

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Second Annual Report with audited accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

The summarised financial results of your Company for the year ended March 31, 2010 are as under :

Particulars	For the year ended 31.03.2010 (Rs. Lakhs)	For the period 01.05.2008 to 31.03.2009 (Rs. Lakhs)
Gross Income	536.42	2.62
Profit / (Loss) Before Tax	287.48	(1.53)
Provision for Tax	6.25	0.16
Profit / (Loss) After Tax	281.23	(1.69)
Add : Balance brought forward from previous year	(1.69)	-
Profit available for appropriation	279.54	(1.69)
Appropriations		
Transfer to Special Reserve u/s 45-1C of Reserve Bank of India Act, 1934	56.25	-
Balance carried to Balance Sheet	223.29	(1.69)

DIVIDEND

None

RESOURCES

During the year under review, the Company had allotted 135,15,41,591 Equity Shares of Rs. 10 each, for cash at par, aggregating to Rs. 1,35,154.16 lakhs to Larsen & Toubro Limited, the Holding Company. This resulted in increase of paid-up equity share capital by Rs. 1,35,154.16 lakhs.

REVIEW OF OPERATIONS

During the year under review, your Company made strategic investments for an aggregate amount of Rs. 55273.64 lakhs in the equity share capital of L&T Finance Limited, L&T Infrastructure Finance Company Limited, L&T Aviation Services Private Limited, Federal Bank Limited, and City Union Bank Limited.

FIXED DEPOSITS

Since its inception, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

Your Company has familiarized itself with the requirement of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs, Government of India and is in the process of implementing many of the suggestions. A gist of our compliance with the said guidelines is given below :

Remuneration of Directors

All the Directors were nominated by Larsen & Toubro Limited (L&T) and are in the services of L&T. The Directors are not paid any sitting fees for attending the Meetings of the Board and / or any Committees thereof and are not drawing any remuneration.

Independent Directors

All the members of the Board of the Company are independent in the sense that none of them is involved in the day-to-day management of the Company.

Number of Companies in which an Individual may become a Director

The Company has apprised its board members about the restriction on number of other directorships and expects in due course to comply with the same.

Responsibilities of the Board

Presentations to the Board in areas such as financial results, budgets, business prospects etc., give the Directors, an opportunity to interact with senior managers and other functional heads. Directors are also updated about their role, responsibilities and liabilities.

The Company ensures necessary training to the Directors relating to its business through formal / informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality

L&T CAPITAL HOLDINGS LIMITED

appropriate to effectively enable / discharge his duties. The Directors are given time to study the data and contribute effectively to Board discussions. The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board. The system of risk assessment and compliance with statutory requirements are in place.

Audit Committee of the Board

The Audit Committee consists of Mr. Y. M.Deosthalee, Mr. N. Sivaraman and Mr. R. Shankar Raman, all Independent Directors. The Audit Committee functions as an Audit Committee for the purposes of Section 292A of the Companies Act, 1956, as well as the RBI directions for NBFCs.

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 292A of the Companies Act, 1956.

Statutory Auditors

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

Internal Auditors

The Corporate Audit Services department of L&T provides internal audit services to the Company.

Internal Control

The Board ensures the effectiveness of the Company's system of internal controls including financial, operational and compliance controls and risk management controls.

Secretarial Audit

The Secretarial Audit, at regular intervals, is conducted by the Corporate Secretarial Department of L&T, which has competent professionals to carry out the said audit.

Details of related party transactions

The Board hereby states that the details of all the related party transactions form part of the accounts as required under AS-18 and the same are given in note (C) of Schedule 10 of the attached financial statements.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956, Mr. N. Sivaraman, Director of your Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

AUDITORS

M/s.Sharp & Tannan, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to continue as Auditors, if re-appointed. The Board commends re-appointment of the firm as Statutory Auditors.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREUNDER

Your Company did not have any employee as on March 31, 2010 drawing remuneration in excess of the amount specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company.

