

Directors' Report

Dear Members,

The Directors of your Company take pleasure in presenting the Third Annual Report of the Company together with the annual audited statement of accounts for the Financial Year ended March 31, 2014.

FINANCIAL RESULTS

The summarized financial results of the Company are given hereunder:

(₹ in lakh)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Gross Income	461.92	38.40
Profit / (Loss) before Tax	(2,231.71)	(31.93)
Provision for Tax including Deferred Tax	(332.06)	(6.58)
Profit / (Loss) after Tax	(1,899.65)	(25.35)
Balance brought forward from previous year	(27.58)	(2.23)
Surplus / (Deficit) in the statement of Profit and Loss	(1,927.23)	(27.58)

YEAR IN RETROSPECT

During the year under review, the Company has acquired a property from its ultimate parent company, Larsen & Toubro Limited and has acquired a few residential flats.

The Company has also changed its name to L&T Vrindavan Properties Limited in line with the shift in business focus to provide properties on lease. With the expected leasing of its flagship property to group companies once the property is complete, the Company expects to earn a steady source of revenue over the years.

The Company has also acquired Mudit Cement Pvt. Ltd. (Mudit Cement) during the year. Mudit Cement is currently at an advanced stage of completing construction of its property, a commercial office building, which can be offered on lease basis to group companies.

The Company sourced its funds requirements through a mix of equity financing from the parent company and debt.

FINANCIAL PERFORMANCE

During the year under review, the Company earned a gross income of Rs. 461.92 lakhs as against Rs. 38.40 lakhs earned by it in the previous year. The gross income mainly represents the lease rental income along with the dividend received on investments and interest income earned on deployment of surplus funds in short term avenues.

The total expenditure incurred by the Company during the year under review, mainly comprises finance costs Rs. 2,693.63 lakhs as against Rs. 70.33 lakhs in the previous year. The loss reported by the Company for the financial year ended March 31, 2014 is Rs. 1,899.65 lakhs as compared to the loss of Rs. 25.35 lakhs reported in the previous year due to higher interest outgo to finance construction / acquisition of its properties.

RESOURCES

During the year under review, the Company has allotted 1,42,50,000 Equity Shares of Rs.10/- each aggregating to Rs. 1,425 lakhs to L&T Finance Holdings Limited, the Holding Company. As on March 31, 2014, the paid-up capital of the Company has increased to Rs.1,875 lakhs.

The Company also raised an amount of Rs. 20,000 lakhs by issue of Secured Redeemable Non-Convertible Debentures. The said Debentures are listed in BSE Limited. By virtue of the same, the Company is now a Listed company as defined under the Companies Act, 2013.

FIXED DEPOSITS

Since its inception, the Company has not accepted any deposits from the public.

DIRECTORS

Section 152 of the Companies Act, 2013 provides that unless the articles provide for the retirement of all directors at every annual general meeting, not less than two-third of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Joydeep Roy would retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

MANAGER

During the year under review, the Company has appointed Mr. Pradeep Shintre as the Manager of the Company for a period of 3 years w.e.f July 18, 2013.

CORPORATE GOVERNANCE

It shall always be the Company's endeavour to excel through better Corporate Governance and fair and transparent practices. The Corporate Governance Report is furnished as Annexure A to this Report.

AUDITORS

M/s. Sharp & Tannan, Chartered Accountants, who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. They have confirmed that their re-appointment, if made, will comply the eligibility criteria in terms of Section 141(3) of the Companies Act, 2013.

The Ministry of Corporate Affairs has on March 26, 2014 notified the provisions of Section 139 of the Companies Act, 2013 ("the Act") for appointment of Auditors, which is effective from April 1, 2014. Pursuant to Section 139(2) of the Act and the rules made hereunder, no listed company shall appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Further, the aforesaid appointment is subject to ratification by Members of the Company at every Annual General Meeting ("AGM").

The period of ten years (two terms of five years each) has to be calculated from the date of appointment of the auditors. Further, the proviso to Section 139(2) stipulates that every company existing on or before the commencement of the Act has to comply with the requirements of this section within three years from the date of commencement of this Act.

M/s. Sharp & Tannan has already served as the Statutory Auditors of the Company for a period of three years. The Board of Directors recommend the re-appointment of M/s. Sharp & Tannan as the Statutory Auditors of the Company for a period of one year i.e. from the conclusion of the third AGM till the conclusion of the fourth AGM, subject to approval by the members at the AGM of the Company.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder is not attached, since there were no employees falling under the purview of sub-section 2A of the said section.

