



L&T INFRASTRUCTURE FINANCE COMPANY LIMITED

**Annual Report
2008 – 2009**



L&T INFRASTRUCTURE FINANCE COMPANY LIMITED

THIRD ANNUAL REPORT 2008-2009

BOARD OF DIRECTORS

Y. M. Deosthalee
N. Sivaraman
B. V. Bhargava
R. H. Patil
Richard Tinsley
K. Venkatesh

COMPANY SECRETARY

S. Krishna Kumar

REGISTERED OFFICE

Mount Poonamallee Road
Manapakkam
Chennai - 600 089.

CORPORATE OFFICE

3B, Laxmi Towers, 1st Floor
Bandra - Kurla Complex
Bandra (E)
Mumbai - 400 051.

AUDITORS

Deloitte Haskins & Sells

DEBENTURE TRUSTEES

Bank of Maharashtra

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Third Annual Report with audited accounts for the year ended March 31, 2009. The summarised financial results of your Company are given hereunder:

FINANCIAL RESULTS

Particulars	(Rs. Lakhs)	
	For the year ended 31.03.2009	For the period ended 31.03.2008 (From 01.07.2007 to 31.03.2008)
Gross Income	29,598.93	11,032.40
Profit Before Tax	11,396.89	6,855.92
Provision for Tax & Fringe Benefit Tax	3,751.00	2,339.15
Profit After Tax	7,645.89	4,516.77
Add : Balance brought forward from previous year	3,828.48	398.71
Balance available for appropriation	11,474.37	4,915.48
Appropriations		
Special Reserve u/s 45-IC of Reserve Bank of India Act, 1934	1,550.00	910.00
Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	203.00	177.00
Surplus carried forward to Balance Sheet	9,721.37	3,828.48

APPROPRIATIONS

Your Company proposes to transfer Rs. 1,550 Lakhs (*Previous Period : Rs. 910 Lakhs*) to Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934 and Rs. 203 Lakhs (*Previous Period : Rs. 177 Lakhs*) to Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961 and retain Rs. 9721.37 Lakhs (*Previous Period : Rs. 3,828.48 Lakhs*) in the Profit and Loss Account of the Company.

DIVIDEND

Your Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company. No dividend has therefore been recommended for the year ended March 31, 2009.

PERFORMANCE OF THE COMPANY

Amid a global slowdown and recessionary fears, your Company has achieved significant growth.

- Total assets grew by 25 per cent from Rs. 1,91,581.18 Lakhs on March 31, 2008 to Rs. 2,39,781.12 Lakhs on March 31, 2009.
- Total income grew by 168 per cent from Rs. 11,032.40 Lakhs in 2007-2008 to Rs. 29,598.93 Lakhs in 2008-2009.
- Profit Before Tax (PBT) grew by 66 per cent from Rs. 6,855.92 Lakhs in 2007-2008 to Rs. 11,396.89 Lakhs in 2008-2009.
- Profit After Tax (PAT) grew by 69 per cent from Rs. 4,516.77 Lakhs in 2007-2008 to Rs. 7,645.89 Lakhs in 2008-2009.

The lower growth of PBT / PAT in comparison to the growth in total income was mainly due to higher leveraging, consistent with business growth.

The business atmosphere for non-banking finance companies continues to be challenging due to lower economic / credit growth and high cost of funds. The Company's strategy, as in the past, will be to focus on strong risk management & processes, profitable growth, innovative products and diversification of its product portfolio.

RESOURCES

Your Company had borrowed on different instruments from various sources for varying tenors. The total debt raised and repaid during the year were Rs. 10,17,580.09 Lakhs and Rs. 9,74,822.08 Lakhs, respectively. The quantum of long-term loans raised during the year was Rs. 52,800.00 Lakhs.

FIXED DEPOSITS

Your Company has not accepted any public deposits, and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

CORPORATE GOVERNANCE

The Board has a formal schedule of matters reserved for its consideration and decision which includes review of the periodic financial performance and action plans for the subsequent quarters. To enable better and more focussed attention on the affairs of the Company, the Board delegates particular matters to Committees set up for the purpose. The six core Committees constituted by the Board in this connection are :

- Committee of Directors
- Audit Committee
- Asset-Liability Management Committee
- Investment and Credit Committee
- Nomination & Compensation Committee
- Risk Management Committee

During the year under review, four (4) Board Meetings were held on 16/04/2008, 30/09/2008, 25/10/2008 & 09/03/2009.

The details of Committee Meetings held during the year under review are furnished below :

Name of the Committee	Date(s) of Meeting
Committee of Directors	17/04/2008, 29/04/2008, 26/05/2008, 17/07/2008, 22/08/2008, 02/12/2008, 16/12/2008, 09/01/2009, 19/02/2009, 27/02/2009, 09/03/2009 & 16/03/2009
Audit Committee	16/04/2008, 25/10/2008 & 09/03/2009
Asset-Liability Management Committee	17/07/2008, 10/09/2008 & 08/01/2009
Investment and Credit Committee	18/04/2008, 16/05/2008, 13/06/2008, 17/07/2008, 10/09/2008, 12/12/2008, 12/01/2009, 20/02/2009 & 16/03/2009
Risk Management Committee	20/11/2008

AUDIT COMMITTEE

The Audit Committee consists of Dr. R. H. Patil, Mr. N. Sivaraman and Mr. K. Venkatesh. 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. The Audit Committee met three times during the year.

DIRECTORS

Mr. V. J. Shukla who was appointed as Alternate to Mr. Richard Tinsley vacated his office on return of Mr. Tinsley to Mumbai during the year. Your Directors express their appreciation for the valuable advice and contribution made by him during his tenure as Director of the Company.

