34.05)*	(4.92)	*(4.02)*	(9.15)	*(4.41)*	(211.17)	*(130.61)*
Add: Past service cost	–	*0.38*	–	*0.83*	–	–	–	–
Closing balance of the present value of defined benefit obligation	341.07	*336.33*	88.44	*92.92*	184.67	*162.89*	1544.72	*1396.21*

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 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*
Opening balance of the fair value of the plan assets	308.38	*279.30*	1369.08	*1186.01*
Add: Expected Return on plan assets*	20.80	*19.70*	110.70	*117.57*
Add/(Less): Actuarial gains/(losses)	(0.10)	*4.48*	7.11	*(11.42)*
Add: Contribution by the employer	25.94	*41.31*	83.29	*74.46*
Add/(less): Transfer in/(out)	–	*(2.36)*	–	–
Add: Contribution by plan participants	–	–	148.46	*133.07*
Less: Benefits paid	(63.36)	*(34.05)*	(211.17)	*(130.61)*
Closing balance of the plan assets	291.66	*308.38*	1507.47	*1369.08*

Notes: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

* Basis used to determine the overall expected return:

The trust formed by the Company manages the investments of provident funds and gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year. Refer Note no.Q(8)(ii)(f)(7) below.

The Company expects to fund ₹ 48.56 crore *(previous year: ₹ 27.11 crore)* towards its gratuity plan and ₹ 84.45 crore *(previous year: ₹ 78.63 crore)* towards its trust-managed provident fund plan during the year 2012-2013.

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) ₹ (2.03) crore *(previous year: ₹ (1.73) crore)*

Notes forming part of the 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 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*
Government of India securities	35%	*34%*	24%	*24%*
State government securities	10%	*10%*	12%	*12%*
Corporate bonds	16%	*13%*	7%	*7%*
Equity shares of listed companies	3%	*2%*	–	*–*
Fixed deposits under special deposit scheme framed by central government for provident funds	–	*9%*	17%	*19%*
Insurer managed funds	1%	*1%*	–	*–*
Public sector unit bonds	29%	*28%*	40%	*38%*
Others	6%	*3%*	–	*–*

f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	As at 31-3-2012	*As at 31-3-2011*
1 Discount rate:		
a) Gratuity plan	8.59%	*8.11%*
b) Company pension plan	8.59%	*8.11%*
c) Post-retirement medical benefit plan	8.59%	*8.11%*
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%	*5.00%*
b) Company pension plan	6.00%	*6.00%*

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 6%)* 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 Statement of Profit and Loss 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	
	2011-2012	*2010-2011*	2011-2012	*2010-2011*
Effect on the aggregate of the service cost and interest cost	2.15	*1.49*	(1.67)	*(2.02)*
Effect on defined benefit obligation	8.74	*8.94*	(7.02)	*(7.00)*

Notes forming part of the Accounts (contd.)

g) The amounts pertaining to defined benefit plans are as follows:

₹ crore

Particulars	As at 31-3-2012	*As at 31-3-2011*	*As at 31-3-2010*	*As at 31-3-2009*	*As at 31-3-2008*
1 Post-retirement medical benefit plan (unfunded)					
Defined benefit obligation	87.01	*91.31*	*78.99*	*70.97*	*56.67*
Experience adjustment plan liabilities	(6.60)	*7.91*	*5.73*	*1.13*	*2.66*
2 Gratuity plan (funded/unfunded)					
Defined benefit obligation	341.07	*336.33*	*320.41*	*272.93*	*231.02*
Plan assets	291.66	*308.38*	*279.30*	*244.71*	*203.42*
Surplus/(deficit)	(49.41)	*(27.95)*	*(41.11)*	*(28.22)*	*(27.60)*
Experience adjustment plan liabilities	30.52	*30.00*	*30.67*	*8.38*	*16.44*
Experience adjustment plan assets	(0.45)	*4.48*	*2.21*	*13.13*	*6.25*
3 Company pension plan (unfunded)					
Defined benefit obligation	184.03	*162.14*	*135.61*	*151.80*	*151.35*
Experience adjustment plan liabilities	23.21	*17.46*	*(4.11)*	*(6.89)*	*26.87*
4 Trust managed provident fund plan (funded/unfunded)					
Defined benefit obligation	1544.72	*1396.21*	*1199.77*	*1001.10*	*903.75*
Plan assets	1507.47	*1369.08*	*1186.01*	*1017.06*	*904.29*
Surplus/(deficit)	(37.25)	*(27.13)*	*(13.76)*	*15.96*	*0.54*

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 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.

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 recognized immediately in the Statement of Profit and Loss as actuarial loss. Any loss/gain arising out of the investment

Notes forming part of the Accounts (contd.)

risk and actuarial risk associated with the plan is also recognized as expense or income in the period in which such loss/gain occurs. Further, an amount of ₹ 18.68 crore has been provided based on actuarial valuation towards the future obligation arising out of interest rate guarantee associated with the plan.

Q(9) Disclosures pursuant to Accounting Standard (AS) 17 "Segment Reporting"

a) Information about business segments (information provided in respect of revenue items for the year ended March 31, 2012 and in respect of assets/liabilities as at March 31, 2012 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	46768.09	*37916.48*	3250.54	*2998.18*	2774.60	*2721.70*	944.55	*659.75*	–	*–*	53737.78	*44296.11*
Inter-segment	210.73	*307.08*	328.89	*212.83*	79.22	*71.10*	18.47	*–*	(637.31)	*(591.01)*	–	*–*
Total revenue	46978.82	*38223.56*	3579.43	*3211.01*	2853.82	*2792.80*	963.02	*659.75*	(637.31)	*(591.01)*	53737.78	*44296.11*
Result												
Segment result	5392.52	*4744.07*	364.21	*399.43*	491.68	*530.47*	190.33	*118.01*	–	*–*	6438.74	*5791.98*
Inter-segment margins on capital jobs											(25.42)	*(12.39)*
											6413.32	*5779.59*
Unallocated corporate income/ (expenditure) (net)											(5.83)	*334.38*
Operating profit (PBIT)											6407.49	*6113.97*
Interest expense											(666.10)	*(619.25)*
Interest income											568.94	*335.91*
Profit before tax (PBT)											6310.33	*5830.63*
Provision for current tax											(1814.13)	*(1776.58)*
Provision for deferred tax											(39.70)	*(167.00)*
Profit after tax (before extraordinary items)											4456.50	*3887.05*
Profit from extraordinary items											–	*70.84*
Profit after tax (after extraordinary items)											4456.50	*3957.89*
Other information												
Segment assets	39026.71	*31318.54*	2460.91	*2159.75*	1609.45	*1447.92*	897.19	*678.43*			43994.26	*35604.64*
Unallocable corporate assets											23698.70	*21505.36*
Total assets											67692.96	*57110.00*
Segment liabilities	28219.40	*23785.08*	1097.46	*973.57*	908.49	*977.69*	297.24	*135.93*			30522.59	*25872.27*
Unallocable corporate liabilities											11947.35	*9391.47*
Total liabilities											42469.94	*35263.74*
Capital expenditure	1208.32	*1327.64*	170.45	*169.20*	29.50	*28.76*	101.88	*25.88*				
Depreciation (including amortisation and obsolescence) included in segment expense	531.11	*418.33*	65.91	*102.95*	33.73	*33.40*	20.81	*11.82*				
Non-cash expenses other than depreciation included in segment expense	156.98	*143.51*	8.41	*9.02*	5.97	*6.60*	12.88	*5.42*				

Notes forming part of the Accounts (contd.)

(ii) Secondary segments (geographical segments):

₹ crore

Particulars	Domestic		Overseas		Total	
	CY	*PY*	CY	*PY*	CY	*PY*
External revenue by location of customers	47308.33	*39634.71*	6429.45	*4661.40*	53737.78	*44296.11*
Carrying amount of segment assets by location of assets	39967.78	*32531.74*	4026.48	*3072.90*	43994.26	*35604.64*
Cost incurred on acquisition of tangible and intangible fixed assets	1447.34	*1524.04*	62.81	*27.44*	1510.15	*1551.48*

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.
- **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.

Q(10) Disclosure of related parties/related party transactions pursuant to Accounting Standard (AS) 18 "Related Party Disclosures"

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	Tractor Engineers Limited	Wholly owned Subsidiary	Yes
2	Bhilai Power Supply Company Limited	Subsidiary*	Yes
3	L&T-Sargent & Lundy Limited	Subsidiary*	Yes
4	Spectrum Infotech Private Limited	Wholly owned Subsidiary	Yes
5	L&T-Valdel Engineering Limited	Wholly owned Subsidiary	Yes
6	L&T Shipbuilding Limited	Wholly owned Subsidiary	Yes
7	L&T Electricals and Automation Limited	Wholly owned Subsidiary	Yes
8	HI Tech Rock Products & Aggregates Limited	Wholly owned Subsidiary	Yes

Notes forming part of the Accounts (contd.)

Sr. No.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
9	L&T Seawoods Private Limited	Wholly owned Subsidiary	Yes
10	L&T-Gulf Private Limited	Subsidiary*	Yes
11	L&T - MHI Boilers Private Limited	Subsidiary*	Yes
12	L&T - MHI Turbine Generators Private Limited	Subsidiary*	Yes
13	Raykal Aluminium Company Private Limited	Subsidiary*	Yes
14	L&T Natural Resources Limited	Wholly owned Subsidiary	Yes
15	L&T Plastics Machinery Limited	Wholly owned Subsidiary	Yes
16	L&T Technologies Limited	Wholly owned Subsidiary	Yes
17	L&T Special Steels and Heavy Forgings Private Limited	Subsidiary*	Yes
18	PNG Tollway Limited	Subsidiary*	Yes
19	L&T Rajkot - Vadinar Tollway Limited	Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
20	Kesun Iron & Steel Company Private Limited	Subsidiary*	Yes
21	L&T Howden Private Limited	Subsidiary*	Yes
22	L&T Solar Limited	Wholly owned Subsidiary	Yes
23	L&T Sapura Shipping Private Limited	Subsidiary*	Yes
24	L&T Sapura Offshore Private Limited	Subsidiary*	Yes
25	L&T PowerGen Limited	Wholly owned Subsidiary	Yes
26	Ewac Alloys Limited	Wholly owned Subsidiary	Yes
27	L&T Kobelco Machinery Private Limited	Subsidiary*	Yes
28	L&T Infra & Property Development Private Limited $$	Wholly owned Subsidiary	No
29	L&T Realty Limited (formerly known as L&T Realty Private Limited)	Wholly owned Subsidiary	Yes
30	L&T Asian Realty Project LLP	Subsidiary of L&T Realty Limited	Yes
31	L&T Parel Project LLP	Wholly owned Subsidiary of L&T Realty Limited	No
32	Chennai Vision Developers Private Limited	Wholly owned Subsidiary of L&T Realty Limited	Yes
33	L&T Urban Infrastructure Limited	Wholly owned Subsidiary of L&T Realty Limited	Yes
34	L&T South City Projects Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
35	L&T Siruseri Property Developers Limited	Subsidiary of L&T South City Projects Limited	No
36	L&T Vision Ventures Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
37	L&T Tech Park Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
38	L&T Bangalore Airport Hotel Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
39	CSJ Infrastructure Private Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
40	L&T Arun Excello Commercial Projects Private Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
41	L&T Arun Excello IT SEZ Private Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
42	L&T Power Limited	Subsidiary*	Yes
43	L&T Cassidian Limited	Subsidiary*	Yes
44	L&T General Insurance Company Limited	Wholly owned Subsidiary	Yes
45	L&T Aviation Services Private Limited	Wholly owned Subsidiary	Yes
46	L&T Infocity Limited	Subsidiary*	Yes
47	L&T Hitech City Limited	Subsidiary of L&T Infocity Limited #	Yes
48	Hyderabad International Trade Expositions Limited	Subsidiary of L&T Infocity Limited #	Yes
49	Larsen & Toubro Infotech Limited	Wholly owned Subsidiary	Yes
50	GDA Technologies Limited	Wholly owned Subsidiary of GDA Technologies Inc.	No

Notes forming part of the Accounts (contd.)

Sr. No.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
51	L&T Finance Holdings Limited	Subsidiary*	Yes
52	L&T Finance Limited	Subsidiary of L&T Finance Holdings Limited #	Yes
53	L&T Investment Management Limited	Subsidiary of L&T Finance Limited #	Yes
54	L&T Mutual Fund Trustee Limited	Subsidiary of L&T Finance Limited #	No
55	L&T FinCorp Limited (formerly known as India Infrastructure Developers Limited)	Wholly owned Subsidiary of L&T Finance Holdings Limited #	Yes
56	L&T Infrastructure Finance Company Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited #	Yes
57	L&T Infra Investment Partners Advisory Private Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited #	No
58	L&T Infra Investment Partners Trustee Private Limited	Wholly owned Subsidiary of L&T Infrastructure Finance Company Limited #	No
59	L&T Unnati Finance Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited #	No
60	L&T Access Financial Advisory Services Private Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited #	No
61	L&T Capital Company Limited	Wholly owned Subsidiary	Yes
62	L&T Trustee Company Private Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
63	L&T Power Development Limited	Wholly owned Subsidiary	Yes
64	L&T Uttaranchal Hydropower Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
65	L&T Arunachal Hydropower Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
66	L&T Himachal Hydropower Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
67	Nabha Power Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
68	L&T Infrastructure Development Projects Limited	Subsidiary *	Yes
69	L&T Panipat Elevated Corridor Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
70	Narmada Infrastructure Construction Enterprise Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
71	L&T KrishnagiriThopur Toll Road Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
72	L&T Western Andhra Tollways Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
73	L&T Vadodara Bharuch Tollway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
74	L&T Transportation Infrastructure Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
75	L&T Western India Tollbridge Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
76	L&T Interstate Road Corridor Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
77	International Seaports (India) Private Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
78	L&T Port Kachchigarh Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	No
79	L&T Ahmedabad - Maliya Tollway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
80	L&T Halol - Shamlaji Tollway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
81	L&T Krishnagiri Walajahpet Tollway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
82	L&T Devihalli Hassan Tollway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
83	L&T Metro Rail (Hyderabad) Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
84	L&T Transco Private Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
85	L&T Chennai – Tada Tollway Limited	Subsidiary of L&T Transco Private Limited	Yes
86	L&T BPP Tollway Limited (formerly known as BPP Tollway Private Limited)	Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
87	L&T Deccan Tollways Limited	Subsidiary of L&T Infrastructure Development Projects Limited #	No
88	Sutrapada SEZ Developers Limited @@	Wholly owned Subsidiary of L&T Transco Private Limited	No
89	Sutrapada Shipyard Limited @@	Wholly owned Subsidiary of L&T Transco Private Limited	No
90	L&T Samakhiali Gandhidham Tollway Limited (formerly known as L&T Samakhiali Gandhidham Tollway Private Limited)	Wholly owned Subsidiary of L&T Transco Private Limited	Yes
91	Larsen & Toubro LLC	Wholly owned Subsidiary	Yes

Notes forming part of the Accounts (contd.)

Sr. No.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
92	Larsen & Toubro Infotech, GmbH	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	No
93	Larsen & Toubro Infotech Canada Limited	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	No
94	Larsen & Toubro Infotech LLC	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	No
95	L&T Infotech Financial Services Technologies Inc.	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	No
96	GDA Technologies Inc.	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	Yes
97	L&T Infrastructure Development Projects Lanka (Private) Limited	Subsidiary of L&T Infrastructure Development Projects Limited #	No
98	Peacock Investments Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
99	Mango Investments Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
100	Lotus Infrastructure Investments Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
101	L&T Real Estate India Fund	Wholly owned Subsidiary of L&T Capital Company Limited	No
102	L&T Asset Management Company Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
103	L&T Realty FZE	Wholly owned Subsidiary of L&T Realty Limited	No
104	Larsen & Toubro International FZE	Wholly owned Subsidiary	Yes
105	Larsen & Toubro (Oman) LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
106	Larsen & Toubro Electromech LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
107	L&T Modular Fabrication Yard LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
108	Larsen & Toubro (East Asia) SDN.BHD ##	Subsidiary of Larsen & Toubro International FZE ##	Yes
109	Larsen & Toubro Qatar LLC ##	Subsidiary of Larsen & Toubro International FZE ##	No
110	L&T Overseas Projects Nigeria Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	No
111	L&T Electricals Saudi Arabia Company Limited, LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
112	Larsen & Toubro Kuwait Construction General Contracting Company, WLL ##	Subsidiary of Larsen & Toubro International FZE ##	Yes
113	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
114	Qingdao Larsen & Toubro Trading Company Limited	Wholly owned Subsidiary of Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	No
115	Larsen & Toubro (Jiangsu) Valve Company Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
116	Larsen & Toubro Readymix Concrete Industries LLC ##	Subsidiary of Larsen & Toubro International FZE ##	Yes
117	Larsen & Toubro Saudi Arabia LLC	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
118	Larsen & Toubro (Wuxi) Electric Company Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
119	Larsen & Toubro ATCO Saudia Company LLC ##	Subsidiary of Larsen & Toubro International FZE ##	Yes
120	TAMCO Switchgear (Malaysia) SDN. BHD	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
121	TAMCO Electrical Industries Pty Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	No
122	PT TAMCO Indonesia	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
123	Larsen & Toubro Heavy Engineering LLC	Subsidiary of Larsen & Toubro International FZE #	No
124	Offshore International FZC****	Subsidiary of Larsen & Toubro International FZE #	No
125	L&T Electrical & Automation FZE	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
126	Pathways FZE@@@	Wholly owned Subsidiary of Larsen & Toubro International FZE	No
127	Larsen & Toubro Consultoria E Projeto Ltda	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
128	Larsen & Toubro TandD SA Pty Limited	Subsidiary of Larsen & Toubro International FZE #	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 Parent Company, together with its subsidiaries controls the composition of the Board of Directors.

$$ 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 is under liquidation and its name is struck off from the register of ROC u/s 560(5) of the Companies Act, 1956 on October 14, 2011

@@@ The Company has been wound up w.e.f. November 9, 2011

**** The Company is under liquidation pursuant to shareholder's approval dated April 26, 2011

Notes forming part of the Accounts (contd.)

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	Salzer Electronics Limited
3	L&T-Chiyoda Limited	4	L&T-Komatsu Limited
5	L&T-Ramboll Consulting Engineers Limited	6	Feedback Infrastructure Services Private Limited (formerly known as Feedback Ventures Private Limited)
7	JSK Electricals Private Limited	8	Magtorq Private Limited
Joint ventures (other than associates):			
1	International Metro Civil Contractors Joint Venture	2	Bauer-L&T Diaphragm Wall Joint Venture
3	Chennai Metro Rail 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- SUCG Joint Venture
9	L&T-AM Tapovan Joint Venture	10	HCC-L&T Purulia Joint Venture
11	The Dhamra Port Company Limited	12	Metro Tunnelling Delhi

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. K. Venkataramanan (Whole-time Director) Mrs. Jyothi Venkataramanan (wife)
3	Mr. Y. M. Deosthalee (Whole-time Director)^	4	Mr. K. V. Rangaswami (Whole-time Director)^^
5	Mr. V. K. Magapu (Whole-time Director)	6	Mr. M. V. Kotwal (Whole-time Director)
7	Mr. Ravi Uppal (Whole-time Director)	8	Mr. S. N. Subrahmanyan (Whole-time Director)~
9	Mr. R. Shankar Raman (Whole-time Director) $	10	Mr. S. N. Roy (Whole-time Director) @

^ Up to September 5, 2011
^^ Up to June 30, 2011
~ W.e.f. July 1, 2011
$ W.e.f October 1, 2011
@ W.e.f March 9, 2012

iii. Disclosure of related party transactions:

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	*2010-2011 Amount*	*2010-2011 Amounts for major parties*
1	Purchase of goods & services (including commission paid)				
	Subsidiaries, including:	3384.26		*2330.09*	
	L&T - MHI Boilers Private Limited		1438.86		*382.69*
	L&T-MHI Turbine Generators Private Limited		1224.75		*1126.48*
	L&T Modular Fabrication Yard LLC		–		*235.12*
	Associates & joint ventures, including:	746.39		*727.63*	
	Audco India Limited		493.83		*426.72*
	EWAC Alloys Limited		–		*79.08*
	Salzer Electronics Limited		106.44		*108.71*
	Total	4130.65		*3057.72*	

Notes forming part of the Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	2010-2011 Amount	2010-2011 Amounts for major parties
2	Sale of goods/contract revenue & services				
	Subsidiaries, including:	5928.13		3812.82	
	Nabha Power Limited		2069.94		436.01
	L&T Shipbuilding Limited		692.60		794.64
	L&T Ahmedabad - Maliya Tollway Limited		–		537.19
	L&T Halol-Shamlaji Tollway Limited		–		453.61
	Associates & joint ventures, including:	100.68		221.53	
	The Dhamra Port Company Limited		99.97		218.84
	Total	6028.81		4034.35	
3	Purchase/lease of fixed assets				
	Subsidiaries, including:	41.20		63.59	
	L&T Shipbuilding Limited		24.68		50.25
	Larsen & Toubro International FZE		–		6.55
	EWAC Alloys Limited		10.38		–
	Associates & joint ventures, including:	1.74		3.99	
	L&T-Komatsu Limited		1.74		–
	L&T-Case Equipment Private Limited		–		3.81
	Total	42.94		67.58	
4	Sale of fixed assets				
	Subsidiaries, including:	65.59		2.95	
	L&T Special Steels and Heavy Forgings Private Limited		26.41		–
	L&T-MHI Turbine Generators Private Limited		19.61		–
	L&T - MHI Boilers Private Limited		13.45		–
	L&T Shipbuilding Limited		–		2.67
	Associates & joint ventures, including:	–		0.32	
	Audco India Limited		–		0.31
	Total	65.59		3.27	
5	Subscription to equity and preference shares (including application money paid and Investment in joint ventures)				
	Subsidiaries, including:	1651.29		1091.50	
	L&T Infrastructure Development Projects Limited		1339.66		–
	L&T Power Development Limited		–		410.00
	L&T Finance Holdings Limited		–		150.00
	L&T General Insurance Company Limited		–		171.00
	L&T Special Steels and Heavy Forgings Private Limited		–		111.00
	Associates & joint ventures, including:	86.00		12.78	
	L&T-AM Tapovan Joint Venture		71.33		–
	Metro Tunneling Group		–		7.51
	L&T-Hochtief Seabird Joint Venture		–		2.66
	L&T-SUCG Joint Venture		–		1.84
	Total	1737.29		1104.28	

Notes forming part of the Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	*2010-2011 Amount*	*2010-2011 Amounts for major parties*
6	Purchase of investments from				
	Subsidiaries, including:	906.19		*643.75*	
	L&T Infrastructure Development Projects Limited		16.02		*–*
	L&T Capital Company Limited		890.17		*490.65*
	L&T Power Limited		–		*153.10*
	Total	906.19		*643.75*	
7	Sale of investments to				
	Subsidiaries, including:	958.71		*618.41*	
	L&T Infrastructure Development Projects Limited		68.97		*128.30*
	L&T Capital Company Limited		889.74		*490.11*
	Total	958.71		*618.41*	
8	Buy back of shares by				
	Subsidiary:	2.40		*–*	
	L&T-Sargent & Lundy Limited		2.40		*–*
	Total	2.40		*–*	
9	Receiving of services from:				
	Subsidiaries, including:	71.16		*57.47*	
	Larsen & Toubro Infotech Limited		39.55		*44.66*
	L&T Aviation Services Private Limited		18.15		*–*
	Associates & joint ventures, including:	3.57		*0.61*	
	L&T-Chiyoda Limited		3.57		*0.61*
	Total	74.73		*58.08*	
10	Rent paid, including lease rentals under leasing/hire purchase arrangements including loss sharing on equipment finance				
	Subsidiaries, including:	4.29		*8.85*	
	L&T Finance Limited		2.84		*5.78*
	L&T Infocity Limited		1.26		*1.24*
	PNG Tollway Limited		–		*1.68*
	Associates & joint ventures, including:	0.86		*0.96*	
	EWAC Alloys Limited		–		*0.22*
	L&T-Komatsu Limited		0.86		*0.74*
	Key management personnel	0.02		*0.06*	
	Relatives of key management personnel	–		*0.24*	
	Total	5.17		*10.11*	
11	Charges for deputation of employees to related parties				
	Subsidiaries, including:	58.83		*53.96*	
	L&T Power Development Limited		10.30		*–*
	L&T-Valdel Engineering Limited		9.44		*9.26*
	Associates & joint ventures, including:	54.83		*56.58*	
	L&T-Chiyoda Limited		29.61		*22.03*
	Audco India Limited		13.86		*11.85*
	L&T-Komatsu Limited		7.52		*6.78*
	L&T-Case Equipment Private Limited		–		*9.36*
	Total	113.66		*110.54*	

Notes forming part of the Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	*2010-2011 Amount*	*2010-2011 Amounts for major parties*
12	Dividend received				
	Subsidiaries, including:	385.13		*187.35*	
	Larsen & Toubro Infotech Limited		254.78		*151.58*
	L&T Infocity Limited		115.34		–
	Associates & joint ventures, including:	22.58		*42.06*	
	L&T-Komatsu Limited		13.20		*14.40*
	EWAC Alloys Limited		–		*13.06*
	Audco India Limited		9.38		*8.60*
	L&T-Case Equipment Private Limited		–		*6.00*
	Total	407.71		*229.41*	
13	Commission received, including those under agency arrangements				
	Subsidiaries, including:	2.23		*1.39*	
	L&T (Qingdao) Rubber Machinery Company Limited		2.23		*0.85*
	EWAC Alloys Limited		–		*0.32*
	Tractor Engineers Limited		–		*0.23*
	Associates & joint ventures, including:	187.96		*157.05*	
	L&T-Komatsu Limited		187.96		*157.05*
	Total	190.19		*158.44*	
14	Rent received, overheads recovered and miscellaneous income				
	Subsidiaries, including:	275.82		*178.36*	
	Larsen & Toubro Infotech Limited		74.60		*53.00*
	Larsen & Toubro (Oman) LLC		43.01		*32.52*
	L&T-MHI Boilers Private Limited		48.59		–
	Associates & joint ventures, including:	5.61		*8.71*	
	Audco India Limited		0.70		–
	L&T-Chiyoda Limited		4.23		*3.47*
	L&T-Case Equipment Private Limited		–		*3.00*
	EWAC Alloys Limited		–		*1.09*
	Total	281.43		*187.07*	
15	Interest received from				
	Subsidiaries, including:	131.41		*88.66*	
	L&T Infrastructure Finance Company Limited		36.09		*41.64*
	L&T Infrastructure Development Limited		13.29		–
	L&T Uttaranchal Hydropower Limited		14.95		–
	L&T Shipbuilding Limited		14.46		–
	L&T Arun Excello IT SEZ Private Limited		16.58		*13.78*
	L&T Finance Holdings Limited		14.37		–
	L&T Finance Limited		–		*13.49*
	Associates & joint ventures, including:	26.99		*2.28*	
	The Dhamra Port Company Limited		26.99		*0.71*
	L&T - AM Tapovan Joint Venture		–		*1.57*
	Key management personnel	0.01		*0.03*	
	Total	158.41		*90.97*	
16	Interest paid to				
	Subsidiaries, including:	18.48		*37.24*	
	L&T Finance Limited		14.20		*24.95*
	L&T - MHI Boilers Private Limited		2.27		*7.75*
	Associate:	4.24		*14.61*	
	Audco India Limited		4.24		*14.61*
	Total	22.72		*51.85*	
17	Transfer of Business to:				
	Subsidiaries, including:	16.39		–	
	EWAC Alloys Limited		16.39		–
	Total	16.39		–	

Notes forming part of the Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	*2010-2011 Amount*	*2010-2011 Amounts for major parties*
18	Payment of salaries/perquisites (Other than commission)				
	Key management personnel:	20.91		*19.79*	
	A.M. Naik		2.68		*1.98*
	J. P. Nayak*		–		*1.11*
	Y. M. Deosthalee**		7.24		*1.98*
	K. Venkataramanan		1.59		*1.93*
	R. N. Mukhija		–		*8.72*
	K. V. Rangaswami***		3.75		*1.02*
	V. K. Magapu		1.32		*1.00*
	M. V. Kotwal		1.42		*1.61*
	Ravi Uppal		1.33		*0.44*
	S. N. Subrahmanyan#		0.93		–
	R. Shankar Raman ##		0.62		–
	S. N. Roy ###		0.03		–
	Total	20.91		*19.79*	
19	Commission to directors [Note Q (10) (iv)]@	53.45		*50.21*	
	Key management personnel :				
	A. M. Naik		53.45		*12.20*
	J. P. Nayak*				*6.10*
	Y. M. Deosthalee**				*6.11*
	K. Venkataramanan				*6.11*
	R. N. Mukhija				*3.12*
	K. V. Rangaswami***				*4.88*
	V. K. Magapu				*4.88*
	M. V. Kotwal				*4.89*
	Ravi Uppal				*1.92*
	S. N. Subrahmanyan#				–
	R. Shankar Raman ##				–
	S. N. Roy ###				–
	Total@	53.45		*50.21*	

* retired w.e.f. the close of working hours of March 31, 2011. Leave encashment of ₹ 6.47 crore payable on retirement was paid in current year

** retired w.e.f. the close of working hours of September 5, 2011

*** retired w.e.f. the close of working hours of June 30, 2011

\# appointed w.e.f. July 1, 2011

\## appointed w.e.f. October 1, 2011

\### appointed w.e.f. March 9, 2012

@ Commission to directors comprises:

₹ crore

Sr. no.	Particulars	2011-2012	*2010-2011*
1	Commission	42.08	*39.79*
2	Contribution to provident fund on commission	5.05	*4.45*
3	Contribution to superannuation fund on commission	6.32	*5.97*
	Total	53.45	*50.21*

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective period.

iv. The provision for commission to chairman and managing director and whole time directors disclosed in the financial statements represents the aggregate of the maximum amount of commission payable to each of these directors, as per the individual

Notes forming part of the Accounts (contd.)

contracts entered into with them. However, the amount of commission payable to each of them is yet to be finalized as per the commission structure approved by the board. The effect, if any, arising out of actual payment of commission being lower than the provision made, will be reckoned in 2012-2013.

v. Amount due to/from related parties

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2012 Amount	As at 31-3-2012 Amounts for major parties	*As at 31-3-2011 Amount*	*As at 31-3-2011 Amounts for major parties*
1	Accounts receivable				
	Subsidiaries, including:	1682.19		*584.73*	
	Nabha Power Limited		585.43		–
	L&T Ahmedabad-Maliya Tollway Limited		224.03		–
	L&T Rajkot - Vadinar Tollway Limited		172.02		–
	L&T Shipbuilding Limited		–		*106.13*
	L&T Chennai - Tada Tollway Limited		–		*83.00*
	L&T Halol Shamlaji Tollway Limited		–		*73.28*
	CSJ Infrastructure Private Limited		–		*67.46*
	Associates & joint ventures, including:	79.43		*105.74*	
	The Dhamra Port Company Limited		73.56		*102.08*
	Total	1761.62		*690.47*	
2	Accounts payable (including acceptance & interest accrued)				
	Subsidiaries, including:	1659.85		*467.45*	
	L&T-MHI Boilers Private Limited		874.44		–
	L&T - MHI Turbine Generators Private Limited		587.74		*167.63*
	L&T Sapura Offshore Private Limited		–		*74.60*
	L&T Modular Fabrication Yard LLC		–		*52.11*
	Associates & joint ventures, including:	205.95		*303.96*	
	Audco India Limited		134.69		*264.37*
	L&T-Chiyoda Limited		27.70		–
	Salzer Electronic Limited		20.80		–
	Total	1865.80		*771.41*	
3	Investment in Debt Securities				
	Subsidiaries, including:	211.83		*411.83*	
	L&T Infrastructure Finance Company Limited		174.85		*374.85*
	L&T Finance Limited		36.98		–
	Total	211.83		*411.83*	
4	Loans & advances recoverable				
	Subsidiaries, including:	2456.20		*3009.44*	
	L&T Seawoods Private Limited		257.01		–
	L&T-MHI Boilers Private Limited		468.43		*672.57*
	L&T Realty Private Limited		466.11		–
	L&T-MHI Turbine Generators Private Limited		359.05		*465.87*
	L&T Finance Holdings Limited		–		*356.00*
	Associates & joint ventures, including:	389.28		*194.52*	
	The Dhamra Port Company Limited		367.67		*140.14*
	L&T-AM Tapovan Joint Venture		–		*40.43*
	Key management personnel	0.29		*0.63*	
	Relatives of key management personnel	–		*0.12*	
	Total	2845.77		*3204.71*	

Notes forming part of the Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2012 Amount	As at 31-3-2012 Amounts for major parties	*As at 31-3-2011 Amount*	*As at 31-3-2011 Amounts for major parties*
5	Advances against equity contribution				
	Subsidiaries, including:	2382.08		*1709.63*	
	L&T Shipbuilding Limited		852.49		*623.08*
	L&T Seawoods Private Limited		781.99		*881.05*
	L&T Realty Private Limited		706.00		–
	Total	2382.08		*1709.63*	
6	Unsecured loans (including lease finance)				
	Subsidiaries, including:	405.58		*295.47*	
	L&T Infrastructure Development Projects Limited		178.00		–
	L&T Transportation Infrastructure Limited		155.00		–
	L&T Finance Limited		72.58		*101.07*
	L&T-MHI Turbine Generators Private Limited		–		*100.00*
	L&T-MHI Boilers Private Limited		–		*90.00*
	Total	405.58		*295.47*	
7	Advances received in the capacity of supplier of goods/services classified as "advances from customers" in the Balance Sheet				
	Subsidiaries including:	1603.34		*1856.19*	
	Nabha Power Limited		890.18		*1055.99*
	L&T Metro Rail (Hyderabad) Limited		168.16		*300.00*
	Total	1603.34		*1856.19*	
8	Due to whole-time directors [Note no.Q10(iv)]				
	Key management personnel :	42.08		*37.97*	
	A.M. Naik		42.08		*9.12*
	J. P. Nayak*				*4.81*
	Y. M. Deosthalee**				*4.56*
	K. Venkataramanan				*4.55*
	R. N. Mukhija				*2.47*
	K. V. Rangaswami***				*3.65*
	V. K. Magapu				*3.65*
	M. V. Kotwal				*3.65*
	Ravi Uppal				*1.51*
	S. N. Subrahmanyan#				–
	R. Shankar Raman ##				–
	S. N. Roy ###				–
	Total	42.08		*37.97*	

* retired w.e.f. the close of working hours of March 31, 2011. Leave encashment of ₹ 6.47 crore payable on retirement was paid in current year

** retired w.e.f. the close of working hours of September 5, 2011

*** retired w.e.f. the close of working hours of June 30, 2011

appointed w.e.f. July 1, 2011

appointed w.e.f. October 1, 2011

appointed w.e.f. March 9, 2012

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective period.

vi. 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

Notes forming part of the Accounts (contd.)