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

The particulars as required under the Companies (Disclosure of Particulars in the Report of Board of

Directors) Rules, 1988 on Conservation of Energy and Technology Absorption are not applicable to the Company.

The Company has neither earned nor spent any amount in foreign exchange during the year under review.

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 March 31, 2014 and of the profit or loss of the Company for the year ended on that date;
- 3) the Directors have taken proper and sufficient care 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;
- 4) the annual accounts have been prepared on a going concern basis; and
- 5) proper systems are in place to ensure compliance of all laws applicable to the Company.

ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation of the dedication and commitment of the Company's management to the growth of the Company. Their unstinted support has been and continues to be integral to the Company's ongoing success. The Directors also wish to thank the Regulatory/ Government Authorities, Stock Exchanges, Financial Institutions, Banks, Mutual Funds and Rating Agencies for their support.

For and on behalf of the Board

N. Sivaraman **Dinanath Dubhashi**
Director Director

Place: Mumbai
Date : April 18, 2014

Annexure 'A' to Directors' Report

Corporate Governance Report

The Board of Directors provides leadership and guidance to your Company's management and directs, supervises and controls the activities of your Company. At present, the Board comprises three Directors viz. Mr. N. Sivaraman, Mr. Dinanath Dubhashi and Mr. Joydeep Roy.

Separation of Offices of Chairman and Chief Executive

The roles and offices of the Chairman and Manager are separated. The Board elects the Chairman of its meeting at each meeting whereas Mr. Pradeep Shintre is the Manager of your Company.

Remuneration of Directors

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 from 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 they have confirmed compliance 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 appropriate to effectively enable / discharge his duties. The Directors are given time to study the data and contribute effectively to Board discussions. The Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board.

Internal Auditors

Internal Audit Department of L&T Finance Limited 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 control and risk management controls.

Secretarial Audit

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

Disclosures

During the financial year ended March 31, 2014:

- There was no materially significant related party transaction with the Directors that had a potential conflict with the interests of your Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- Though not applicable, your Company generally ensures adherence to the various mandatory and non-mandatory requirements of Corporate Governance norms as prescribed by Clause 49 of the Equity Listing Agreement.
- During the year, the Companies Act, 2013 had received assent from the President of India on August 29, 2013. Thereafter, the Ministry of Corporate Affairs, Government of India has progressively notified various sections starting from the date, September 12, 2013, some of sections having effect during the year. Till date, MCA have notified several sections, and the Company is geared up to implement all of them.

For and on behalf of the Board

N. Sivaraman **Dinanath Dubhashi**
Director Director

Place: Mumbai

Date : April 18, 2014

Independent Auditors' Report

To the Members of L&T Vrindavan Properties Limited

(Formerly "L&T Unnati Finance Limited")

Report on the Financial Statements

We have audited the accompanying financial statements of L&T Vrindavan Properties Limited ("the Company"), which comprise the balance sheet as at 31 March 2014, and the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;
- b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it 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 comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13 September 2013, of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
- e) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the board of directors, none of the directors is disqualified as on 31 March

2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
by the hand of

Firdosh D. Buchia
Partner

Mumbai, 18 April, 2014

Membership no.38332

Annexure To The Independent Auditors' Report

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

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) In respect of fixed assets as explained to us, all the fixed assets have been physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company has not disposed of any substantial part of its fixed assets during the year so as to affect its going concern status.
2. The Company does not hold any inventories. Accordingly, the Paragraph 4 (ii) (a),(b) and (c) of the Order is not applicable.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the Paragraph 4 (iii) (b), (c) and (d) of the Order is not applicable.
- (b) According to the information and explanations given to us, Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the Paragraph 4 (iii) (f) and (g) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the services rendered. We have neither come across nor have we been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
5. According to the information and explanations given to us, there are no contracts or arrangements that need to be entered in to the register maintained under Section 301 of Companies Act, 1956.
6. Accordingly the Paragraph 4 (v) (b) of the Order is not applicable.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA of the Companies Act, 1956 and any other relevant provisions and the rules framed thereunder apply.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956. Accordingly, the Paragraph 4 (viii) of the Order is not applicable.
9. (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees state insurance, staff labour fund, income tax, service tax, cess and other statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us and the records examined by us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period exceeding six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues in respect of income tax, service tax, cess and other statutory dues as applicable that have not been deposited with the appropriate authorities on account of any dispute
10. The Company was incorporated on 16 June 2011 and commenced its business on 4 August 2011. Accordingly, the Paragraph 4 (x) of the Order is not applicable.
11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to any debenture holder as at the balance sheet date.
12. According to the information and explanations

given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the Paragraph 4 (xii) of the Order is not applicable.