Pursuant to the provisions of the Companies Act, 1956, Dr. R. H. Patil and Mr. Richard Tinsley, Directors of your Company, retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

AUDITORS

M/s. Deloitte Haskins & Sells, 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.

HUMAN RESOURCES

People remain the most valuable asset of your Company. Your Company believes that its past successes have come as much because of the soundness of its strategies as due to the quality and determination of all its employees who turned these strategies into action. Going forward, your Company not only plans to maintain this key source of competitive advantage but also build on it through well-structured initiatives.

The focus of Human Resources function has been on driving a competency based model in most of the Company's HR processes and capability building of the employees for meeting future needs of the organisation. Your Company will continue to recruit the right people for the right job across the country through innovative methods and shall continue to enhance employee potential through continuous training and development plans. Your Company is well equipped in terms of its processes to continue to meet the upcoming requirements of its growth and expansion.

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

Information under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is appended herewith.

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.

The information on foreign exchange outgo is furnished in the Notes to the Accounts. There were no foreign exchange earnings during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that :

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgements 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;
- iii. 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; and
- iv. the Directors have prepared the annual accounts on a going concern basis.

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 as on March 31, 2009.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the dedication and commitment of your Company's employees to the growth of your Company. Their unstinted support has been and continues to be integral to your Company's ongoing success. Your Directors wish to thank the Central and State Governments, Reserve Bank of India and other Regulatory / Government Authorities, Financial Institutions, Banks, Mutual Funds, Clients and business associates for their continued co-operation and support.

For and on behalf of the Board

Place : Mumbai
Date : April 23, 2009

Y. M. DEOSTHALEE
Director

N. SIVARAMAN
Director

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2009.

a) Employed throughout the financial year and in receipt of remuneration exceeding Rs. 24,00,000/- p.a.

Sr. No.	Name	Age (years)	Designation	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Joining	Previous Employment
1.	Mr. Shiva Rajaraman	36	Joint General Manager	28,23,233	B.Com, MBA, ICWAI (Inter)	13	11/01/2008	Infrastructure Development Finance Company Limited
2.	Mr. Shamod Chulliyil	35	Deputy General Manager	25,60,918	B.Sc, PGDBA, PGDIM, ADF (Level II)	10	25/10/2006	SREI Infrastructure Finance Limited

b) Employed for part of the financial year and in receipt of remuneration of not less than Rs. 2,00,000/- p.m.

Sr. No.	Name	Age (years)	Designation	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Joining	Previous Employment
1.	Mr. Mohanjit Singh*	39	Joint General Manager	25,95,362	BE, MBA	13.5	01/12/2006	SREI Infrastructure Finance Limited
2.	Mr. Jayakisan Kuppakat**	38	Joint General Manager	8,67,283	B.E, M. Tech, MBA	13	15/05/2007	Infrastructure Development Corporation (Karnataka) Limited

* Resigned w.e.f. 05/09/2008

** Resigned w.e.f. 11/07/2008

Notes :

- (1) The above list excludes personnel on deputation from Larsen & Toubro Limited.
- (2) Gross Remuneration shown above is subject to tax and comprises salary, allowances, incentive, taxable value of perquisites and Company's contribution to Provident Fund and Superannuation Fund.
- (3) All appointments are contractual and terminable by notice on either side.
- (4) None of the above employees hold any shares in the Company and is related to any of the Directors of the Company.

AUDITORS' REPORT

TO THE MEMBERS OF L&T INFRASTRUCTURE FINANCE COMPANY LIMITED

1. We have audited the attached Balance Sheet of L&T INFRASTRUCTURE FINANCE COMPANY LIMITED as at March 31, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that day both 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.
2. We conducted our audit in accordance with the 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 misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the Order) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above
 - (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 it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; and
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, 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 :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as at March 31, 2009, taken on record by the Board of Directors, we report that none of the Directors is disqualified as at March 31, 2009 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

SANJIV V. PILGAONKAR
Partner
Membership No.: 39826

Place : Mumbai,
Date : April 23, 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business / activities during the period is such that clauses (ii), (viii), (xiii), (xiv) and (xx) of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets were physically verified during the period by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the fixed asset deleted during the period do not constitute a substantial part of the fixed assets of the Company and such deletion has, in our opinion, not affected the going concern status of the Company.
- (iii) The Company has neither granted nor taken loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for sale of services. The nature of the Company's business is such that it does not involve any sale of goods or purchase of inventory. Further, during the course of our audit, we have neither come across nor have been informed of any instances of major weakness in the internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there have been no contracts or arrangements during the period that need to be entered into register maintained under Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public under the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us in respect of statutory dues :
 - (a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Service Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there were no sum payables during the period on account of Employees State Insurance, Investor Education and Protection Fund, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and corresponding Cess.
 - (b) No undisputed amounts payable in respect of the above referred statutory dues applicable to the Company, were in arrears as at March 31, 2009 for a period of more than six months from the date they became payable.
 - (c) There were no disputed Income Tax, Service Tax and Cess which have not been deposited on account of any dispute.
- (ix) As a period of five years has not elapsed from the date of the registration of the Company, the provisions of paragraph 4(x) of the Order, are not applicable to it.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.
- (xi) According to the information and explanations given to 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.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the period for long term investment.
- (xv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xvi) According to the information and explanations given to us, the Company has created a charge in respect of the security offered against Secured Redeemable Non-Convertible Debentures aggregating Rs. 100 crores issued on March 27, 2008.
- (xvii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