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 had the Selling Agency Agreement (SAA) from October 1, 2003 with EWAC Alloys Limited (EWAC), a wholly owned subsidiary company till June 30, 2011. As per the terms of agreement, the Company through its Welding Products Business Unit (WPBU), was authorised to purchase and sell the products in accordance with the prices and other conditions stipulated therein. The Company, effective July 1,2011 transferred the WPBU to EWAC along-with all employees on the asset transfer basis. WPBU now functions as the marketing arm of EWAC. Pursuant to transfer of WPBU to EWAC, the SAA stands terminated.

Note: *The financial impact of the agreements mentioned at (a) to (b) above has been included in/disclosed vide Note no.Q(10)(iii) supra.*

Q(11) Disclosure in respect of Leases pursuant to Accounting Standard (AS 19) "Leases"

i) Where the Company is a Lessor:

a. The Company has given on finance leases certain items of plant and equipment. The leases have a primary period that is fixed and non-cancellable. The leases are cancellable upon payment by the lessee of an additional amount such that, at inception, continuation of the lease is reasonably certain. There are no exceptional/restrictive covenants in the lease agreement.

b. The total gross investment in these leases as on March 31, 2012 and the present value of minimum lease payments receivable as on March 31, 2012 is as under:

₹ crore

	Particulars	31-3-2012	*31-3-2011*
1.	Receivable not later than 1 year	0.45	–
2.	Receivable later than 1 year and not later than 5 years	0.90	–
3.	Receivable later than 5 years	–	–
	Gross investment in lease (1+2+3)	1.35	–
	Less: Unearned finance income	0.48	–
	Present value of receivables	0.87	–

ii) Where the Company is a lessee:

a) Finance leases:

i. [a] Assets acquired on finance lease mainly comprise plant and equipment, 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.

[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 31.3.2012	*As at 31.3.2011*	As at 31.3.2012	*As at 31.3.2011*
1.	Payable not later than 1 year [Note no.(d)(II)]	42.66	*42.69*	33.41	*28.49*
2.	Payable later than 1 year and not later than 5 years [Note no.(c)(I)(e)]	42.66	*85.32*	39.17	*72.58*
3.	Payable later than 5 years	–	–	–	–
	Total	85.32	*128.01*	72.58	*101.07*
	Less: Future finance charges	12.74	*26.94*		
	Present value of minimum lease payable	72.58	*101.07*		

Notes forming part of the Accounts (contd.)

ii. Contingent rent recognised/(adjusted) in the Statement of Profit and Loss in respect of finance leases: ₹ nil *(previous year: ₹ nil).*

b) Operating leases:

i. The Company has taken various commercial premises and plant and equipment 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 31.3.2012	*As at 31.3.2011*
1.	Payable not later than 1 year	1.73	*3.97*
2.	Payable later than 1 year and not later than 5 years	1.63	*0.43*
3.	Payable later than 5 years	–	*–*
	Total	3.36	*4.40*

[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: ₹ 89.37 crore *(previous year: ₹ 76.70 crore).*

iv. Contingent rent recognised in the Statement of Profit and Loss: ₹ 0.03 crore *(previous year: ₹ 0.03 crore).*

Q(12) Basic and diluted earnings per share [EPS] computed in accordance with pursuant to Accounting Standard (AS) 20 "Earnings per Share".

Particulars		Before extraordinary items		After extraordinary items	
		2011-2012	*2010-2011*	2011-2012	*2010-2011*
Basic					
Profit after tax as per accounts (₹ crore)	A	4456.50	*3887.05*	4456.50	*3957.89*
Weighted average number of shares outstanding	B	61,11,08,916	*60,57,99,369*	61,11,08,916	*60,57,99,369*
Basic EPS (₹)	A/B	72.92	*64.16*	72.92	*65.33*
Diluted					
Profit after tax as per accounts (₹ crore)	A	4456.50	*3887.05*	4456.50	*3957.89*
Weighted average number of shares outstanding	B	61,11,08,916	*60,57,99,369*	61,11,08,916	*60,57,99,369*
Add: Weighted average number of potential equity shares on account of employee stock options	C	58,66,093	*92,49,776*	58,66,093	*92,49,776*
Weighted average number of shares outstanding for diluted EPS	D=B+C	61,69,75,009	*61,50,49,145*	61,69,75,009	*61,50,49,145*
Diluted EPS (₹)	A/D	72.23	*63.20*	72.23	*64.35*
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 Accounting Standard (AS) 20.

Notes forming part of the Accounts (contd.)

Q(13) Major components of deferred tax liabilities and deferred tax assets: pursuant to Accounting Standard (AS 22) "Accounting for Taxes on Income"

₹ crore

Particulars	Deferred tax liabilities/ (assets) As at 31-3-2011	Charge/ (credit) to Statement of Profit and Loss	Charge/ (credit) to Hedging reserve*	Deferred tax liabilities/ (assets) As at 31-3-2012
Deferred tax liabilities:				
Difference between book and tax depreciation	475.43	82.15	–	557.58
Gain on derivative transactions to be offered for tax purposes in the year of transfer to Statement of Profit and Loss	25.35	–	(23.59)	1.76
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to Statement of Profit and Loss	39.19	16.46	–	55.65
Other items giving rise to timing differences	9.77	18.70	–	28.47
Total	549.74	117.31	(23.59)	643.46
Deferred tax (assets):				
Allowance for doubtful debts and advances debited to Statement of Profit and Loss	(179.46)	(58.82)	–	(238.28)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to Statement of Profit and Loss	–	–	(146.57)	(146.57)
Unpaid statutory liabilities/provision for compensated absences debited to Statement Profit and Loss	(92.93)	(18.81)	–	(111.74)
Other items giving rise to timing differences	(13.88)	0.02	–	(13.86)
Total	(286.27)	(77.61)	(146.57)	(510.45)
Net deferred tax liability/(assets)	**263.47**	**39.70**	**(170.16)**	**133.01**
Previous year	*77.39*	*167.00*	*19.08*	*263.47*

*The amount of ₹ (301.53 crore) *[Previous year : ₹ 52.75 crore]* represents net gains/(losses) on effective hedges recognised in hedge reserve, applying the principles of hedge accounting set out in the Accounting Standard (AS) – 30 "Financial Instruments: Recognition and Measurement". The amount is after considering the net deferred tax asset of ₹ 170.16 crore.

Q(14) Disclosures in respect of joint ventures pursuant to Accounting Standard (AS) 27 "Financial Reporting of Interests in 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	Jointly controlled entity (Construction of breakwater at Karwar)	90	India
2	International Metro Civil Contractors	Jointly controlled entity (Construction of Delhi metro corridor phase I tunnel project)	26	India
3	HCC-L&T Purulia Joint Venture	Jointly controlled entity (Construction of pumped storage project)	43	India

Notes forming part of the Accounts (contd.)

Sr. no.	Name of joint venture	Description of interest/(description of job)	Proportion of ownership interest (%)	Country of residence
4	Desbuild-L&T Joint Venture	Jointly controlled entity (Renovation of US consulate, Chennai)	49	India
5	Bauer-L&T Diaphragm Wall Joint Venture	Jointly controlled entity (Construction of diaphragm wall for International Metro Civil Contractors)	50	India
6	Metro Tunnelling Group	Jointly controlled entity (Construction of Delhi metro corridor-phase II tunnel project)	26	India
7	L&T-AM Tapovan Joint Venture	Jointly controlled entity (Construction of head race tunnel for Tapovan Vishnugad Hydroelectric Project at Chamoli, Uttaranchal)	65	India
8	L&T-Shanghai Urban Corporation Group Joint Venture	Jointly controlled entity (Construction of twin tunnel between IGI airport and sector 21 for DMRC)	51	India
9	L&T-Eastern Joint Venture	Jointly controlled entity (Construction and maintenance of 295 residential units at Dubai)	65	UAE
10	Metro Tunnelling Chennai L&T–SUCG Joint Venture	Jointly controlled entity (Construction of UG Station at Nehru Park, KMC and Pachiyappas College and associated tunnels for CMRL)	75	India
11	DMRC-CC05 JV	Jointly controlled entity (Construction of Delhi metro corridor tunnel project phase – CC5)	60	India
12	L&T – Shapoorji Pallonji & Co. Ltd.	Jointly controlled entity (Design & build work for construction of TCS SEZ at Kolkata, West Bengal (JV with Shapoorji Pallonji & Co. Ltd.)	50	India
13	L&T-KBL (UJV) Hyderabad	Jointly controlled operations (Investigation, design, supply and erection for lift irrigation system)	-	India
14	L&T-HCC Joint Venture	Jointly controlled operations (Four laning and strengthening of existing two lane sections from 240 Km to 320 Km on NH2)	-	India
15	Patel-L&T Consortium	Jointly controlled operation (Hydroelectric project)	-	India
16	L&T-SVEC Joint Venture	Jointly controlled operation (Lift irrigation project at Hyderabad)	-	India
17	L&T-KBL-MAYTAS UJV	Jointly controlled operation(Transmission of 735 mld treated water associated with all civil, electrical & mechanical work at Hyderabad)	-	India
18	Consortium of Toyo Engineering Company and L&T	Jointly controlled operation (Execution of naphtha cracker associated unit for IOCL, Panipat)	–	India
19	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 the 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, 2012		For the Year 2011-2012				
		Assets	Liabilities	Income	Expenses	Tax	Net profit (Note K)	Net loss (Note O)
1	L&T-Hochtief Seabird Joint Venture	66.49 *(15.21)*	47.13 *(0.38)*	– *(–)*	0.01 *(0.01)*	– *(–)*	– *(–)*	0.01 *(0.01)*
2	International Metro Civil Contractors	13.70 *(13.39)*	4.49 *(3.71)*	0.01 *(0.51)*	0.05 *(0.25)*	0.48 *(–)* ##	– *(0.26)*	0.52 *(–)*
3	Metro Tunnelling Group	21.16 *(20.22)*	8.14 *(9.16)*	1.72 *(14.63)*	0.36 *(1.88)*	(0.52) *(4.61)*	1.88 *(8.14)*	– *(–)*
4	L&T-Shanghai Urban CorporationGroup Joint Venture	17.59 *(21.66)*	5.06 *(14.43)*	2.62 *(8.02)*	0.30 *(5.60)*	0.74 *(0.91)*	1.58 *(1.51)*	– *(–)*
5	HCC-L&T Purulia Joint Venture	3.33 *(5.52)*	2.96 *(3.95)*	0.20 *(0.75)*	0.01 *(0.03)*	0.03 *(0.22)*	0.16 *(0.50)*	– *(–)*
6	L&T-AM Tapovan JV	131.51 *(161.20)*	60.19 *(164.21)*	91.31 *(2.80)*	114.77 *(67.83)*	– *(–)* @@	– *(–)*	23.46 *(65.04)*
7	Desbuild-L&T Joint Venture	0.34 *(0.34)*	0.28 *(0.28)*	– # *(–)*	– @ *(–)* %%	– *(–)*	– *(–)*	– Ω *(–)* ΩΩ
8	Bauer-L&T Diaphragm Wall Joint Venture	– *(–)* $$	– *(–)*	– *(–)*	– *(–)* ^^	– *(–)*	– *(–)*	– *(–)* ££
9	L&T – Eastern Joint Venture	44.20 *(40.10)*	32.70 *(29.66)*	2.17 *(37.79)*	1.15 *(41.36)*	– *(–)*	1.02 *(–)*	– *(3.57)*
10	Metro Tunnelling Chennai L&T-SUCG JV-CMRL	144.26 *(27.70)*	143.78 *(27.70)*	109.24 *(–)*	108.51 *(–)* ~%	0.24 *(–)*	0.49 *(–)*	– *(0.01)*
11	DMRC –CC 05 JV	10.01 *(–)*	6.98 *(–)*	3.13 *(–)*	3.13 *(–)*	– *(–)*	– *(–)*	– –
	Total	452.59 *(305.34)*	311.71 *(253.48)*	210.40 *(64.50)*	228.29 *(116.97)*	0.97 *(5.75)*	5.13 *(10.40)*	23.99 *(68.62)*
	Share of net assets in jointly controlled entities	140.88 *(51.86)*						

Amounts less than ₹ 0.01 crore:

Current Year: # ₹ 1213, @ ₹ 8258, Ω ₹ 7045

Previous Year: ## (₹ 22454), @@ (₹ 73340), %% (₹ 8320), $$ (₹ 38,500), ^^ (₹ 45589), ~% (₹ 73808), ΩΩ (₹ 8320), ££ (₹ 45589)

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, 2012: ₹ nil *(previous year: ₹ nil)*; and share in contingent liabilities incurred jointly with other ventures as at March 31, 2012: ₹ nil *(previous year: ₹ nil)*.

iii. Share in contingent liabilities of joint ventures themselves for which the Company is contingently liable as on March 31, 2012: ₹ 134.98 crore *(previous year: ₹ 95.97 crore)*.

iv. Contingent liabilities in respect of liabilities of other ventures of joint ventures as at March 31, 2012: ₹ nil *(previous year: ₹ nil)*.

v. Capital commitments, if any, in relation to interests in joint ventures as at March 31, 2012: ₹ 28.56 crore *(previous year: ₹ nil)*.

Notes forming part of the Accounts (contd.)

Q(15) Disclosures required by pursuant to Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions: [Notes (d)(v) and o]

₹ crore

Sr. no.	Particulars	Class of Provisions						
		Product warranties	Excise duty/ Custom duty	Sales tax	Litigation related obligations	Contractual rectification cost- construction contracts	Others	Total
1	*Balance as at 1-4-2011*	*9.97*	*0.69*	*50.12*	*9.55*	*436.77*	*52.88*	*559.98*
2	Additional provision during the year	6.61	–	22.73	–	141.94	–	171.28
3	Provision used/reversed during the year	(5.74)	(0.67)	(13.74)	(0.50)	(107.34)	–	(127.99)
4	Balance as at 31-3-2012 (4=1+2-3)	10.84	0.02	59.11	9.05	471.37	52.88	603.27

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, 2012 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 Note no.(I) to the Balance Sheet.

Q(16) 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, 2012 are as under:

₹ crore

	Category of derivative instruments	Amount of exposures hedged	
		As at 31-3-2012	*As at 31-3-2011*
i	For hedging foreign currency risks:		
	a) Forward contracts for receivables including firm commitments and highly probable forecasted transactions	10540.83	*9319.77*
	b) Forward contracts for payables including firm commitments and highly probable forecasted transactions	8692.37	*9152.22*
	c) Currency Swaps	5003.17	*5296.41*
	d) Option Contracts	39.35	*54.37*
	e) Currency futures	330.69	–
ii	For hedging commodity price risks:		
	Commodity futures	171.67	*58.25*

Notes forming part of the Accounts (contd.)

b) Un-hedged foreign currency exposures as at March 31, 2012 are as under:

₹ crore

	Un-hedged foreign currency exposures	As at 31-3-2012	*As at 31-3-2011*
i	Receivables, including firm commitments and highly probable forecasted transactions	20350.47	*21426.49*
ii	Payables, including firm commitments and highly probable forecasted transactions	26720.26	*21680.21*

Q(17) Auditors' remuneration (excluding service tax) and expenses charged to the accounts:

₹ crore

Particulars	2011-2012	*2010-2011*
As auditor	0.90	*0.90*
For Taxation matters	0.23	*0.23*
For Other services	1.32	*1.57*
For reimbursement of expenses	0.10	*0.11*

Q(18) Value of imports (on C.I.F. basis):

₹ crore

Particulars	2011-2012	*2010-2011*
Raw materials	1273.10	*1009.05*
Components and spare parts	4027.24	*3524.02*
Spare parts for sale	–	*360.52*
Capital goods	714.61	*641.61*

Q(19) Expenditure in foreign currency:

₹ crore

Particulars	2011-2012	*2010-2011*
On overseas contracts	3093.41	*2302.88*
Royalty and technical know-how fees	16.14	*28.21*
Interest	65.32	*66.23*
Professional/consultation fees	112.38	*92.59*
Other matters	1233.97	*1716.67*

Q(20) Dividends remitted in foreign currency:

₹ crore

Particulars	2011-2012	*2010-2011*
Dividend for the year ended March 31, 2011 remitted to:		
i. 12 non-resident shareholders on 15, 700 shares on 30-8-2011 *(previous year: 9 non-resident shareholders on 15, 700 shares)*	0.02	*0.02*
ii. Custodian of global depositary receipts on 2,50,91,514 shares *(previous year: 2,05,90,403 shares) ~ on 30-8-2011*	36.38	*25.74*

Q(21) Earnings in foreign exchange:

₹ crore

Particulars	2011-2012	*2010-2011*
Export of goods [including ₹ 817.74 crore on FOB basis *(previous year: ₹ 545.65 crore)*]	844.94	*555.34*
Construction and project related activities	6205.11	*4552.85*
Export of services	884.49	*554.49*
Commission	27.19	*29.39*
Interest received	1.60	*1.93*
Other receipts	94.03	*184.81*

Notes forming part of the Accounts (contd.)

Q(22) The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2012. The disclosure pursuant to the said Act is as under:

₹ crore

Particulars	2011-2012	*2010-2011*
Principal amount due to suppliers under MSMED Act, 2006	44.35	*27.21*
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	0.05	*0.16*
Payment made to suppliers (other than interest) beyond the appointed day during the year	39.85	*41.68*
Interest paid to suppliers under MSMED Act (other than Section 16)	–	*–*
Interest paid to suppliers under MSMED Act (Section 16)	0.22	*0.69*
Interest due and payable towards suppliers under MSMED Act for payments already made	0.37	*0.34*
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.37	*0.49*

Q(23) 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.	Details of Investments			
	Name of the Company	No. of Shares	Face value per share ₹	Book value ₹ crore
1	L&T RajkkotVadinar Tollway Limited	5,50,15,000	10	55.02
2	L&T Western India Tollbridge Limited	1,39,50,007	10	13.95

Q(24) There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2012.

Q(25) Details of sales, raw materials and components consumed, manufacturing work-in-progress and purchase of stock in trade:

a) Sales:

Class of goods	2011-2012	*2010-2011*
	₹ crore	*₹ crore*
(i) Manufacturing, trading and property development activity:		
Switchgear, all types	1531.17	*1232.67*
Valves and accessories	777.36	*570.89*
Earthmoving and agriculture machinery and spares	616.91	*646.62*
Industrial Machinery	560.24	*542.29*
Electricity meters	371.37	*275.48*
Rubber processing machinery and accessories	324.92	*296.56*
Parts and accessories for Prime movers, Boilers, Steam Generating Plants and Nuclear reactors	88.90	*–*
Welding alloys and accessories	71.46	*235.82*
Industrial electronic control panels	68.08	*80.79*
Patient monitoring system and accessories	62.02	*73.32*
Defence equipment, all types	56.60	*81.24*
Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery, and solvent extraction plants, evaporator and crystallizer plants and pollution control equipment in aggregate	53.34	*52.98*
Transmission line tower	38.82	*74.30*
Steel structural fabrication	14.48	*23.00*

Notes forming part of the Accounts (contd.)

Class of goods	2011-2012	*2010-2011*
	₹ crore	*₹ crore*
Plant & equipment and modules for nuclear power projects, heavy water projects, nuclear and space reaserch and allied projects, including items for Chemical, Oil & Gas, etc. industries.	12.46	*73.97*
Electro surgical unit and accessories	5.36	*4.95*
Nuclear purpose equipment, de-aerators, ultra high pressure vessels including multiwall vessels, high pressure heat exchangers and high pressure heaters in aggregate	4.69	–
Design, development and manufacturing of airborne assemblies, system and equipment for Aircrafts, Helicopters & uninhabited aerial vehicles and equipment for the aviation sector	1.48	*2.26*
Ultrasound equipment and accessories	0.92	*4.13*
Ship auxiliaries and components of mechanised sailing vessels	0.62	*0.57*
Others	1728.09	*1784.27*
Total	6389.29	*6056.11*
(ii) Construction and project related activity:		
Civil / Infrastructure / Mechanical / Electrical Construction	26633.56	*22281.54*
Thermal/Hydro/Gas power plants	7239.73	*4437.76*
Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery, and solvent extraction plants, evaporator and crystallizer plants and pollution control equipment in aggregate	4871.31	*2775.34*
Plant & equipment and modules for nuclear power projects, heavy water projects, nuclear and space reaserch and allied projects, including items for Chemical, Oil & Gas, etc. industries.	4673.12	*4891.71*
Defence equipment, all types	371.27	*205.59*
Nuclear purpose equipment, de-aerators, ultra high pressure vessels including multiwall vessels, high pressure heat exchangers and high pressure heaters in aggregate	30.73	*16.80*
Ship auxiliaries and components of mechanised sailing vessels	22.24	*14.88*
Parts and accessories for Prime movers, Boilers, Steam Generating Plants and Nuclear reactors	14.24	*15.97*
Design, development and manufacturing of airborne assemblies, system and equipment for Aircrafts, Helicopters & uninhabited aerial vehicles and equipment for the aviation sector	8.43	*8.27*
Commercial ships	6.41	*79.02*
Others	1485.67	*2147.58*
Total	45356.71	*36874.46*
(iii) Servicing	285.63	*277.08*
(iv) Commission	205.01	*186.99*
(v) Engineering and service fees	875.74	*535.30*
Total Sales & service (i) to (v) - [Note no.K]	53112.38	*43929.94*

Notes forming part of the Accounts (contd.)

b) Raw materials and components consumed:

i) Class of goods:

Class of goods	2011-2012	*2010-2011*
	₹ crore	*₹ crore*
Power plant & machinery components	3747.86	*2418.81*
Chemical plant components	2575.95	*1265.90*
Nuclear equipment components, including items for oil & gas industries, etc. in aggregate	1169.08	*1278.96*
Steel	706.51	*1147.35*
Switchgear components	669.04	*513.26*
Electronic devices, test & measuring instruments and industrial electronic control panel components	138.84	*177.74*
Non-ferrous metals	129.05	*127.72*
Metering & protection systems and medical equipment and components	33.17	*236.71*
Industrial machinery components	11.05	*5.14*
Bakelite	4.75	*5.03*
Others	1068.15	*631.11*
Sub-total	10253.45	*7807.73*
Less: Sale value of scrap	111.70	*70.06*
Total [Note no.M]	10141.75	*7737.67*

ii) Classification of goods:

Classification of goods	2011-2012		*2010-2011*	
	% to total consumption	₹ crore	*% to total consumption*	*₹ crore*
Imported (including through canalising agencies)	39	3943.31	*49*	*3803.93*
Indigenous	61	6198.44	*51*	*3933.74*
Total	100	10141.75	*100.00*	*7737.67*

c) Purchases of stock in trade:

Class of goods	2011-2012	*2010-2011*
	₹ crore	*₹ crore*
Electronic, medical & other instruments, accessories and spares	872.23	*883.25*
Valves and accessories	519.92	*443.88*
Earthmoving and agricultural machinery and spares	385.62	*465.61*
Industrial Machinery	120.86	*92.39*
Welding alloys and accessories	34.33	*167.54*
Others	436.44	*229.88*
Total [Note no.M]	2369.40	*2282.55*

Notes forming part of the Accounts (contd.)

d) Details of Work-in- progress (Note no.H(II):

Class of goods	2011-2012	*2010-2011*
	₹ crore	*₹ crore*
Industrial Machinery	68.01	*25.24*
Defence equipment, all types	63.53	*40.55*
Steel structural fabrication	53.16	*34.55*
Switchgear, all types	46.97	*45.96*
Transmission line tower	46.36	*21.71*
Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery, and solvent extraction plants, evaporator and crystallizer plants and pollution control equipment in aggregate	43.43	*31.25*
Property development	40.02	*24.40*
Low voltage and Medium voltage switchboards and panels	35.41	*51.73*
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.	23.81	*0.80*
Casting products	20.09	*11.90*
Rubber processing machinery and accessories	16.49	*39.20*
Nuclear purpose equipment, de-aerators, ultra high pressure vessels including multiwall vessels, high pressure heat exchangers and high pressure heaters in aggregate	4.56	*3.79*
Ship auxiliaries and components of mechanised sailing vessels	4.12	*3.21*
Parts for aircraft	2.26	*2.31*
Valves and accessories	2.06	*0.33*
Servicing of construction machinery	1.60	*1.65*
AC drives, DC drives, programmable logic controllers	1.18	*0.77*
Meters and protection systems	0.29	*5.99*
Patient monitoring system and accessories	0.02	*2.67*
Others	32.94	*32.80*
Total [Note no.H(II)]	506.31	*380.81*

Q(26) Figures for the previous year have been regrouped/reclassified wherever necessary.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ["GAAP"] 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. Further, the guidance notes / announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations viz. SEBI guidelines override the same requiring a different treatment.

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

2. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI to the Companies Act, 1956 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule VI to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the Listing Agreement.

Amounts in the financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off to two decimal places in line with the requirements of Schedule VI. Per share data are presented in Indian Rupees to two decimals places.

3. Revenue recognition

Revenue is recognized based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

A. Revenue from operations

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 manufactured and traded goods is recognized 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 recognized 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 recognized 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: Contract revenue is recognized only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Government grants in the nature of subsidy related to customer contracts is recognized as revenue from operations in the Statement of Profit and Loss, 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.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

Expected loss, if any, on the construction/project related activity is recognized 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.

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 recognized on the same basis as similar contracts independently executed by the Company.

vi) Revenue from service related activities is recognized using the proportionate completion method.

vii) Commission income is recognized as and when the terms of the contract are fulfilled.

viii) Revenue from engineering and service fees is recognized as per the terms of the contract.

ix) 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.

b) Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

B. Other Income:

i) Interest income is accrued at applicable interest rate.

ii) Dividend income is accounted in the period in which the right to receive the same is established.

iii) Other Government grants, which are revenue in nature and are towards compensation for the related costs, are recognized as income in the Statement of Profit and Loss in the period in which the matching costs are incurred.

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

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.

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.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

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 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. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance costs. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

c) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, 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 are recognised as expense in the period in which they are incurred.