13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company. Accordingly, the Paragraph 4 (xiii) of the Order is not applicable.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The Company has invested surplus fund in the schemes of mutual fund. According to the information and explanations given to us, proper records have been made of the transactions and contracts and timely entries have been made therein.
15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the Paragraph 4 (xv) of the Order is not applicable.
16. According to the information and explanations given to us and the records examined by us, the Company has not availed any term loans during the year. Accordingly, the Paragraph 4 (xvi) of the Order is not applicable.
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. According to the information and explanations given to us and the records examined by us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year. Accordingly, the Paragraph 4 (xviii) of the Order is not applicable.
19. According to information and explanations given to us and the records examined by us, securities have been created in respect of debentures issued.
20. According to the information and explanations given to us and the records examined by us, the Company has not raised any money by public issue during the year. Accordingly, the Paragraph 4 (xx) of the Order is not applicable to the Company.
21. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

Firdosh D. Buchia
Partner

Mumbai, 18 April , 2014

Membership no. 38332

Balance Sheet as at March 31, 2014

(₹ in Lakh)

	Note No	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES:			
Shareholders' funds			
(a) Share capital	2	1,875.00	450.00
(b) Reserves and surplus	3	(1,927.23)	(27.58)
		(52.23)	422.42
Non current liabilities			
(a) Long term borrowings	4	20,000.00	48,960.00
(b) Other long term liabilities	5	1,174.72	-
(c) Long term-provisions	6	4.55	-
		21,179.27	48,960.00
Current liabilities			
(a) Current maturities of long term borrowings	4	25,886.22	-
(b) Other current liabilities	7	1,018.31	743.88
(c) Short term-provisions	8	10.13	-
		26,914.66	743.88
TOTAL		48,041.70	50,126.30
ASSETS:			
Non - current assets			
(a) Fixed assets	9		
(i) Tangible assets		20,409.80	18,252.20
(ii) Capital work-in-progress		14,918.15	8,347.61
		35,327.95	26,599.81
(b) Non-current investments	10	4,316.72	3,338.88
(c) Deferred tax assets (net)	11	339.39	7.33
(d) Long term loans and advances	12	25.66	1.71
		40,009.72	29,947.73
Current assets			
(a) Current investments	13	5,000.00	20,015.85
(b) Cash and bank balances	14	70.85	162.59
(c) Short term loans and advances	15	2,875.66	-
(d) Other current assets	16	85.47	0.13
		8,031.98	20,178.57
TOTAL		48,041.70	50,126.30
Significant accounting policies	1		
Notes on the financial statements	22		

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's registration no. 109982W
by the hand of

Firdosh D. Buchia

Partner

Membership no. 38332

Mumbai, April 18, 2014

For and on behalf of the board

N.Sivaraman
Director

D. M. Dubhashi
Director

Pradeep Shintre
Manager

Statement of Profit and Loss for the year ended March 31, 2014

(₹ in Lakh)

	Note No	2013-14	2012-13
Income			
Revenue from operations	17	163.15	-
Other income	18	298.77	38.40
Total income		461.92	38.40
Expenses			
Employee benefits expense	19	118.52	-
Finance costs	20	2,361.11	62.25
Administration and other expenses	21	122.09	4.46
Depreciation		91.91	3.62
Total expenses		2,693.63	70.33
Profit/(loss) before exceptional and extraordinary items and taxes		(2,231.71)	(31.93)
Exceptional items		-	-
Profit/(loss) before extraordinary items and taxes		(2,231.71)	(31.93)
Extraordinary items		-	-
Profit/(loss) before tax		(2,231.71)	(31.93)
Tax expense:			
- Current tax		-	0.75
- Deferred tax		(332.06)	(7.33)
		(332.06)	(6.58)
Profit/(loss) for the year		(1,899.65)	(25.35)
Earnings Per Equity Share: 22.4			
Basic earnings per equity share (₹)		(27.34)	(1.23)
Diluted earnings per equity share		(27.34)	(1.23)
Face value per equity share (₹)		10.00	10.00
Significant accounting policies	1		
Notes on the financial statements	22		