SANJIV V. PILGAONKAR
Partner
Membership No. 39826

Place : Mumbai,
Date : April 23, 2009

BALANCE SHEET AS AT MARCH 31, 2009

	<u>Schedule</u>	<u>As at 31.03.2009 Rupees</u>	<u>As at 31.03.2008 Rupees</u>
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	5,000,000,000	5,000,000,000
Reserves and Surplus	2	1,266,107,216	501,517,922
Loan Funds			
Secured Loans	3	16,712,005,167	10,400,000,000
Unsecured Loans	4	1,000,000,000	3,250,000,000
Deferred Tax Liability (Net) (Refer Note 9 in Schedule 20)		-	6,600,000
TOTAL		<u><u>23,978,112,383</u></u>	<u><u>19,158,117,922</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	10,982,897	8,963,275
Less: Depreciation and Amortisations		3,782,295	2,006,815
Net Block		7,200,602	6,956,460
Investments	6	1,150,000,000	599,067,281
Deferred Tax Assets (net) (Refer Note 9 in Schedule 20)		26,000,000	-
Infrastructure Loans	7	22,583,470,216	18,331,810,082
Current Assets, Loans and Advances			
Cash and Bank Balance	8	2,199,718	221,199,622
Other Current Assets	9	84,814,922	27,542,440
Loans and Advances	10	244,226,242	19,656,020
		<u>331,240,882</u>	<u>268,398,082</u>
Less: Current Liabilities and Provisions			
Current Liabilities	11	116,573,431	53,583,796
Provisions	12	3,225,886	6,550,593
		<u>119,799,317</u>	<u>60,134,389</u>
Net Current Assets		211,441,565	208,263,693
Miscellaneous Expenditure (to the extent not written off)	13	-	12,020,406
TOTAL		<u><u>23,978,112,383</u></u>	<u><u>19,158,117,922</u></u>
NOTES TO THE ACCOUNTS	20		

In terms of our report of even date

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

SANJIV V. PILGAONKAR
Partner
Membership No. 39826

N. SURYANARAYANAN
Chief Financial Officer

SUNEET K. MAHESHWARI
Manager

Y. M. DEOSTHALEE
Director

N. SIVARAMAN
Director

Place : Mumbai
Date : April 23, 2009

Place : Mumbai
Date : April 23, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	<u>Schedule</u>	<u>2008-2009 Rupees</u>	<i>Period ended 31.03.2008 (From 01.07.2007 to 31.03.2008) Rupees</i>
INCOME			
Operating and Other Income	14	2,959,892,845	1,103,240,376
TOTAL		<u>2,959,892,845</u>	<u>1,103,240,376</u>
EXPENDITURE			
Interest & Other Charges	15	1,629,721,942	334,491,558
Employee Cost	16	62,929,531	46,258,572
Establishment Expenses	17	18,794,024	13,762,223
Other Expenses	18	29,980,922	21,884,323
Provisions and Contingencies	19	77,000,000	-
Depreciation		1,777,132	1,251,852
TOTAL		<u>1,820,203,551</u>	<u>417,648,528</u>
Profit Before Tax		1,139,689,294	685,591,848
Current Tax		407,000,000	226,200,000
Deferred Tax		(32,600,000)	6,287,000
Fringe Benefit Tax		700,000	1,428,000
Profit After Tax		<u>764,589,294</u>	<u>451,676,848</u>
Add : Balance as per last Balance Sheet		382,847,922	39,871,074
Available for Appropriation		1,147,437,216	491,547,922
Appropriations			
Special Reserve under Section 45-IC of Reserve Bank of India Act, 1934		155,000,000	91,000,000
Special Reserve under Section 36(1)(viii) of Income Tax Act, 1961		20,300,000	17,700,000
Balance carried to Balance Sheet		<u>972,137,216</u>	<u>382,847,922</u>
Earning per share of Rs. 10/- each (Basic & Diluted) (Refer Note 8 in Schedule 20)		Rs. 1.53	Rs. 0.96
NOTES TO THE ACCOUNTS	20		

The schedules referred to above and the notes attached form an interegral part of the financial statements.