7. Tangible Fixed assets

Fixed assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation 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 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 equipment 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.

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

(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.

Lease rentals in respect of assets acquired under leases are charged to Statement of Profit and Loss.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

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 Statement of Profit and Loss.

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 Statement of Profit and Loss 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) 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 Statement of Profit and Loss.

ii) Assets carried at historical cost:

Depreciation on assets carried at historical cost is provided on the written down value basis on assets acquired up to March 31, 1968 (at the rates prescribed under Schedule XIV to the Companies Act, 1956) and on straight line method on assets acquired subsequently (at the rates prevailing at the time of their acquisition on assets acquired up to September 30, 1987 and at the rates prescribed under Schedule XIV to the Companies Act, 1956 on assets acquired after that date). However, in respect of the following asset categories, the depreciation is provided at higher rates in line with their estimated useful life.

Category of asset	Rate of Depreciation (% p.a.)
Furniture and fixtures	10.00
Plant and Equipment:	
i) Office Equipment	
Multifunctional devices (fax machine/scanner/printers), desktop, inkjet/ laserjet printers, switches (audio/video) and projectors	25.00
Others	6.67
ii) Plant and Equipment general	
a) Cranes below 100 ton capacity used for construction activity	6.67
b) Minor plant & equipment of construction activity	20.00
c) Heavy lift equipment of construction activity	5.00
d) Equipment for tunnelling & laying electrical transmission lines (other than those 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

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

Category of asset	Rate of Depreciation (% p.a.)
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
l) Tunnel Boring Machine	50.00
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.

iii) Leasehold land

Land acquired under long term lease is classified under "tangible assets" and is depreciated over the period of lease.

10. Intangible assets and amortization

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. 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 over their useful life as follows:

a) Specialised software: over a period of six years.

b) Technical know-how: over a period of six years in case of foreign technology and three years in the case of indigenous technology.

c) 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.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

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.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

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; 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).

12. Investments

Trade investments comprise investments in subsidiary companies, joint ventures, associate companies and in the entities in which the Company has strategic business interest.

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

Long term investments including trade investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature. Investments in integrated joint ventures are carried at cost net of adjustments for Company's share in profits or losses as recognised.

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.

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 and stock in trade (in respect of goods acquired for trading) 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.

14. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

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.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

b) The following expenses are written off against securities premium account:

i) Expenses incurred on issue of shares

ii) Expenses (net of tax effect) incurred on issue of debentures/bonds

iii) Premium (net of tax effect) on redemption of debentures/bonds

16. Borrowing costs

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

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized/inventorised as part of cost of such asset till such time 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 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.

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 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) recognized 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 recognized 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.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

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 Statement of Profit and Loss or Balance Sheet as the case may be after applying the test of hedge effectiveness. Where the hedge in respect of off-balance sheet items is effective, the gains or losses are recognised in the "hedging reserve" which forms part of "reserves and surplus" in the Balance Sheet. The amount recognised in the "hedging reserve" is transferred to the Statement of Profit and Loss in the period in which the underlying hedged item affects the Statement of Profit and Loss. Gains or losses in respect of ineffective hedges are recognised in the Statement of Profit and Loss in the period in which such gains or losses are incurred.

g) The premium paid/received on a foreign currency forward contract is accounted as expense/income over the life 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 Company as a whole and not allocable to segments are included under "unallocable corporate expenditure".

iii) Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income".

iv) Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Company.

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

b) Inter-segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

20. 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.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

21. 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.

22. Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

a) the Company has a present obligation as a result of a past event

b) a probable outflow of resources is expected to settle the obligation and

c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

b) a present obligation arising from past events, when no reliable estimate is possible

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

23. Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for

b) Uncalled liability on shares and other investments partly paid

c) Funding related commitment to subsidiary, associate and joint venture companies and

d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

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

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

24. Operating cycle for current and non-current classification:

Operating cycle for the business activities of the company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

25. Cash Flow Statement

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

I. transactions of a non-cash nature

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

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

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

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 14, 2012

N. HARIHARAN
Company Secretary

K. VENKATARAMANAN
Chief Executive Officer &
Managing Director

R. SHANKAR RAMAN
Chief Financial Officer &
Whole Time Director

S. RAJGOPAL

M. M. CHITALE

N. MOHAN RAJ

A. K. JAIN

Directors

Mumbai, May 14, 2012

Consolidated Financial Statements 2011-2012

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, 2012 and also the Consolidated Statement of Profit and Loss 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	310.85	54.89

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	24560.68	2014.25
B	Foreign subsidiaries	4480.99	4667.12
C	Joint ventures	1918.89	108.91
		Net carrying cost of investment	**Current year/period share of profit or (loss)**
D	Associates	8.74	0.39

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, 2012, 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 subsidiaries	831.67	162.24
B	Foreign subsidiaries	1.49	–
C	Joint ventures	4.66	0.20
		Net carrying cost of investment	**Current year/period share of profit or (loss)**
D	Associates	120.06	8.67

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 notes 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, 2012

b) in the case of the Consolidated Statement of Profit and Loss 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 14, 2012

Consolidated Balance Sheet as at March 31, 2012

Particulars	Note no.	As at 31-3-2012 ₹ crore	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*	*As at 31-3-2011 ₹ crore*
EQUITY AND LIABILITIES:					
Shareholders' funds					
Share capital	**A**	122.48		*121.77*	
Reserves and surplus	**B**	29264.30		*24928.78*	
			29386.78		*25050.55*
Minority interest			1753.46		*1026.00*
Non-current liabilities					
Long-term borrowings	**C(I)**	36155.61		*24841.06*	
Deferred payment liabilities for acquisition of fixed assets	**Q(22)**	3953.58		*4417.75*	
Deferred tax liabilities (net)	**Q(14)**	210.88		*331.61*	
Other long term liabilities	**C(II)**	1059.55		*252.13*	
Long-term provisions	**C(III)**	312.19		*274.25*	
			41691.81		*30116.80*
Current liabilities					
Short-term borrowings	**D(I)**	5778.06		*4036.83*	
Current maturities of deferred payment liabilities for acquisition of fixed assets	**Q(22)**	464.09		*93.91*	
Current maturities of long term borrowings	**D(II)**	5216.38		*3920.41*	
Trade payables	**D(III)**	16716.53		*14687.72*	
Other current liabilties	**D(IV)**	15644.15		*13555.15*	
Short-term provisions	**D(V)**	2343.07		*2246.75*	
			46162.28		*38540.77*
TOTAL			118994.33		*94734.12*
ASSETS:					
Non-current assets					
Fixed assets					
Tangible assets	**E(I)**	14113.74		*10899.56*	
Intangible assets	**E(II)**	5287.03		*4724.60*	
Capital work-in-progress	**E(I)**	7878.81		*7392.89*	
Intangible assets under development	**E(II)**	7033.93		*4969.48*	
			34313.51		*27986.53*
Non-current investments	**F**		1564.87		*1503.33*
Deferred tax assets (net)	**Q(14)**		129.04		*20.69*
Long-term loans and advances	**G(I)(a)**		1900.76		*2188.40*
Long-term loans and advances towards financing activities	**G(I)(b)**		16605.89		*10358.57*
Cash and bank balances	**G(II)**		143.56		*0.80*
Other non-current assets	**G(III)**		201.67		*95.07*
Current assets					
Current investments	**H(I)**	7224.60		*7712.44*	
Inventories	**H(II)**	4229.87		*3040.27*	
Trade receivables	**H(III)**	20405.36		*14119.45*	
Cash and bank balances	**H(IV)**	3378.58		*3644.64*	
Short-term loans and advances	**H(V)**	5591.45		*4184.29*	
Short-term loans and advances towards financing activities	**H(V)(a)**	8167.27		*7352.06*	
Other current assets	**H(VI)**	15137.90		*12527.58*	
			64135.03		*52580.73*
TOTAL			118994.33		*94734.12*
CONTINGENT LIABILITIES	**I**				
COMMITMENT (capital and others)	**J**				
OTHER NOTES FORMING PART OF ACCOUNTS	**Q**				
SIGNIFICANT ACCOUNTING POLICIES	**R**				

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 14, 2012

N. HARIHARAN
Company Secretary

K.VENKATARAMANAN
Chief Executive Officer & Managing Director

R.SHANKAR RAMAN
Chief Financial Officer & Whole Time Director

S. RAJGOPAL

M. M. CHITALE

N. MOHAN RAJ

A. K. JAIN

Directors

Mumbai, May 14, 2012

Consolidated Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note no.	2011-2012 ₹ crore	2011-2012 ₹ crore	2010-2011 ₹ crore	2010-2011 ₹ crore
REVENUE:					
Revenue from operations (gross)	K	64960.08		52470.22	
Less: Excise duty		646.97		426.44	
Revenue from operations (net)			64313.11		52043.78
Other income	L		828.97		968.78
Total revenue			65142.08		53012.56
EXPENSES:					
Manufacturing, construction and operating expenses:	M				
Cost of raw materials, components consumed		10931.81		8837.94	
Construction materials consumed		12990.39		10359.29	
Purchase of stock-in-trade		2446.03		2162.02	
Stores, spares and tools consumed		2184.29		1418.95	
Sub-contracting charges		10850.25		8940.56	
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(617.13)		(497.87)	
Other manufacturing, construction and operating expenses		4890.59		3855.88	
Finance cost of financial services business		1664.14		991.04	
Staff expenses for software development business		1878.10		1518.39	
			47218.47		37586.20
Employee benefits expense	N		4994.96		3735.29
Sales, administration and other expenses	O		3357.69		3092.37
Finance costs	P		1101.89		802.75
Depreciation, amortisation, impairment and obsolescence		1581.28		1319.94	
Less: Transfer from revaluation reserve		(0.99)		(1.06)	
			1580.29		1318.88
			58253.30		46535.49
Less: Overheads charged to fixed assets			27.96		47.51
Total expenses			58225.34		46487.98
Profit before exceptional and extraordinary items and taxes			6916.74		6524.58
Exceptional items	Q(5)		56.77		205.29
Profit before extraordinary items and taxes			6973.51		6729.87
Extraordinary Items			–		70.84
Profit before tax			6973.51		6800.71
Tax expense:					
Current tax	Q(7)	2314.33		2205.37	
Deferred tax		(31.78)		140.19	
			2282.55		2345.56
Profit after tax			4690.96		4455.15
Less: Additional tax on dividend distributed/proposed by subsidiary companies			8.67		7.49
			4682.29		4447.66
Add: Share in profit/(loss) (net) of associate companies			46.16		87.07
			4728.45		4534.73
Add/(less): Minority interest in (income)/losses			(34.76)		(78.56)
Balance carried to Balance Sheet			4693.69		4456.17
Basic earnings per equity share before extraordinary items (₹)	Q(13)		76.81		72.39
Diluted earnings per equity share before extraordinary items (₹)			76.08		71.30
Basic earnings per equity share after extraordinary items (₹)			76.81		73.56
Diluted earnings per equity share after extraordinary items (₹)			76.08		72.45
Face value per equity share (₹)			2.00		2.00
OTHER NOTES FORMING PART OF ACCOUNTS	Q				
SIGNIFICANT ACCOUNTING POLICIES	R				

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 14, 2012

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Company Secretary

K.VENKATARAMANAN
Chief Executive Officer & Managing Director

R.SHANKAR RAMAN
Chief Financial Officer & Whole Time Director

S. RAJGOPAL

M. M. CHITALE

N. MOHAN RAJ

A. K. JAIN

Directors

Mumbai, May 14, 2012

Consolidated Cash Flow Statement for the year ended March 31, 2012

		2011-2012	2010-2011
		₹ crore	*₹ crore*
A.	**Cash flow from operating activities:**		
	Profit before tax (excluding minority interest, exceptional and extraordinary items)	6916.74	*6524.58*
	Adjustments for :		
	Dividend received	(145.41)	*(231.25)*
	Depreciation, amortisation, impairment and obsolescence	1580.29	*1318.88*
	Exchange difference on items grouped under financing/investing activity	333.52	*138.12*
	Interest expense	1101.89	*802.75*
	Interest income	(487.92)	*(304.81)*
	(Profit)/loss on sale of fixed assets (net)	(12.31)	*(260.15)*
	(Profit)/loss on sale of investments (net)	(180.87)	*(146.53)*
	Employee stock option-discount forming part of staff expenses	204.46	*179.53*
	Provision/(reversal) for diminution in value of investments	(4.70)	*16.20*
	Operating profit before working capital changes	9305.69	*8037.32*
	Adjustments for :		
	(Increase)/decrease in trade and other receivables	(9535.09)	*(7855.73)*
	(Increase)/decrease in inventories	(448.75)	*(416.99)*
	Increase/(decrease) in trade payables and customer advances	4251.53	*7478.45*
	Cash generated from operations before financing activities	3573.38	*7243.05*
	(Increase)/decrease in loans and advances towards financing activities	(7062.53)	*(6189.63)*
	Cash generated from operations	(3489.15)	*1053.42*
	Direct taxes refund/(paid) (net)	(2851.58)	*(2669.03)*
	Net cash (used in)/from operating activities	(6340.73)	*(1615.61)*
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(7302.38)	*(7309.21)*
	Sale of fixed assets	198.44	*443.13*
	Purchase of long term investments	(429.52)	*(559.84)*
	Sale of long term investments	644.64	*600.10*
	Purchase/sale of current investments (net)	437.98	*973.48*
	Loans/deposits made with associate companies and third parties (net)	(91.44)	*(145.16)*
	(Advance)/refund towards equity commitment	–	*0.01*
	Interest received	464.37	*190.27*
	Dividend received from associates	25.35	*44.67*
	Dividend received from other investments	145.41	*231.25*
	Consideration received on disposal of subsidiaries	42.97	*21.01*
	Consideration paid on acquisition of subsidiaries	–	*(430.83)*
	Cash & cash equivalents acquired pursuant to acquisition of subsidiaries	–	*11.46*
	Cash & cash equivalents discharged pursuant to disposal of subsidiaries	–	*(5.87)*
	Cash (used in)/from investing activities	(5864.18)	*(5935.53)*
	Extraordinary item:		
	Cash received (net of expenses) on sale/transfer of Petroleum Dispensing Pumps & Systems businesses	–	*6.81*
	Net cash (used in)/from investing activities (after extraordinary items)	(5864.18)	*(5928.72)*
C.	**Cash flow from financing activities:**		
	Proceeds from issue of share capital	192.63	*347.25*
	Proceeds from long term borrowings	18794.88	*14460.61*
	Repayment of long term borrowings	(8343.81)	*(5061.09)*
	Proceeds from other borrowings (net)	3201.32	*415.02*
	Payment (to)/from minority interest (net)	1441.69	*(119.32)*
	Loans from associate/joint venture companies (net of repayments)	–	*0.02*
	Dividends paid	(886.19)	*(756.19)*
	Additional tax on dividend	(176.52)	*(153.21)*
	Interest paid (including cash flows on account of interest rate swaps)	(2142.39)	*(1264.91)*
	Net cash (used in)/from financing activities	12081.61	*7868.18*
Net (decrease)/increase in cash and cash equivalents (A + B + C)		(123.30)	*323.85*
Cash and cash equivalents at beginning of the year		3645.44	*3321.59*
Cash and cash equivalents at end of the year		3522.14	*3645.44*

Notes:

1. Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
2. Purchase of fixed assets includes movement of capital work-in-progress during the year.
3. Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of ₹ 70.81 crore *(previous year unrealised loss of ₹ 5.18 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.G(II) of Notes forming part of consolidated accounts.
5. Cash and cash equivalents are reflected in the Balance Sheet as follows:

	2011-2012	2010-2011
		₹ crore
(a) Cash and cash equivalents disclosed under current assets [Note no.H(IV)]	3,378.58	*3,644.64*
(b) Cash and cash equivalents disclosed under non-current assets [Note no.G(II)]	143.56	*0.80*
Total cash and cash equivalents as per Cash Flow Statement	3,522.14	*3,645.44*

6. 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 14, 2012

N. HARIHARAN
Company Secretary

K. VENKATARAMANAN
Chief Executive Officer & Managing Director

R. SHANKAR RAMAN
Chief Financial Officer & Whole Time Director

S. RAJGOPAL

M. M. CHITALE

N. MOHAN RAJ

A. K. JAIN

Directors

Mumbai, May 14, 2012

Notes forming part of the Consolidated Accounts

NOTE [A]

Share capital

A(I) Share capital authorised, issued, subscribed and paid up:

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	Number of shares	₹ crore	*Number of shares*	*₹ crore*
Authorised:				
Equity shares of ₹ 2 each	1,62,50,00,000	325.00	*1,62,50,00,000*	*325.00*
Issued, subscribed and fully paid up:				
Equity shares of ₹ 2 each	61,23,98,899	122.48	*60,88,52,126*	*121.77*

A(II) Reconciliation of the number of equity shares and share capital:

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	Number of shares	₹ crore	*Number of shares*	*₹ crore*
Issued, subscribed and fully paid up equity shares outstanding at beginning of the year	60,88,52,126	121.77	*60,21,95,408*	*120.44*
Add: Shares issued on exercise of employee stock options	35,46,773	0.71	*66,56,718*	*1.33*
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	61,23,98,899	122.48	*60,88,52,126*	*121.77*

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

The Company has only one class of share capital, i.e. equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

A(IV) Shareholders holding more than 5% of equity shares as at the end of the year:

Name of the shareholder	As at 31-3-2012		*As at 31-3-2011*	
	Number of shares	Shareholding %	*Number of shares*	*Shareholding %*
Life Insurance Corporation of India	11,04,05,734	18.03	*11,75,37,768*	*19.30*
L&T Employees Welfare Foundation	7,44,04,116	12.15	*7,44,04,116*	*12.22*
Administrator of the Specified Undertaking of the Unit Trust of India	5,05,72,216	8.26	*5,22,78,703*	*8.59*

A(V) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	Number of equity shares to be issued as fully paid	₹ crore (At face value)	*Number of equity shares to be issued as fully paid*	*₹ crore (At face value)*
Employee stock options granted and outstanding #	1,14,28,854	2.29 *	*1,39,53,309*	*2.79 **
3.5% 5 years & 1 day US$ denominated foreign currency convertible bonds (FCCB)	49,07,243	0.98 **	*49,07,243*	*0.98 ***

* The equity shares will be issued at a premium of ₹ 640.32 crore *(previous year: ₹ 774.87 crore)*

** The equity shares will be issued at a premium of ₹ 935.42 crore *(previous year: ₹ 935.42 crore)* on the exercise of options by the bond holders

\# Note no.A(VIII) for terms of employee stock option schemes

Notes forming part of the Consolidated Accounts (contd.)

A(VI) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31, 2012 are 29,25,92,054 *(previous period of five years ended March 31, 2011: 43,26,11,409 shares).*

A(VII) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding five years ended on March 31, 2012 – Nil *(previous period of five years ended March 31, 2011: 2 shares).*

A(VIII) Stock option schemes

a) Terms:

i. 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 fulfillment of certain conditions.

ii. Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. Management has discretion to modify the exercise period.

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)	
		2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*
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*	932880	*1124980*	3974443	*8839975*	8936534	*7476608*
5	Options lapsed during the year	–	*–*	–	*–*	–	*–*	–	*–*	56711	*33250*	89849	*227758*	817452	*686201*
6	Options granted during the year	–	*–*	–	*–*	–	*–*	–	*–*	118400	*276700*	–	*–*	1867930	*3260665*
7	Options exercised during the year	–	*–*	–	*–*	–	*–*	–	*–*	347267	*435550*	1857843	*4637774*	1341663	*1114538*
8	Options granted and outstanding at the end of the year	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	647302	*932880*	2026751	*3974443*	8645349	*8936534*
	of which –														
	Options vested	16800	*16800*	21500	*21500*	39700	*39700*	31452	*31452*	104202	*102482*	2011951	*3717133*	1751546	*1180945*
	Options yet to vest	–	*–*	–	*–*	–	*–*	–	*–*	543100	*830398*	14800	*257310*	6893803	*7755589*
9	Weighted average remaining contractual life of options (in years)	Nil	*Nil*	Nil	*Nil*	Nil	*Nil*	Nil	*Nil*	4.87	*5.09*	1.51	*2.53*	4.85	*5.32*

c) The number and weighted average exercise price of stock options for the following group of options are as follows:

Particulars	2011-2012		*2010-2011*	
	No. of stock options	Weighted average exercise price (₹)	*No. of stock options*	*Weighted average exercise price (₹)*
(i) Options granted and outstanding at the beginning of the year	1,39,53,309	557.33	*1,75,51,015*	*559.90*
(ii) Options granted during the year	19,86,330	566.22	*35,37,365*	*555.36*
(iii) Options allotted during the year	35,46,773	543.87	*61,87,862*	*559.93*
(iv) Options lapsed during the year	9,64,012	566.67	*9,47,209*	*580.52*
(v) Options granted and outstanding at the end of the year	1,14,28,854	562.27	*1,39,53,309*	*557.33*
(vi) Options exercisable at the end of the period out of (v) above	39,77,151	569.38	*51,10,012*	*576.59*

Notes forming part of the Consolidated Accounts (contd.)

d) Weighted average share price at the date of exercise for stock options exercised during the period is ₹ 1540.11 *(previous year: ₹ 1865.45)* per share

e) In respect of stock options granted pursuant to the Company's 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 over the vesting period.

f) Had fair value method been adopted for expensing the compensation arising from employee share-based payment plans:

a. The employee compensation charge debited to the Statement of Profit and Loss for the year 2011-2012 would have been higher by ₹ 30.78 crore *(previous year: ₹ 43.85 crore)*

b. Basic EPS before extraordinary items would have decreased from ₹ 76.81 per share to ₹ 76.30 per share

c. Basic EPS after extraordinary items would have decreased from ₹ 76.81 per share to ₹ 76.30 per share

d. Diluted EPS before extraordinary items would have decreased from ₹ 76.08 per share to ₹ 75.58 per share

e. Diluted EPS after extraordinary items would have decreased from ₹ 76.08 per share to ₹ 75.58 per share

g) Weighted average fair values of options granted during the year is ₹ 745.94 *(previous year: ₹ 1266.10)* per option

h) The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. no.	Particulars	2011-2012	*2010-2011*
(i)	Weighted average risk-free interest rate	8.28%	*7.69%*
(ii)	Weighted average expected life of options	4.33 years	*4.30 years*
(iii)	Weighted average expected volatility	41.09%	*44.50%*
(iv)	Weighted average expected dividends over the life of the option	₹ 62.84 per option	*₹ 53.72 per option*
(v)	Weighted average share price	₹ 1146.53 per option	*₹ 1678.77 per option*
(vi)	Weighted average exercise price	₹ 566.22 per share	*₹ 555.36 per share*
(vii)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.	

A(IX) The Directors recommend payment of final dividend of ₹ 16.50 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 61,23,98,899 equity shares outstanding as at March 31, 2012 amounting to ₹ 1010.46 crore.

A(X) Stock ownership schemes of subsidiary companies:

a) Employee Stock Ownership Scheme ('ESOS Plan')

Under the Employee Stock Ownership Scheme (ESOS) 25,72,956 options are outstanding as at March 31, 2012 *(previous year: 25,96,095)*. 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.

Notes forming part of the Consolidated Accounts (contd.)

All vested options can be exercised on the First Exercise Date as may be determined by the Compensation Committee prior to date of IPO. The details of the grants under the aforesaid scheme are summarized below:

Sr. No.	ESOP Series	I, II & III		IV – XX		XXI	
		2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*
1	Grant Price (₹)	25		10		10	
2	Options granted and outstanding at the beginning of the year	3,93,003	*3,93,003*	21,68,092	*21,91,456*	35,000	–
3	Options granted during the year	–	–	–	–	–	*35,000*
4	Options cancelled/ lapsed during the year	–	–	23,139	*23,364*	–	–
5	Options exercised and shares allotted during the year	–	–	–	–	–	–
6	Options granted and outstanding at the end of the year	3,93,003	*3,93,003*	21,44,953	*21,68,092*	35,000	*35,000*
	of which -						
	Options vested	3,93,003	*3,93,003*	9,70,917	*9,70,917*	–	–
	Options yet to vest	–	–	11,74,036	*11,97,175*	35,000	*35,000*

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 fulfillment 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, all vested.

Employees Stock Options granted and outstanding as at the end of the year on unissued share capital represent options 26,69,456 *(previous year: 26,80,959)*.

c) Employee Stock Option Plan 2008 (ESOP 2008)

The Employee Stock Option Plan 2008 of one of the domestic subsidiaries 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 and vesting of shares can be carried forward to maximum 2 years.

Notes forming part of the Consolidated Accounts (contd.)

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	2011-2012		*2010-2011*	
	No. of stock options	Weighted average exercise price (₹)	*No. of stock options*	*Weighted average exercise price (₹)*
Options granted and outstanding at the beginning of the year	65,40,000	10.50	*65,40,000*	*10.50*
Options granted during the year	–	–	–	–
Options forfeited/lapsed during the year	62,20,000	10.50	–	–
Options exercised during the year	–	–	–	–
Options granted and outstanding at the end of the year	3,20,000	10.50	*65,40,000*	*10.50*
of which -				
- Options vested	–		–	
- Options yet to vest	3,20,000		*65,40,000*	

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 Statement of Profit and Loss.

d) Stock option scheme (ESOP 2010)

One of the domestic subsidiaries 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.

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	2011-2012	*2010-2011*
1	Grant price – ₹	44.20	
2	Grant date	November 30, 2010 onwards	
3	Vesting commence on	November 30, 2011	
4	Options granted and outstanding at the beginning of the year	1,06,15,400	–
5	Options granted during the year	47,10,500	*1,07,50,000*
6	Options cancelled/lapsed during the year	17,21,635	*1,34,600*
7	Options exercised during the year	31,825	–
8	Options granted and outstanding at the end of the year	1,35,72,440	*1,06,15,400*
	of which -		
	- Options vested	13,50,666	–
	- Options yet to vest	1,22,21,774	*1,06,15,400*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [B]

Reserves and surplus

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Capital reserve				
As per last Balance Sheet	46.66		*46.61*	
Addition during the year	786.64		*0.05*	
		833.30		*46.66*
Capital reserve on consolidation				
As per last Balance Sheet	14.31		*14.24*	
Addition during the year	1.21		*0.09*	
Deduction during the year	–		*(0.02)*	
		15.52		*14.31*
Capital redemption reserve				
As per last Balance Sheet	3.27		*3.27*	
		3.27		*3.27*
Securities premium account [Note no.Q(7)(b)]				
As per last Balance Sheet	6879.37		*6402.64*	
Addition during the year	327.32		*477.42*	
	7206.69		*6880.06*	
Less: Share/bond issue expenses (net of tax)	(0.33)		*(1.68)*	
Reversal of expenses debited in previous year	–		*0.99*	
		7206.36		*6879.37*
Debenture redemption reserve				
As per last Balance Sheet	456.51		*186.68*	
Add: Transferred from retained earnings	194.49		*269.83*	
		651.00		*456.51*
Revaluation reserve				
As per last Balance Sheet	29.65		*30.81*	
Less: On asset sold or obsoleted during the year	(4.09)		*(0.10)*	
Less: Transferred to statement of profit and loss	(0.99)		*(1.06)*	
		24.57		*29.65*
Share options outstanding account				
Employee share options outstanding account				
As per last Balance Sheet	861.41		*610.30*	
Addition during the year	119.46		*388.71*	
Deduction during the year	(212.88)		*(137.60)*	
		767.99		*861.41*
Deferred employee compensation expense				
As per last Balance Sheet	(447.56)		*(285.94)*	
Addition during the year	(119.46)		*(388.71)*	
Deduction during the year	282.21		*227.09*	
		(284.81)		*(447.56)*
Carried forward		9217.20		*7843.62*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [B]

Reserves and surplus *(contd.)*

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Brought forward		9217.20		*7843.62*
Reserve u/s 45 IC of the RBI Act, 1934				
As per last Balance Sheet	252.89		*166.36*	
Add: Transferred from retained earnings	107.51		*86.53*	
		360.40		*252.89*
Tonnage tax reserve				
As per last Balance Sheet	4.48		*–*	
Add: Transferred from retained earnings	–		*4.48*	
		4.48		*4.48*
Foreign currency translation reserve				
As per last Balance Sheet	82.11		*37.05*	
Addition during the year	214.24		*45.06*	
		296.35		*82.11*
Reserve u/s 36(1)(viii) of the Income Tax Act, 1961				
As per last Balance Sheet	21.53		*9.88*	
Add: Transferred from retained earnings	25.33		*11.65*	
		46.86		*21.53*
Hedging reserve (net of tax) [Note no.Q(14)]				
As per last Balance Sheet	(7.96)		*(54.66)*	
Less: Transferred to retained earnings	(0.60)		*–*	
Addition/(deduction) during the year	(573.23)		*46.70*	
		(581.79)		*(7.96)*
Retained earnings				
As per last Balance Sheet	16732.11		*13678.49*	
Profit for the year	4693.69		*4456.17*	
	21425.80		*18134.66*	
Add/(Less): Transferred from/(to):				
Debenture redemption reserve	(194.49)		*(269.83)*	
Reserve u/s 45 IC of the RBI Act, 1934	(107.51)		*(86.53)*	
Tonnage Tax Reserve	–		*(4.48)*	
Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	(25.33)		*(11.65)*	
Hedging reserve	0.60		*–*	
Less: Other appropriation:				
Dividend Paid for previous year	(3.35)		*(3.44)*	
Additional tax on dividend paid for previous year	(0.54)		*(0.57)*	
Proposed dividend	(1010.46)		*(882.84)*	
Additional dividend tax [Note no.Q(21)]	(163.92)		*(143.21)*	
		19920.80		*16732.11*
		29264.30		*24928.78*
Refer note no.Q(4)				

Notes forming part of the Consolidated Accounts (contd.)