As per our report attached

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Mumbai, April 18, 2014

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N.Sivaraman

Director

D. M. Dubhashi

Director

Pradeep Shintre

Manager

Cash Flow Statement for the year ended March 31, 2014

	(₹ in Lakh)	
	2013-14	2012-13
A. Cash flow from operating activities		
Profit/(loss) before tax as per statement of profit and loss	(2,231.71)	(31.93)
Adjustment for:		
Provision for employee benefits	3.11	-
Depreciation	91.91	3.62
Operating profit before working capital changes	(2,136.69)	(28.31)
Changes in working capital		
(Increase)/ decrease in current and non current assets	(2,961.01)	195.44
Increase/ (decrease) in current and non current liabilities and provisions	1,460.72	741.38
Cash generated from operations	(3,636.98)	908.51
Direct taxes paid	(23.95)	(2.46)
Net cash generated from operating activities (A)	(3,660.93)	906.05
B. Cash flows from investing activities		
Add : Inflows from investing activities		
Sale of current investments (net)	15,015.86	-
	15,015.86	-
Less : Outflow for investing activities		
Purchase of shares of subsidiary company	977.83	-
Purchases of fixed assets	8,820.06	26,603.42
Purchase of current investments (net)	-	20,015.86
Purchase of equity shares	-	3,338.88
	9,797.89	49,958.16
Net cash from(used in) investing activities (B)	5,217.97	(49,958.16)
C. Cash flows from financing activities		
Add : Inflows from financing activities		
Proceeds from issue of share capital including securities premium	1,425.00	250.00
Proceeds from long term borrowings	-	48,960.00
	1,425.00	49,210.00
Less : Outflows for financing activities		
Repayment of other borrowings (net)	3,073.78	-
	3,073.78	-
Net cash generated from(used in) financing activities (C)	(1,648.78)	49,210.00
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(91.74)	157.89
Cash and cash equivalents as at beginning of the year	162.59	4.70
Cash and cash equivalents as at end of the year	70.85	162.59

Notes:

- Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements".
- Cash and cash equivalents represent cash and bank balances.
- Previous year figures have been regrouped/reclassified wherever applicable.

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

Firdosh D. Buchia

Partner

Membership no. 38332

Mumbai, April 18, 2014

N.Sivaraman

Director

Pradeep Shintre

Manager

For and on behalf of the board

D. M. Dubhashi

Director

Notes to the Financial Statements for the year ended March 31, 2014

1. Brief Profile and Significant accounting policies

A. Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, (the "1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (the "2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable.

B. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any change in such estimates is recognised prospectively.

C. Revenue Recognition

- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- Income from services is recognized as per the terms of contracts on accrual basis.
- Interest income on deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Profit/loss on sale of investments is recognised at the time of actual sale/redemption.
- Dividend is accounted when the right to its receipt is established.

D. Tangible and Intangible fixed assets

Tangible fixed assets are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

Intangible fixed assets comprising of software licenses are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any expenses on such software licenses for support

and maintenance payable annually are charged to the statement of Profit and Loss.

E. Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the Guidance Note issued by the ICAI, the said assets is created by way of a credit to the Statement of Profit and Loss.

1.1 Provisions and Contingent Liabilities and contingent assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets are not recognised.

F. Cash and Cash Equivalents

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which

Notes to the Financial Statements for the year ended March 31, 2014

have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement

G. Investments

Investments are classified under two categories i.e. Current and Long Term and are valued in accordance with the Accounting Standard (AS) 13 on 'Accounting for Investments'.

'Long Term Investments' are carried at acquisition / amortised cost. A provision is made for diminution other than temporary on an individual investment basis.

'Current Investments' are carried at the lower of cost or fair value on an individual investment basis.

H. Depreciation and Amortisation

Depreciation/Amortization on fixed assets is calculated on a straight-line which reflect the management's estimate of the useful lives of respective fixed assets and are greater than or equal to the corresponding rate prescribed in Schedule XIV of the Act.

I. Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

J. Retirement and other employee benefits

Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, short term compensated absences etc. and estimated variable remuneration are recognized in the period in which the employee renders the related service.

Post employment benefits:

(a) Defined contribution plans:

The Company's provident fund, pension and superannuation scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognized

during the period in which the employee renders the related services.

(b) Defined benefit plan

The Company's gratuity scheme is defined benefit plan. The employee gratuity obligation is determined based on actuarial valuation using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

K. Impairment of Assets

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

L. Commitments

Commitments are future liabilities for contracted expenditure. Commitments are classified and disclosed as follows:-

- a. Estimated amount of contracts remaining to be executed on capital account are not provided for.
- b. Other non cancellable commitments, if any to the extent they are considered material and relevant in the opinion of the management.