There were no foreign exchange earnings and expenditure during the year under review.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the Audited Balance Sheet and Profit & Loss Account of L&T Finance Limited, L&T Infrastructure Finance Company Limited, India Infrastructure Developers Limited, and L&T Aviation Services Private Limited, for the financial year ended March 31, 2010, along with the reports of the Auditors and Directors thereon are annexed and form part of the Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that :

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that year;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis; and
5. Proper systems are in place to ensure compliance of all laws applicable to the Company.

AUDITORS' REPORT

The Auditors' Report is unqualified. The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 217(3) of the Companies Act, 1956.

RESERVE BANK OF INDIA (RBI) GUIDELINES

Your Company has complied with all the applicable regulations of the Reserve Bank of India.

ACKNOWLEDGEMENT

Your Company maintained cordial relationships with Reserve Bank of India and other Regulatory Authorities during the period under review. Your Directors are grateful for the support extended by them and look forward to receiving their continued support.

For and on behalf of the Board
L&T Capital Holdings Limited

Y. M. DEOSTHALEE
Director

N. SIVARAMAN
Director

Place : Mumbai
Date : April 26, 2010

AUDITORS' REPORT

TO THE SHAREHOLDERS OF L&T CAPITAL HOLDINGS LIMITED

We have audited the attached Balance Sheet of L&T Capital Holdings Limited as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

- 1 As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India under sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2 Further to our comments in paragraph 1 above, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable; and
 - (e) on the basis of the written representations received from Directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in Schedule 9 and notes appearing thereon in Schedule 10, 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 Company's affairs as at March 31, 2010;
- 2 in the case of the Profit and Loss Account, of the loss 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

MILIND P. PHADKE
Partner
Membership No. 33013

Place : Mumbai
Date : April 26, 2010

ANNEXURE TO THE AUDITORS' REPORT

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

- i The Company has no fixed assets. Accordingly, reporting under paragraphs 4(i)(a), (b) and (c) of the Order are not applicable.
- ii The Company has no inventories. Accordingly, reporting under paragraphs 4(ii)(a), (b) and (c) of the Order are not applicable.
- iii We are informed by management that there are no companies, firms or other parties that are required to be listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, reporting under paragraph 4(iii)(b) to (g) of the Order are not applicable.
- iv In our opinion and according to the information and explanations given to us, the Company has no fixed assets and inventory and neither has it commenced sale of its products. Accordingly, reporting under paragraph 4(iv) of the Order is not applicable.
- v We are informed by management that there are no companies, firms or other parties that are required to be listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, reporting under paragraphs 4(v)(a) and (b) of the Order are not applicable.
- vi The Company has not accepted deposits during the year. and the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under. Accordingly, reporting under paragraph 4(vi) of the Order is not applicable.
- vii In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii The Company is not required to maintain cost records under Section 209(1)(d) of the Companies Act, 1956. Accordingly, reporting under paragraph 4(viii) of the Order is not applicable.
- ix According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company had no liability towards 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. Accordingly, reporting under paragraphs 4(ix)(a) and (b) of the Order is not applicable.
- x The Company has not been registered for a period of more than five years. Accordingly, reporting under paragraph 4(x) of the Order is not applicable.
- xi The Company has not raised any loans from financial institutions or banks during the period. Accordingly, reporting under paragraph 4(xi) of the Order is not applicable.
- xii According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, reporting under paragraph 4(xii) of the Order is not applicable.
- xiii The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company. Accordingly, reporting under paragraph 4(xiii) of the Order is not applicable.
- xiv The Company is not dealing or trading in shares, securities, debentures or other investments. Accordingly, reporting under paragraph 4(xiv) of the Order is not applicable.
- xv The Company has not given guarantees for loans taken by others from banks or financial institutions. Accordingly, reporting under paragraph 4(xv) of the Order is not applicable.
- xvi The Company has not taken any term loans. Accordingly, reporting under paragraph 4(xvi) of the Order is not applicable.
- xvii 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.
- xviii We are informed by management that there are no companies, firms or other parties that are required to be listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, reporting under paragraph 4(xviii) of the Order is not applicable.
- xix The Company has not issued any debentures during the period. Accordingly, reporting under paragraph 4(xix) of the Order is not applicable.
- xx The Company has not raised any money by public issues during the period. Accordingly, reporting under paragraph 4(xx) of the Order is not applicable.
- xxi 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 period, nor have we been informed of such case by management.