NOTE [C(I)]

Long term borrowings

Particulars	As at 31-3-2012			*As at 31-3-2011*		
	Secured	Unsecured	Total	*Secured*	*Unsecured*	*Total*
	₹ crore	₹ crore	₹ crore	*₹ crore*	*₹ crore*	*₹ crore*
Redeemable non-convertible fixed rate debentures	5748.13	875.00	6623.13	*3639.39*	*335.00*	*3974.39*
3.50% Foreign currency convertible bonds	–	1017.50	1017.50	*–*	*891.90*	*891.90*
Term loans from banks	22270.18	5069.80	27339.98	*15026.61*	*4099.34*	*19125.95*
Term loans from others	294.29	397.79	692.08	*300.11*	*52.78*	*352.89*
Loans from financial institutions	466.89	–	466.89	*456.87*	*–*	*456.87*
Sales tax deferment loan	–	15.54	15.54	*–*	*38.37*	*38.37*
Long-term maturities of finance lease obligations [Note no.Q(12)(ii)(a)(ii)]	–	0.49	0.49	*–*	*0.69*	*0.69*
	28779.49	7376.12	36155.61	*19422.98*	*5418.08*	*24841.06*

NOTE [C(II)]

Other long term liabilities

Particulars	As at 31-3-2012	*As at 31-3-2011*
	₹ crore	*₹ crore*
Forward contract payable	542.79	*107.96*
Interest accrued but not due	115.71	*24.96*
Others [Note no.C(II)(a)]	401.05	*119.21*
	1059.55	*252.13*

C(II)(a) Other long term liabilities – others include

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, 2012, Sical Iron Ore Terminals Limited is yet to commence commercial operations.

NOTE [C(III)]

Long term provisions

Particulars	As at 31-3-2012	*As at 31-3-2011*
	₹ crore	*₹ crore*
Provision for employee benefits:		
Employee pension schemes [Note no.Q(9)(ii)(a)]	174.19	*157.31*
Post-retirement medical benefit plan [Note no.Q(9)(ii)(a)]	83.43	*85.65*
Interest rate guaranteed-provident fund [Note no.Q(9)(ii)(a)]	20.61	*–*
Long service awards	–	*0.09*
Others:		
Periodic major maintenance (AS 29 related) [Note no.Q(17)]	33.96	*31.20*
	312.19	*274.25*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [D(I)]
Short term borrowings

Particulars	As at 31-3-2012			*As at 31-3-2011*		
	Secured	Unsecured	Total	*Secured*	*Unsecured*	*Total*
	₹ crore	₹ crore	₹ crore	*₹ crore*	*₹ crore*	*₹ crore*
Loans repayable on demand:						
From banks	732.09	108.94	841.03	*352.86*	*8.94*	*361.80*
Other loans and advances:						
From banks	1119.89	3579.14	4699.03	*681.35*	*1655.61*	*2336.96*
Commercial paper	–	108.15	108.15	*–*	*1319.53*	*1319.53*
From others	11.95	117.90	129.85	*–*	*18.54*	*18.54*
	1863.93	3914.13	5778.06	*1034.21*	*3002.62*	*4036.83*

NOTE [D(II)]
Current maturities of long-term borrowings

Particulars	As at 31-3-2012			*As at 31-3-2011*		
	Secured	Unsecured	Total	*Secured*	*Unsecured*	*Total*
	₹ crore	₹ crore	₹ crore	*₹ crore*	*₹ crore*	*₹ crore*
Redeemable non-convertible fixed rate debentures	1030.00	250.00	1280.00	*1325.00*	*250.00*	*1575.00*
Term loans from banks	1751.16	2143.60	3894.76	*1602.74*	*616.84*	*2219.58*
Term loans from others	0.11	–	0.11	*–*	*77.47*	*77.47*
Loans from financial institutions	18.29	–	18.29	*19.73*	*–*	*19.73*
Sales tax deferment loan	–	22.90	22.90	*–*	*28.35*	*28.35*
Finance lease obligation [Note no.Q(12)(ii)(a)(ii)]	–	0.32	0.32	*–*	*0.28*	*0.28*
	2799.56	2416.82	5216.38	*2947.47*	*972.94*	*3920.41*

NOTE [D(III)]
Trade payables

Particulars	As at 31-3-2012	*As at 31-3-2011*
	₹ crore	*₹ crore*
Acceptances	101.43	*27.22*
Due to related parties:		
Associate Companies	202.22	*302.60*
Micro and small enterprises	71.38	*35.58*
Due to others [Note no.D(III)(a)]	16341.50	*14322.32*
	16716.53	*14687.72*

D(III)(a) Due to others includes ₹ 42.08 crore being provision for commission to directors.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [D(IV)]

Other current liabilities

Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*
Interest accrued but not due on borrowings	311.18	*200.55*
Interest accrued and due on borrowings	10.42	*1.11*
Unpaid dividend	19.52	*16.15*
Unpaid interest on debenture	1.58	*0.29*
Unpaid matured deposits	0.01	*0.07*
Due to customers (construction and project related activity)	2971.94	*2732.61*
Advances from customers	9100.29	*8829.79*
Other payables [Note no.D(III)(a)]	3229.21	*1774.58*
	15644.15	*13555.15*

D(IV)(a) Other current liabilities – other payables include

Advance received against sale of shares represents, advance of ₹ 6.79 crore received from M/s. JRE Tank Terminals Private Limited under an agreement dated August 24, 2007 towards sale of 6,78,75,000 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 operations. The said project has commenced commercial operations on January 15, 2009. Accordingly, the above equity shares could be transferred on or after January 15, 2012. The company has initiated the share transfer process and it is expected to be completed in 2012-2013 once the approval of Ennore Port Limited is received.

NOTE [D(V)]

Short term provisions

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Provision for employee benefits:				
Gratuity [Note no.Q(9)(ii)(a)]	45.99		*27.61*	
Compensated absences	471.89		*402.47*	
Employee pension schemes [Note no.Q(9)(ii)(a)]	9.84		*4.83*	
Post-retirement medical benefit plan [Note no.Q(9)(ii)(a)]	9.21		*10.35*	
Bonus provision	20.64		*16.69*	
Long service awards	–		*3.21*	
		557.57		*465.16*
Others:				
Current taxes [Net of payments made ₹ 83.31 crore *(previous year: ₹ 1645.37 crore)*]	25.81		*190.59*	
Proposed dividend	1010.46		*882.84*	
Additional tax on dividend	123.35		*124.43*	
Reserve for unexpired risks	53.77		*8.78*	
Other provisions (AS 29 related) [Note no.Q(17)]	572.11		*574.95*	
		1785.50		*1781.59*
		2343.07		*2246.75*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [E(I)]

Tangible assets

₹ crore

Particulars	Cost/valuation						Depreciation						Impairment	Book value	
	As at 1-4-2011	Transfer on business combination	Additions	Foreign currency fluctuation	Deductions	As at 31-3-2012	*Up to 31-3-2011*	Transfer on business combination	For the period	Foreign currency fluctuation	Deductions	Up to 31-3-2012	As at 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
Land															
Freehold	*1136.70*	–	108.72	0.87	110.59	1135.70	–	–	–	–	–	–	5.54 #	1130.16	*1136.70*
Leasehold	*489.94*	–	317.34	5.19	–	812.47	*19.18*	–	15.03	0.96	–	35.17	–	777.30	*470.76*
Sub total - Land	*1626.64*	–	426.06	6.06	110.59	1948.17	*19.18*	–	15.03	0.96	–	35.17	5.54 #	1907.46	*1607.46*
Buildings															
Owned	*2601.19*	–	1176.75	40.37	24.15	3794.16	*333.10*	–	96.97	6.19	4.12	432.14	0.70	3361.32	*2267.39*
Leased out	*402.84*	–	37.67	–	–	440.51	*19.93*	–	16.92	–	–	36.85	–	403.66	*382.91*
Sub total - Buildings	*3004.03*	–	1214.42	40.37	24.15	4234.67	*353.03*	–	113.89	6.19	4.12	468.99	0.70 #	3764.98	*2650.30*
Plant & equipment															
Owned	*6862.40*	–	1952.32	72.54	97.79	8789.47	*2031.03*	–	664.56	25.45	91.89	2629.15	0.49	6159.83	*4830.88*
Leased out	*581.40*	–	12.22	–	23.97	569.65	*222.25*	–	13.66	–	7.14	228.77	6.93	333.95	*352.22*
Sub total - Plant & equipment	*7443.80*	–	1964.54	72.54	121.76	9359.12	*2253.28*	–	678.22	25.45	99.03	2857.92	7.42 #	6493.78	*5183.10*
Computers															
Owned	*568.91*	–	144.67	1.51	17.74	697.35	*317.67*	–	108.86	2.59	8.12	421.00	–	276.35	*251.24*
Leased out	*44.54*	–	18.64	–	3.30	59.88	*25.67*	–	11.22	–	3.17	33.72	–	26.16	*18.87*
Taken on lease	*2.82*	–	–	–	–	2.82	*2.81*	–	–	–	–	2.81	–	0.01	*0.01*
Sub total - Computers	*616.27*	–	163.31	1.51	21.04	760.05	*346.15*	–	120.08	2.59	11.29	457.53	–	302.52	*270.12*
Office equipment															
Owned	*206.89*	–	51.98	4.72	3.22	260.37	*83.84*	–	35.98	2.19	2.48	119.53	–	140.84	*123.05*
Sub total - Office equipment	*206.89*	–	51.98	4.72	3.22	260.37	*83.84*	–	35.98	2.19	2.48	119.53	–	140.84	*123.05*
Furniture & fixtures															
Owned	*426.01*	–	92.00	5.08	7.93	515.16	*201.92*	–	49.30	2.86	5.51	248.57	0.08	266.51	*224.01*
Leased out	*15.32*	–	0.31	–	–	15.63	*1.90*	–	0.38	–	–	2.28	–	13.35	*13.42*
Sub total - Furniture & fixtures	*441.33*	–	92.31	5.08	7.93	530.79	*203.82*	–	49.68	2.86	5.51	250.85	0.08 #	279.86	*237.43*
Vehicles															
Owned	*271.19*	–	77.27	8.13	13.15	343.44	*118.20*	–	40.10	5.51	7.90	155.91	–	187.53	*152.99*
Leased out	*154.33*	–	63.35	–	39.18	178.50	*53.29*	–	25.02	–	26.01	52.30	–	126.20	*101.04*
Taken on lease	*0.91*	–	–	–	–	0.91	*0.91*	–	–	–	–	0.91	–	–	–
Sub total - Vehicles	*426.43*	–	140.62	8.13	52.33	522.85	*172.40*	–	65.12	5.51	33.91	209.12	–	313.73	*254.03*
Other assets															
Railway sidings	*0.25*	–	313.12	–	–	313.37	*0.25*	–	13.45	–	–	13.70	–	299.67	–
Aircraft	*68.82*	–	60.88	–	–	129.70	*7.94*	–	5.33	–	–	13.27	–	116.43	*60.88*
Ships	*790.16*	–	–	–	–	790.16	*37.61*	–	40.05	–	–	77.66	–	712.50	*752.55*
Sub total - Other assets	*859.23*	–	374.00	–	–	1233.23	*45.80*	–	58.83	–	–	104.63	–	1128.60	*813.43*
Lease adjustment	–	–	–	–	–	–	–	–	–	–	–	–	–	(239.36)	*(239.36)*
Total	*14624.62*	–	4427.24	138.41	341.02	18849.25	*3477.50*	–	1136.83	45.75	156.34	4503.74	13.74	14092.41	*10899.56*
Previous year	*11422.51*	*42.29*	*3708.96*	*14.18*	*563.32*	*14624.62*	*2768.70*	*20.57*	*869.05*	*5.86*	*186.68*	*3477.50*	*8.20*		
Add: Asset held for sale														21.33	–
														14113.74	*10899.56*
Add: Capital work-in-progress														7878.81	*7392.89*
														21992.55	*18292.45*

\# Impairment upto 31-3-2012, ₹ 13.74 crore, during the year ₹ 5.54 crore

Notes forming part of the Consolidated Accounts (contd.)

NOTE [E(II)]

Intangible assets

₹ crore

Particulars	Cost/valuation						Amortisation						Impairment	Book value	
	As at 1-4-2011	Transfer on business combination	Additions	Foreign currency fluctuation	Deductions	As at 31-3-2012	*Up to 31-3-2011*	Transfer on business combination	For the year	Foreign currency fluctuation	Deductions	Up to 31-3-2012	As at 31-3-2012	As at 31-3-2012	*As at 31-3-2011*
Goodwill on consolidation	*1336.19*	–	84.83	33.51	–	1454.53	*212.45*	–	136.68	10.22	–	359.35	41.29	1053.89	*1082.45*
Specialised softwares	*530.35*	–	108.39	0.48	6.54	632.68	*210.20*	–	75.24	0.23	6.04	279.63	–	353.05	*320.15*
Technical knowhow	*45.16*	–	5.92	0.52	–	51.60	*22.99*	–	5.61	0.44	–	29.04	–	22.56	*22.17*
Toll collection rights	*3887.05*	–	956.49	–	183.50	4660.04	*680.09*	–	214.92	–	–	895.01	–	3765.03	*3206.96*
Customer contracts and relationship	*95.25*	–	10.46	–	–	105.71	*2.38*	–	9.99	0.84	–	13.21	–	92.50	*92.87*
Trade marks	*3.00*	–	–	–	–	3.00	*3.00*	–	–	–	–	3.00	–	–	–
Total	*5897.00*	–	1166.09	34.51	190.04	6907.56	*1131.11*	–	442.44	11.73	6.04	1579.24	41.29	5287.03	*4724.60*
Previous year	*4685.51*	*242.42*	*969.04*	*16.82*	*16.79*	*5897.00*	*689.35*	*0.01*	*447.07*	*3.28*	*8.60*	*1131.11*	*41.29*		
Add: Intangible assets under development														7033.93	*4969.48*
														12320.96	*9694.08*

Notes:

1 Cost/valuation of:

(i) Freehold land includes ₹ 0.14 crore *(previous year: ₹ 43.49 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) ₹ 5.25 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) (a) in various co-operative societies and apartments and shop-owners' associations: ₹ 121.32 crore, including 2435 shares of ₹ 50 each, 232 shares of ₹ 100 each and 1 share of ₹ 250 each.

(b) in proposed co-operative societies ₹ 10.63 crore.

(c) in various co-operative societies and apartments and shop-owners' associations: ₹ 21.82 crore, for which share certificates are yet to be issued.

(ii) of ₹ 4.39 crore in respect of which the deed of conveyance is yet to be executed.

(iii) of ₹ 8.48 crore representing undivided share in a property at a certain location.

3 Cost/valuation of buildings includes ₹ 49.49 crore for building constructed on leasehold 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 Depreciation for the year on tangible assets includes obsolescence ₹ 9.72 crore *(previous year: ₹ 9.56 crore)* and ₹ 5.54 crore *(previous year: ₹ Nil)* on account of impairment loss.

5 The Company has revalued as at October 1, 1984 some of its land, buildings, plant and equipment and railway sidings at replacement/market value, which resulted in a net increase of ₹ 108.05 crore.

6 One of the subsidiaries has revalued land in the financial year 2008-2009, based on an estimated market valuation recommended by an external valuer as at March 31, 2008 which resulted in a net increase of ₹ 24.69 crore.

7 Owned assets given on operating lease have been presented separately under tangible assets note as per Accounting Standard (AS) 19 "Leases".

8 Deduction in respect of freehold land in a subsidiary represents an amount of ₹ Nil *(previous year: ₹ 114.05 crore)* transferred to inventory pertaining to office space intended for sale.

9 In case of two subsidiaries, deductions in respect of toll collection rights amounting to ₹ 23.70 crore and ₹ 159.80 crore pertain to reimbursement of claims from National Highways Authority of India (NHAI) and decapitalisation of toll expenditure to intangible asset under development respectively.

10 In case of one subsidiary, capital work in progress-tangible amounting to ₹ 611.65 crore has been reclassified to inventory in view of the management's decision to sell the area instead of leasing it.

Notes forming part of the Consolidated Accounts (contd.)

11 Cost/valuation as at April 1, 2011 of individual assets has been reclassified, wherever necessary.

12 Additions during the year and capital work-in-progress / intangible assets under development include ₹ 1198.47 crore *(previous year: ₹ 582.65 crore)* being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 "Borrowing Costs" as specified in the Companies (Accounting Standards) Rules, 2006. Asset wise break-up of borrowing costs capitalised is as follows:

₹ crore

Asset Class	2011-2012	*2010-2011*
Tangible		
Leasehold land	30.11	*–*
Building owned	116.86	*12.93*
Plant & equipment owned	65.11	*2.28*
Computer owned	0.70	*–*
Office equipment owned	0.26	*–*
Furniture and fixture owned	0.01	*–*
Vehicle owned	0.01	*–*
Railway sidings	48.59	*–*
Intangible		
Specialised software	0.19	*–*
Capital work-in-progress	58.84	*12.89*
Intangible assets under development	877.79	*554.55*
Total	1198.47	*582.65*

NOTE [F]

Non-current investments (at cost, unless otherwise specified)

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Long term investment				
Trade investments:				
Investments in equity instruments				
Fully paid equity shares	19.90		*19.90*	
Less: Provision for diminution in value	15.90		*15.90*	
		4.00		*4.00*
Investment in associates: [Note no.F(1)]				
Fully paid equity shares of associate companies	160.72		*166.86*	
Add/(deduct):				
Accumulated share in profit/(loss) of the associate companies at the beginning of the year	341.02		*366.92*	
Adjustment pursuant to an associate becoming subsidiary	–		*(25.37)*	
Adjustment pursuant to dilution/divestment of stake and buy-back in associates	1.92		*(42.93)*	
	342.94		*465.48*	
Add/(deduct):				
Share in profit/(loss) (net) of associate companies - during the year	46.16		*87.07*	
Share in non-statutory reserves of associate companies - during the year	0.02		*–*	
Commitment to fresh infusion of equity	2.76		*3.21*	
Dividend received from associate companies during the year	(25.35)		*(44.67)*	
Unrealised profits in respect of transactions with associate companies	(56.79)		*(56.79)*	
Provision for diminution in value	(0.56)		*(0.56)*	
		469.90		*453.74*
Carried forward		473.90		*457.74*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [F]

Non-current investments (at cost, unless otherwise specified) *(contd.)*

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Brought forward		473.90		*457.74*
Other Investment				
Government and trust securities		74.83		*40.53*
Debentures and bonds		209.88		*205.60*
Mutual funds		2.00		*16.00*
Other fully paid equity shares	558.04		*551.55*	
Less: Provision for diminution in value	0.56		*0.56*	
		557.48		*550.99*
Share application money pending allotment		3.78		*7.47*
Fully paid preference shares		243.00		*225.00*
		1564.87		*1503.33*

F(I) Investments in associates include goodwill of ₹ 24.24 crore *(previous year: ₹ 28.57 crore)*, net of cumulative amortisation of ₹ 19.01 crore *(previous year: ₹ 14.69 crore)* and is net of capital reserve of ₹ 0.25 crore *(previous year: ₹ 0.25 crore)*.

NOTE [G(I)(a)]

Long-term loans and advances

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Secured considered good				
Capital advances		60.48		*2.16*
Loans against mortgage of house property		9.01		*12.41*
Unsecured considered good				
Capital advances		183.68		*349.48*
Loans and advances to related parties				
Associate companies				
Advances recoverable	8.20		*–*	
Joint ventures				
Loans	283.63		*140.00*	
		291.83		*140.00*
Other loans and advances				
Security deposits	268.44		*232.30*	
Earnest money deposit	1.33		*2.21*	
Advances recoverable in cash or in kind	1084.03		*1373.31*	
Loan to corporate trust	–		*75.00*	
Balance with customs, port trust, etc.	0.32		*0.32*	
Lease receivables	1.64		*1.21*	
		1355.76		*1684.35*
		1900.76		*2188.40*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [G(I)(b)]

Long-term loans and advances towards financing activities

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Secured loans:				
Considered good:				
Term loans	15480.14		*9246.74*	
Finance lease	109.48		*101.85*	
Debentures	670.27		*717.93*	
Considered doubtful:				
Term loans [Note no.G(I)(b)(i)]	90.30		*121.55*	
	16350.19		*10188.07*	
Less: Allowance for non performing assets	90.30		*121.55*	
Less: Provision for standard assets	56.41		*32.44*	
		16203.48		*10034.08*
Unsecured loans:				
Considered good:				
Term loans	378.75		*326.67*	
Debentures	28.00		*–*	
Considered doubtful:				
Term loans	67.79		*7.33*	
	474.54		*334.00*	
Less: Allowance for non performing assets	67.79		*7.33*	
Less: Provision for standard assets	4.34		*2.18*	
		402.41		*324.49*
		16605.89		*10358.57*

G(I)(b)(i) Loans and advances towards financing activities are classified as doubtful to the extent of provision made following prudential norms for provisioning of assets prescribed by the Reserve Bank of India.

NOTE [G(II)]

Cash and bank balances

Particulars	As at 31-3-2012	*As at 31-3-2011*
	₹ crore	*₹ crore*
Cash and bank balances not available for immediate use	143.56	*0.80*
	143.56	*0.80*

NOTE [G(III)]

Other non-current assets

Particulars	As at 31-3-2012	*As at 31-3-2011*
	₹ crore	*₹ crore*
Interest accrued on investments	16.00	*4.27*
Others	109.80	*80.01*
Unamortised expenses	75.87	*10.79*
	201.67	*95.07*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [H(I)]
Current investments

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Current investments:				
Fully paid equity shares	6.86		*0.06*	
Less: Provision for diminution in value	–		*–*	
		6.86		*0.06*
Government and trust securities	381.10		*531.34*	
Less: Provision for diminution in value	7.89		*4.88*	
		373.21		*526.46*
Debentures and bonds	395.61		*358.53*	
Less: Provision for diminution in value	1.55		*5.04*	
		394.06		*353.49*
Mutual funds	1157.29		*2568.58*	
Less: Provision for diminution in value	0.02		*0.03*	
		1157.27		*2568.55*
Other investments	4922.36		*3659.81*	
Less: Provision for diminution in value	6.37		*6.33*	
		4915.99		*3653.48*
Current portion of long term investments:				
Debentures and bonds	98.19		*25.39*	
Mutual funds	279.02		*585.01*	
		377.21		*610.40*
		7224.60		*7712.44*

NOTE [H(II)]
Inventories (at cost or net realisable value whichever is lower)

Particulars	As at 31-3-2012	*As at 31-3-2011*
	₹ crore	*₹ crore*
Raw materials [including goods-in-transit ₹ 19.01 crore (*previous year: ₹ 9.93 crore*)]	970.97	*620.63*
Components [including goods-in-transit ₹ 53.32 crore (*previous year: ₹ 21.30 crore*)]	399.49	*422.19*
Construction material [including goods - in - transit ₹ 1.99 crore *(previous year: ₹ 31.40 crore*)]	129.27	*227.82*
Manufacturing work-in-progress	1832.20	*708.78*
Finished goods	302.69	*295.16*
Stock in trade (in respect of goods acquired for trading) [including goods-in-transit ₹ 52.82 crore *(previous year: ₹ 48.30 crore*)]	220.48	*209.43*
Stores and spares [including goods-in-transit ₹ 3.12 crore *(previous year: ₹ 0.97 crore*)]	111.31	*98.28*
Loose tools	4.84	*4.33*
Property development land	246.31	*400.24*
Completed property	12.31	*53.41*
	4229.87	*3040.27*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [H(III)]

Trade receivables

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Trade receivables				
Secured				
Debts outstanding for more than 6 months				
Considered good	75.17		*20.38*	
		75.17		*20.38*
Unsecured				
Debts outstanding for more than 6 months				
Considered good	1810.99		*1316.86*	
Considered doubtful	636.82		*507.52*	
	2447.81		*1824.38*	
Other debts				
Considered good	18519.20		*12782.21*	
	20967.01		*14606.59*	
Less: Allowance for doubtful debts	636.82		*507.52*	
		20330.19		*14099.07*
		20405.36		*14119.45*

NOTE [H(IV)]

Cash and bank balances

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Cash and cash equivalents				
Balance with bank	1315.98		*1724.84*	
Cheques and drafts on hand	298.39		*403.30*	
Cash on hand	17.10		*9.48*	
Fixed deposits with banks (maturity less than 3 months)	1201.98		*340.22*	
		2833.45		*2477.84*
Other bank balances				
Fixed deposits with banks including interest accured thereon [includes ₹ 22.78 crore *(previous year: ₹ 252.14 crore)* of bank deposits with more than 12 months maturity]	459.16		*1094.30*	
Earmarked balances with banks - unpaid dividend	19.52		*16.15*	
Margin money deposits	23.24		*13.76*	
Cash and bank balances not available for immediate use	34.27		*33.65*	
Bank balances subject to restriction on repatriation	8.94		*8.94*	
		545.13		*1166.80*
		3378.58		*3644.64*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [H(V)]

Short term loans and advances

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Secured considered good:				
Loans against mortgage of house property				
Key management personnel	0.29		*0.63*	
Others	1.79		*1.22*	
Other loans and advances	100.00		*–*	
		102.08		*1.85*
Unsecured				
Loans and advances to related parties				
Associates:				
Advance recoverable	11.47		*16.50*	
Joint ventures:				
Loans	84.04		*–*	
Inter-corporate deposits including interest accrued	–		*39.41*	
Advance recoverable	–		*0.08*	
		95.51		*55.99*
Others				
Considered good:				
Security deposits	230.72		*155.57*	
Earnest money deposit	36.16		*31.39*	
Loans to corporate trust	–		*25.00*	
Advances recoverable in cash or kind	4840.90		*3783.46*	
Income tax receivable of current year [net of provision for tax of ₹ 2231.19 crore *(Previous year: ₹ 295.69 crore)*]	207.22		*82.97*	
Balance with customs, port, trust etc.	78.42		*48.01*	
Lease receivables	0.44		*0.05*	
Considered doubtful:				
Deferred credit against sale of ships	21.16		*18.55*	
Security deposit	0.47		*0.98*	
Other loans and advances	130.80		*128.74*	
	5546.29		*4274.72*	
Less: Allowance for doubtful loans and advances	152.43		*148.27*	
		5393.86		*4126.45*
		5591.45		*4184.29*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [H(V)(a)]

Short term loans and advances towards financing activities

Particulars	As at 31-3-2012		*As at 31-3-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Secured loans:				
Considered good:				
Term loans	6366.65		*5313.53*	
Finance lease	53.37		*35.36*	
Debentures	96.32		*147.86*	
	6516.34		*5496.75*	
Less: Provision for standard assets	19.34		*17.31*	
		6497.00		*5479.44*
Unsecured loans:				
Considered good:				
Term loans	1674.68		*1876.13*	
	1674.68		*1876.13*	
Less: Provision for standard assets	4.41		*3.51*	
		1670.27		*1872.62*
		8167.27		*7352.06*

NOTE [H(VI)]

Other current assets

Particulars	As at 31-3-2012	*As at 31-3-2011*
	₹ crore	*₹ crore*
Due from customers (construction & project related activity)	14704.38	*12156.00*
Interest accrued on investments	98.48	*86.66*
Other unbilled revenue	144.14	*133.52*
Unamortised expenses	26.36	*5.91*
Others	100.64	*98.38*
Billed interest and other receivable	63.90	*47.11*
	15137.90	*12527.58*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [I]

Contingent liabilities

	Particulars	As at 31-3-2012 ₹ crore	*As at 31-3-2011 ₹ crore*
(a)	Claims against the Company not acknowledged as debts	382.75	*335.13*
(b)	Sales-tax liability that may arise in respect of matters in appeal	118.89	*201.64*
(c)	Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company in WRIT	36.86	*16.55*
(d)	Customs duty demands against which the Group has filed appeals before Appellate Authorities which are pending disposal	0.21	*0.21*
(e)	Income-tax liability (including interest and penalty) that may arise in respect of which the Company is in appeal	292.06	*56.51*

Notes:

1. The Company does not expect any reimbursements in respect of the above contingent liabilities.
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (e) above pending resolution of the arbitration/appellate proceedings.
3. Particulars of contingent liabilities in respect of joint venture is given in Note no.Q(16).

NOTE [J]

Commitments

₹ crore

Particulars	As at 31-3-2012	*As at 31-3-2011*
Estimated amount of contracts remaining to be executed on capital account (net of advances) *	19248.07	*21078.58*
Estimated amount of committed funding by way of loans to joint venture companies	50.00	*260.00*

* Particulars of capital commitments in respect of joint ventures is given in Note no.Q(16)

NOTE [K]

Revenue from operations

Particulars	2011-2012		*2010-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Sales & service:				
Manufacturing, trading and property development activity	8025.73		*7424.66*	
Construction and project related activity [Note no.Q(8)]	47997.97		*38477.83*	
Software development products and services	3057.18		*2378.59*	
Income from financing activity/annuity based projects	2976.78		*2133.86*	
Toll collection and related activity	431.69		*446.33*	
Servicing	385.60		*378.75*	
Commission	204.51		*186.87*	
Engineering and service fees	1083.44		*605.65*	
Income from port services	76.65		*–*	
Charter hire income	90.57		*–*	
Investment/portfolio management and trusteeship fees	12.13		*7.56*	
Premium earned (net)	36.16		*0.28*	
		64378.41		*52040.38*
Carried forward		64378.41		*52040.38*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [K]

Revenue from operations *(contd.)*

Particulars	2011-2012		*2010-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Brought forward		64378.41		*52040.38*
Other operational revenue:				
Income from hire of plant and equipment	0.85		*11.68*	
Technical fees	0.12		*0.29*	
Lease rentals	91.18		*82.86*	
Property maintenance recoveries	14.81		*16.27*	
Facility management income	11.87		*9.29*	
Premium earned (net) on related forward exchange contract	233.31		*128.97*	
Miscellaneous income	229.53		*180.48*	
		581.67		*429.84*
		64960.08		*52470.22*

K(I) Revenue from sales & service include:

(a) ₹ 325.58 crore *(previous year: ₹ 352.29 crore)* for price variations net of liquidated damages in terms of contracts with the customers.

(b) Ship building subsidy ₹ 2.09 crore *(previous year: ₹ 32.16 crore)* and reversal of shipbuilding subsidy of ₹ 18.24 crore *(previous year: ₹ Nil).*

NOTE [L]

Other income

Particulars	2011-2012		*2010-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Interest income				
Income from long term investments/non current assets				
Interest received on inter-corporate deposits from associate companies, customers and others	93.67		*54.13*	
Interest on debentures, bonds and government securities	8.96		*4.24*	
Income from current investments/current assets				
Interest received on inter-corporate deposits from associate companies, customers and others	9.65		*1.61*	
Interest on debentures, bonds and government securities	375.64		*244.83*	
		487.92		*304.81*
Dividend Income				
From long term investments				
Trade investments	16.58		*5.72*	
Others	74.49		*60.94*	
	91.07		*66.66*	
From current investments	54.34		*164.59*	
		145.41		*231.25*
Net gain/(loss) on sale of investments				
Long term investments (net)	9.41		*78.95*	
Current investments (net)	171.46		*67.58*	
		180.87		*146.53*
Net gain/(loss) on sale of fixed assets (net)		12.31		*260.15*
Lease rental		1.08		*23.72*
Miscellaneous income (net of expenses)		1.38		*2.32*
		828.97		*968.78*

Notes forming part of the Consolidated Accounts (contd.)