M. Borrowing Costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to statement of Profit & Loss in the year in which they are incurred.

Notes to the Financial Statements for the year ended March 31, 2014

2 Share Capital

(I) Share capital authorised, issued and subscribed

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	(₹ In Lakh)	No. of Shares	(₹ In Lakh)
Authorised				
Equity Share of ₹ 10 each	25,000,000	2,500.00	4,500,000	450.00
Issued, Subscribed & Paid up				
Equity Share of ₹ 10 each fully paid	18,750,000	1,875.00	4,500,000	450.00
Total Issued, subscribed & paid up capital	18,750,000	1,875.00	4,500,000	450.00

(II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Members of the Company holding equity shares capital therein have a right to vote, on every resolution placed before the Company and right to receive dividend. The voting rights on a poll is in proportion to the share of the paid up equity capital of the Company held by the shareholders. The Company declares dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

(III) Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	(₹ In Lakh)	No. of Shares	(₹ In Lakh)
At the beginning of the year	4,500,000	450.00	2,000,000	200.00
Issued during the year	14,250,000	1,425.00	2,500,000	250.00
Outstanding at the end of the year	18,750,000	1,875.00	4,500,000	450.00

(IV) Equity shares in the Company held by the holding Company

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	(₹ In Lakh)	No. of Shares	(₹ In Lakh)
L&T Finance Holdings Limited				
Equity Shares of ₹ 10 each fully paid				
* Held by L&T Finance Holdings Limited and its nominee	18,750,000	1,875.00	4,500,000	450.00
	18,750,000	1,875.00	4,500,000	450.00

(V) Details of shareholders holding more than 5% shares in the Company

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding	No. of Shares	% holding
L&T Finance Holdings Limited				
Equity Shares of ₹ 10 each fully paid				
* Held by L&T Finance Holdings Limited and its nominee	18,750,000	100.00%	4,500,000	100.00%
	18,750,000		4,500,000	

Notes to the Financial Statements for the year ended March 31, 2014

3 Reserves and surplus

(₹ In lakh)

	As at March 31, 2014	As at March 31, 2013
Surplus in the statement of profit and loss		
As per last balance sheet	(27.58)	(2.23)
Add: Profit/(loss) for the year	(1,899.65)	(25.35)
Closing Balance	(1,927.23)	- (27.58)
Total reserves and surplus	(1,927.23)	(27.58)

4 Long term borrowings

(₹ In lakh)

	As at March 31, 2014		As at March 31, 2013	
	Non Current	Current Maturity	Non Current	Current Maturity
Secured				
Redeemable non-convertible debentures	20,000.00	-	-	-
Unsecured				
Inter corporate deposit	-	25,886.22	48,960.00	-
Total long term borrowings	20,000.00	25,886.22	48,960.00	-

I. Redeemable non-convertible debentures

Face value	₹ 25 Lakhs Each
Interest Rate % p.a	10.40%
Date of redemption	March 10, 2017
Redeemable terms	Redeemable at par

Note:

Security: The debentures are secured by pari-passu charge on market value of fixed assets.

Utilisation of proceeds: The funds raised through the above issues have been utilized for the Company's financing activities, repayment of existing loans and for its business operations including capital expenditure and working capital requirements.

II. Inter corporate deposit

Repayment terms	Balance tenure	Non current portion ₹ in Lakh	Current maturities ₹ in Lakh
Bullet	0 to 6 months	-	25,886.22

5 Other long term liabilities

(₹ In lakh)

	As at March 31, 2014	As at March 31, 2013
Security deposit	1,174.72	-
	1,174.72	-

6 Long term provisions

(₹ In lakh)

	As at March 31, 2014	As at March 31, 2013
Gratuity	4.55	-
Total long term provisions	4.55	-

Notes to the Financial Statements for the year ended March 31, 2014

7 Other current Liabilities

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
Interest accrued but not due on borrowings	842.71	11.29
Statutory dues	29.02	6.45
Accrued expenses	12.71	-
Other liabilities	133.87	726.14
Total other current liabilities	1,018.31	743.88

8 Short-term provisions

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
For employee benefit		
- Gratuity	0.24	-
- Leave Encashment	9.89	-
	10.13	-
Total short-term provisions	10.13	-

9 Fixed assets (at Cost less Depreciation)

(₹ in lakh)