SHARP & TANNAN
Chartered Accountants
(ICAI Registration No. 109982W)
By the hand of

MILIND P. PHADKE
Partner
Membership No. 33013

Place : Mumbai
Date : April 26, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010		As at 31.03.2009	
		Rupees	Rupees	Rupees	pees
SOURCES OF FUNDS					
Share Capital	1		13,535,915,910		20,500,000
Share Application Money Pending Allotment			2,750,000,000		10,765,415,910
Reserves And Surplus	2		27,954,140		–
TOTAL			16,313,870,050		10,785,915,910
APPLICATION OF FUNDS					
Fixed Assets			–		–
Investments	3		16,292,779,461		10,765,415,910
Current Assets, Loans & Advances	4				
Current Assets					
Cash & Bank Balances			58,069		20,472,805
Loans & Advances			22,783,405		–
			<u>22,841,474</u>		<u>20,472,805</u>
Less: Current Liabilities & Provisions	5				
Current Liabilities			1,125,885		125,736
Provisions			625,000		16,000
			<u>1,750,885</u>		<u>141,736</u>
Net Current Assets			21,090,589		20,331,069
Profit & Loss Account			–		168,931
TOTAL			16,313,870,050		10,785,915,910
SIGNIFICANT ACCOUNTING POLICIES	9				
NOTES FORMING PART OF ACCOUNTS	10				

The Schedules referred to above and the notes attached form an integral part of the financial statements.

As per our report attached
SHARP & TANNAN
Chartered Accountants
(ICAI Registration No. 109982W)
By the hands of

For and on behalf of the Board

MILIND P. PHADKE
Partner
Membership No. 08820

N. SURYANARAYANAN
Manager

Y. M. DEOSTHALEE
Director

N. SIVARAMAN
Director

Place : Mumbai
Date : April 26, 2010

Place : Mumbai
Date : April 26, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	<u>Schedules</u>	<u>2009-2010 Rupees</u>	<i>For the period 01.05.2008 to 31.03.2009 Rupees</i>
INCOME			
Income from operation	6	53,642,073	261,966
TOTAL		<u>53,642,073</u>	<u>261,966</u>
EXPENDITURE			
Preliminary Expenses written off	7	–	389,231
Administrative and Other Expenses	8	24,894,002	25,666
TOTAL		<u>24,894,002</u>	<u>414,897</u>
Profit / (Loss) before taxes		28,748,071	(152,931)
Provision for tax		625,000	16,000
Profit / (Loss) after tax		28,123,071	(168,931)
Balance brought forward		(168,931)	–
Profit available for appropriation		27,954,140	(168,931)
Appropriations			
Transfer to Reserve u/s 45-IC of RBI Act, 1934		5,625,000	–
Balance carried forward to Balance Sheet		<u>22,329,140</u>	<u>(168,931)</u>
Basic Earnings Per Equity Share (Rupees)		0.02	(0.30)
Diluted Earnings Per Equity Share (Rupees)		–	–
Face Value Per Equity Share (Rupees)		10.00	10.00
SIGNIFICANT ACCOUNTING POLICIES	9		
NOTES FORMING PART OF ACCOUNTS	10		

The Schedules referred to above and the notes attached form an integral part of the financial statements.