In terms of our report of even date

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

SANJIV V. PILGAONKAR
Partner
Membership No. 39826

N. SURYANARAYANAN
Chief Financial Officer

SUNEET K. MAHESHWARI
Manager

Y. M. DEOSTHALEE
Director

N. SIVARAMAN
Director

Place : Mumbai
Date : April 23, 2009

Place : Mumbai
Date : April 23, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2008-2009 Rupees	For the period ending March 31, 2008 Rupees
A. Cash flow from Operating Activities		
Profit Before Taxation	1,139,689,294	685,591,848
Adjustments for		
Depreciation	1,777,132	1,251,852
Provision for Leave Encashment	1,277,983	482,821
Provision for Gratuity	587,064	541,337
Loss on Sale of Assets	1,820	22,854
Share Issue Expenses Written-off	12,020,406	3,005,103
Profit on sale of Current Investments	-	(35,483,678)
Dividend on Current Investments	(14,404,463)	(5,302,685)
Interest on Bank Deposits	(43,750)	(2,925,681)
Provisions on Standard Assets	77,000,000	-
Operating Profit before Working Capital changes	1,217,905,486	647,183,771
(Increase) / Decrease in Loans and Advances	(9,096,097)	15,871,913
Increase in other Current Assets	(57,228,732)	(6,186,298)
Decrease in Trade and other Payables	62,504,552	(1,290,234)
Cash generated from Operations	1,214,085,209	655,579,152
Direct taxes paid	(628,363,879)	(244,310,130)
Net Cash flow from Operating Activities (A)	585,721,330	411,269,022
B. Cash flows from Investing Activities		
Purchase of Fixed Assets (Net of corresponding liabilities)	(1,563,539)	(1,080,909)
Sale of Fixed Assets	25,528	41,970
Purchase of Investments (including Term Deposits for a period of greater than 3 months)	(11,293,018,212)	(15,363,243,715)
Sale of Current Investments	10,742,085,493	17,136,548,813
Investment in Equity Shares	-	(250,000,000)
Dividend received on Current Investments	14,404,463	5,302,685
Interest on Bank Deposits	-	3,862,931
Net Cash from / (used in) Investing Activities (B)	(538,066,267)	1,531,431,775
C. Cash flows from Financing Activities		
Infrastructure Loans Disbursed (net of repayment)	(4,328,660,134)	(15,938,690,082)
Proceeds from Borrowings (net of repayment)	4,062,005,167	13,650,000,000
Net Cash generated from / (used in) Financing Activities (C)	(266,654,967)	(2,288,690,082)
Net Decrease in Cash and Cash Equivalents (A+B+C)	(218,999,904)	(345,989,285)
Cash and Cash Equivalents as at beginning of the year (Refer note below)	220,699,622	566,688,907
Cash and Cash Equivalents as at end of the year (Refer note below)	1,699,718	220,699,622
Note:		
Cash and Bank Balance as at end of the year (Refer Schedule 8)	2,199,718	221,199,622
Less: Term Deposits for a period of greater than 3 months	500,000	500,000
Cash and Cash Equivalents as at end of the year	1,699,718	220,699,622

In terms of our report of even date

For and on behalf of the Board

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

SANJIV V. PILGAONKAR
Partner
Membership No. 39826

N. SURYANARAYANAN
Chief Financial Officer

SUNEET K. MAHESHWARI
Manager

Y. M. DEOSTHALEE
Director

N. SIVARAMAN
Director

Place : Mumbai
Date : April 23, 2009

Place : Mumbai
Date : April 23, 2009

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2009		As at 31.03.2008	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE - 1				
SHARE CAPITAL				
Authorised				
500,000,000 Equity shares of Rs. 10/- each		<u>5,000,000,000</u>		<u>5,000,000,000</u>
Issued, Subscribed and Paid-Up				
Issued 500,000,000 (<i>Previous Period 500,000,000</i>)				
Equity Shares of Rs. 10/- each, [All shares are held by L&T Capital Holdings Limited, (<i>Previous period - Larsen & Toubro Limited</i>), the Holding Company, Larsen & Toubro Limited being the Ultimate Holding Company]				
		5,000,000,000		<u>5,000,000,000</u>
TOTAL		<u>5,000,000,000</u>		<u>5,000,000,000</u>
SCHEDULE - 2				
RESERVES AND SURPLUS				
Special Reserve under Section 45-IC of Reserve Bank of India Act, 1934				
Opening Balance	100,970,000		9,970,000	
Add: Transfer from Profit & Loss Account	<u>155,000,000</u>		<u>91,000,000</u>	
		255,970,000		100,970,000
Reserve u/s 36(1)(viii) of Income Tax Act, 1961				
Opening Balance	17,700,000		–	
Add: Transfer from Profit & Loss Account	<u>20,300,000</u>		<u>17,700,000</u>	
		38,000,000		17,700,000
Surplus in Profit and Loss Account				
		<u>972,137,216</u>		<u>382,847,922</u>
TOTAL		<u>1,266,107,216</u>		<u>501,517,922</u>
SCHEDULE - 3				
SECURED LOANS				
Term Loan from Banks		13,546,600,000		9,400,000,000
Bank Overdraft		2,165,405,167		–
10.15% Secured Redeemable Non Convertible Debentures (Refer Note 4 in Schedule 20)		<u>1,000,000,000</u>		<u>1,000,000,000</u>
TOTAL		<u>16,712,005,167</u>		<u>10,400,000,000</u>
SCHEDULE - 4				
UNSECURED LOANS				
Term Loan from Banks		–		3,250,000,000
Commercial Paper		<u>1,000,000,000</u>		–
(Maximum Balance during the year Rs. 3,000,000,000; <i>Previous period Rs. NIL</i>)				
		<u>1,000,000,000</u>		<u>3,250,000,000</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 5

FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BOOK VALUE	
	Opening as at 01.04.2008 Rupees	Additions during the year Rupees	Deductions during the year Rupees	Closing as at 31.03.2009 Rupees	Up to 01.04.2008 Rupees	Charge during the year Rupees	Deduction during the year Rupees	Upto 31.03.2009 Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
Tangible										
Computers	5,996,844	441,103	–	6,437,947	1,194,750	1,018,274	–	2,213,024	4,224,923	4,802,094
Furniture & Fittings	340,984	305,566	–	646,550	132,825	40,758	–	173,583	472,967	208,159
Office Equipment	1,003,212	93,101	29,000	1,067,313	113,398	46,700	1,652	158,446	908,867	889,814
Intangible										
Software	1,622,235	1,208,852	–	2,831,087	565,842	671,400	–	1,237,242	1,593,845	1,056,393
TOTAL	8,963,275	2,048,622	29,000	10,982,897	2,006,815	1,777,132	1,652	3,782,295	7,200,602	6,956,460
<i>Previous Period</i>	<i>8,173,849</i>	<i>863,909</i>	<i>74,483</i>	<i>8,963,275</i>	<i>764,622</i>	<i>1,251,852</i>	<i>9,659</i>	<i>2,006,815</i>	<i>6,956,460</i>	–