Particulars	Gross Block			As at Mar 31, 2014	Accumulated Depreciation				Net Block	
	As at April 1, 2013	Additions	Deductions		Upto March 31, 2013	For the year	Deductions / Adjustments	Upto Mar 31, 2014	As at Mar 31, 2014	As at March 31, 2013
Tangible Assets										
Land	15,593.45	-	-	15,593.45	-	-	-	-	15,593.45	15,593.45
Building	2,662.37	2,104.58	-	4,766.95	3.62	71.13	-	74.75	4,692.20	2,658.75
Office equipments	-	81.12	-	81.12	-	4.63	-	4.63	76.49	-
Computers	-	2.91	-	2.91	-	0.19	-	0.19	2.72	-
Furniture & fixtures	-	60.90	-	60.90	-	15.96	-	15.96	44.94	-
Total	18,255.82	2,249.51	-	20,505.33	3.62	91.91	-	95.53	20,409.80	18,252.20
Previous year	-	18,255.82	-	18,255.82	-	3.62	-	3.62	18,252.20	-

10 Non current investments

As at March 31, 2014
No. of Shares (₹ in lakh) As at March 31, 2013
No. of Shares (₹ in lakh)

Trade investments (valued at cost unless stated otherwise)				
A. Unquoted equity instruments				
(I) Investment in subsidiaries				
Mudit Cements Limited (Equity Shares of ₹ 10 each fully paid)	2,104,800	426.10	-	-
B. Quoted equity instruments				
City Union Bank Limited (Equity Shares of ₹ 1 each fully paid)	24,712,337	3,890.62	19,195,012	3,338.88
Total		4,316.72		3,338.88
Less : Provision for diminution in the value of investments		-		-
Total non current investments		4,316.72		3,338.88

Notes to the Financial Statements for the year ended March 31, 2014

(₹ in lakh)

Particulars	March 31, 2013	March 31, 2012
Aggregate amount of quoted investments (Market value of ₹ 10,336.51 Lakh (Previous Year ₹ 12,986.33 Lakh))	3,890.62	3,338.88
Aggregate amount of unquoted investments	426.10	-

11 Deferred tax assets (net)

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
Deferred tax assets		
Unabsorbed bought forward losses	339.39	7.33
Total deferred tax assets (net)	339.39	7.33

12 Long term loans and advances

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
Advance taxes (net)	25.66	1.71
Total long term loans and advances	25.66	1.71

13 Current investments

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
Non trade investments (valued at cost unless stated otherwise)		
Unquoted investment in mutual fund		
L&T Liquid fund direct plan - growth	5,000.00	20,015.85
Total current investments	5,000.00	20,015.85

14 Cash and bank balances

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents		
Balances with banks:		
In current accounts	70.85	162.59
Total cash and bank balances	70.85	162.59

Notes to the Financial Statements for the year ended March 31, 2014

15 Short term loans and advances

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
Inter corporate deposits	2,875.66	-
Total short term loans and advances	2,875.66	-

16 Other current assets

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
Receivable from related Companies	15.54	-
Interest accrued but not due	66.92	-
Advances recoverable in cash or in kind	3.01	0.13
Total other current assets	85.47	0.13

17 Revenue from operations

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
Lease rental income	163.15	-
Total revenue from operations	163.15	-

18 Other Income

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
Interest and dividend on investments	224.27	38.40
Interest income on inter corporate deposit	74.50	-
Total other income	298.77	38.40

Notes to the Financial Statements for the year ended March 31, 2014

19 Employee benefits expense

(₹ in lakh)

	2013-14	2012-13
Salaries	102.63	-
Contribution to and provision for:		
Provident fund	3.72	-
ESIC	0.80	-
Gratuity	(1.40)	-
Leave encashment	4.52	-
	7.64	-
ESOP charges	7.22	-
Staff welfare	1.03	-
Total employee benefits expense	118.52	-

20 Finance costs

(₹ in lakh)

	2013-14	2012-13
Interest on debentures	86.90	-
Interest on Inter corporate deposits	2,274.01	62.25
Others	0.20	-
Total finance costs	2,361.11	62.25

21 Administration and other expenses

(₹ in lakh)

	2013-14	2012-13
Professional fees	32.53	0.03
Travelling and conveyance	9.45	-
Printing and stationery	1.26	0.11
Electricity charges	24.53	-
Insurance	3.82	-
Telephone, postage and telegrams	0.08	0.01
Advertising and publicity	0.01	-
Filing fees	9.14	2.52
Auditors remuneration		
Audit fees	0.40	0.40
Limited review fees	0.15	0.15
Other services	0.29	0.91
Rates & taxes	6.15	1.45
Repairs & maintenance	22.83	-
Miscellaneous expenses	11.45	0.34
Total administration and other expenses	122.09	4.46