NOTE [M]

Manufacturing, construction and operating expenses

Particulars	2011-2012		2010-2011	
	₹ crore	₹ crore	₹ crore	₹ crore
Materials consumed:				
Raw materials and components	11045.65		8911.09	
Less: Scrap sales	113.84		73.15	
		10931.81		8837.94
Construction materials		12990.39		10359.29
Purchase of stock-in-trade	2461.36		2162.02	
Value of stock in trade transferred on sale of business	(15.33)		–	
		2446.03		2162.02
Stores, spares and tools consumed		2184.29		1418.95
Sub-contracting charges		10850.25		8940.56
Change in inventories of finished goods, work-in-progress and stock-in-trade:				
Closing stock:				
Finished goods	302.69		295.16	
Stock in trade	220.48		209.43	
Work-in-progress	2118.46		1519.91	
	2641.63		2024.50	
Less: Opening stock:				
Finished goods	295.16		152.79	
Stock in trade	209.43		257.68	
Work-in-progress	1519.91		1116.16	
	2024.50		1526.63	
		(617.13)		(497.87)
Other manufacturing, construction and operating expenses:				
Excise duty	17.13		8.60	
Power and fuel [Note no.O(I)]	701.20		489.05	
Royalty and technical know-how fees	70.08		16.12	
Packing and forwarding [Note no.O(I)]	213.24		183.73	
Hire charges - plant and equipment and others	1031.40		877.04	
Bank guarantee charges	66.98		74.36	
Insurance claim incurred (net)	63.94		2.45	
Engineering, professional, technical and consultancy fees	601.15		639.52	
Insurance [Note no.O(I)]	131.18		147.79	
Rent [Note no.O(I)]	229.77		159.04	
Rates and taxes [Note no.O(I)]	201.52		70.91	
Travelling and conveyance [Note no.O(I)]	536.68		403.83	
Repairs to plant and equipment	61.23		34.38	
Repairs to buildings [Note no.O(I)]	16.91		17.78	
General repairs and maintenance [Note no.O(I)]	222.95		144.32	
Port operation expenses	31.49		0.09	
Carried forward	4196.85	38785.64	3269.01	31220.89

Notes forming part of the Consolidated Accounts (contd.)

NOTE [M]

Manufacturing, construction and operating expenses *(contd.)*

Particulars	2011-2012		*2010-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Brought forward	4196.85	38785.64	*3269.01*	*31220.89*
Cost of built up space and property development land:				
Opening 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*	
Add: Expenses on construction during the year	102.08		*141.56*	
Add: Transferred from fixed asset to inventory	611.65		*114.05*	
	1447.82		*871.27*	
Less: Internal capitalisation during the year	–		*12.77*	
	1447.82		*858.50*	
Less: Closing Stock:				
Work-in-progress	1228.50		*280.44*	
Completed property	12.31		*53.41*	
Property development land	246.31		*400.24*	
	1487.12		*734.09*	
	(39.30)		*124.41*	
Operating cost of shipping business	36.86		*10.59*	
Miscellaneous expenses [Note no.O(I)]	696.18		*451.87*	
		4890.59		*3855.88*
Finance cost relating to financing activities:				
Interest and other financing charges		1664.14		*991.04*
Staff expenses for software development business:				
Salaries, wages and bonus	1435.15		*1159.07*	
Contribution to and provision for				
Provident fund and pension fund	105.18		*94.97*	
Superannuation/employee pension schemes	8.99		*8.24*	
Gratuity funds [Note no.Q(9)(ii)(b)]	14.70		*5.35*	
ESOP expenses	1.64		*3.66*	
Staff welfare expenses	312.44		*247.10*	
		1878.10		*1518.39*
		47218.47		*37586.20*

M(I) Other manufacturing, construction and operating expenses includes ₹ 2044.49 crore *(previous year: ₹ 472.95 crore)* towards construction of 1400 MW power plant at Rajpura, Punjab.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [N]

Employee benefits expense

Particulars	2011-2012		*2010-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Salaries, wages and bonus		3997.57		*2887.57*
Contribution to and provision for:				
Provident fund and pension fund	122.14		*103.69*	
Superannuation/employee pension schemes	38.37		*77.31*	
Gratuity funds [Note no.Q(9)(ii)(b)]	72.25		*38.16*	
		232.76		*219.16*
Expenses on employee stock option scheme		202.82		*175.87*
Employee medical & other insurance premium expenses [Note no.O(I)]		38.35		*24.31*
Staff welfare expenses		523.46		*428.38*
		4994.96		*3735.29*

NOTE [O]

Sales, administration and other expenses

Particulars	2011-2012		*2010-2011*	
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
Power and fuel [Note no.O(I)]		78.57		*74.74*
Packing and forwarding [Note no.O(I)]		171.46		*171.80*
Insurance [Note no.O(I)]		25.82		*29.12*
Rent [Note no.O(I)]		244.47		*182.86*
Rates and taxes [Note no.O(I)]		89.49		*78.02*
Travelling and conveyance [Note no.O(I)]		346.44		*313.11*
Repairs to buildings [Note no.O(I)]		21.67		*16.77*
General repairs and maintenance [Note no.O(I)]		257.31		*201.77*
Professional fees		328.91		*257.43*
Directors' fees		1.06		*0.64*
Telephone, postage and telegrams		142.79		*119.84*
Advertising and publicity		106.12		*118.23*
Stationery and printing		51.86		*48.07*
Commission:				
Distributors and agents	32.04		*33.87*	
Employees and others	23.37		*39.03*	
		55.41		*72.90*
Bank charges		61.40		*63.27*
Discount on sales		58.43		*71.84*
Miscellaneous expenses [Note no.O(I)]		362.40		*423.36*
Bad debts and advances written off	174.60		*164.61*	
Less: Allowances for doubtful debts and advances written back	34.93		*108.73*	
		139.67		*55.88*
Allowances for doubtful debts, advances and non-performing assets (net)		193.83		*194.33*
Provision for foreseeable losses on construction contracts (net)		6.00		*42.22*
Provision/(reversal) for diminution in value of investments (net)		(4.70)		*16.20*
Exchange (gain)/loss		570.06		*231.06*
Provision for standard assets		32.31		*30.27*
Other provisions [Note no.Q(17)(a)]		16.91		*278.64*
		3357.69		*3092.37*

Notes forming part of the Consolidated Accounts (contd.)

NOTE O(I) Aggregation of expenses disclosed vide notes M, N and O in respect of specific items is as follows:

₹ crore

Sr No.	Nature of expenses	2011-2012				*2010-2011*			
		Note no. M	Note no. N	Note no. O	Total	*Note no. M*	*Note no. N*	*Note no. O*	*Total*
1	Power and fuel	701.20	–	78.57	779.77	*489.05*	*–*	*74.74*	*563.79*
2	Packing and forwarding	213.24	–	171.46	384.70	*183.73*	*–*	*171.80*	*355.53*
3	Insurance	131.18	38.35	25.82	195.35	*147.79*	*24.31*	*29.12*	*201.22*
4	Rent	229.77	–	244.47	474.24	*159.04*	*–*	*182.86*	*341.90*
5	Rates and taxes	201.52	–	89.49	291.01	*70.91*	*–*	*78.02*	*148.93*
6	Travelling and conveyance	536.68	–	346.44	883.12	*403.83*	*–*	*313.11*	*716.94*
7	Repairs to buildings	16.91	–	21.67	38.58	*17.78*	*–*	*16.77*	*34.55*
8	General repairs and maintenance	222.95	–	257.31	480.26	*144.32*	*–*	*201.77*	*346.09*
9	Misellaneous expenses	696.18	–	362.40	1058.58	*451.87*	*–*	*423.36*	*875.23*

NOTE [P]
Finance costs

Particulars	2011-2012 ₹ crore	*2010-2011* *₹ crore*
Interest expenses	910.41	*789.29*
Other borrowing costs	6.83	*6.34*
Exchange loss (attributable to finance costs)	184.65	*7.12*
	1101.89	*802.75*

NOTE [Q]

Q(1) The Balance Sheet as on March 31, 2012 and the Statement of Profit and Loss for the year ended March 31, 2012 are drawn and presented as per the new format prescribed under Schedule VI to the Companies Act, 1956 applicable for the financial year commencing from April 1, 2011. The amounts pertaining to the previous year have been recast to conform with the new format.

Q(2) 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.

Notes forming part of the Consolidated Accounts (contd.)

Q(3) 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 31-3-2012 Proportion of ownership interest (%)	As at 31-3-2012 Proportion of voting power held (%)	*As at 31-3-2011 Proportion of ownership interest (%)*	*As at 31-3-2011 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	50.0002	50.0002	*50.0002*	*50.0002*
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	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	75.50	75.50	*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	India	72.11	72.11	*74.00*	*74.00*
19	Kesun Iron & Steel Company Private Limited	India	95.00	95.00	*95.00*	*95.00*
20	L&T Howden Private Limited	India	50.10	50.10	*50.10*	*50.10*
21	L&T Solar Limited	India	100.00	100.00	*100.00*	*100.00*
22	L&T Sapura Shipping Private Limited	India	60.00	60.00	*60.00*	*60.00*
23	L&T Sapura Offshore Private Limited	India	60.00	60.00	*60.00*	*60.00*
24	L&T PowerGen Limited	India	100.00	100.00	*100.00*	*100.00*
25	Ewac Alloys Limited	India	100.00	100.00	*100.00*	*100.00*
26	L&T Kobelco Machinery Private Limited	India	51.00	51.00	*51.00*	*51.00*
27	L&T Infra & Property Development Private Limited $$	India	–	–	*–*	*–*
28	L&T Realty Limited (formerly known as L&T Realty Private Limited)	India	100.00	100.00	*100.00*	*100.00*
29	L&T Asian Realty Project LLP	India	50.00	55.00	*–*	*–*
30	L&T Parel Project LLP	India	100.00	100.00	*–*	*–*
31	Chennai Vision Developers Private Limited	India	100.00	100.00	*100.00*	*100.00*
32	L&T Urban Infrastructure Limited	India	100.00	100.00	*73.24*	*73.24*
33	L&T South City Projects Limited	India	51.00	51.00	*37.35*	*37.35*
34	L&T Siruseri Property Developers Limited	India	51.00	51.00	*37.35*	*37.35*
35	L&T Vision Ventures Limited	India	68.00	68.00	*49.80*	*49.80*
36	L&T Tech Park Limited	India	51.00	51.00	*37.35*	*37.35*
37	L&T Bangalore Airport Hotel Limited	India	74.00	74.00	*54.20*	*54.20*
38	CSJ Infrastructure Private Limited	India	82.00	82.00	*60.05*	*60.05*

Notes forming part of the Consolidated Accounts (contd.)

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2012 Proportion of ownership interest (%)	As at 31-3-2012 Proportion of voting power held (%)	*As at 31-3-2011 Proportion of ownership interest (%)*	*As at 31-3-2011 Proportion of voting power held (%)*
39	L&T Arun Excello Commercial Projects Private Limited	India	51.00	51.00	*37.35*	*37.35*
40	L&T Arun Excello IT SEZ Private Limited	India	51.00	51.00	*37.35*	*37.35*
41	L&T Power Limited	India	99.99	99.99	*100.00*	*100.00*
42	L&T Cassidian Limited	India	74.00	74.00	–	–
43	L&T General Insurance Company Limited	India	100.00	100.00	*100.00*	*100.00*
44	L&T Aviation Services Private Limited	India	100.00	100.00	*100.00*	*100.00*
45	L&T Infocity Limited	India	89.00	89.00	*65.18*	*65.18*
46	L&T Hitech City Limited	India	65.86	65.86	*48.23*	*48.23*
47	Hyderabad International Trade Expositions Limited	India	51.71	51.71	*37.87*	*37.87*
48	Larsen & Toubro Infotech Limited	India	100.00	100.00	*100.00*	*100.00*
49	GDA Technologies Limited	India	100.00	100.00	*100.00*	*100.00*
50	L&T Finance Holdings Limited	India	82.64	82.64	*99.99*	*99.99*
51	L&T Finance Limited	India	82.64	82.64	*99.99*	*99.99*
52	L&T Investment Management Limited	India	82.64	82.64	*99.99*	*99.99*
53	L&T Mutual Fund Trustee Limited	India	82.64	82.64	*99.99*	*99.99*
54	L&T FinCorp Limited (formerly known as India Infrastructure Developers Limited)	India	82.64	82.64	*99.99*	*99.99*
55	L&T Infrastructure Finance Company Limited	India	82.64	82.64	*99.99*	*99.99*
56	L&T Infra Investment Partners Advisory Private Limited	India	82.64	82.64	–	–
57	L&T Infra Investment Partners Trustee Private Limited	India	82.64	82.64	–	–
58	L&T Unnati Finance Limited	India	82.64	82.64	–	–
59	L&T Access Financial Advisory Services Private Limited	India	82.64	82.64	–	–
60	L&T Capital Company Limited	India	100.00	100.00	*100.00*	*100.00*
61	L&T Trustee Company Private Limited	India	100.00	100.00	*100.00*	*100.00*
62	L&T Power Development Limited	India	100.00	100.00	*100.00*	*100.00*
63	L&T Uttaranchal Hydropower Limited	India	100.00	100.00	*100.00*	*100.00*
64	L&T Arunachal Hydropower Limited	India	100.00	100.00	*100.00*	*100.00*
65	L&T Himachal Hydropower Limited	India	100.00	100.00	*100.00*	*100.00*
66	Nabha Power Limited	India	100.00	100.00	*100.00*	*100.00*
67	L&T Infrastructure Development Projects Limited	India	97.45	97.45	*97.65*	*97.65*
68	L&T Panipat Elevated Corridor Limited	India	97.45	97.45	*97.65*	*97.65*
69	Narmada Infrastructure Construction Enterprise Limited	India	97.45	97.45	*97.65*	*97.65*
70	L&T Krishnagiri Thopur Toll Road Limited	India	97.45	97.45	*97.65*	*97.65*
71	L&T Western Andhra Tollways Limited	India	97.45	97.45	*97.65*	*97.65*
72	L&T Vadodara Bharuch Tollway Limited	India	97.45	97.45	*97.65*	*97.65*
73	L&T Transportation Infrastructure Limited	India	97.45	97.45	*97.65*	*97.65*
74	L&T Western India Tollbridge Limited	India	97.45	97.45	*97.65*	*97.65*
75	L&T Interstate Road Corridor Limited	India	97.45	97.45	*97.65*	*97.65*
76	International Seaports (India) Private Limited	India	97.45	97.45	*97.65*	*97.65*
77	L&T Port Kachchigarh Limited	India	97.45	97.45	*97.65*	*97.65*
78	L&T Ahmedabad - Maliya Tollway Limited	India	97.45	97.45	*97.65*	*97.65*

Notes forming part of the Consolidated Accounts (contd.)

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2012 Proportion of ownership interest (%)	As at 31-3-2012 Proportion of voting power held (%)	*As at 31-3-2011 Proportion of ownership interest (%)*	*As at 31-3-2011 Proportion of voting power held (%)*
79	L&T Halol - Shamlaji Tollway Limited	India	97.45	97.45	*97.65*	*97.65*
80	L&T Krishnagiri Walajahpet Tollway Limited	India	97.45	97.45	*97.65*	*97.65*
81	L&T Devihalli Hassan Tollway Limited	India	97.45	97.45	*97.65*	*97.65*
82	L&T Metro Rail (Hyderabad) Limited	India	97.48	97.48	*97.65*	*97.65*
83	L&T Transco Private Limited	India	97.45	97.45	*97.65*	*97.65*
84	L&T Chennai Tada Tollway Limited	India	97.45	97.45	*97.65*	*97.65*
85	L&T BPP Tollway Limited (formerly known as BPP Tollway Private Limited)	India	97.45	97.45	*–*	*–*
86	L&T Rajkot - Vadinar Tollway Limited	India	97.45	97.45	*100.00*	*100.00*
87	L&T Deccan Tollways Limited	India	97.45	97.45	*–*	*–*
88	Sutrapada SEZ Developers Limited @@	India	–	–	*97.65*	*97.65*
89	Sutrapada Shipyard Limited @@	India	–	–	*97.65*	*97.65*
90	L&T Samakhiali Gandhidham Tollway Limited (formerly known as L&T Samakhiali Gandhidham Tollway Private Limited)	India	97.45	97.45	*97.65*	*97.65*

$$ 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 is under liquidation and its name is struck off from the register of ROC u/s 560(5) of the Companies Act, 1956 on October 14, 2011.

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2012 Proportion of ownership interest (%)	As at 31-3-2012 Proportion of voting power held (%)	*As at 31-3-2011 Proportion of ownership interest (%)*	*As at 31-3-2011 Proportion of voting power held (%)*
	Foreign subsidiaries					
1	Larsen & Toubro LLC	USA	100.00	100.00	*100.00*	*100.00*
2	Larsen & Toubro Infotech GmbH	Germany	100.00	100.00	*100.00*	*100.00*
3	Larsen & Toubro Infotech Canada Limited	Canada	100.00	100.00	*100.00*	*100.00*
4	Larsen & Toubro Infotech LLC	USA	100.00	100.00	*100.00*	*100.00*
5	L&T Infotech Financial Services Technologies Inc.	Canada	100.00	100.00	*100.00*	*100.00*
6	GDA Technologies Inc.	USA	100.00	100.00	*100.00*	*100.00*
7	L&T Infrastructure Development Projects Lanka (Private) Limited	Sri Lanka	93.43	93.43	*93.34*	*93.34*
8	Peacock Investments Limited	Mauritius	100.00	100.00	*100.00*	*100.00*
9	Mango Investments Limited	Mauritius	100.00	100.00	*100.00*	*100.00*
10	Lotus Infrastructure Investments Limited	Mauritius	100.00	100.00	*100.00*	*100.00*
11	L&T Real Estate India Fund	Mauritius	100.00	100.00	*100.00*	*100.00*
12	L&T Asset Management Company Limited	Mauritius	100.00	100.00	*100.00*	*100.00*
13	L&T Realty FZE	UAE	100.00	100.00	*100.00*	*100.00*
14	Larsen & Toubro International FZE	UAE	100.00	100.00	*100.00*	*100.00*
15	Larsen & Toubro (Oman) LLC	Sultanate of Oman	65.00	65.00	*65.00*	*65.00*
16	Larsen & Toubro Electromech LLC	Sultanate of Oman	65.00	65.00	*65.00*	*65.00*
17	L&T Modular Fabrication Yard LLC	Sultanate of Oman	65.00	65.00	*65.00*	*65.00*
18	Larsen & Toubro (East Asia) Sdn. Bhd. ##	Malaysia	30.00	100.00	*30.00*	*100.00*
19	Larsen & Toubro Qatar LLC ##	Qatar	49.00	100.00	*49.00*	*100.00*
20	L&T Overseas Projects Nigeria Limited	Nigeria	100.00	100.00	*100.00*	*100.00*

Notes forming part of the Consolidated Accounts (contd.)

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2012 Proportion of ownership interest (%)	As at 31-3-2012 Proportion of voting power held (%)	*As at 31-3-2011 Proportion of ownership interest (%)*	*As at 31-3-2011 Proportion of voting power held (%)*
21	L&T Electricals Saudi Arabia Company Limited, LLC	Kingdom of Saudi Arabia	75.00	75.00	*75.00*	*75.00*
22	Larsen & Toubro Kuwait Construction General Contracting Company, WLL ##	Kuwait	49.00	75.00	*49.00*	*75.00*
23	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Peoples Republic of China	100.00	100.00	*100.00*	*100.00*
24	Qingdao Larsen & Toubro Trading Company Limited	Peoples Republic of China	100.00	100.00	*100.00*	*100.00*
25	Larsen & Toubro (Jiangsu) Valve Company Limited	Peoples Republic of China	100.00	100.00	*100.00*	*100.00*
26	Larsen & Toubro Readymix Concrete Industries LLC ##	UAE	49.00	100.00	*49.00*	*100.00*
27	Larsen & Toubro Saudi Arabia LLC	Kingdom of Saudi Arabia	100.00	100.00	*100.00*	*100.00*
28	Larsen & Toubro (Wuxi) Electric Company Limited	Peoples Republic of China	100.00	100.00	*100.00*	*100.00*
29	Larsen & Toubro ATCO Saudia LLC ##	Kingdom of Saudi Arabia	49.00	75.00	*49.00*	*75.00*
30	Tamco Switchgear (Malaysia) Sdn. Bhd.	Malaysia	100.00	100.00	*100.00*	*100.00*
31	Tamco Electrical Industries Australia Pty Ltd.	Australia	100.00	100.00	*100.00*	*100.00*
32	PT Tamco Indonesia	Indonesia	100.00	100.00	*100.00*	*100.00*
33	Larsen & Toubro Heavy Engineering LLC	Sultanate of Oman	70.00	70.00	*70.00*	*70.00*
34	Offshore International FZC****	UAE	–	–	*60.00*	*60.00*
35	L&T Electrical & Automation FZE	UAE	100.00	100.00	*100.00*	*100.00*
36	Pathways FZE@@@	UAE	–	–	*100.00*	*100.00*
37	Larsen & Toubro Consultoria E Projeto Ltda	Brazil	100.00	100.00	*100.00*	*100.00*
38	Larsen & Toubro T&D SA (PTY) LTD	South Africa	72.50	72.50	*72.50*	*72.50*

The Parent Company, together with its subsidiaries controls the composition of Board of Directors.

**** The Company has been wound up w.e.f. March 29, 2011.

@@@ The Company has been wound up w.e.f. November 9, 2011.

Sr. no.	Name of associate company	Country of incorporation	As at 31-3-2012 Proportion of ownership interest (%)	As at 31-3-2012 Proportion of voting power held (%)	*As at 31-3-2011 Proportion of ownership interest (%)*	*As at 31-3-2011 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	L&T-Chiyoda Limited	India	50.00	50.00	50.00	50.00
4	L&T-Ramboll Consulting Engineers Limited	India	50.00	50.00	50.00	50.00
5	Gujarat Leather Industries Limited #	India	50.00	50.00	50.00	50.00
6	NAC Infrastructure Equipment Limited	India	24.79	24.79	30.00	30.00
7	International Seaport (Haldia) Private Limited	India	21.74	21.74	21.79	21.79
8	Vizag IT Park Limited	India	23.14	23.14	16.95	16.95

Notes forming part of the Consolidated Accounts (contd.)

Sr. no.	Name of associate company	Country of incorporation	As at 31-3-2012 Proportion of ownership interest (%)	As at 31-3-2012 Proportion of voting power held (%)	*As at 31-3-2011 Proportion of ownership interest (%)*	*As at 31-3-2011 Proportion of voting power held (%)*
9	Larsen & Toubro Qatar & HBK Contracting LLC	Qatar	24.50	50.00	24.50	50.00
10	L&T Camp Facilities LLC	UAE	49.00	49.00	49.00	49.00
11	L&T Arun Excello Realty Private Limited	India	33.00	33.00	24.17	24.17
12	TNJ Moduletech Private Limited*	India	–	–	40.00	40.00
13	Feedback Infrastructure Services Private Limited (formerly known as Feedback Ventures Private Limited)	India	23.16	23.16	23.16	23.16
14	JSK Electricals Private Limited###	India	26.00	26.00	26.00	26.00
15	Salzer Electronics Limited ###	India	26.06	26.06	26.06	26.06
16	Asia Alloys Precicasters Private Limited**	India	–	–	26.00	26.00
17	Rishi Consfab Private Limited	India	26.00	26.00	26.00	26.00
18	Magtorq Private Limited	India	42.85	42.85	42.85	42.85

\# The company is under liquidation.

\### The accounts have been consolidated for twelve months period ended December 31, 2011.

* The Company has sold its stake on September 26, 2011.

** The Company has sold its stake on March 25, 2012.

Sr. No.	Name of joint venture	Country of residence	As at 31-3-2012 Proportion of ownership interest (%)	*As at 31-3-2011 Proportion of ownership interest (%)*
	Jointly controlled entities - Indian joint ventures			
1	L&T-AM Tapovan Joint Venture	India	65.00	*65.00*
2	International Metro Civil Contractors	India	26.00	*26.00*
3	Desbuild L&T Joint Venture	India	49.00	*49.00*
4	HCC-L&T Purulia Joint Venture	India	43.00	*43.00*
5	Bauer-L&T Diaphragm Wall Joint Venture	India	50.00	*50.00*
6	Metro Tunneling Group	India	26.00	*26.00*
7	L&T-Hochtief Seabird Joint Venture	India	90.00	*90.00*
8	L&T-Shanghai Urban Construction (Group) Corporation Joint Venture	India	51.00	*51.00*
9	Metro Tunneling Chennai L&T SUCG Joint Venture	India	75.00	*75.00*
10	The Dhamra Port Company Limited	India	48.72	*48.83*
11	Metro Tunneling Delhi-L&T SUCG Joint Venture	India	60.00	–
12	L&T-Shapoorji Pallonji & Co. Ltd. Joint Venture –TCS	India	50.00	–
	Jointly controlled entities - Foreign joint ventures			
13	L&T-Eastern Joint Venture	UAE	65.00	*65.00*
14	IndIran Engineering Projects and Systems	Iran	50.00	*50.00*
	Jointly controlled operations - Indian joint ventures			
15	L&T-HCC Joint Venture	India		
16	Patel–L&T Consortium	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		

Notes forming part of the Consolidated Accounts (contd.)

Q(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 Statement of Profit and Loss.

Q(5) Exceptional items [accounting policy no.R(5)]:

a) Profit on divestment of the group's part stake in one subsidiary ₹ 55.02 crore *(previous year: ₹ 26.70 crore (net) on divestment/ dilution of the group's stake in subsidiary companies).*

b) Profit on divestment of the group's stake in two of its associate companies ₹ 1.75 crore *(previous year: ₹ 152.03 crore (net) on divestment of the group's stake in two of its associate companies).*

c) Profit on divestment of the group's stake in a joint venture company ₹ Nil *(previous year: ₹ 2.53 crore recognised on divestment of the group's stake in a joint venture company).*

d) Part reversal of provision of ₹ Nil *(previous year: ₹ 24.03 crore)* made in the earlier years for diminution in the value of investment in one subsidiary, pursuant to divestment of the Company's part stake.

Q(6) The expenditure on research and development activities recognised as expense in the Statement of Profit and Loss is ₹ 86.03 crore *(previous year: ₹ 72.80 crore).* Further, the company has incurred capital expenditure on research and development activities as follows:

a) on tangible assets of ₹ 17.74 crore *(previous year: ₹ 17.29 crore)*

b) on intangible assets being expenditure on new product development of ₹ 38.58 crore *(previous year: ₹ 22.72 crore)* [accounting policy no.R(6)(b)] and

c) on other intangible assets of ₹ 1.11 crore *(previous year: ₹ 1.33 crore).*

In addition, the Company has carried out work of a developmental nature of ₹ 13.06 crore *(previous year: ₹ 16.46 crore)* which is partially/fully paid for by the customers.

Q(7) a) Provision for current tax includes:

i) Provision for income tax in respect of earlier years ₹ 16.02 crore (net) *(previous year: ₹ 94.88 crore)* (net)

ii) Credit for Minimum Alternative Tax (MAT) entitlement ₹ 29.17 crore *(previous year: ₹ 28.39 crore)* under section 115JB of the Income Tax Act, 1961.

iii) Translation effect on account of non-integral foreign operation ₹ 2.07 crore (net gain) *[(previous year: ₹ 0.11 crore)(net loss)]*

b) Tax effect of ₹ 0.03 crore *(previous year: ₹ 0.62 crore)* on account of debenture issue expenses which have been credited to securities premium account.

Q(8) Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts"

₹ crore

	Particulars	2011-2012	*2010-2011*
i)	Contract revenue recognised for the financial year	47997.97	*38477.83*
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	128294.79	*95792.99*
iii)	Amount of customer advances outstanding for contracts in progress as at the end of the financial year	8193.35	*7845.60*
iv)	Retention amounts due from customers for contracts in progress as at the end of the financial year	5296.91	*3373.72*

Q(9) Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits"

i. Defined contribution plans: [accounting policy no.R(7)(b)(i)] Amount of ₹ 84.48 crore *(previous year: ₹ 94.96 crore)* is recognised as an expense and included in "employee benefits expense" (Note no.N) in the Statement of Profit and Loss.

Notes forming part of the Consolidated Accounts (contd.)

ii. Defined benefit plans: [accounting policy no.R(7)(b)(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 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*
A) Present value of defined benefit obligation:								
Wholly funded	386.30	*362.29*	–	*–*	–	*–*	1812.84	*1615.09*
Wholly unfunded	45.99	*27.61*	94.07	*97.60*	184.67	*162.89*	20.61	*–*
	432.29	*389.90*	94.07	*97.60*	184.67	*162.89*	1833.45	*1615.09*
Less: Fair value of plan assets	322.04	*327.89*	–	*–*	–	*–*	1791.04	*1583.61*
Less: Unrecognised past service costs	0.03	*0.04*	1.43	*1.61*	0.64	*0.75*	–	*–*
Add: Amount not recognised as an asset (limit in para 59(b))	0.17	*0.02*	–	*–*	–	*–*	–	*–*
Amount to be recognised as liability or (asset)	110.39	*61.99*	92.64	*95.99*	184.03	*162.14*	42.41	31.48
B) Amounts reflected in the Balance Sheet								
Liabilities	110.39	*61.99*	92.64	*95.99*	184.03	*162.14*	45.39	*34.69*
Assets	–	*–*	–	*–*	–	*–*	–	*–*
Net liability/(asset)	110.39	*61.99*	92.64	*95.99*	184.03	*162.14*	45.39	*34.69*
Net liability/(asset) - current	110.39	*61.99*	9.21	*10.35*	9.84	*4.83*	24.78#	*34.69#*
Net liability/(asset) - non-current	–	*–*	83.43	*85.64*	174.19	*157.31*	20.61	*–*

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*	2011-2012	*2010-2011*
1 Current service cost	49.53	*32.09*	7.20	*5.72*	5.12	*3.60*	107.94$	*93.34$*
2 Interest cost	27.68	*25.99*	8.22	7.04	13.27	11.08	*129.56*	135.05
3 Expected (return) on plan assets	(22.23)	*(21.20)*	–	–	–	–	(129.56)	*(135.05)*
4 Actuarial losses/(gains)	30.41	*4.92*	(14.28)	*3.83*	12.54	*16.15*	10.34	*13.34*
5 Past service cost	0.02	*0.43*	0.18	*0.51*	0.11	*0.11*	–	*–*
6 Effect of any curtailment or settlement	–	*–*	–	*–*	–	*–*	–	*–*
7 Adjustment for earlier years	(1.37)	*(0.20)*	–	*–*	–	*–*	–	*–*
8 Actuarial gain/(loss) not recognised in books	–	*–*	–	*–*	–	*–*	10.27	*(3.75)*
9 Translation adjustments	2.11	*0.10*	–	*–*	–	*–*	–	*–*
10 Amount capitalised out of the above	(0.60)	*(0.24)*	–	*–*	–	*–*	–	*–*
Total (1 to 10)	85.55	*41.89*	1.32	*17.10*	31.04	*30.94*	128.55	*102.93*
I Amount included in “employee benefits expense”	72.25	*38.16*	(0.09)	*10.90*	28.45	*21.50*	107.94	*93.34*
II Amount included as part of “other manufacturing, construction and operating expenses”	14.70	*5.35*	–	*0.60*	–	*–*	–	*–*
III Amount included as part of “finance costs”	(1.40)	*(1.62)*	1.41	*5.60*	2.59	*9.44*	20.61	*9.59*
Total (I + II + III)	85.55	*41.89*	1.32	*17.10*	31.04	*30.94*	128.55	*102.93*
Actual return on plan assets	22.63	*25.58*	–	*–*	–	*–*	139.83	*121.71*

Notes forming part of the Consolidated Accounts (contd.)