	Number of Shares / Units	Face Value Rupees	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
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SCHEDULE - 6

INVESTMENTS

Long Term, Non Trade, Unquoted

Equity Shares

BSCPL Infrastructure Ltd (formerly B. Seenaiah & Co. (Projects) Limited)	218,150,000	10	250,000,000	250,000,000
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Current Investment, Non Trade, Unquoted

Birla Sun Life - Cash Plus - Institutional Premium - Growth	17,776,260.870	10	250,000,000	–
Birla Sun Life - Savings Fund Institutional - Growth	24,047,566.086	10	400,000,000	–
IDFC Cash Fund - Super Institutional Plan C - Growth	23,344,414.149	10	250,000,000	–
Grindlays Floating Rate Fund - Long Term - Institutional Plan - B - Daily Dividend	1,899,379.346	10	–	19,004,240
Principal Floating Rate Fund FMP - Institutional Option - Dividend Reinvestment	32,965,756.280	10	–	330,063,041

TOTAL

			1,150,000,000	599,067,281
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Details of investments purchased and redeemed during the year

	Number of Units	Cost Rupees
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IDFC Money Manager Fund - Invst Plan - Institutional Plan B - Daily Dividend	213,868,362.689	2,139,859,903
IDFC Liquid Fund - Daily Dividend	551,176.620	551,292,367
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend	25,842,968.938	258,442,615
Principal Floating Rate Fund - Fixed Maturity Plan Institutional Option - Daily Dividend	271,712,727.852	2,720,469,345
Principal Cash Management Fund - Liquid Option Institutional Premium - Daily Dividend	232,468,640.325	2,324,849,131
Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend	128,368,147.326	1,286,184,652
Birla Sunlife Savings Fund - Institutional - Daily Dividend	111,116,460.682	1,111,920,199

SCHEDULES FORMING PART OF THE BALANCE SHEET

Details of investments purchased and redeemed during the previous period	Number of Units	Cost Rupees
Grindlays Floating Rate Long Term Plan B	428,191,006.471	5,135,000,161
Standard Chartered Liquidity Manager Plus	2,885,005.684	3,225,823,299
Grindlays Floating Rate Long Term Plan B - Daily Dividend	124,458,050.633	1,245,265,026
Standard Chartered Liquidity Manager Plus - Daily Dividend	3,804,876.146	3,805,675,169
Birla Cash Plus Collection - Daily Dividend	126,937,445.681	1,271,849,737
PMF Cash Management - Daily Dividend	33,003,993.880	330,063,042
	As at 31.03.2009	As at 31.03.2008
	Rupees	Rupees
SCHEDULE - 7		
INFRASTRUCTURE LOANS (Secured)		
Loans	22,660,470,216	18,331,810,082
Less : Provision on Standard Assets	77,000,000	-
TOTAL	22,583,470,216	18,331,810,082
SCHEDULE - 8		
CASH AND BANK BALANCE		
Cash on Hand	5,307	12,992
Balance with Scheduled Bank		
In Current Accounts	1,694,411	220,686,630
In Fixed Deposits Accounts	500,000	500,000
TOTAL	2,199,718	221,199,622
SCHEDULE - 9		
OTHER CURRENT ASSETS		
Accrued Interest		
Infrastructure Loans	84,769,134	27,540,402
Fixed Deposits	45,788	2,038
TOTAL	84,814,922	27,542,440
SCHEDULE - 10		
LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)		
Deposits	11,432,340	10,827,000
Advances Recoverable in Cash or Kind (Refer Note 15 in Schedule 20)	14,413,166	5,922,409
Advance Payment of Income Tax (Net)	218,249,504	2,775,379
Advance Payment of Fringe Benefit Tax (Net)	131,232	131,232
TOTAL	244,226,242	19,656,020