Notes to the Financial Statements for the year ended March 31, 2014

22 Notes to the financial statements

22.1. Disclosure pursuant to Accounting Standard (AS) 15 Revised "Employee Benefits" :

i) Defined Contribution Plans :

Amount of ₹ 3.72/- lakh (previous year ₹ NIL) is recognized as an expense and included in employee benefits expenses in the statement of profit and loss.

ii) Defined Benefit Plans (Gratuity):

The details of the Company's post-retirement benefit plans for gratuity for its employees are given below which are certified by the actuary and complied by the management upon which auditors have relied:

(₹ in lakh)

	As at March 31, 2014	As at March 31, 2013
A. Amount recognised in the Balance Sheet:		
Present value of defined benefit obligation	-	-
- Unfunded obligations	4.79	-
Net liability	4.79	-
B. Expenses recognised in the statement of profit & loss:		
Current service cost	0.90	-
Interest on Defined Benefit Obligation	0.30	-
Net Actuarial Losses / (Gains) Recognised in Year	(0.85)	-
Amount included in "Employee benefit expenses"	0.35	-
C. Change in the Defined Benefit Obligations:		
Liability at the beginning of the year	-	-
Transferred from group Company	4.44	-
Current service cost	0.90	-
Interest on Defined Benefit Obligation	0.30	-
Net Actuarial Losses / (Gains) Recognised in Year	(0.85)	-
Liability at the end of the year	4.79	-
D. Reconciliation of the Liability Recognised in the Balance Sheet:		
Opening Liability/ (Assets)	-	-
Current Service Cost	0.35	-
Transferred from group Company	4.44	-
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	4.79	-
Expected employers contribution next year	0.24	-

Notes to the Financial Statements for the year ended March 31, 2014

Since, the Company is under arrangement to join the Group Gratuity Scheme of Life Insurance Corporation of India (LIC) administered by trustees and managed by LIC, the disclosure with regards to movement and investment pattern of planned assets has not been made.

Principal actuarial assumptions at the balance sheet date:

(₹ in lakh)

Particular	As at March 31, 2014	As at March 31, 2013
Discount rate	9.05%	7.45%
Salary escalation rate	7.00%	7.00%

The amounts pertaining to experience adjustments are as follows:

(₹ in lakh)

Particulars	As at March 31				
	2014	2013	2012	2011	2010
- Defined Benefit Obligation	4.79	-	-	-	-
- Plan Assets	-	-	-	-	-
- Surplus /(Deficit)	(4.79)	-	-	-	-
Exp. Adjustment on Plan Liabilities	0.16	-	-	-	-
Exp. Adjustment on Plan Asset	-	-	-	-	-

22.2. Borrowing Cost

Borrowing costs capitalized during the year are ₹ 1,150,60/- lakh (Previous year ₹ 2.11/- lakh).

22.3. Segment Reporting : Accounting Standard – 17

The Company operates mainly in the business segment of investment activity. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Accounting Standard (AS) 17 on 'Segment Reporting'.

22.4. Related party disclosures: Accounting Standard- 18

(a) List of related party and relationships:

Ultimate Holding Company

- Larsen & Turbo Limited

Holding Company

- L&T Finance Holdings Limited

Subsidiary Company

- Mudit Cements Private Limited

Fellow Subsidiary Company

- L&T Finance Limited
- L&T Infrastructure Finance Company Limited
- L&T Housing Finance Limited
- L&T Investment Management Limited
- L&T Capital Markets Limited
- L&T Fincorp Limited
- L&T Infra Debt Fund Limited

Notes to the Financial Statements for the year ended March 31, 2014

(b) Related Party Transaction:

(Inclusive of service tax)

(₹ in lakh)