As per our report attached

SHARP & TANNAN

Chartered Accountants

(ICAI Registration No. 109982W)

By the hands of

For and on behalf of the Board

MILIND P. PHADKE

Partner

Membership No. 08820

Place : Mumbai

Date : April 26, 2010

N. SURYANARAYANAN

Manager

Place : Mumbai

Date : April 26, 2010

Y. M. DEOSTHALEE

Director

N. SIVARAMAN

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-2010 Rupees	2008-2009 Rupees
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before tax & extraordinary items	28,748,071	(168,931)
Adjustment for		
Depreciation	-	-
Unrealised foreign exchange difference – net (gain) / loss	-	-
Interest paid	-	-
Interest received	(2,413,978)	(48,904)
Dividend Received	(51,228,095)	-
Operating Profit before Working Capital changes	(24,894,002)	(217,835)
Adjustments for		
(Increase) / Decrease in loans and advances	(22,783,405)	-
Increase / (Decrease) in trade payables	984,149	141,736
Net Cash from Operating Activities (A)	(46,693,258)	(76,099)
B. Cash Flow from Investing Activities		
Preliminary & Pre-operative Expenses	-	-
Investment purchased	(5,527,363,551)	(10,515,415,910)
Share application money pending allotment	-	(250,000,000)
Interest received on fixed deposits	2,413,978	48,904
Dividend Income	51,228,095	-
Net Cash (used in) / from Investing Activities (B)	(5,473,721,478)	(10,765,367,006)
C. Cash Flow from Financing Activities		
Issue of Equity shares	13,515,415,910	20,500,000
Advance received as share application money	(8,015,415,910)	10,765,415,910
Net Cash (used in) / from Financing Activities (C)	5,500,000,000	10,785,915,910
Net (decrease) / increase in Cash and Cash Equivalents (A+B+C)	(20,414,736)	20,472,805
Cash and Cash Equivalents as at the beginning of the period	20,472,805	-
Cash and Cash Equivalents as at the end of the period	58,069	20,472,805

NOTES

- Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard 3 issued by the Institute of Chartered Accountants of India
- Cash and Cash Equivalents represent Cash and Bank Balances.

The Schedules referred to above and the notes attached form an integral part of the financial statements.

As per our report attached

SHARP & TANNAN

Chartered Accountants

(ICAI Registration No. 109982W)

By the hands of

MILIND P. PHADKE

Partner

Membership No. 08820

Place : Mumbai

Date : April 26, 2010

S-498

For and on behalf of the Board

N. SURYANARAYANAN

Manager

Place : Mumbai

Date : April 26, 2010

Y. M. DEOSTHALEE

Director

N. SIVARAMAN

Director

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS : MARCH 31, 2010

	<u>As at 31.03.2010</u>	<u>As at 31.03.2009</u>
	<u>Rupees</u>	<u>Rupees</u>
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
5,00,00,00,000 Equity Shares of Rs. 10 each (Previous year 1,50,00,00,000 Equity Shares of Rs. 10 each)	50,000,000,000	15,000,000,000
	50,000,000,000	15,000,000,000
Issued, Subscribed & Paid-up		
1,35,35,91,591 Equity Shares of Rs. 10 each (Previous year 20,50,000 Equity Shares of Rs. 10 each fully paid-up)	13,535,915,910	20,500,000
Of the above 1,35,35,91,386 Equity Shares of Rs. 10 each fully paid up are held by Larsen & Toubro Limited, the Holding Company and its nominees (Previous year 20,49,795 Equity Shares of Rs. 10 each fully paid up)		
TOTAL	13,535,915,910	20,500,000
SCHEDULE - 2		
RESERVES AND SURPLUS		
Reserve u/s 45-IC of RBI Act, 1934 As per last Balance Sheet	-	-
Add: Transferred from Profit and Loss Account	5,625,000	-
	5,625,000	-
Profit and Loss Account	22,329,140	(168,931)
TOTAL	27,954,140	(168,931)
SCHEDULE - 3		
INVESTMENTS (At cost)		
(A) Long term investments:		
(i) Subsidiary companies: (unquoted)		
(a) Fully paid equity shares	14,731,415,910	10,470,415,910
(b) Application money for equity shares	-	250,000,000
	14,731,415,910	10,720,415,910
(ii) Associate Company: (unquoted)	45,000,000	45,000,000
(iii) Others:(quoted)	1,516,363,551	-
	16,292,779,461	10,765,415,910
Less: Provision for diminution in value of Investments	-	-
TOTAL	16,292,779,461	10,765,415,910