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2009	<i>As at 31.03.2008</i>
	Rupees	<i>Rupees</i>
SCHEDULE - 11		
CURRENT LIABILITIES		
Sundry Creditors - other than Mirco, Small and Medium Enterprises		
For Expenses	18,281,895	<i>36,202,875</i>
For Capital Goods	485,083	<i>–</i>
Interest Accrued but not Due	3,316,645	<i>3,395,891</i>
Advance from Customers	2,965,531	<i>–</i>
Income Received in Advance	89,456,416	<i>–</i>
Other Liabilities	2,067,861	<i>13,985,030</i>
TOTAL	116,573,431	<i>53,583,796</i>
SCHEDULE - 12		
PROVISIONS		
Gratuity	1,245,082	<i>658,018</i>
Compensated Absences	1,980,804	<i>702,821</i>
Income Tax (Net)	–	<i>5,189,754</i>
TOTAL	3,225,886	<i>6,550,593</i>
SCHEDULE - 13		
MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF		
Share Issue Expenses	12,020,406	<i>15,025,509</i>
Less: Written off during the year / period	12,020,406	<i>3,005,103</i>
Closing Balance	–	<i>12,020,406</i>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2008-2009	<i>For the period</i>
	Rupees	<i>ending 31.03.2008</i>
	<u> </u>	<u> </u>
SCHEDULE - 14		
OPERATING AND OTHER INCOME		
Operating Income		
(Refer Note 18 in Schedule 20)		
Interest on Infrastructure Loans	2,877,811,056	854,790,507
Upfront Income	-	172,274,593
Fees	67,633,576	32,463,232
Other Income		
Interest on Bank Deposits	43,750	2,925,681
Profit on Sale of Current Investments	-	35,483,678
Dividend Income on Current Investments	14,404,463	5,302,685
TOTAL	<u>2,959,892,845</u>	<u>1,103,240,376</u>
SCHEDULE - 15		
INTEREST & OTHER CHARGES		
Interest on Fixed Loans	1,442,663,619	293,886,713
Interest on Debentures	161,775,126	33,303,508
Other Interest	53,641	916,223
Other charges	25,229,556	6,385,114
TOTAL	<u>1,629,721,942</u>	<u>334,491,558</u>
SCHEDULE - 16		
EMPLOYEE COST		
Salaries	44,630,476	33,703,508
Contribution to Provident Fund	2,305,807	1,627,223
Staff Gratuity	587,064	541,337
Staff Welfare	4,247,058	2,346,057
Reimbursement of Staff Cost	11,159,126	8,040,447
TOTAL	<u>62,929,531</u>	<u>46,258,572</u>
SCHEDULE - 17		
ESTABLISHMENT EXPENSES		
Rent	16,541,199	12,495,562
Electricity Charges	742,774	624,813
Property Maintenance	1,510,051	641,848
TOTAL	<u>18,794,024</u>	<u>13,762,223</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	2008-2009	<i>For the period</i>
	Rupees	<i>ending 31.03.2008</i>
	<u> </u>	<u> </u>
SCHEDULE - 18		
OTHER EXPENSES		
Telephone, Postage and Courier	1,182,656	1,171,158
Printing & Stationery	706,646	546,171
Membership & Subscription	1,837,548	794,928
Insurance	17,985	-
Training and Conference	997,665	114,405
Travelling and Conveyance	4,407,955	2,573,644
Professional Fees	3,290,868	11,769,059
Auditors' Remuneration (Refer Note 10 in Schedule 20)	556,710	350,000
Directors' Fees	420,000	420,000
Loss on sale of Fixed Asset	1,820	22,854
Miscellaneous Expenses	4,540,663	1,117,001
Share Issue Expenses written off (Refer Note 17 in Schedule 20)	12,020,406	3,005,103
TOTAL	<u><u>29,980,922</u></u>	<u><u>21,884,323</u></u>
 SCHEDULE - 19		
PROVISIONS AND CONTINGENCIES		
Provision on Standard Assets	77,000,000	-
TOTAL	<u><u>77,000,000</u></u>	<u><u>-</u></u>

NOTES FORMING PART OF ACCOUNTS

SCHEDULE - 20

1. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements are prepared as per the historical cost convention and the requirements of the Companies Act, 1956.

B. Use of Estimate

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. Future results could differ from these estimates.

C. 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 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 for support and maintenance payable annually are charged to the revenue account.

D. Investments

The Company being regulated as a Non Banking Financial Company (NBFC) by the Reserve Bank of India (RBI), investments are classified under two categories, i.e. Current and Long Term and are valued in accordance with the RBI guidelines and the Accounting Standard (AS) 13 on 'Accounting for Investments' issued by the Institute of Chartered Accountants of India.

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

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

E. Advances

Advances are classified under four categories, i.e. (i) Standard Assets (ii) Sub-standard Assets (iii) Doubtful Assets and (iv) Loss Assets in accordance with the RBI guidelines.

In respect of Loans and Debentures / Bonds in the nature of an advance, where interest is not serviced, provision for diminution is made as per the parameter applicable to Non-Performing Advances.

Provision on restructured advances is arrived at in accordance with the guidelines issued by the RBI.

Provision on Standard Assets is made as per the provisioning policy of the Company.

F. Foreign Currency Transactions, Forward Contracts and Derivatives

Foreign currency transactions are accounted at the exchange rates prevailing on the date of each transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

Premium in respect of forward contracts is charged to revenue over the period of the contract. Forward contracts outstanding as at the Balance Sheet date are revalued at the closing rate.

G. Revenue Recognition

(a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(b) Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset based on the constant effective yield. The effective interest is determined on the basis of the terms of the cash flows under the contract including related fees, premiums, discounts or debt issuance costs, if any.

NOTES FORMING PART OF ACCOUNTS (Contd.)

- (c) Revenue from the various services the Company render are recognised when the following criteria are met
 - i) persuasive evidence of an arrangement exists
 - ii) the services have been rendered
 - iii) the fee or commission is fixed or determinable, and
 - iv) collectability is reasonably assured.
- (d) Dividend is accounted when the right to its receipt is established.

H. Employee Benefits

Defined – Contribution Plans

The Company offers its employees defined - contribution plans in the form of provident fund and family pension fund. Provident fund and family pension funds cover substantially all regular employees. Contributions are paid during the year into separate funds under certain fiduciary - type arrangements. Both the employees and the Company pay predetermined contributions into provident fund and family pension fund. The contributions are normally based on a certain proportion of the employee's salary.

Defined – Benefits Plans

The Company offers its employees defined - benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined - benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. The gratuity scheme is not funded. Commitments are actuarially determined at year-end. On adoption of the revised Accounting Standard (AS) 15 on "Employee Benefits", actuarial valuation is based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to Profit and Loss Account.

Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in the 12 months immediately following the year end are reported as expense during the year in which the employees perform services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit after deducting amounts already paid.

Where there are restrictions on availment / encashment of such benefits or where the availment is otherwise not expected to wholly occur in the next 12 months, the liability on account of the benefits is actuarially determined using the Projected Unit Credit method.

I. Depreciation and Amortisation

Tangible Assets

Depreciation on fixed assets is provided using the straight-line method, at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on additions during the year is provided on a *pro-rata* basis. Assets costing less than Rs. 5,000 each are written off in the year of capitalisation.