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*
Opening 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*
Add: Current service cost	49.53	*32.09*	7.20	*5.72*	5.12	*3.60*	107.94$	*93.34$*
Add: Interest cost	27.68	*25.99*	8.22	*7.04*	13.27	*11.08*	129.56	*135.05*
Add: Contribution by plan participants								
i) Employer	–	–	–	–	–	–	–	–
ii) Employee	–	–	–	–	–	–	198.09	*168.05*
iii) Transfer-in/(out)	(2.03)~	*(1.73)~*	–	–	–	–	–	–
Add/(less): Actuarial losses/(gains)	30.81	*9.30*	(14.28)	*3.83*	12.54	*16.15*	20.61	–
Less: Benefits paid	(69.22)	*(36.96)*	(5.08)	*(4.20)*	(9.15)	*(4.41)*	(237.84)	*(149.88)*
Add: Past service cost	1.62	*0.48*	–	*0.83*	–	–	–	–
Add: Liabilities assumed on transfer of employees	–	–	0.41	–	–	–	–	–
Add: Business combination/acquisition	(0.01)	*0.90*	–	*0.54*	–	–	–	*3.56*
Add: Adjustment for earlier years	0.39	*1.59*	–	–	–	–	–	–
Add/(less): Translation adjustments	3.62	*(0.03)*	–	–	–	–	–	–
Closing balance of the present value of defined benefit obligation	432.29	*389.90*	94.07	*97.60*	184.67	*162.89*	1833.45	*1615.09*

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 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*
Opening balance of the fair value of the plan assets	327.89	*294.56*	1583.61	*1350.42*
Add: Expected return on plan assets*	22.23	*21.20*	129.56	*135.05*
Add/(Less): Actuarial gains/(losses)	0.40	*4.38*	10.27	*(13.34)*
Add: Contribution by the employer	38.69	*45.89*	110.74	*93.00*
Add/(less): Transfer in/(out)	–	*(2.36)*	–	–
Add: Contribution by plan participants	–	–	194.70	*164.85*
Less: Benefits paid	(69.22)	*(36.96)*	(237.84)	*(149.88)*
Add: Business combination/disposal (net)	2.03	*0.90*	–	*3.51*
Add: Adjustment for earlier years	0.02	*0.28*	–	–
Closing balance of the plan assets	322.04	*327.89*	1791.04	*1583.61*

Notes: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

* Basis used to determine the overall expected return:

The trust formed by the Company manages the investments of provident funds and gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year [Note no.9(ii)(f)(7)].

The Company expects to fund ₹ 64.51 crore *(previous year: ₹ 34.36 crore)* towards its gratuity plan and ₹ 114.42 crore *(previous year: ₹ 98.94 crore)* towards its trust-managed provident fund plan during the year 2012-2013.

\# Employer's and employees' contribution (net) for March is paid in April.

$ Employer's contribution to provident fund

~ Amount transferred out on sale of business undertakings (net) ₹ (2.03) crore *(previous year: ₹ (1.73) crore)*

Notes forming part of the Consolidated Accounts (contd.)

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

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*
Government of India securities	35%	*34%*	24%	*24%*
State government securities	10%	*10%*	12%	*12%*
Corporate bonds	16%	*13%*	7%	*7%*
Equity shares of listed companies	3%	*2%*	–	–
Fixed deposits under special deposit scheme framed by central government for provident funds	–	*9%*	17%	*19%*
Insurer managed funds	1%	*1%*	–	–
Public sector unit bonds	29%	*28%*	40%	*38%*
Others	6%	*3%*	–	–

f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

		As at 31-3-2012	*As at 31-3-2011*
1	Discount rate:		
	a) Gratuity plan	8.59%	*8.11%*
	b) Company pension plan	8.59%	*8.11%*
	c) Post-retirement medical benefit plan	8.59%	*8.11%*
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%	*5.00%*
	b) Company pension plan	6.00%	*6.00%*

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 6%)* 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 Statement of Profit and Loss 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	
	2011-2012	*2010-2011*	2011-2012	*2010-2011*
Effect on the aggregate of the service cost and interest cost	2.46	*1.67*	(1.91)	*(2.34)*
Effect on defined benefit obligation	9.43	*9.50*	(7.57)	*(7.63)*

Notes forming part of the Consolidated Accounts (contd.)

g) The amounts pertaining to defined benefit plans are as follows:

₹ crore

	Particulars	As at 31-3-2012	As at 31-3-2011	As at 31-3-2010	As at 31-3-2009	As at 31-3-2008
1	Post-retirement medical benefit plan (unfunded)					
	Defined benefit obligation	92.64	95.99	82.55	74.40	58.74
	Experience adjustment plan liabilities	(6.62)	7.91	5.73	1.13	2.66
2	Gratuity plan (funded/unfunded)					
	Defined benefit obligation	432.29	389.90	358.27	290.67	244.08
	Plan assets	322.04	327.89	294.56	255.06	213.22
	Surplus/(deficit)	(110.39)	(61.99)	(63.71)	(35.61)	(30.86)
	Experience adjustment plan liabilities	30.18	30.37	30.67	8.38	16.44
	Experience adjustment plan assets	(0.19)	4.38	2.29	13.05	6.49
3	Post-retirement pension plan (unfunded)					
	Defined benefit obligation	184.03	162.14	135.61	151.80	151.35
	Experience adjustment plan liabilities	23.21	17.46	(4.11)	(6.89)	26.87
4	Trust managed provident fund plan (funded)					
	Defined benefit obligation	1833.45	1615.09	1364.97	1127.81	1014.16
	Plan assets	1791.04	1583.61	1350.42	1151.80	1014.85
	Surplus/(deficit)	(42.41)	(31.48)	(14.55)	23.99	0.69

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 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.

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 recognized immediately in the Statement of Profit and Loss as actuarial loss. Any loss/gain arising out of the investment risk and actuarial risk associated with the plan is also recognized as expense or income in the period in which such loss/gain occurs. Further, an amount of ₹ 20.61crore has been provided based on actuarial valuation towards the future obligation arising out of interest rate guarantee associated with the plan.

Q(10) Disclosure pursuant to Accounting Standard (AS) 17 "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.

Notes forming part of the Consolidated Accounts (contd.)

b) Information about business segments (information provided in respect of revenue items for the year ended March 31, 2012 and in respect of assets/liabilities as at March 31, 2012 – 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	49485.91	*39473.16*	3933.65	*3749.71*	3503.46	*3186.91*	2997.09	*2118.13*	1066.55	*1005.08*	3973.42	*2937.23*			64960.08	*52470.22*
Inter-segment	1714.10	*1761.66*	369.37	*235.99*	170.34	*94.91*	26.79	*25.76*	47.73	*4.44*	84.54	*57.04*	(2412.87)	*(2179.80)*	–	*–*
Total revenue	51200.01	*41234.82*	4303.02	*3985.70*	3673.80	*3281.82*	3023.88	*2143.89*	1114.28	*1009.52*	4057.96	*2994.27*	(2412.87)	*(2179.80)*	64960.08	*52470.22*
Result																
Segment result	5577.62	*4920.23*	428.16	*493.86*	581.56	*572.06*	556.02	*567.85*	216.72	*291.02*	701.16	*449.99*			8061.24	*7295.01*
Inter-segment margin - capital															(214.92)	*(209.98)*
															7846.32	*7085.03*
Unallocated corporate income/ (expenditure) (net)															(258.84)	*142.78*
Operating Profit (PBIT)															7587.48	*7227.81*
Interest expense															(1101.89)	*(802.75)*
Interest income															487.92	*304.81*
Profit before tax (PBT) (before extraordinary items)															6973.51	*6729.87*
Profit from extra-ordinary items															–	*70.84*
Profit before tax (PBT) (after extraordinary items)															6973.51	*6800.71*
Provision for current tax															(2314.33)	*(2205.37)*
Provision for deferred tax															31.78	*(140.19)*
Profit after tax															4690.96	*4455.15*
Additional tax on dividend distributed/proposed by subsidiary companies															(8.67)	*(7.49)*
Share of profit in associates															46.16	*87.07*
Adjustment for minority interests in subsidiaries															(34.76)	*(78.56)*
Profit after tax, minority interests and share in profit of associates															4693.69	*4456.17*
Other information																
Segment assets	48116.27	*37385.74*	3411.03	*3052.26*	2233.32	*1967.91*	26999.59	*19674.46*	22302.68	*17955.13*	2913.29	*2457.14*			105976.18	*82492.64*
Unallocable corporate assets															13018.15	*12241.48*
Total assets															118994.33	*94734.12*
Segment liabilities	28616.96	*24489.28*	1356.23	*1244.75*	1076.82	*1141.44*	21984.46	*15785.76*	5451.94	*5440.13*	876.12	*508.10*			59362.53	*48609.46*
Unallocable corporate liabilities															28491.56	*20048.11*
Total liabilities															87854.09	*68657.57*
Capital expenditure	3929.81	*3894.69*	187.30	*195.73*	80.67	*166.81*	251.89	*189.95*	3400.15	*4302.43*	392.37	*332.78*				
Depreciation, amortization, impairment & obsolescence included in segment expense	743.18	*560.68*	113.05	*140.35*	49.12	*50.29*	76.32	*67.40*	312.51	*367.89*	134.78	*109.10*				
Non-cash expenses other than depreciation included in segment expense	180.33	*159.46*	8.41	*9.02*	6.09	*7.89*	4.07	*1.40*	–	*–*	13.51	*5.93*				

Notes forming part of the Consolidated Accounts (contd.)

ii. Secondary segments (geographical segments):

₹ crore

Particulars	Domestic		Overseas		Total	
	CY	*PY*	CY	*PY*	CY	*PY*
External revenue by location of customers	52526.25	*41954.72*	12433.83	*10515.50*	64960.08	*52470.22*
Carrying amount of segment assets by location of assets	99463.67	*76754.42*	6512.51	*5738.22*	105976.18	*82492.64*
Cost incurred on acquisition of tangible and intangible fixed assets	7834.96	*7641.38*	407.23	*1441.01*	8242.19	*9082.39*

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, mining and aviation.

Notes forming part of the Consolidated Accounts (contd.)

Q(11) Disclosure of related parties/related party transactions pursuant to Accounting Standard (AS) 18 "Related Party Disclosures":

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	L&T-Komatsu Limited
3	L&T-Chiyoda Limited	4	Vizag IT Park Limited
5	L&T-Ramboll Consulting Engineers Limited	6	Salzer Electronics Limited
7	Magtorq Private Limited	8	L&T Camp Facilities LLC
9	International Seaport (Haldia) Private Limited	10	NAC Infrastructure Equipment Limited
11	L&T Arun Excello Realty Private Limited	12	Larsen & Toubro Qatar & HBK Contracting LLC
13	Feedback Infrastructure Services Private Limited (formerly known as Feedback Ventures Private Limited)	14	JSK Electricals Private Limited

Joint ventures:

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	HCC-L&T Purulia Joint Venture
9	Indiran Engineering Projects and Systems	10	L&T-Shanghai Urban Construction (Group) Corporation Joint Venture
11	L&T-AM Tapovan Joint Venture	12	Metro Tunneling Chennai L&T SUCG Joint Venture

Key management personnel & their relatives:

1	Mr. A.M. Naik (Chairman & Managing Director)	2	Mr. K. Venkataramanan (Whole-time Director) Mrs. Jyothi Venkataramanan (wife)
3	Mr. Y. M. Deosthalee (Whole-time Director)^	4	Mr. K. V. Rangaswami (Whole-time Director)^^
5	Mr. V. K. Magapu (Whole-time Director)	6	Mr. M. V. Kotwal (Whole-time Director)
7	Mr. Ravi Uppal (Whole-time Director)	8	Mr. S. N. Subrahmanyan (Whole-time Director)~
9	Mr. R. Shankar Raman (Whole-time Director) $	10	Mr. S. N. Roy (Whole-time Director) @

^ Up to September 5, 2011

^^ Up to June 30, 2011

~ W.e.f. July 1, 2011

$ W.e.f October 1, 2011

@ W.e.f March 9, 2012

ii. Disclosure of related party transactions:

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	*2010-2011 Amount*	*2010-2011 Amounts for major parties*
1	Purchase of goods & services (including commission paid)				
	Associates & joint ventures, including:	746.39		*727.63*	
	Audco India Limited		493.83		*426.72*
	Salzer Electronics Limited		106.44		*108.71*
	Ewac Alloys Limited		–		*79.08*
	Total	746.39		*727.63*	

Notes forming part of the Consolidated Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	2010-2011 Amount	2010-2011 Amounts for major parties
2	Sale of goods/contract revenue & services				
	Associates & joint ventures, including:	100.91		*221.98*	
	The Dhamra Port Company Limited		99.97		*218.84*
	Total	100.91		*221.98*	
3	Purchase/lease of fixed assets				
	Associates & joint ventures, including:	1.74		*3.99*	
	L&T-Komatsu Limited		1.74		*–*
	L&T-Case Equipment Private Limited		–		*3.81*
	Total	1.74		*3.99*	
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:	119.02		*90.28*	
	The Dhamra Port Company Limited		–		*77.50*
	L&T Arun Excello Realty Private Limited		29.14		*–*
	L&T-Komatsu Limited		60.00		*–*
	Total	119.02		*90.28*	
6	Receiving of services from related parties				
	Associates & joint ventures, including:	5.94		*0.61*	
	L&T-Chiyoda Limited		5.94		*0.61*
	Total	5.94		*0.61*	
7	Rent paid, including lease rentals under leasing/hire purchase arrangements including loss sharing on equipment finance				
	Associates & joint ventures, including:	0.86		*0.96*	
	Ewac Alloys Limited		–		*0.22*
	L&T-Komatsu Limited		0.86		*0.74*
	Key management personnel	0.02		*0.06*	
	Relatives of key management personnel	–		*0.24*	
	Total	0.88		*1.26*	
8	Charges for deputation of employees to related parties				
	Associates & joint ventures, including:	64.32		*54.91*	
	Audco India Limited		13.86		*11.85*
	L&T-Komatsu Limited		7.52		*6.78*
	L&T-Chiyoda Limited		29.61		*22.03*
	L&T-Case Equipment Private Limited		–		*9.36*
	Total	64.32		*54.91*	

Notes forming part of the Consolidated Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	*2010-2011 Amount*	*2010-2011 Amounts for major parties*
9	Dividend received				
	Associates & joint ventures, including:	25.35		*44.67*	
	L&T-Komatsu Limited		13.20		*14.40*
	Audco India Limited		9.38		*8.60*
	Ewac Alloys Limited		–		*13.06*
	L&T-Case Equipment Private Limited		–		*6.00*
	Total	25.35		*44.67*	
10	Commission received, including those under agency arrangements				
	Associates & joint ventures, including:	187.96		*157.05*	
	L&T-Komatsu Limited		187.96		*157.05*
	Total	187.96		*157.05*	
11	Rent received, overheads recovered and miscellaneous income				
	Associates & joint ventures, including:	5.61		*8.71*	
	Audco India Limited		0.70		*–*
	L&T-Case Equipment Private Limited		–		*3.00*
	L&T-Chiyoda Limited		4.23		*3.47*
	Ewac Alloys Limited		–		*1.09*
	L&T-Komatsu Limited		0.47		*–*
	Total	5.61		*8.71*	
12	Interest Received				
	Associates & joint ventures, including:	26.99		*2.42*	
	The Dhamra Port Company Limited		26.99		*0.71*
	L&T-AM Tapovan Joint Venture		–		*1.57*
	Key management personnel	0.01		*0.03*	
	Total	27.00		*2.45*	
13	Interest Paid				
	Associates:	4.24		*14.61*	
	Audco India Limited		4.24		*14.61*
	Total	4.24		*14.61*	
14	Payment of salaries/perquisites (Other than commission)				
	Key management personnel:	20.91		*19.79*	
	A.M. Naik		2.68		*1.98*
	J. P. Nayak *		–		*1.11*
	Y. M. Deosthalee **		7.24		*1.98*
	K. Venkataramanan		1.59		*1.93*
	R. N. Mukhija		–		*8.72*
	K. V. Rangaswami ***		3.75		*1.02*
	V. K. Magapu		1.32		*1.00*
	M. V. Kotwal		1.42		*1.61*
	Ravi Uppal		1.33		*0.44*
	S. N. Subrahmanyan #		0.93		*–*
	R. Shankar Raman ##		0.62		*–*
	S. N. Roy ###		0.03		*–*
	Total	20.91		*19.79*	

Notes forming part of the Consolidated Accounts (contd.)

₹ crore

Sr. no.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	2010-2011 Amount	2010-2011 Amounts for major parties
15	Commission to directors [Note no.Q(11)(iii)]	53.45		50.21	
	Key management personnel:				
	A. M. Naik		53.45		12.20
	J. P. Nayak *				6.10
	Y. M. Deosthalee **				6.11
	K. Venkataramanan				6.11
	R. N. Mukhija				3.12
	K. V. Rangaswami ***				4.88
	V. K. Magapu				4.88
	M. V. Kotwal				4.89
	Ravi Uppal				1.92
	S. N. Subrahmanyan #				–
	R. Shankar Raman ##				–
	S. N. Roy ###				–
	Total@	53.45		50.21	

* retired w.e.f. the close of working hours of March 31, 2011. Leave encashment of ₹ 6.47 crore payable on retirement was paid in current year

** retired w.e.f. the close of working hours of September 5, 2011

*** retired w.e.f. the close of working hours of June 30, 2011

appointed w.e.f. July 1, 2011

appointed w.e.f. October 1, 2011

appointed w.e.f. March 9, 2012

@ Commission to directors comprises:

₹ crore

Sr. no.	Particulars	2011-2012	2010-2011
1	Commission	42.08	39.79
2	Contribution to provident fund on commission	5.05	4.45
3	Contribution to superannuation fund on commission	6.32	5.97
	Total	53.45	50.21

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during the respective period.

iii. The provision for commission to chairman and managing director and whole-time directors disclosed in the financial statements represents the aggregate of the maximum amount of commission payable to each of these directors, as per the individual contracts entered into with them. However, the amount of commission payable to each of them is yet to be finalized as per the commission structure approved by the board. The effect, if any, arising out of actual payment of commission being lower than the provision made, will be reckoned in 2012-2013.

iv. Amount due to/from related parties

₹ crore

Sr. No.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	2010-2011 Amount	2010-2011 Amounts for major parties
1	Accounts receivable				
	Associates & joint ventures, including:	79.43		105.74	
	The Dhamra Port Company Limited		73.56		102.08
	Total	79.43		105.74	
2	Accounts payable (including acceptance & interest accrued)				
	Associates & joint ventures, including:	202.22		302.60	
	Audco India Limited		134.69		264.37
	L&T-Chiyoda Limited		27.70		–
	Salzer Electronics Limited		20.80		–
	Total	202.22		302.60	

Notes forming part of the Consolidated Accounts (contd.)

₹ crore

Sr. No.	Nature of transaction/relationship/major parties	2011-2012 Amount	2011-2012 Amounts for major parties	*2010-2011 Amount*	*2010-2011 Amounts for major parties*
3	Loans & advances recoverable				
	Associates & joint ventures, including:	387.35		*196.02*	
	L&T - AM Tapovan Joint Venture		–		*40.43*
	The Dhamra Port Company Limited		367.67		*140.14*
	Key management personnel	0.29		*0.63*	
	Relatives of key management personnel	–		*0.12*	
	Total	387.64		*196.77*	
4	Due to whole time directors [Note no.Q(11)(iii)]	42.08		*37.97*	
	A. M. Naik		42.08		*9.12*
	J. P. Nayak *				*4.81*
	Y. M. Deosthalee **				*4.56*
	K. Venkataramanan				*4.55*
	R. N. Mukhija				*2.47*
	K. V. Rangaswami ***				*3.65*
	V. K. Magapu				*3.65*
	M. V. Kotwal				*3.65*
	Ravi Uppal				*1.51*
	S. N. Subrahmanyan#				–
	R. Shankar Raman ##				–
	S. N. Roy ###				–
	Total	42.08		*37.97*	

* retired w.e.f. the close of working hours of March 31, 2011. Leave encashment of ₹ 6.47 crore payable on retirement was paid in current year

** retired w.e.f. the close of working hours of September 5, 2011

*** retired w.e.f. the close of working hours of June 30, 2011

\# appointed w.e.f. July 1, 2011

\## appointed w.e.f. October 1, 2011

\### appointed w.e.f. March 9, 2012

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during the respective period.

v. Notes to related party transactions:

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.

Note: The financial impact of the agreement mentioned above has been included in/disclosed vide Note no.Q(11)(ii) supra.

Q(12) Disclosure in respect of Leases pursuant to Accounting Standard (AS) 19 "Leases":

i) Where the Company is a Lessor:

a. The Company has given on finance leases certain items of plant and equipment. 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.

Notes forming part of the Consolidated Accounts (contd.)

b. The total gross investment in these leases as on March 31, 2012 and the present value of minimum lease payments receivable as on March 31, 2012 is as under:

₹ *crore*

Particulars		As at 31-3-2012	*As at 31-3-2011*
i.	Receivable not later than 1 year	69.59	*1.16*
ii.	Receivable later than 1 year and not later than 5 years	130.25	*168.64*
iii.	Receivable later than 5 years	1.85	*–*
	Gross investment in lease (i+ii+iii)	201.69	*169.80*
	Less: Unearned finance income	39.06	*32.59*
	Present value of receivables	162.63	*137.21*

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 securitized.

ii) Where the Company is a lessee:

(a) Finance leases:

i) Assets acquired on finance lease mainly comprise plant and equipment, 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, 2012 and the present value as at March 31, 2012 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 31-3-2012	*As at 31-3-2011*	As at 31-3-2012	*As at 31-3-2011*
i.	Payable not later than 1 year	0.37	*0.32*	0.32	*0.28*
ii.	Payable later than 1 year and not later than 5 years	0.57	*0.32*	0.49	*0.28*
iii.	Payable later than 5 years	–	*0.49*	–	*0.41*
	Total	0.94	*1.13*	0.81	*0.97*
	Less: Future finance charges	0.13	*0.16*		
	Present value of minimum lease payments	0.81	*0.97*		

iii) Contingent rent recognised/(adjusted) in the Statement of Profit and Loss in respect of finance leases: ₹ Nil *(previous year: ₹ Nil).*

(b) Operating leases:

i) The Company has taken various commercial premises and plant and equipment 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, 2012 are as follows:

₹ *crore*

Particulars		Minimum lease payments	
		As at 31-3-2012	*As at 31-3-2011*
i.	Payable not later than 1 year	68.60	*63.18*
ii.	Payable later than 1 year and not later than 5 years	171.48	*164.56*
iii.	Payable later than 5 years	199.41	*130.72*
	Total	439.49	*358.46*

[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: ₹ 166.23 crore *(previous year: ₹ 126.05 crore)*

iv) Contingent rent recognised in the Statement of Profit and Loss: ₹ 0.01 crore *(previous year: ₹ 0.02 crore)*

Q(13) 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	
		2011-2012	*2010-2011*	2011-2012	*2010-2011*
Basic					
Profit after tax as per accounts (₹ crore)	A	4693.69	*4385.33*	4693.69	*4456.17*
Weighted average number of shares outstanding	B	61,11,08,916	*60,57,99,369*	61,11,08,916	*60,57,99,369*
Basic EPS (₹)	A/B	76.81	*72.39*	76.81	*73.56*
Diluted					
Profit after tax as per accounts (₹ crore)	A	4693.69	*4385.33*	4693.69	*4456.17*
Add: Interest/exchange difference (gain)/loss on bonds convertible into equity shares (net of tax) (₹ crore)	B	–	*–*	–	*–*
Adjusted profit for diluted earnings per share (₹ crore)	C=A+B	4693.69	*4385.33*	4693.69	*4456.17*
Weighted average number of shares outstanding	D	61,11,08,916	*60,57,99,369*	61,11,08,916	*60,57,99,369*
Add: Weighted average number of potential equity shares on account of employee stock options	E	58,66,093	*92,49,776*	58,66,093	*92,49,776*
Weighted average number of shares outstanding for diluted EPS	F=D+E	61,69,75,009	*61,50,49,145*	61,69,75,009	*61,50,49,145*
Diluted EPS (₹)	C/F	76.08	*71.30*	76.08	*72.45*
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".

Q(14) Major components of deferred tax liabilities and deferred tax assets pursuant to Accounting Standard (AS) 22 "Accounting for Taxes on Income":

₹ crore

Particulars	Deferred tax liabilities/ (assets) as at 31-3-2011	Charge/ (credit) to Statement of Profit and Loss	Effect due to acquisition/ disposal	Netted off against unamortized borrowing cost	Charge/(credit) to reserves		Deferred tax liabilities/ (assets) as at 31-3-2012
					Foreign currency translation reserve	Hedging reserve *	
Deferred tax liabilities:							
Difference between book and tax depreciation	584.65	118.54	–	–	–	–	703.19
Gain on derivative transactions to be offered for tax purposes in the year of transfer to Statement of Profit and Loss	25.35	–	–	–	–	(23.59)	1.76
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to Statement of Profit and Loss	39.19	16.46	–	–	–	–	55.65
Other items giving rise to timing differences	47.57	70.50	–	(26.53)	–	–	91.54
Total	696.76	205.50	–	(26.53)	–	(23.59)	852.14

Notes forming part of the Consolidated Accounts (contd.)

₹ *crore*

Particulars	Deferred tax liabilities/ (assets) as at 31-3-2011	Charge/ (credit) to Statement of Profit and Loss	Effect due to acquisition/ disposal	Netted off against unamortized borrowing cost	Charge/(credit) to reserves		Deferred tax liabilities/ (assets) as at 31-3-2012
					Foreign currency translation reserve	Hedging reserve *	
Deferred tax (assets):							
Allowance for doubtful debts and advances debited to Statement of Profit and Loss	(261.40)	(60.06)	–	–	–	–	(321.46)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to Statement of Profit and Loss	–	–	–	–	–	(146.57)	(146.57)
Unpaid statutory liabilities/provision for compensated absences debited to Statement of Profit and Loss	(98.46)	(22.03)	–	–	–	–	(120.49)
Unabsorbed depreciation/brought forward business losses/losses under the head capital gain	(7.94)	(100.82)	–	–	–	–	(108.76)
Difference between book and tax depreciation	(2.76)	0.73	–	–	–	–	(2.03)
Other items giving rise to timing differences	(15.27)	(55.10)	–	–	(0.62)	–	(70.99)
Total	(385.83)	(237.28)	–	–	(0.62)	(146.57)	(770.30)
Net deferred tax liability/(assets)	310.93	(31.78)	–	(26.53)	(0.62)	(170.16)	81.84
Previous year	*153.03*	*140.19*	*(1.44)*	–	*0.06*	*19.08*	*310.92*

* The amount of ₹ 581.79 crore *(Previous year: ₹ 7.96 crore)* representing net (gains)/losses on effective hedges recognised in hedge reserve, applying the principles of hedge accounting set out in Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". The tax effect of the same ₹ 170.16 crore is reflected above.

Q(15) The effect of acquisitions (newly formed) subsidiaries during the year on the consolidated financial statements is as under:

a) Acquisitions (newly formed):

₹ *crore*

Name of subsidiary companies	**Effect on Group profit/(loss) after minority interest for the period ended March 31, 2012**	**Net Assets as at 31-3-2012**
L&T Unnati Finance Limited	(0.02)	1.98
L&T Access Financial Advisory Services Private Limited	(0.02)	0.98
L&T Infra Investment Partners Advisory Private Limited	(3.81)	(4.60)
L&T Infra Investment Partners Trustee Private Limited	(0.01)	–
L&T Deccan Tollways Limited	(0.04)	0.11
L&T BPP Tollway Limited	(1.37)	80.65
L&T Cassidian Limited	–	0.05
L&T Asian Realty Project LLP	(0.05)	(0.07)
Total	(5.32)	79.10

Notes forming part of the Consolidated Accounts (contd.)