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS : MARCH 31, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
Details of Investments				
In subsidiaries: (unquoted)				
L&T Finance Limited 21,21,72,269 (previous year 18,66,91,500) shares of Rs. 10 each (2,54,80,769 shares subscribed during the year)	6,409,815,910		4,909,815,910	
L&T Infrastructure Finance Company Limited 68,34,00,000 (previous year 500,000,000) shares of Rs. 10 each (18,34,00,000 shares subscribed during the year)	7,751,000,000		5,000,000,000	
India Infrastructure Developers Limited 5,60,60,000 (previous year 5,60,60,000) shares of Rs. 10 each	560,600,000		560,600,000	
L&T Aviation Services Private Limited 10,00,000 (previous year NIL) shares of Rs. 10 each (10,00,000 shares subscribed during the year)	10,000,000		–	
TOTAL OF (A)		14,731,415,910		10,470,415,910
In Associate Company: (unquoted)				
NAC Infrastructure Equipment Limited 45,00,000 (previous year 45,00,000) shares of Rs. 10 each		45,000,000		45,000,000
Share Application money pending allotment (L&T Finance Limited)		–		250,000,000
Others: (quoted)				
Federal Bank Limited 79,95,619 shares of Rs. 10 each subscribed during the year (Market value as on 31.03.2010 - Rs. 2,196,796,320)	1,237,648,479		–	
City Union Bank Limited 1,50,00,000 shares of Re. 1 each subscribed during the year 41,95,012 shares of Re. 1 each subscribed on rights issue (Market value as on 31.03.2010 - Rs. 553,776,096)	278,715,072		–	
		1,516,363,551		–
Less: Provision for diminution in value of Investments		–		–
TOTAL		16,292,779,461		10,765,415,910
Aggregate value of Investments				
Total unquoted investments (book value)		14,776,415,910		10,765,415,910
Total quoted investments (book value)		1,516,363,551		–
Total quoted investments (market value)		2,750,572,416		–
SCHEDULE - 4				
CURRENT ASSETS, LOANS & ADVANCES				
Cash And Bank Balances				
Cash on hand	–		–	
Balances with scheduled banks				
on current account	58,069		23,901	
on fixed deposit account (including interest accrued thereon)	–		20,448,904	
		58,069		20,472,805
Loans & Advances, Unsecured				
Advances recoverable in cash or in kind or for value to be - received		22,783,405		–
TOTAL		22,841,474		20,472,805

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS : MARCH 31, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 5				
CURRENT LIABILITIES & PROVISIONS				
Current Liabilities				
Sundry Creditors				
Due to Larsen & Toubro Limited (holding Company)	51,358		112,500	
Due to L&T Finance Limited	1,045,291		–	
Provision for expenses	13,236		13,236	
Others	16,000		–	
		1,125,885		125,736
Provision for				
Taxes		625,000		16,000
TOTAL		1,750,885		141,736

	2009-2010		For the period 01.05.2008 to 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 6				
INCOME				
Income from Investments		51,228,095		213,062
Interest		2,413,978		48,904
TOTAL		53,642,073		261,966

SCHEDULE - 7				
PRELIMINARY EXPENSES				
Filing fees with Registrar of Companies		–		221,500
Stamp duty		–		157,500.00
Professional fees		–		1,123.00
Other expenses		–		9,108.00
TOTAL		–		389,231

SCHEDULE - 8				
ADMINISTRATIVE & OTHER EXPENSES				
Auditors Remuneration				
Audit Fees		13,236		14,163
Certification Fees		10,203		7,500
		23,439		21,663
Bank Charges		253		–
Conveyance Expenses		–		4,003
Filing fees with Registrar of Companies		19,804,388		–
Professional Fees		56,545		–
Stamp duty		4,957,809		–
Miscellaneous Expenses		51,568		–
TOTAL		24,894,002		25,666

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)**SCHEDULE - 9****SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Accounting**

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ('GAAP') and in compliance with the provision of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006, prescribed by the Central Government.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affects the reported amounts of income and expenses of the period, the reported balances of assets and liabilities as of the date of the financial statements.