Intangible Assets

Licenses for computer software are amortised over the estimated useful life not exceeding 3 years.

J. Impairment of Assets

Tangible fixed assets and intangible 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.

K. Operating Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss Account, on a straight-line basis, over the lease term.

L. Taxes on Income

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.

NOTES FORMING PART OF ACCOUNTS (Contd.)

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.

M. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of past event 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 its 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 liabilities are not recognised.

N. Cash Flow Statement

The Cash Flow Statement is prepared in accordance with indirect method as explained in the Accounting Standards on Cash Flow Statements (AS) 3 issued by the Institute of Chartered Accountants of India.

O. Cash and Cash Equivalents

Cash and Bank Balances that have insignificant risk of change in value, which have durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

P. Share Issue Expenses

Share issue expense is charged off to the Profit & Loss Account in the year in which it is incurred.

- Contingent liabilities not provided for Rs. NIL.
- The Company's main business is to provide finance for infrastructure projects. All other activities revolve around the main business. 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' issued by the Institute of Chartered Accountants of India.
- Term Loans from Banks and Bank Overdrafts are secured by hypothecation of specific receivables. Amounts due within a year aggregate Rs. 1,887,400,000 (Previous period Rs. 3,733,000,000)
- 10.15% Secured, Redeemable Non-Convertible Debentures are secured by mortgage of an immoveable property and hypothecation of specific receivables and are redeemable at par at the end of 5 years from the date of allotment, i.e. March 27, 2008 or on exercise of put or call option at the end of 3 years from the date of allotment.
- As per the Accounting Standard (AS) 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the related parties, nature and volume of transactions carried out with them in the ordinary course of business are as follows:

Name of the Party	Relationship	Nature of Transaction	Payments / Reimbursement Rupees	Recovery / Receipt Rupees	Balance Outstanding Dr. Rupees	Balance Outstanding Cr. Rupees
L&T Capital Holdings Ltd. (w.e.f. 31.03.2009)	Holding Company	NIL				
Larsen & Toubro Limited (Holding company upto 30.03.2009)	Ultimate Holding Company (w.e.f. from 31.03.2009)	Fringe Benefit Tax Reimbursed Inter Corporate Deposit received / paid Interest on Inter Corporate Deposit	- (1,053,000) 1,750,000,000 (120,000,000) 9,506,849 (224,604)	- 1,750,000,000 (120,000,000)		

NOTES FORMING PART OF ACCOUNTS (Contd.)

Name of the Party	Relationship	Nature of Transaction	Payments / Reimbursement Rupees	Recovery / Receipt Rupees	Balance Outstanding Dr. Rupees	Balance Outstanding Cr. Rupees
		Rent Deposit	- (10,800,000)			
		Reimbursement of Staff Cost	11,077,567 (7,841,522)			
		Establishment Expenses	- (3,600,000)			
		Other Expenses	3,763,252 (1,177,583)			
		Deputation Cost and Other Expenses Recovered		5,799,720 (3,128,141)		
		Sundry Creditors				- (33,003,559)
L&T Infrastructure Development Projects Limited	Fellow Subsidiary Company	Other Expenses	226 (-)			
		Deputation Cost and Other Expenses recovered		5,691,797 (2,467,293)		
		Loans & Advances (Deputation Cost Recoverable)			76,041 (2,715,791)	
L&T Finance Limited	Fellow Subsidiary Company	Rent paid	50,441 (-)			
		Deputation Cost and Other Expenses recovered		1,991,198 (1,215,530)		
		Reimbursement of staff cost	644,657 (198,925)			
		Other Expenses	362,775 (339,488)			
		Loans & Advances (Deputation Cost Recoverable)			- (797,296)	
		Sell down of Asset		120,000,000 (-)		
Larsen & Toubro Infotech Limited	Fellow Subsidiary Company	Purchase of Software	496,350 (727,880)			
		Sundry Creditors				485,083 (727,880)
L&T-Demag Plastics Machinery Limited	Fellow Subsidiary Company	Reimbursement of Staff Cost	11,617 (66,687)			
		Other Expenses	- (7,482)			
		Other Expenses recovered		- (45,626)		
		Sundry Creditors				- (40,681)
Mr. Suneet K. Maheshwari	Key Management Personnel - Manager	Remuneration	4,626,238 (3,154,759)			

Figures in brackets relate to the previous period.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

7. The Company holds certain premises under operating leases. Rent includes gross expenses of Rs. 16,541,199 (*Previous period* Rs. 12,495,562). The committed lease rentals in the future are

	2008-2009	<i>2007-2008</i>
	Rupees	<i>Rupees</i>
Not later than one year	9,399,712	<i>14,400,000</i>
Later than one year and not later than five years	195,000	<i>8,129,032</i>
Later than five years	-	<i>-</i>

8. Earning Per Share ("EPS") computed in accordance with (AS) 20

	2008-2009	<i>2007-2008</i>
Basic & Diluted		
Profit After Tax as per Profit and Loss Account (Rs.)	764,589,294	<i>451,676,848</i>
Number of Equity Shares	500,000,000	<i>500,000,000</i>
Weighted average number of equity shares for computation of Basic Earning per share	500,000,000	<i>470,094,545</i>
Nominal Value of Shares (Rs.)	10	<i>10</i>
Earning Per Share (Rs.)	1.53	<i>0.96</i>

9. In compliance with the Accounting Standard (AS) 22 on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company has provided for deferred tax liability (net) in the Profit & Loss Account on account of timing differences. The major components of deferred tax assets and liabilities arising on account of timing differences are