Q(16) 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				31.3.2012	*31.3.2011*
I	**Assets**	1	Fixed assets	1731.64	*1709.22*
		2	Investments	–	*6.19*
		3	Deferred tax	–	*0.02*
		4	Current assets, loans and advances		
			(a) Inventories	8.86	*–*
			(b) Sundry debtors	87.39	*33.43*
			(c) Cash and bank balances	84.73	*89.85*
			(d) Other current assets	429.06	*72.16*
			(e) Loans and advances	316.65	*208.60*
II	**Liabilities**	1	Secured loans	1239.82	*1235.51*
		2	Unsecured loans	365.71	*107.80*
		3	Current liabilities and provisions		
			(a) Current liabilities	841.25	*411.81*
			(b) Provisions	32.83	*9.81*
III	**Reserves**			102.54	*89.21*
IV	**Income**	1	Sales	299.94	*54.20*
		2	Other income	3.38	*10.47*
V	**Expenses**	1	Operating expenses	248.93	*74.75*
		2	Staff expenses	16.10	*12.45*
		3	Sales administration and other expenses	27.73	*9.40*
		4	Interest expense	169.23	*7.03*
		5	Depreciation	88.68	*14.25*
		6	Provision for tax	0.86	*5.75*
VI	**Contingent liability**	1	Contingent liabilities, if any, incurred in relation to interests in joint ventures	–	*–*
		2	Share in contingent liabilities of joint ventures themselves for which the Company is contingently liable	134.98	*95.97*
		3	Contingent liabilities in respect of liabilities of other ventures of joint ventures	–	*–*
VII	**Capital commitments**	1	Capital commitments, if any, in relation to interests in joint ventures	24.18	*76.17*
		2	Share in capital commitments of joint ventures themselves for which the Company is contingently liable	28.56	*–*

Q(17) Disclosures pursuant to 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/ Custom duty	Sales tax	Litigation related obligations	Periodic major maintenance	Contractual rectification cost - construction contracts	Others	Total
1	*Balance as at 1-4-2011*	*13.55*	*0.69*	*50.52*	*14.61*	*32.80*	*440.42*	*53.56*	*606.15*
2	Additional provision during the year	11.19	–	24.29	–	12.21	94.94	–	142.63
3	Provision used/reversed during the year	(10.02)	(0.67)	(13.84)	(0.50)	(11.05)	(107.34)	–	(143.42)
4	Translation adjustments	–	–	–	0.71	–	–	–	0.71
5	Balance as on 31-3-2012 (5=1+2+3+4)	14.72	0.02	60.97	14.82	33.96	428.02	53.56	606.07

Notes forming part of the Consolidated Accounts (contd.)

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, 2012 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 materialize 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 Note no.(I) to the Balance Sheet.

Q(18) 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, 2012 are as under:

₹ crore

Category of derivative instruments	Amount of exposures hedged	
	As at 31-3-2012	*As at 31-3-2011*
i) For hedging foreign currency risks:		
a) Forward contracts for receivables including firm commitments and highly probable forecasted transactions	14059.90	*11254.50*
b) Forward contracts for payables including firm commitments and highly probable forecasted transactions	9779.10	*9220.21*
c) Currency swaps	5483.88	*5566.41*
d) Option contracts	433.24	*624.54*
e) Currency futures	330.69	*–*
ii) For hedging interest rate risks:		
Interest rate swaps	235.65	*276.59*
iii) For hedging commodity price risks:		
Commodity futures	328.37	*58.25*

b) Unhedged foreign currency exposures as at March 31, 2012 are as under:

₹ crore

Unhedged foreign currency exposures	As at 31-3-2012	*As at 31-3-2011*
i) Receivables, including firm commitments and highly probable forecasted transactions	27852.79	*27081.65*
ii) Payables, including firm commitments and highly probable forecasted transactions	30952.84	*26705.79*

Notes forming part of the Consolidated Accounts (contd.)

Q(19) During the year ended March 31, 2012, an amount of ₹ 141.00 crore was amortised from goodwill arising on acquisition of subsidiary and associate companies *(previous year: ₹ 102.63 crore).*

Q(20) 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 ₹ 1993.32 crore *(previous year: ₹ 1589.70 crore)* and ₹ 287.95 crore *(previous year: ₹ 141.48 crore)* respectively [accounting policy no.R(3)(A)(a)(viii)].

c. Loans and advances include ₹ 454.83 crore *(previous year: ₹ 486.52 crore)* being cumulative construction costs incurred including related margins in respect of annuity based Build-Operate-Transfer (BOT) projects.

Q(21) 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 ₹ 62.48 crore, relating to dividend of ₹ 385.13 crore declared by them. Accordingly the additional tax on dividend includes ₹ 62.48 crore paid by the subsidiary companies.

Q(22) Deferred payment liability of ₹ 4417.67crore *(previous year: ₹ 4511.66 crore)* represents:

a. Negative grant/additional concession fee of ₹ 3237.15 crore *(previous year: ₹ 3312.90 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 ₹ 6.60 crore *(previous year: ₹ 6.67 crore)* as per the joint venture agreement entered into with NHDA.

c. Deferred conversion fee liability of ₹ 88.92 crore *(previous year: ₹ 107.09 crore)* towards conversion of land from industrial to commercial use as per the approval from Chandigarh Housing Board (CHB).

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 ₹ 4417.67 crore, an amount of ₹ 464.09 crore *(previous year:₹ 93.91 crore)* is payable within a period of one year.

Q(23) 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 had filed an application opting for arbitration for resolution of disputes and an Arbitral Tribunal has been constituted as provided in the concession agreement. The Company has submitted the Statement of Claims before the Arbitral Tribunal, which has granted time till May 15, 2012 to the counter parties for filing their replies. Pending outcome of the Arbitration, the subsidiary has filed an application under Section 9 of the Arbitration and Conciliation Act, 1996 before the Delhi High Court to continue the operations. Pleadings have been completed during the current year on the said application and the matter is now posted for arguments before the Hon'ble High Court.

Q(24) There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2012.

Q(25) Figures for the previous year have been regrouped/reclassified wherever necessary.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ["GAAP"] 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. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable, except to the extent where compliance with other statutory promulgations viz. SEBI guidelines override the same requiring a different treatment.

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

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. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI to the Companies Act, 1956 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule VI to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the Listing Agreement.

Amounts in the financial statements are presented in Indian Rupees in crore (1 crore = 10 million) rounded off to two decimal places in line with the requirements of Schedule VI. Per share data are presented in Indian Rupees to two decimal places.

3. Revenue recognition

Revenue is recognized based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

A. Revenue from operations

a) Sales and services

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 manufactured and traded goods is recognized 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 recognized 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 recognized as follows:

a) Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

b) Fixed price contracts: Contract revenue is recognized only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date to the total estimated contract costs.

Government grants in the nature of subsidy related to customer contracts is recognized as revenue from operations in the Statement of Profit and Loss, 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 recognized 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.

v) Revenue from construction/project related activity and contracts executed in joint ventures under work-sharing arrangement [being jointly controlled operations, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"], is recognised on the same basis as similar contracts independently executed by the Company.

vi) Revenue from software development is recognised based on software developed or time spent in person hours or person weeks, and billed to customers as per the terms of specific contracts.

vii) Income from hire purchase and lease transactions is accounted on accrual basis, pro-rata for the period, at the rates implicit in the transaction. Income from bill discounting, advisory and syndication services and other financing activities is accounted on accrual basis.

viii) 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. After the completion of construction period, 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 Statement of Profit and Loss 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 service 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) Income from investment management fees is recognized in accordance with the Investment Management Agreement and SEBI regulations. These fees are based on average Assets Under Management (AUM) of the mutual fund schemes and income is accrued over the period of the agreement in terms of which services are performed. Portfolio management fees are recognized in accordance with Portfolio Management Agreement entered with respective clients over the period of the agreement in terms of which the services are rendered. 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) Revenue from port operation services including rail infrastructure is recognized on completion of respective services.

xiv) Revenue from charter hire is recognized based on the terms of the time charter agreement.

xv) 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

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

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% 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 reinsurance 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/co-insurers) 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 reinsurance accepted from Indian Motor Third Party Insurance Pool (IMTPIP) based on actuarial estimates received from the IMTPIP.

b) Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

B. Other Income

i) Interest income is accrued at applicable interest rate.

ii) Dividend income is accounted in the period in which the right to receive the same is established.

iii) Other Government grants, which are revenue in nature and are towards compensation for the related costs, are recognized as income in the Statement of Profit and Loss in the period in which the matching costs are incurred.

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

4. 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 unrealized profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Parent 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 recognize any decline which is other than temporary in nature and such determination of decline in value, if any, is made for each investment individually. The unrealized profits/losses on transactions with associate companies are eliminated by reducing the carrying amount of investment.

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

c) The gains/losses in respect of part dilution of stake in subsidiary companies pursuant to issue of additional shares to minority shareholders are recognized directly in capital reserve under reserves and surplus in the Balance Sheet.

d) 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.

5. 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.

6. 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.

7. 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.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

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. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost and balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

c) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, 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 are recognised as expense in the period in which they are incurred.

8. Tangible fixed assets

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

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

(Also refer to policy on leases, borrowing costs, impairment of assets and foreign currency transactions infra.)

9. 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 the Statement of Profit and Loss.

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.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

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 the Statement of Profit and Loss.

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 Statement of Profit and Loss 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)

10. Depreciation

a) Indian companies

i) Owned assets

a) 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 the Statement of Profit and Loss.

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 method on assets acquired subsequently (at the rates prevailing at the time of their acquisition) on assets acquired up to September 30, 1987. For the assets acquired thereafter, depreciation is provided at the rates prescribed under Schedule XIV to the Companies Act, 1956 or at higher rates in line with the estimated useful lives of the assets.

c) Depreciation for additions to/deductions from owned assets is calculated pro-rata from/to the month of additions/deductions. Extra shift depreciation is provided on a location basis.

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

ii) Leased assets

a) Lease transactions entered into prior to April 1, 2001:

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.

c) Leasehold land:

Land acquired under long term lease is classified under "tangible assets" and is depreciated over the period of lease.

b) Foreign companies

Depreciation has been provided on methods and at the rates required/permissible by the local laws so as to write off the assets over their useful life.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

11. Intangible assets and amortisation

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. 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) Specialised software: over a period of three to ten years.

b) Technical know-how: Over a period of three to seven years.

c) Trade-marks: over a period of five years.

d) Development costs for new products: Over a period of five years

e) Customer contracts and relationship: Over a period of ten years

f) 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 intangible assets under development. The revenue towards collection of toll/other income during the period of construction is reduced from the cost of intangible asset under development. 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 assets' revised carrying amount over its remaining useful life.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

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 "intangible assets under development" 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.

12. 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.)

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

13. Investments

Trade investments comprise investments in entities in which the Company has strategic business interest.

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

Long term investments (other than associates) including trade investments 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. Investment in associate companies is accounted using "equity method" as stated in Para 4 (b) above.

14. 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 and stock in trade (in respect of goods acquired for trading) 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.

15. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

16. Government grant of capital nature

Grants received/receivable from NHAI in the nature of "promoter contribution" are credited to "capital reserve".

17. 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 effect) incurred on issue of debentures/bonds

iii) Premium (net of tax effect) on redemption of debentures/bonds

18. Borrowing costs

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

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/inventorised as part of cost of such asset till such time 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.

19. 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.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

20. 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.

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 Statement of Profit and Loss 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. The amount recognised in the “hedging reserve” is transferred to the Statement of Profit and Loss in the period in which the underlying

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

hedged item affects the Statement of Profit and Loss. Gains and losses in respect of ineffective hedges are recognized in the Statement of Profit and Loss in the period in which such gains or losses are incurred.

h) The premium paid/received on a foreign currency forward contract is accounted as expense/income over the life of the contract.

21. Segment accounting

a) Segment accounting policies

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

i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment revenue.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under "unallocable corporate expenditure."

iii) Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income".

iv) Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Company.

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

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.

22. 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 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.

b) Foreign companies:

Foreign companies recognise tax liabilities and assets in accordance with the applicable local laws.

23. 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

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES *(contd.)*

b) a present obligation arising from past events, when no reliable estimate is possible

c) a possible obligation arising from past events, where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

24. Commitments

Commitments are future liabilities for contractual expenditure.

Commitments are classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for

b) Uncalled liability on shares and other investments partly paid

c) Funding related commitments to associate and joint venture companies and

d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

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

25. Operating cycle for current and non-current classification

Operating cycle for the business activities of the company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

26. Deferred payment liabilities

The obligation towards additional concession fee payable to NHAI is recognized as deferred payment liability when the Company, in its capacity of Concessionaire, becomes entitled to exercise the right and collect toll in accordance with the terms of the concession agreement on Commercial Operations Date.

27. Cash Flow Statement

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

i) transactions of a non-cash nature

ii) any deferrals or accruals of past or future operating cash receipts or payments and

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

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

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 14, 2012

N. HARIHARAN
Company Secretary

K. VENKATARAMANAN
Chief Executive Officer &
Managing Director

R. SHANKAR RAMAN
Chief Financial Officer &
Whole Time Director

S. RAJGOPAL

M. M. CHITALE

N. MOHAN RAJ

A. K. JAIN

Directors

Mumbai, May 14, 2012

Information regarding Subsidiary Companies (for the financial year or as on, as the case may be)

₹ *crore*

Sr. no.	Particulars	L&T Investment Management Limited	L&T Mutual Fund Trustee Limited	L&T General Insurance Company Limited	L&T Finance Limited	L&T Finance Holdings Limited	L&T Fincorp Limited	L&T Infrastructure Finance Company Limited	L&T Aviation Services Private Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	165.00	0.05	325.00	238.42	1,714.76	170.03	795.90	45.60
2	Reserves	(149.74)	(0.03)	(173.27)	1790.10	1,638.89	128.38	1,038.08	(7.41)
3	Liabilities	6.79	0.04	159.44	11794.82	12.81	1644.89	9235.95	84.10
4	Total liabilities	22.05	0.06	311.17	13823.34	3366.46	1943.30	11069.93	122.29
5	Total assets	22.05	0.06	311.17	13823.34	3366.46	1943.30	11069.93	122.29
6	Investments (details on pages 270 to 278)	11.29	0.00	185.31	184.11	151.64	–	422.83	–
7	Turnover	12.13	0.05	48.89	1,761.71	111.84	26.64	1,180.30	18.12
8	Profit before taxation	(25.31)	(0.02)	(105.95)	295.27	88.90	4.56	378.16	(5.76)
9	Provision for taxation	(0.01)	–	0.01	96.26	17.65	1.35	114.20	–
10	Profit after taxation	(25.30)	(0.02)	(105.96)	199.01	71.25	3.21	263.95	(5.76)
11	Interim dividend - equity	–	–	–	26.23	–	–	27.20	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	GDA Technologies Limited	GDA Technologies Inc.	Larsen & Toubro Infotech Limited	Larsen & Toubro Infotech, GmbH	Larsen & Toubro Infotech Canada Limited	Larsen & Toubro Infotech LLC	L&T Infotech Financial Services Technologies Inc.	L&T Capital Company Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency		**USD**		**Euro**	**Canadian Dollar**	**USD**	**Canadian Dollar**	
	Exchange rate on the last day of financial year		**50.88**		**67.87**	**51.04**	**50.88**	**51.04**	
1	Share capital (including share application money pending allotment)	0.17	5.15	16.13	0.11	0.00	–	280.00	22.00
2	Reserves	31.93	(26.08)	1011.61	11.94	4.98	5.36	67.83	24.43
3	Liabilities	0.30	46.96	1072.10	4.70	5.66	0.68	58.29	105.12
4	Total liabilities	32.40	26.03	2099.84	16.75	10.64	6.04	406.12	151.55
5	Total assets	32.40	26.03	2099.84	16.75	10.64	6.04	406.12	151.55
6	Investments (details on pages 270 to 278)	21.42	0.07	37.56	0.00	–	–	–	136.71
7	Turnover	0.40	26.20	2,959.55	56.74	35.39	34.50	197.26	6.39
8	Profit before taxation	2.19	0.73	536.08	2.85	2.68	2.09	29.16	7.43
9	Provision for taxation	0.32	0.33	131.32	0.68	0.63	–	7.63	0.84
10	Profit after taxation	1.87	0.40	404.76	2.17	2.05	2.09	21.53	6.59
11	Interim dividend - equity	–	–	254.78	–	–	–	–	–
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 Trustee Company Private Limited	L&T Asset Management Company Limited	L&T Real Estate India Fund	Hyderabad International Trade Expositions Limited	L&T Infocity Limited	L&T Hitech City Limited	L&T South City Projects Limited	L&T Siruseri Property Developers Limited
	Financial year ending on	**31-03-2012**	**31-12-2011**	**31-12-2011**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency		**USD**	**USD**					
	Exchange rate on the last day of financial year		**50.88**	**50.88**					
1	Share capital (including share application money pending allotment)	0.01	0.06	0.07	17.01	27.00	75.00	56.48	0.05
2	Reserves	(0.00)	(0.19)	(0.30)	0.84	247.96	(14.67)	118.72	(0.01)
3	Liabilities	0.00	0.15	0.26	35.48	58.16	4.45	39.39	0.00
4	Total liabilities	0.01	0.02	0.03	53.33	333.12	64.78	214.59	0.04
5	Total assets	0.01	0.02	0.03	53.33	333.12	64.78	214.59	0.04
6	Investments (details on pages 270 to 278)	–	–	–	–	2.84	–	–	–
7	Turnover	–	–	–	17.94	132.16	0.61	241.28	–
8	Profit before taxation	(0.00)	(0.06)	(0.08)	4.01	45.71	(3.80)	38.24	(0.00)
9	Provision for taxation	–	–	–	1.31	5.82	1.18	7.58	–
10	Profit after taxation	(0.00)	(0.06)	(0.08)	2.70	39.89	(4.98)	30.66	(0.00)
11	Interim dividend - equity	–	–	–	–	129.60	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	L&T Arun Excello IT SEZ Private Limited	L&T Arun Excello Commercial Projects Private Limited	L&T Bangalore Airport Hotel Limited	CSJ Infrastructure Private Limited	L&T Urban Infrastructure Limited	L&T Vision Ventures Limited	L&T Tech Park Limited	L&T Chennai – Tada Tollway Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	18.37	0.96	72.00	45.89	574.42	9.67	31.63	42.00
2	Reserves	28.60	14.56	(0.40)	121.81	100.80	(2.32)	8.79	(0.19)
3	Liabilities	214.05	35.67	310.79	1067.93	36.79	1.16	73.60	230.44
4	Total liabilities	261.01	51.19	382.39	1235.63	712.01	8.51	114.02	272.25
5	Total assets	261.01	51.19	382.39	1235.63	712.01	8.51	114.02	272.25
6	Investments (details on pages 270 to 278)	–	–	–	–	29.14	–	–	–
7	Turnover	1.13	0.00	0.00	–	8.61	–	21.12	–
8	Profit before taxation	(27.27)	(8.89)	(0.09)	(4.37)	15.63	(0.06)	2.63	–
9	Provision for taxation	2.88	0.03	0.00	0.13	3.03	–	1.35	–
10	Profit after taxation	(30.15)	(8.92)	(0.09)	(4.50)	12.60	(0.06)	1.28	–
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 Samakhiali Gandhidham Tollway Limited	L&T Transco Private Limited	L&T Infrastructure Development Projects Limited	L&T Panipat Elevated Corridor Limited	Narmada Infrastructure Construction Enterprise Limited	L&T Krishnagiri Thopur Toll Road Limited	L&T Western Andhra Tollways Limited	L&T Vadodara Bharuch Tollway Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	80.54	0.01	321.05	84.30	47.35	78.75	56.50	43.50
2	Reserves	(0.04)	(17.54)	2684.34	(164.40)	112.64	(71.89)	(11.53)	(211.22)
3	Liabilities	2700.46	80.54	113.96	679.97	24.63	743.85	276.28	1356.65
4	Total liabilities	2780.96	63.01	3119.35	599.87	184.62	750.71	321.25	1188.93
5	Total assets	2780.96	63.01	3119.35	599.87	184.62	750.71	321.25	1188.93
6	Investments (details on pages 270 to 278)	–	–	361.60	–	–	–	–	–
7	Turnover	–	–	95.81	42.04	45.60	93.23	43.72	211.16
8	Profit before taxation	5.19	(1.03)	5.21	(42.48)	37.77	(11.81)	(13.73)	(59.86)
9	Provision for taxation	–	(0.00)	(1.42)	–	7.56	–	–	–
10	Profit after taxation	5.19	(1.03)	6.63	(42.48)	30.21	(11.81)	(13.73)	(59.86)
11	Interim dividend - equity	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	L&T Interstate Road Corridor Limited	L&T Western India Tollbridge Limited	L&T Transportation Infrastructure Limited	L&T Infrastructure Development Projects Lanka (Private) Limited	International Seaports (India) Private Limited	L&T Krishnagiri Walajahpet Tollway Limited	L&T Devihalli Hassan Tollway Limited	L&T Metro Rail (Hyderabad) Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency				**Sri Lankan Rupee**				
	Exchange rate on the last day of financial year				**0.41**				
1	Share capital (including share application money pending allotment)	57.16	13.95	41.40	65.22	2.50	90.00	90.00	437.00
2	Reserves	22.45	14.93	46.07	(6.58)	(3.93)	2.17	67.89	(1.02)
3	Liabilities	444.28	0.06	146.14	25.98	1.45	104.29	87.28	13.85
4	Total liabilities	523.89	28.94	233.61	84.62	0.02	196.46	245.17	449.83
5	Total assets	523.89	28.94	233.61	84.62	0.02	196.46	245.17	449.83
6	Investments (details on pages 270 to 278)	–	–	–	–	–	–	–	–
7	Turnover	86.42	–	22.82	–	–	–	–	–
8	Profit before taxation	11.96	(0.14)	11.23	–	(0.01)	2.83	(0.01)	0.40
9	Provision for taxation	2.39	–	2.02	–	–	0.92	0.00	0.02
10	Profit after taxation	9.57	(0.14)	9.21	–	(0.01)	1.91	(0.01)	0.38
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 Halol - Shamlaji Tollway Limited	L&T Ahmedabad - Maliya Tollway Limited	L&T Port Kachchigarh Limited	L&T Uttaranchal Hydropower Limited	Nabha Power Limited	L&T Power Development Limited	L&T Arunachal Hydropower Limited	L&T Himachal Hydropower Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	130.50	149.00	4.16	131.05	960.00	1,362.00	21.47	147.65
2	Reserves	(0.67)	(0.79)	(4.19)	1.81	4.81	0.28	0.10	(0.16)
3	Liabilities	1080.61	1177.00	0.21	262.55	3115.33	4.55	3.16	3.80
4	Total liabilities	1210.44	1325.21	0.18	395.41	4080.14	1366.83	24.73	151.29
5	Total assets	1210.44	1325.21	0.18	395.41	4080.14	1366.83	24.73	151.29
6	Investments (details on pages 270 to 278)	–	–	–	21.41	67.29	21.05	1.93	1.29
7	Turnover	–	–	–	–	2053.49	16.68	–	–
8	Profit before taxation	0.00	(0.05)	(0.01)	2.38	3.55	1.55	0.18	0.19
9	Provision for taxation	–	–	–	0.01	0.24	0.27	0.01	0.01
10	Profit after taxation	0.00	(0.05)	(0.01)	2.37	3.31	1.28	0.17	0.18
11	Interim dividend - equity	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	Larsen & Toubro (Oman) LLC	Larsen & Toubro (East Asia) SDN. BHD	Larsen & Toubro International FZE	Larsen & Toubro Qatar LLC	L&T Overseas Projects Nigeria Limited	Larsen & Toubro Electromech LLC	L&T Electricals Saudi Arabia Company Limited, LLC	L&T Electrical & Automation FZE
	Financial year ending on	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**
	Currency	**Omani Rial**	**Malaysian Ringgit**	**USD**	**Qatari Rial**	**Nigerian Naira**	**Omani Rial**	**Saudi Riyal**	**UAE Dirham**
	Exchange rate on the last day of financial year	**132.14**	**16.61**	**50.88**	**13.97**	**0.33**	**132.14**	**13.57**	**13.85**
1	Share capital (including share application money pending allotment)	17.96	0.86	1,147.40	0.24	0.33	3.56	22.29	1.09
2	Reserves	490.52	0.31	(97.66)	(34.47)	(0.24)	132.63	4.20	64.31
3	Liabilities	1066.20	1.82	36.40	38.88	0.04	188.45	44.99	89.26
4	Total liabilities	1574.68	2.99	1086.14	4.65	0.13	324.64	71.48	154.66
5	Total assets	1574.68	2.99	1086.14	4.65	0.13	324.64	71.48	154.66
6	Investments (details on pages 270 to 278)	–	–	4.01	0.13	–	–	–	–
7	Turnover	2063.76	0.73	4.90	–	–	476.94	57.74	111.33
8	Profit before taxation	114.50	0.06	34.31	–	(0.03)	55.75	(1.87)	17.10
9	Provision for taxation	13.21	–	0.87	–	–	7.33	–	–
10	Profit after taxation	101.29	0.06	33.44	–	(0.03)	48.42	(1.87)	17.10
11	Interim dividend - equity	6.28	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	10.93	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–

Information regarding Subsidiary Companies
(for the financial year or as on, as the case may be)

₹ *crore*

Sr. no.	Particulars	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Qingdao Larsen & Toubro Trading Company Limited	Larsen & Toubro (Jiangsu) Valve Company Limited	Larsen & Toubro Readymix Concrete Industries LLC	L&T Modular Fabrication Yard LLC	Larsen & Toubro Saudi Arabia LLC	Larsen & Toubro (Wuxi) Electric Company Limited
	Financial year ending on	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**
	Currency	**Kuwaiti Dinar**	**Chinese Yuan Renminbi**	**Chinese Yuan Renminbi**	**Chinese Yuan Renminbi**	**UAE Dirham**	**Omani Rial**	**Saudi Riyal**	**Chinese Yuan Renminbi**
	Exchange rate on the last day of financial year	**183.50**	**8.25**	**8.25**	**8.25**	**13.85**	**132.14**	**13.57**	**8.25**
1	Share capital (including share application money pending allotment)	32.02	41.10	0.55	36.91	1.27	32.75	4.63	24.61
2	Reserves	(1.11)	15.01	0.39	(4.59)	9.91	50.10	(45.54)	13.45
3	Liabilities	38.43	94.91	0.42	27.96	153.31	174.31	197.49	2.43
4	Total liabilities	69.34	151.02	1.36	60.28	164.49	257.16	156.59	40.49
5	Total assets	69.34	151.02	1.36	60.28	164.49	257.16	156.59	40.49
6	Investments (details on pages 270 to 278)	–	–	–	–	–	–	–	–
7	Turnover	29.98	92.84	0.40	62.19	58.15	150.90	205.49	32.74
8	Profit before taxation	(0.90)	(1.76)	(0.02)	0.52	(9.14)	8.69	2.09	(0.25)
9	Provision for taxation	–	–	0.00	–	–	–	(2.54)	0.04
10	Profit after taxation	(0.90)	(1.76)	(0.02)	0.52	(9.14)	8.69	4.63	(0.29)
11	Interim dividend - equity	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	Offshore International FZC	Larsen & Toubro ATCO Saudia LLC	Larsen & Toubro Heavy Engineering LLC	Tamco Switchgear (Malaysia) SDN BHD	Tamco Electrical Industries Australia Pty Ltd.	PT Tamco Indonesia	Peacock Investments Limited	Lotus infrastructure Investments Limited
	Financial year ending on	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**	**31-12-2011**
	Currency	**USD**	**Saudi Riyal**	**Omani Rial**	**Malaysian Ringgit**	**Australian Dollar**	**Indonesian Rupiah**	**USD**	**USD**
	Exchange rate on the last day of financial year	**50.88**	**13.57**	**132.14**	**16.61**	**52.91**	**0.01**	**50.88**	**50.88**
1	Share capital (including share application money pending allotment)	0.27	1.08	68.49	119.17	45.20	16.05	0.08	0.08
2	Reserves	0.67	(6.03)	(82.93)	235.18	(24.97)	(47.84)	(0.17)	(0.17)
3	Liabilities	11.99	34.67	222.11	191.45	29.62	52.85	0.10	0.10
4	Total liabilities	12.93	29.72	207.67	545.80	49.85	21.06	0.01	0.01
5	Total assets	12.93	29.72	207.67	545.80	49.85	21.06	0.01	0.01
6	Investments (details on pages 270 to 278)	–	–	–	–	–	–	–	–
7	Turnover	–	65.47	33.49	518.75	90.50	32.58	–	–
8	Profit before taxation	(1.92)	2.75	(30.36)	56.18	9.65	1.34	(0.05)	(0.05)
9	Provision for taxation	–	0.27	–	12.22	–	–	–	–
10	Profit after taxation	(1.92)	2.48	(30.36)	43.96	9.65	1.34	(0.05)	(0.05)
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	Mango Investments Limited	Larsen & Toubro Consultoria E Projeto LTDA	Larsen & Toubro T&D SA (PTY) Ltd.	L&T Realty Limited (formerly known as L&T Realty Private Limited	Chennai Vision Developers Private Limited	L&T Realty FZE	L&T Power Limited	L&T-Valdel Engineering Limited
	Financial year ending on	**31-12-2011**	**31-12-2011**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-12-2011**	**31-03-2012**	**31-03-2012**
	Currency	**USD**	**Brazilian Real**	**South African Rand**			**UAE Dirham**		
	Exchange rate on the last day of financial year	**50.88**	**29.26**	**6.63**			**13.85**		
1	Share capital (including share application money pending allotment)	0.08	2.69	0.00	753.16	0.01	9.66	153.49	1.18
2	Reserves	(0.17)	(0.13)	3.38	(2.68)	(0.01)	(2.18)	15.71	41.65
3	Liabilities	0.10	0.16	0.49	467.52	0.00	0.02	0.02	22.62
4	Total liabilities	0.01	2.72	3.87	1218.00	(0.00)	7.50	169.22	65.45
5	Total assets	0.01	2.72	3.87	1218.00	(0.00)	7.50	169.22	65.45
6	Investments (details on pages 270 to 278)	–	–	–	–	–	–	169.04	1.50
7	Turnover	–	–	–	–	–	–	–	81.23
8	Profit before taxation	(0.05)	(0.26)	(1.30)	0.83	(0.00)	(5.20)	11.13	8.92
9	Provision for taxation	–	–	–	0.27	0.00	–	0.21	2.50
10	Profit after taxation	(0.05)	(0.26)	(1.30)	0.56	(0.00)	(5.20)	10.91	6.42
11	Interim dividend - equity	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	L&T Natural Resources Limited	Hi-Tech Rock Products & Aggregates Limited	Tractor Engineers Limited	Bhilai Power Supply Company Limited	L&T-Sargent & Lundy Limited	Spectrum Infotech Private Limited	Larsen & Toubro LLC	L&T Plastics Machinery Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-12-2011**	**31-03-2012**
	Currency							**USD**	
	Exchange rate on the last day of financial year							**50.88**	
1	Share capital (including share application money pending allotment)	0.05	0.05	6.80	0.05	7.38	0.44	0.24	16.00
2	Reserves	(6.29)	0.63	33.13	–	55.61	10.44	1.03	11.62
3	Liabilities	6.38	6.95	43.08	8.81	19.95	4.83	6.71	50.32
4	Total liabilities	0.14	7.63	83.01	8.86	82.94	15.71	7.98	77.94
5	Total assets	0.14	7.63	83.01	8.86	82.94	15.71	7.98	77.94
6	Investments (details on pages 270 to 278)	–	–	–	–	50.77	–	–	6.23
7	Turnover	–	57.62	121.56	–	114.36	12.25	5.29	205.74
8	Profit before taxation	(0.03)	0.36	6.01	–	27.98	3.15	(0.14)	16.72
9	Provision for taxation	–	0.11	1.47	–	8.33	1.02	(0.23)	5.34
10	Profit after taxation	(0.03)	0.25	4.54	–	19.65	2.13	0.09	11.38
11	Interim dividend - equity	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–	–	4.80
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 Shipbuilding Limited	L&T-Gulf Private Limited	Raykal Aluminium Company Private Limited	L&T Electricals and Automation Limited	L&T Seawoods Private Limited	L&T Rajkot - Vadinar Tollway Limited	Kesun Iron & Steel Company Private Limited	L&T Technologies Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	877.86	8.00	1.39	0.05	782.00	110.00	0.01	0.05
2	Reserves	(5.58)	1.03	(0.60)	(0.01)	(4.87)	(15.96)	(0.25)	(0.01)
3	Liabilities	2406.16	4.91	0.13	0.01	1505.94	860.30	0.24	0.01
4	Total liabilities	3278.44	13.94	0.92	0.05	2283.07	954.34	0.00	0.05
5	Total assets	3278.44	13.94	0.92	0.05	2283.07	954.34	0.00	0.05
6	Investments (details on pages 270 to 278)	–	–	–	–	–	–	–	–
7	Turnover	–	18.72	–	–	–	8.45	–	–
8	Profit before taxation	(1.03)	5.96	0.10	(0.01)	(0.53)	(15.38)	(0.02)	(0.00)
9	Provision for taxation	1.34	1.23	0.02	–	–	–	–	–
10	Profit after taxation	(2.37)	4.73	0.08	(0.01)	(0.53)	(15.38)	(0.02)	(0.00)
11	Interim dividend - equity	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–