B. Investments

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

Current investments are carried at lower of cost or market value. The determination of the carrying costs of such investments is done on the basis of specific identification.

C. Revenue Recognition

Revenue is recognized based on the nature of activity when consideration can be reliably measured and there exists reasonable certainty of its recovery. Income from investments are accounted on accrual basis.

The Company complies with the guidelines issued by the Reserve Bank of India in respect of prudential norms for income recognition.

SCHEDULE - 10**NOTES FORMING PART OF ACCOUNTS**

A. The Company does not have any contingent liability as at March 31, 2010

B. The length of current accounting period differs from the length of previous accounting period. Current accounting period is of twelve months i.e. from April 1, 2009 to March 31, 2010. Previous accounting period was of 11 months i.e. from May 1, 2008 to March 31, 2009. Therefore the figures of the two periods are not strictly comparable.

C. Related Party Disclosure : AS 18

i. List of related parties who exercises control:

1. Larsen & Toubro Limited Holding Company

ii. List of related parties over which control exists:

1. L&T Finance Limited Wholly Owned Subsidiary Company
 2. India Infrastructure Developers Limited Wholly Owned Subsidiary Company\
 3. L&T Infrastructure Finance Company Limited Wholly Owned Subsidiary Company
 4. L&T Aviation Services Private Limited Wholly Owned Subsidiary Company
 5. NAC Infrastructure Equipment Limited Associate Company

iii. Names of the related parties with whom transactions were carried out during the year and descriptions of relationship:

1. Larsen & Toubro Limited Holding Company
 2. L&T Finance Limited Wholly Owned Subsidiary Company
 3. L&T Infrastructure Finance Company Limited Wholly Owned Subsidiary Company
 4. L&T Aviation Services Private Limited Wholly Owned Subsidiary Company
 5. India Infrastructure Developers Limited Wholly Owned Subsidiary Company

iv. Disclosure of related party transactions:

Sr. No.	Name of Company	Relationship	Nature of transaction	2009-2010			2008-2009		
				Amount	Amount due to	Amount due from	Amount	Amount due to	Amount due from
1	Larsen & Toubro Limited	Holding Company	Transaction						
			Equity shares issued	13,51,54,15,910	-	-	2,04,97,950	-	-
			Share application money	2,75,00,00,000	-	-	10,76,54,15,910	-	-
			Purchase of Investments	25,35,45,000	-	-	-	-	-
			Expenditure						
			Reimbursement of expenses	-	-	-	1,12,500	1,12,500	-
			Common Administration Exp.	51,358	51,358	-	-	-	-