Sr. No.	Nature of Transactions	2013-14	2012-13
1	Issue of Equity Shares to - L&T Finance Holdings Limited	1,425.00	250.00
2	Inter Corporate Borrowings taken from - L&T Finance Holdings Limited - L&T Finance Limited - L&T Fincorp Limited	32,835.00 13,623.63 700.00	48,960.00 - -
3	Inter Corporate Deposit given to - Mudit Cement Private Limited	2,895.66	-
4	NCD taken from - L&T Finance Holdings Limited	500.00	-
5	Inter Corporate Borrowings repaid - L&T Finance Holdings Limited - L&T Finance Limited - L&T Fincorp Limited	55,908.78 13,623.63 700.00	- - -
6	Interest Expended on NCD - L&T Finance Holdings Limited	0.85	-
7	Purchase of Fixed Assets from - L&T Finance Limited	-	25,635.51
8	Interest Expended on Inter Corporate Borrowings - L&T Finance Holding Limited - L&T Finance Limited - L&T Fincorp Limited	2,915.19 508.85 0.58	64.37
9	Purchase of Investment from - L&T Finance Holding Limited	-	3,338.88
10	Reimbursement for capital work in process - L&T Finance Limited	-	963.81
11	Lease Rental Income - L&T Finance Limited - L&T Infrastructure Finance Company Limited - L&T Housing Finance Limited - Larsen & Toubro Limited - L&T Investment Management Limited - L&T Capital Markets Limited	91.98 20.75 17.09 13.11 9.21 6.60	- - - - - -

Notes to the Financial Statements for the year ended March 31, 2014

		(₹ in lakh)	
Sr. No.	Nature of Transactions	2013-14	2012-13
	- L&T Fincorp Limited	2.40	-
	- L&T Infra Debt Fund Limited	2.01	
12	Interest Income on ICD given to - Mudit Cement Private Limited	74.50	
		-	
13	Professional Fees paid to - Larsen & Toubro Limited	2.17	-
14	ESOP charges debited by - L&T Finance Holdings Limited	7.22	-
15	Construction charges debited by - Larsen & Toubro Limited	930.59	-

(c) Amount due to/from related party: (₹ in lakh)

Sr. No.	Nature of Transactions	As at March 31, 2014	As at March 31, 2013
1	Account payable to		
	- L&T Finance Limited	-	725.15
	- Larsen & Toubro Limited	58.24	-
	- L&T Finance Holdings Limited	1.75	-
2	Outstanding balance of ICB		
	- L&T Finance Holdings Limited	25,886.22	48,960.00
3	Outstanding balance of NCD		
	- L&T Finance Holdings Limited	500.00	-
4	Interest accrued but not due ICB		
	- L&T Finance Holdings Limited	808.52	11.29
5	Interest accrued but not due on NCD		
	- L&T Finance Holdings Limited	0.85	-
6	Security Deposit taken from		
	- L&T Infrastructure Finance Company Limited	721.18	-
	- L&T Finance Limited	399.27	-
	- L&T Finance Holdings Limited	30.63	-
	- L&T Housing Finance Limited	12.23	-
	- L&T Capital Markets Limited	6.60	-
	- L&T Infra Debt Fund Limited	2.41	-
	- L&T Fincorp Limited	2.40	-

Notes to the Financial Statements for the year ended March 31, 2014

Sr. No.	Nature of Transactions	As at March 31, 2014	As at March 31, 2013
7	Outstanding balance of ICD given		
	- Mudit Cement Private Limited	2,875.66	-
8	Interest accrued but not due on ICD		
	- Mudit Cement Private Limited	66.92	-
9	Receivable from		
	- Larsen & Toubro Limited	13.42	-
	- L&T Housing Finance Limited	0.23	-
	- L&T Investment Management Limited	1.89	-

22.5. Earnings Per Share

Particulars	2013-14	2012-13
Basic & Diluted		
Profit / (Loss) after tax as per statement of profit and loss (i)	(1,899.65)	(25.35)
Weighted average number of equity shares outstanding (ii)	6,948,630	2,068,493
Basic & Diluted EPS (₹) iii (i/ii)	(27.34)	(1.23)

22.6 The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2014. This information is given in respect of such vendors as could be identified as 'Micro'/'Medium'/'Small Enterprises' on the basis of information available with the Company.

22.7 Borrowing costs capitalized during the year are ₹ 1,150.60/- lakh (Previous Year : ₹ 2.11/- lakh)

22.8 The Company has an outstanding capital commitments amount of ₹ 1,187.81/- lakh (Previous Year : ₹ 1,203.37/- lakh)

22.9 There are no contingent liabilities as on 31st March, 2014.

22.10 Previous year figures have been re-grouped or reclassified wherever necessary.

As per our report attached

For and on behalf of board

SHARP & TANNAN

Chartered Accountants

Firm's registration no. 109982W
by the hand of

Firdosh D. Buchia

Partner

Membership No. 033013

Mumbai, April 18, 2014

N.Sivaraman

Director

Pradeep Shintre

Manager

Mumbai, April 18, 2014

D. M. Dubhashi

Director