Sr. no.	Particulars	L&T Special Steels and Heavy Forgings Private Limited	L&T Howden Private Limited	L&T Sapura Shipping Private Limited	L&T Sapura Offshore Private Limited	Ewac Alloys Limited	L&T Kobelco Machinery Private Limited	L&T - MHI Boilers Private Limited	L&T - MHI Turbine Generators Private Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	470.00	30.00	158.85	0.01	8.29	50.00	220.10	250.10
2	Reserves	(19.07)	(11.35)	(47.04)	(1.30)	48.93	(2.41)	(90.73)	(117.20)
3	Liabilities	1067.82	87.65	630.75	84.76	139.29	33.17	3034.28	2767.00
4	Total liabilities	1518.75	106.30	742.57	83.47	196.51	80.76	3163.65	2899.90
5	Total assets	1518.75	106.30	742.57	83.47	196.51	80.76	3163.65	2899.90
6	Investments (details on pages 270 to 278)	–	–	–	–	8.20	–	98.56	–
7	Turnover	–	3.03	100.96	62.68	351.21	13.91	2,424.97	1,227.44
8	Profit before taxation	(11.28)	(7.73)	(69.03)	(2.64)	81.82	(1.69)	11.10	(74.93)
9	Provision for taxation	0.21	–	0.38	0.00	26.53	0.31	–	(57.80)
10	Profit after taxation	(11.49)	(7.73)	(69.41)	(2.64)	55.29	(2.00)	11.10	(17.13)
11	Interim dividend - equity	–	–	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	25.21	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–	–	–

Information regarding Subsidiary Companies
(for the financial year or as on, as the case may be)

₹ crore

Sr. no.	Particulars	PNG Tollway Limited	L&T Asian Realty Project LLP	L&T Infra Investment Partners Advisory Private Limited	L&T infra Investment Partners Trustee Private Limited	L&T Unnati Finance Limited	L&T Access Financial Advisory Services Private Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency		–	–	–	–	–
	Exchange rate on the last day of financial year		–	–	–	–	–
1	Share capital (including share application money pending allotment)	169.10	0.01	0.01	0.01	2.00	1.00
2	Reserves	(0.88)	(0.08)	(4.61)	(0.01)	(0.02)	(0.02)
3	Liabilities	921.20	365.55	5.18	0.01	0.02	0.02
4	Total liabilities	1089.42	365.48	0.58	0.01	2.00	1.00
5	Total assets	1089.42	365.48	0.58	0.01	2.00	1.00
6	Investments (details on pages 270 to 278)	–	–	–	–	–	–
7	Turnover	–	–	–	–	–	–
8	Profit before taxation	–	(0.08)	(4.61)	(0.01)	(0.02)	(0.02)
9	Provision for taxation	–	–	–	–	–	–
10	Profit after taxation	–	(0.08)	(4.61)	(0.01)	(0.02)	(0.02)
11	Interim dividend - equity	–	–	–	–	–	–
12	Interim dividend - Preference	–	–	–	–	–	–
13	Proposed dividend - equity	–	–	–	–	–	–
14	Proposed dividend - preference	–	–	–	–	–	–

Sr. no.	Particulars	L&T BPP Tollway Limited	L&T Deccan Tollways Limited	L&T Solar Limited	L&T Cassidian Limited	L&T Powergen Limited
	Financial year ending on	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**	**31-03-2012**
	Currency	–	–		–	
	Exchange rate on the last day of financial year	–	–		–	
1	Share capital (including share application money pending allotment)	82.08	0.15	0.05	0.05	0.05
2	Reserves	(1.41)	(0.04)	(0.00)	(0.00)	(0.00)
3	Liabilities	3.23	0.00	0.00	0.00	0.00
4	Total liabilities	83.89	0.11	0.05	0.05	0.05
5	Total assets	83.89	0.11	0.05	0.05	0.05
6	Investments (details on pages 270 to 278)	–	–	–	–	–
7	Turnover	–	–	–	–	–
8	Profit before taxation	(1.41)	(0.04)	(0.00)	(0.00)	(0.00)
9	Provision for taxation	–	–	–	–	–
10	Profit after taxation	(1.41)	(0.04)	(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 31-03-2012/31-12-2011

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+150 bps) 16 May 2017	400	1000000	46.84	Quoted
Mahindra & Mahindra Financial Services Limited				
Fully paid equity shares:				
Invent Assets Securitisation & Reconstruction Private Ltd.	5,420,000	10	12.20	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			3.78	Unquoted
Security receipts:				
Invent Assets Securitisation & Reconstruction Private Limited			16.30	Unquoted
Phoenix ARC Private Limited :				
Phoenix ARF Scheme 5	8,501	945	0.80	Unquoted
Phoenix ARF Scheme 6	9,843	1000	0.98	Unquoted
Phoenix ARF Scheme 7	23,238	1000	2.32	Unquoted
Phoenix ARF Scheme 8	38,195	1000	3.82	Unquoted
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	Quoted
Monnet Industries Ltd.	18,800	10	0.08	Quoted
Intergrated Digital Info Services Ltd.	383,334	10	0.12	Quoted
Others:				
LTF Securitisation Trust 2002 (₹ 1000)	100	10	0.00	Unquoted
SUB -TOTAL			**87.86**	
Current Maturity of Long term investment (at cost):				
Infrastructure Development Finance Limited				
IDFC Ltd. (M+170 bps) 16 May 2012	700	1000000	70.87	Quoted
IDFC Ltd. (M+183 bps) 04 Dec 2012	250	1000000	25.94	Quoted
SUB -TOTAL			**96.81**	
Less: Provision for diminution in value			(0.56)	
TOTAL			**184.11**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-03-2012/31-12-2011

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
Larsen & Toubro Infotech Limited				
Long Term Investment (at cost)				
Mutual funds:				
IDFC FMP 36 Months Series 2 Dividend Payout	2,000,000	10	2.00	Unquoted
Current Maturity of Long term investment (at cost):				
L&T FMP I (September 24M-A) - Growth Option	2,000,000	10	2.04	Unquoted
Templeton FTFTF Series XII - Plan B (3 Yrs.) - Growth	2,000,000	10	2.00	Unquoted
Current investments (at cost):				
Mutual funds:				
Liquid funds:				
SBI Premier Liquid Fund - Super IP DDR	22,138	1000	2.22	Unquoted
Birla Sunlife Savings Fund IP-DDR	499,660	100	5.00	Unquoted
ICICI Prudential Flexible Income Plan - Premium DDR	472,880	100	5.00	Unquoted
L&T Ultra Short Fund -IP-DDR	4,923,586	10	5.00	Unquoted
Religare Ultra Short Term Fund-IP-DDR	29,949	1000	3.00	Unquoted
Income Fund:				
Short Term Plans:				
Flexi Debt Plans:				
Monthly Income Plans:				
HDFC MF Monthly Income Plan - Long Term - Growth	417,017	10	0.90	Unquoted
L&T Monthly Income Plan-Gr	130,373	10	0.25	Unquoted
Reliance MIP - Growth	69,132	10	0.15	Unquoted
Fixed Maturity Plans:				
L&T FMP V (February 90 days A) Dividend Payout	3,000,000	10	3.00	Unquoted
Birla Sun Life Fixed Term Plan Series EM Dividend Payout	2,000,000	10	2.00	Unquoted
L&T FMP V (February 368 days A) Dividend Payout	3,000,000	10	3.00	Unquoted
L&T FMP V (March 367 days A) Dividend Payout	2,000,000	10	2.00	Unquoted
SUB -TOTAL			**37.56**	
Less: Provision for diminution in value			–	
TOTAL			**37.56**	

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
Larsen & Toubro International FZE (as at 31-12-2011)				
Long term investment (at cost):				
Associate company:				
Fully paid equity shares:				
L&T-Camp Facilities LLC		Aggregating to US Dollar 667164	3.55	Unquoted
Jointly controlled entity:				
Fully paid equity shares:				
IndIran Engg. & Project Services Krish LLC	875	Irani Riyal 1000000 each	0.46	Unquoted
TOTAL			**4.01**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-03-2012/31-12-2011

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T-Sargent & Lundy Limited				
Current investments (at cost):				
Mutual fund:				
Birla Sun Life Qtly Interval Fund	3,538,692	10	3.54	Unquoted
Reliance Monthly Interval Fund	1,999,302	10	2.00	Unquoted
Reliance Qtly Interval Fund	2,992,972	10	3.00	Unquoted
IDFC Money Manager - Investment Plan	2,977,306	10	3.02	Unquoted
IDFC FMP qtr S69	2,000,000	10	2.00	Unquoted
DSP Blackrock FMP 3M Series 33	2,500,000	10	2.50	Unquoted
SBI MF SDFS-90 days 57	3,500,000	10	3.50	Unquoted
L&T FMP -V (February 90 Day A)	7,000,000	10	7.00	Unquoted
L&T Liquid Fund Super IP	75,984	1000	7.69	Unquoted
L&T Select Income Fund - IP	1,921,100	10	2.00	Unquoted
L&T Ultra STF- IP	1,230,896	10	1.25	Unquoted
JPM FMP Series 9	1,000,000	10	1.00	Unquoted
ICICI Prudential Flexible Income Plan	353,609	10	3.74	Unquoted
SBI MF SDFS-367 days 16	2,500,000	10	2.50	Unquoted
L&T FMP V (Feb 368 day A)	4,000,000	10	4.00	Unquoted
DWS FMP S-3	2,032,018	10	2.03	Unquoted
TOTAL			**50.77**	
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	14,300,000	10	14.30	Unquoted
Second Vivekananda Bridge Tollway Company Private Limited (₹ 10000/-)	1,000	10	0.00	Unquoted
Current investments (at cost):				
Fully paid equity shares:				
Ennore Tank Terminals Private Limited	6,787,500	10	6.79	Unquoted
Bonds:				
6.25% Rural Electrification Corporation Ltd. NCRT Bonds-Series VIII	500	10000	0.50	Unquoted
Mutual Funds				
IDFC Money Manager Fund- Investment Plan - Inst Plan B-Growth	3,750,275	10	6.18	Quoted
TOTAL			**361.60**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-03-2012/31-12-2011

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
Feedback Ventures Private Limited	37,90,000	100	37.90	Unquoted
JSK Electricals Private Limited	21,20,040	10	2.12	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
Windsor Machines Limited	49,268	2	0.17	Quoted
Alstom T&D India Limited	478,534	2	9.86	Quoted
Schneider Electric Infrastructure Limited	478,534	2	2.96	Quoted
Current investments (at cost):				
Kotak Floater Short Term - Growth	1,263,755	10	2.20	Unquoted
TOTAL			**136.71**	
Larsen & Toubro Infotech, GmbH				
Long term investment (at cost):				
Other company:				
Fully paid equity shares:				
Pan Health,USA (₹ 53/-)	1,00,000	USD 1	0.00	Unquoted
TOTAL			**0.00**	
Larsen & Toubro Qatar LLC (as at 31-12-2011)				
Long term investment (at cost):				
Associate company:				
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 company:				
Fully paid equity shares:				
L&T Arun Excello Realty Private Limited	316,800	10	29.14	Unquoted
TOTAL			**29.14**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-03-2012/31-12-2011

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
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
Ardom Telecom Ltd.	648,649	10	2.00	Unquoted
Compulsory Convertible Debentures:				
Tikona Digital Networks Pvt. Ltd.	361,968	2840	102.80	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
Cumulative Convertible Preference Shares				
Ardom Telecom Ltd.	1,800	100000	18.00	Unquoted
TOTAL			**422.83**	
L&T Power Ltd.				
Current investments (at cost):				
Mutual fund:				
L&T FMP - V (February 90D A) - Dividend Payout	25,000,000	10	25.00	Unquoted
L&T Liquid Sup Inst Daily Dividend Reinvestment Plan	1,371,453	1000	138.74	Unquoted
Taurus Liquid Fund - Super Institutional Daily Dividend Reinvestment	53,008	1000	5.30	Unquoted
TOTAL			**169.04**	
L&T - MHI Boilers Private Limited				
Current investments (at cost):				
Mutual fund:				
Reliance Liquidity Fund- Daily Dividend Reinvestment	10,292,411	10	10.30	Unquoted
HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvestment	14,228,928	10	15.13	Unquoted
HDFC Cash Management Fund -Treasury Advantage Plan Wholesale - Daily Dividend Reinvestment	12,085,880	10	12.12	Unquoted
L&T Liquid Sup Inst- Daily Dividend Reinvestment	46,619	1000	4.72	Unquoted
SBI Premier Liquid Fund - Super Instituional - Daily Dividend Reinvestment	149,581	1000	15.01	Unquoted
Tata Fixed Income Portfolio Fund Scheme A2 Insti.	23,785,253	10	23.80	Unquoted
Birla Sunlife Savings Fund - Insti- Daily Dividen Reinvestment	1,747,226	100	17.48	Unquoted
SBI Magnum Insta Cash Fund Cash Option	0.4	10	0.00	Unquoted
TOTAL			**98.56**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-03-2012/31-12-2011

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T-Valdel Engineering Limited				
Current investments (at cost):				
Mutual fund:				
HDFC High Interest Fund - Short Term Plan - Growth	776,253	10	1.50	Quoted
TOTAL			**1.50**	
GDA Technologies Inc.				
Current Investment:				
Other companies:				
Fully paid equity shares:				
Arkadoc Group, Inc	150,000	USD 1	0.08	Quoted
Citrix System, Inc.	114	USD 1	0.03	Quoted
SUB -TOTAL			**0.11**	
Less: Provision for diminution in value			(0.04)	
TOTAL			**0.07**	
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 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**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-03-2012/31-12-2011

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Investment Management Limited				
Current investments (at cost):				
Mutual fund:				
L&T Liquid Sup Inst. Plan - Cum.	34,018	10	5.00	Unquoted
L&T Ultra Short Term Fund Instituional - Cumulative	166,769	10	0.29	Unquoted
L&T FMP -V (February 90DA) - Growth	3,000,000	10	3.00	Unquoted
L&T FMP -V (February 368 D A) - Growth	1,000,000	10	1.00	Unquoted
L&T FMP -V (December 368 D A) - Growth	2,000,000	10	2.00	Unquoted
TOTAL			**11.29**	
L&T Mutual Fund Trustee Limited				
Current investments (at cost):				
Mutual fund:				
L&T Ultra Short Fund Regular- Cumulative	1,143	10	0.002	Unquoted
TOTAL			**0.00**	
Nabha Power Limited				
Current investments (at cost):				
Mutual fund:				
L&T Liquid Inst Daily Dividend Reinvestment Plan	86,944	1000	8.80	Unquoted
ICICI Prudential Flexible Income Plan Premium - Daily Div.	2,703,100	100	28.58	Unquoted
L&T Ultra STF Inst- Daily Dividend Reinvestment	8,549,357	10	8.68	Unquoted
Birla Sun Life Cash plus- Instl. Prem- Daily Dividend Reinvestment	2,108,287	100	21.12	Unquoted
ICICI Prudential Flexible Income Plan Premium - Daily Dividend Reinvestment (Unit 3)	9,050	100	0.10	Unquoted
ICICI Prudential Liquid Super Institutional Plan - Daily Dividend Reinvestment (Unit 3)	1,419	100	0.01	Unquoted
TOTAL			**67.29**	
Ewac Alloys Limited				
Current investments (at cost):				
Mutual fund:				
L&T Ultra STF Instituitional - Daily Dividend Reinvestment Plan	8,071,209	10	8.20	Unquoted
TOTAL			**8.20**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-03-2012/31-12-2011

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 of India Bonds 2022	2,000,000	100	20.34	Quoted
8.26% Government of India Bonds 2027	500,000	100	4.95	Quoted
7.80% Government of India Bonds 2020	1,500,000	100	15.31	Quoted
7.80% Government of India Bonds 2021	1,000,000	100	9.50	Quoted
8.19% Government of India Bonds 2020	500,000	100	5.01	Quoted
9.15% Government of India Bonds 2024	1,880,000	100	19.72	Quoted
Bonds:				
11.69% Tata Teleservices Non Convertible Debentures 2025	300,000	100	3.06	Quoted
7.70% NHPC Bonds 2018	100,000	100	0.94	Quoted
8.40% LIC Housing Finance Non Convertible Debentures 2013	500,000	100	4.92	Quoted
8.79% HDFC Ltd. Non Convertible Bonds 2020	400,000	100	3.97	Quoted
8.80% GAIL Bonds 2018	500,000	100	4.91	Quoted
8.80% GAIL Bonds 2019	500,000	100	4.91	Quoted
8.84% Powergrid Non Convertible Bonds 2020	300,000	100	3.00	Quoted
8.84% Powergrid Non Convertible Bonds 2021	200,000	100	2.00	Quoted
8.90% Powergrid Non Convertible Bonds 2015	50,000	100	0.49	Quoted
8.95% Infotel Broadband Services Ltd. Non Convertible Debentures 2020	130,000	100	1.24	Quoted
9.35% Powergrid Corp. of India Non Convertible Bonds 2016	300,000	100	2.99	Quoted
9.35% Powergrid Corp. of India Non Convertible Bonds 2020	200,000	100	2.02	Quoted
9.36% Power Finance Corp. Non Convertible Debentures 2021	500,000	100	5.03	Quoted
9.40% NABARD Bonds 2014	500,000	100	5.02	Quoted
9.40% National Housing Bank Bonds 2015	500,000	100	5.00	Quoted
9.68% HDFC Ltd. Non Convertible Bonds 2015	500,000	100	5.04	Quoted
9.95% State Bank of India Bonds 2026	500,000	100	5.20	Quoted
Current investments (at cost):				
Bonds				
7.60% HUDCO Non Convertible Bonds 2013	100,000	100	0.96	Quoted
7.90% HUDCO Non Convertible Bonds 2013	100,000	100	0.96	Quoted
Government Securities (Short Term)				
92 D Treasury Bills 2012	1,000,000	100	9.82	Quoted
Other Securities (Short Term)				
Axis Bank - CD 2012	1,500,000	100	14.60	Quoted
Mutual Funds:				
Kotak Floater Short Term - Growth	1,426,179	10	2.50	Unquoted
Axis Liquid Fund Institutional Growth	10,288	10	1.22	Unquoted
IDFC Money Manager Fund - Investment Plan - Growth	8,832,362	10	9.02	Unquoted
J P Morgan India Liquid-Super Inst. Growth	5,371,161	10	7.48	Unquoted
Kotak Liquid Institutional Premium Growth	524,572	10	1.14	Unquoted
L&T Liquid Fund Sup Inst Plan Plus Cumulative - Growth	19,680	1000	2.90	Unquoted
UTI Money Market Institutional Growth	1,168	1000	0.14	Unquoted
TOTAL			**185.31**	

Annexure to Information regarding Subsidiary Companies
Details of Investments as at 31-03-2012/31-12-2011

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
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
Other Companies				
Bonds:				
National Highways Authority of India Bonds - Series XI	500	10000	0.50	Unquoted
TOTAL			**2.84**	
GDA Technologies Limited				
Current investments (at cost):				
Mutual Funds:				
Birla Sunlife Asset Management Co. Ltd.	877,415	100	8.78	Unquoted
Franklin Templeton FRIF-Super IP-DDRO	5,133,361	10	5.14	Unquoted
HDFC 92D-FMP	7,500,000	10	7.50	Unquoted
TOTAL			**21.42**	
L&T Uttaranchal Hydropower Limited				
Current investments (at cost):				
Mutual Funds				
L&T Ultra STF Inst	18,384,670	10	18.67	Quoted
L&T Select Income Fund-Flexi Debit	2,646,653	10	2.74	Quoted
TOTAL			**21.41**	
L&T Arunachal Hydropower Limited				
Current investments (at cost):				
Mutual Funds				
L&T Freedom Income Fund ST/IP/DDR	1,900,504	10	1.93	Quoted
TOTAL			**1.93**	
L&T Himachal Hydropower Limited				
Current investments (at cost):				
Mutual Funds				
L&T Freedom Income Fund ST/IP/DDR	1,270,285	10	1.29	Quoted
TOTAL			**1.29**	
L&T Plastics Machinery Limited				
Current investments (at cost):				
Mutual Funds				
L&T Liquid Sup Instalment Daily Dividend Reinvestment Plan	61,588	1000	6.23	Unquoted
TOTAL			**6.23**	


www.Larsentoubro.com

Notes

L&T Mutual Fund
Built on strong foundations

Your Financial Goal

You

Dear Shareholder,

As you are aware, L&T is known for its customer focused approach and its continuous quest for world-class quality. L&T has endeavored to attain and sustain leadership in all its major lines of businesses. In continuation with its commitment to enhancing shareholders value, we bring to you Systematic Investment Plan from L&T Mutual Fund.

Systematic Investment Plan (SIP) is a financial planning tool that may help you to create long term wealth especially if you have a future financial requirement. By investing an amount of your choice every month (minimum of ₹ 1000/-), you could plan for and meet financial goals like funds for a child's education, a marriage in the family or a comfortable post-retirement life.

One of the advantages of SIP is the **Rupee Cost Averaging** that one may get. Through systematic investing, you may buy more units when the prices are low and fewer units when the prices are high. This results in averaging of cost per unit.

Given below is an example of 2 friends Vaibhav and Prashant who decided to invest ₹ 60,000/- in a mutual fund scheme. Vaibhav invested ₹ 5,000/- on a monthly basis for 12 months in a mutual fund scheme using SIP whereas Prashant invested ₹ 60,000/- in lumpsum in the same scheme. The tables below illustrate how their respective investments performed at the end of 12 months.

Vaibhav's SIP Investment

Month	Amount Invested (₹)	Purchase Price based on Assumed NAV (₹)	No. of Units Purchased
January	5000	10	500.00
February	5000	9	555.56
March	5000	11	454.55
April	5000	9.5	526.32
May	5000	10	500.00
June	5000	9	555.56
July	5000	10	500.00
August	5000	9	555.56
September	5000	11	454.55
October	5000	10	500.00
November	5000	10	500.00
December	5000	9	555.56
Total	**60000**		**6157.63**

Average cost per unit = ₹ 9.79

Prashant's One – Time Investment

Month	Amount Invested (₹)	Purchase Price based on Assumed NAV (₹)	No. of Units Purchased
January	60000	10	6000
Total	**60000**		**6000**

Average cost per unit = ₹ 10

The above is for illustration purpose only and should not be considered as an investment advise.

At the end of the 12 months, Vaibhav has more units than Prashant, even though they invested the same amount. That's because the average cost of Vaibhav's units is much lower than that of Prashant. Thus, using SIP averages out the cost per unit, which may result in wealth creation over time.

Website: www.LNTMF.com • Toll free: 1800 209 6565

An investor education initiative. SIP does not assure a profit or guarantee protection against loss in declining market.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

LARSEN & TOUBRO LIMITED

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

Dear Shareholders,

Green Initiative in Corporate Governance
Issue copies of documents in Electronic Form

We wish to inform you that the Ministry of Corporate Affairs, Govt. of India (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has permitted companies vide their Circular No. 18/2011 dated 29.04.2011 to issue copies of Balance Sheets and Auditors' Report etc. by e-mail to the shareholders.

SEBI vide it's circular ref. No. CIR/CFD/DIL/2011 dated 5th October 2011 has directed listed companies to supply soft copies of full annual reports to all those shareholders who have registered their e-mail addresses for the purpose.

Larsen & Toubro Limited, in its constant endeavour to enhance the sustainability of the environment and cutting down on consumption of paper, proposes to give an option to our shareholders to receive all documents like General Meeting Notices (Including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, ECS Intimations, etc. in electronic form at their e-mail addresses registered with their respective Depository Participant (DP) accounts {in the records of the Depositories, viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL)}. Shareholders holding shares in physical form will receive the documents as stated above at their e-mail address registered with/provided to the Company's Registrar & Transfer Agent (RTA). If the e-mail id is not registered till now, please register the same thereby sending the information as given below.

We request you to join us in this noble initiative and look forward to your consent to receive the documents as stated above in electronic form. Please give your consent in the format given below, through e-mail to LNTGOGREEN@LARSENTOUBRO.COM.

Dear Sir,

Larsen & Toubro Limited ; Consent of shareholder to receive documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report, ECS Intimations, etc. in Electronic Form

I refer to your circular dated 14.05.2012 on the above subject and give my consent to receive the documents as stated above in electronic form at my e-mail address registered with the Depository/RTA.

Name : ______________________________

Folio No./DPID/Client ID : ______________________________

E-mail ID : ______________________________

In case of any updations/changes in your e-mail address, you are requested to promptly update the same with your DP. Shareholders holding shares in physical form have to send their updations/changes to the RTA, M/s Sharepro Services (India) Pvt. Ltd., by sending email to LNTGOGREEN@LARSENTOUBRO.COM

Please note that the Annual Report will also be available on the Company's website www.larsentoubro.com for your ready reference. The shareholders of the Company are entitled to request and receive, free of cost, a printed copy of the annual report and other documents of the Company.

We are sure that you would appreciate the "Green Initiative" taken by your Company and opt for receiving documents as stated above in electronic form.

N. Hariharan
Company Secretary

Date: 14.05.2012

LARSEN & TOUBRO LIMITED

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

Dear Shareholders,

Sub : Notice to Shareholders

1) Pursuant to Section 205A and 205C of the Companies Act, 1956, the dividend amounts remaining unpaid or unclaimed for a period of seven years from the date they became due for payment will be transferred to the credit of the Investor Education and Protection Fund established by the Central Government. Thereafter no claim shall lie against the Fund or the Company in respect of amounts so transferred.

   In case you have not claimed any dividends of previous years, please arrange to send a letter duly signed by all the shareholder/s quoting your Folio No. / DP ID – CL ID to our Registrars: Sharepro Services (India) Pvt. Ltd., Unit : Larsen & Toubro Limited, 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East). Mumbai - 400 072.

2) The Company has designated an exclusive e-mail id viz. IGRC@LARSENTOUBRO.COM to enable investors to register their grievances. All the investors are request to avail of this facility.

3) Please inform us your PAN and E-Mail ID to update our records.

4) Please note that for change of address in case of holding shares in physical mode, you are requested to send a letter duly signed by shareholder(s) along with certified copies of Electricity or Telephone Bill and Ration Card and PAN Card in support of your changed address.

   Only on receipt of these documents and on satisfying that the same are in order, the Company will record the change of address and send you a confirmation.

N. Hariharan
Company Secretary

Date: 14.05.2012

LARSEN & TOUBRO LIMITED

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

Dear Shareholders,

UNDELIVERED SHARE CERTIFICATES

The Securities and Exchange Board of India (SEBI) has by circular dated 16th December, 2010 amended the Listing Agreement providing the manner for dealing with share certificate(s) lying unclaimed with the Company.

In compliance with the above amendment, the Company has sent 3 reminders to the shareholders whose share certificates were lying unclaimed at the address in its records, to claim the same. The Company has received a substantial number of requests to claim these share certificates which are released after a thorough due diligence. As on date, the Company has only 0.20% of the total shares, lying unclaimed. These will be transferred to the "Unclaimed Suspense Account" as required under the Listing Agreement. The Company has initiated the process of opening the "Unclaimed Suspense Account" and will transfer the shares as soon as the account is operational.

Those shareholders who have not responded to the Company's reminders may send a letter to the Company, duly signed by all the shareholder(s) as per their specimen signature(s) recorded with the Company along with a self attested copy of their PAN Card. You are also requested to send a self-attested copy of the PAN Card of each of the joint-holders.

In case there is a change in your registered address recorded with the Company, you are requested to send a letter duly signed by all the shareholder(s), as per the specimen signatures recorded with the Company and self attested PAN Card along with any two of the following self attested documents, viz. (i) Passport; (ii) Driving License; (iii) Voter's Identity Card; (iv) Bank A/c Statement / Electricity / Telephone Bill (which should not be older than 2 months)

On receipt of the above mentioned documents and after proper verification of our records, the Company shall arrange to re-despatch the share certificate(s) to the shareholder(s).

N. Hariharan
Company Secretary
Date: 14.05.2012

Notes

LARSEN & TOUBRO

LARSEN & TOUBRO LIMITED

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

ANNUAL GENERAL MEETING - AUGUST 24, 2012 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 24, 2012**.

____

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 24, 2012 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 24, 2012 and at any adjournment thereof.

Signed this _________ day of ______________2012

D.P.Id	
Client Id/ Folio No.	
No. of Shares	

Signature .... Affix a 1 Rupee Revenue Stamp ....

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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