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Sr. No.	Name of Company	Relationship	Nature of transaction	2009-2010			2008-2009		
				Amount	Amount due to	Amount due from	Amount	Amount due to	Amount due from
2	L&T Finance Limited	Subsidiary Company	Transaction						
			Subscription to equity shares	1,50,00,00,000	-	-	4,90,98,15,910	-	-
			Share application	-	-	-	25,00,00,000	-	-
			Money pending allotment						
			Inter Corporate Deposits	8,34,00,000	-	-	2,04,00,000		
			Excess amount received refundable	10,29,211	10,29,211	-	-	-	-
			Income						
Interest on ICD	21,40,433	-	-	-	-	-			
Expenses									
Reimbursement of expenses	16,080	16,080	-	-	-	-			
3	India Infrastructure Developers Limited	Subsidiary Company	Transaction						
			Subscription to equity shares	-	-	-	56,06,00,000	-	-
			Inter Corporate Deposits	2,25,00,000	-	-	-	-	-
			Income						
Interest on Inter Corporate	3,699	-	-	-	-	-			
4	L&T Infrastructure Finance Company Limited	Subsidiary Company	Transaction						
Subscription to equity shares	2,75,10,00,000	-	-	5,00,00,00,000	-	-			
5	NAC Infrastructure Equipment Limited	Associate Company	Transaction						
Subscription to equity shares	-	-	-	4,50,00,000	-	-			
6	L&T Aviation Services Private Limited	Subsidiary Company	Transaction						
Subscription to equity shares	1,00,00,000	-	-	-	-	-			
7	L&T Capital Company Limited	Fellow Subsidiary Company	Transaction						
Purchase of Investments	1,23,76,48,479	-	-	-	-	-			

D. Earnings per share ("EPS") computed in accordance with Accounting Standard (AS) 20 :

	<u>2009-2010</u>	<u>2008-2009</u>
Profit after tax for the year (Rs.)	2,81,23,071	<i>(1,52,931)</i>
Weighted average number of equity shares outstanding	1,21,99,36,113	<i>4,67,808</i>
Earnings per equity share Basic and Diluted (Rs.)	0.02	<i>(0.30)</i>
Nominal value of shares (Rs.)	10.00	<i>10.00</i>

- E. The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2010.
- F. The Company has a deferred tax asset of Rs. 77,582 on account of deduction of preliminary expenses as per income tax being lower than that as per books of accounts. However, the Company has not accounted for the deferred tax asset on ground of prudence.
- G. Previous year figures have been regrouped / reclassified wherever necessary.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

	<u>Amount Outstanding</u>		
Long Term Investments			
1. Quoted			
(i) Shares :			
(a) Equity			15,163.64
(b) Preference			-
(ii) Debentures and Bonds			-
(iii) Units of Mutual Funds			-
(iv) Government Securities			-
(v) Others (please specify)			-
2. Unquoted			
(i) Shares :			
(a) Equity			
(b) Preference			1,47,764.16
(ii) Debentures and Bonds			-
(iii) Units of Mutual Funds			-
(iv) Government Securities			-
(v) Others (please specify)			-
	<u>Secured</u>	<u>Unsecured</u>	<u>Total</u>
6 Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances			
Category Amount net of provisions			
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	-	-
TOTAL	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
7 Investor group-wise classification of all investments (current and long term in shares and securities) (both quoted and unquoted):	<u>Market Value / breakup or fair value or NAV</u>	<u>Book Value</u>	
Category			
1. Related Parties			
a) Subsidiaries	1,47,314.16		1,47,314.16
b) Companies in the same group	-		-
c) Other related parties	450.00		450.00
2. Other than related parties	27,505.72		15,163.64
TOTAL	<u>1,75,269.88</u>		<u>1,62,927.80</u>
	<u>1,75,269.88</u>		<u>1,62,927.80</u>
Particulars			<u>Amount</u>
8 Other information			
(i) Gross Non-Performing Assets			
(a) Related parties			-
(b) Other than related parties			-
(ii) Net Non-Performing Assets			
(a) Related parties			-
(b) Other than related parties			-
(iii) Assets acquired in satisfaction of debt			-

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

- I. Schedule to the Balance Sheet of a Non-Banking Financial Company as required by RBI as per their circular RBI/2008-09/116 DNBS(PD).CC.No. 125/03.05.002/ 2008-2009, Guidelines for NBFC-ND-SI as regards capital adequacy, liquidity and disclosure norms:

1) CRAR:

	Items	Current Year	Previous Year
i)	CRAR (%)	100%	100%
ii)	CRAR - Tier I Capital (%)	100%	100%
iii)	CRAR - Tier II Capital (%)	-	-

2) Exposures:**Exposure to Real Estate Sector**

	Category	Current Year 2009-10	Previous Year 2008-09
a)	Direct exposure		
	(i) Residential Mortgages - Lending secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lakh may be shown separately)	NIL	NIL
	(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	NIL	NIL
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures - a. Residential b. Commercial Real Estate	NIL	NIL
b)	Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	NIL	NIL

3) Asset Liability Management:**Maturity pattern of certain items of assets and liabilities**

(Rs. in lakhs)

	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities:									
Borrowings from banks	-	-	-	-	-	-	-	-	NIL
Market Borrowings	-	-	-	-	-	-	-	-	NIL
Assets:									
Advances	-	-	225.00	-	-	-	-	-	225.00
Investments	-	-	-	-	-	-	-	1,62,927.79	1,62,927.80

As per our report attached
SHARP & TANNAN
 Chartered Accountants
 (ICAI Registration No. 109982W)
 By the hands of

For and on behalf of the Board

MILIND P. PHADKE
 Partner
 Membership No. 08820

N. SURYANARAYANAN
 Manager

Y. M. DEOSTHALEE
 Director

N. SIVARAMAN
 Director

Place : Mumbai
 Date : April 26, 2010

Place : Mumbai
 Date : April 26, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details:**

Registration No. U67120MH2008PLC181833

State Code

Balance Sheet Date

Date Month Year

II. Capital raised during the year (Amount in Rs.Thousands)

Public Issue

Bonus Issue

Rights Issue

Private Placement

 III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

 Sources of Funds

Paid-up Capital

*

* (Including share application money pending allotment)

Secured Loans

Reserves & Surplus

Unsecured Loans

 Application of Funds

Net Fixed Assets

Net Current Assets

Accumulated Losses

Investments

Miscellaneous Expenditure

 IV. Performance of Company (Amount in Rs. Thousands)

Turnover

Profit / Loss Before Tax

 +

+ -

Earnings per share in Rs.

+

Total Expenditure

+ -

Profit / Loss After Tax

+

Dividend Rate %

 V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

No commercial activities during the year

Item Code No.

(ITC Code)

Product Description INVESTMENT COMPANY

For and on behalf of the Board

Place : Mumbai
Date : April 26, 2010N. SURYANARAYANAN
ManagerY. M. DEOSTHALEE
DirectorN. SIVARAMAN
Director

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

Name of the subsidiary company	L&T Finance Limited	L&T Infrastructure Finance Company Limited	India Infrastructure Developers Limited	L&T Aviation Services Pvt. Ltd.
Financial year of the subsidiary ended on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
Number of equity shares of the subsidiary Company held by L&T Capital Holdings Ltd and / or its nominee at the above date	18,66,91,500	50,00,00,000	5,60,60,000	10,00,000
The net aggregate of profits/(losses), of the subsidiary Company so far as it concerns the members of L&T Capital Holdings Ltd	NIL	NIL	NIL	NIL
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
(i) Dealt with in the accounts of L&T Capital Holdings Ltd amounted to				
a) for the subsidiary's financial year ended 31/03/2010	NIL	NIL	NIL	NIL
b) for the previous years of the subsidiary since it became subsidiary of L&T Capital Holdings Ltd	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of L&T Capital Holdings Ltd amounted to:				
a) for the subsidiary's financial year ended 31/03/2010	15,647.24	11,085.73	279.84	* 2.05
b) for the previous years of the subsidiary since it became subsidiary of L&T Capital Holdings Ltd	** 27.95	** 20.95	** 0.91	–

* Since the Company became subsidiary of L&T Capital Holdings Ltd. as on 09/11/2009, 143 days profit has been considered.

** Since the companies became subsidiaries of L&T Capital Holdings Ltd. as on 31/03/2009, 1 day profit has been considered.

For and on behalf of the Board

Place : Mumbai
Date : April 26, 2010

N. SURYANARAYANAN
Manager

Y. M. DEOSTHALEE
Director

N. SIVARAMAN
Director