Component	2008-2009		<i>2007-2008</i>	
	Assets	Liabilities	<i>Assets</i>	<i>Liabilities</i>
	Rupees	Rupees	<i>Rupees</i>	<i>Rupees</i>
Depreciation		1,277,000		<i>1,046,319</i>
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961*		-		<i>6,016,230</i>
Provision on Standard Assets	26,172,000			
Others	1,105,000		<i>462,549</i>	
	27,277,000	1,277,000	<i>462,549</i>	<i>7,062,549</i>
Net Deferred Tax Asset / Liability	26,000,000			<i>6,600,000</i>

*No deferred tax liability has been recognised on Special Reserve created under Section 36(1)(viii) of the Income Tax Act, 1961, based on the Management's evaluation that the possibility of withdrawal therefrom is remote.

10. Auditors' Remuneration

	2008-2009	<i>2007-2008</i>
	Rupees	<i>Rupees</i>
Audit Fees	300,000	<i>200,000</i>
Tax Audit Fees	100,000	<i>100,000</i>
Other Service	155,000	<i>50,000</i>
Reimbursement of Expenses	1,710	<i>-</i>
*Net of Service Tax set off	556,710	<i>350,000</i>

11. Professional fees includes an amount of Rs. NIL (*Previous period* : Rs. 71,368) excluding service tax being the sum paid to firms, in which some partners of Statutory Audit firm are partners.

12. Expenditure in Foreign Currencies

	2008-2009	<i>2007-2008</i>
	Rupees	<i>Rupees</i>
Directors' Sitting Fees	40,000	<i>20,000</i>
Others	1,379,741	<i>186,318</i>

NOTES FORMING PART OF ACCOUNTS (Contd.)

13. Managerial Remuneration

The reimbursement of staff cost includes Rs. 4,626,238 (*Previous period Rs. 3,154,759*) paid by Larsen & Toubro Limited (the "Ultimate Holding Company") to the Manager of the Company as remuneration comprising salary and allowances of Rs. 4,431,478 (*Previous period Rs. 3,011,119*) and contribution to provident fund of Rs. 194,760 (*Previous period Rs. 143,640*). There are no reimbursements in respect of gratuity or other employee benefits.

14. On the basis of replies received by the Company in response to enquiries made, there are no dues payable as at the year end to Micro, Small and Medium Enterprises nor are there other particulars that are required to be disclosed under the Companies Act, 1956, or the Micro, Small and Medium Enterprises Development Act, 2006.

15. Advance given to the companies under same management as per Section 370(IB) of the Companies Act, 1956, is as under

Name of the Company	Maximum Balance Rupees	Closing Balance Rupees
L&T Finance Limited	1,939,072 (840,726)	-
L&T Infrastructure Development Projects Limited	3,791,346 (2,828,463)	76,041 (2,715,791)

Figures in brackets relate to the previous period.

16. Employee Benefits

(i) Defined - Contribution Plans

The Company offers its employees defined contribution plans in the form of provident fund and family pension fund. Provident fund and family pension funds cover substantially all regular employees. Contributions are paid during the year into separate funds under certain fiduciary - type arrangements. Both the employees and the Company pay predetermined contributions into provident fund and family pension fund. The contributions are normally based on a certain proportion of the employee's salary. The Company recognised charges of Rs. 2,305,807 (*Previous Period Rs. 1,627,223*) for provident fund contribution in the Profit & Loss Account.

(ii) Defined - Benefit Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. The gratuity scheme is not funded. Commitments are actuarially determined at year-end. On adoption of the revised Accounting Standard (AS) 15 on "Employee Benefits", actuarial valuation is based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to Profit and Loss account. The following tables set out the amounts recognised in the Company's financial statements as at March 31, 2009 in respect of Gratuity benefits.

a) The amounts recognised in the Balance Sheet are as follows

	Amount in Rupees	
	2008-2009	2007-2008
Present Value of Funded Obligations	-	-
Fair Value of Plan Assets	-	-
Present Value of Unfunded Obligations	1,245,082	658,018
Unrecognised Past Service Cost	-	-
Amount not Recognised as an Asset [(limit in Para 59 (b))]	-	-
Net Liability	1,245,082	658,018
Amounts in Balance Sheet		
Liability	1,245,082	658,018
Assets	-	-
Net Liability	1,245,082	658,018

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) The amounts recognised in the Profit and Loss Account are as follows

	Amount in Rupees	
	2008-2009	2007-2008
Current Service Cost	674,114	395,397
Interest on Defined Benefit Obligation	103,781	40,029
Expected Return on Plan Assets	-	-
Net Actuarial Losses / (Gains) recognised in the Year	(190,831)	105,911
Past Service Cost	-	-
Losses / (Gains) on "Curtailements & Settlements"	-	-
Losses / (Gains) on "Acquisition / Divestiture"	-	-
Effects of the limit in Para 59(b)	-	-
Total (included in "Employee Benefit Expense")	587,064	541,337
Actual Return on Plan Assets	-	-

c) Reconciliation of Benefit Obligation & Plan Assets for the period

	Amount in Rupees	
	2008-2009	2007-2008
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	658,018	116,681
Current Service Cost	674,114	395,397
Interest Cost on Defined Benefit Obligation	103,781	40,029
Actuarial Losses / (Gain) recognised	(190,831)	105,911
Past Service Cost	-	-
Actuarial Losses / (Gain) due to "Curtailement & Settlements"	-	-
Liabilities extinguished on "Settlements"	-	-
Liabilities Assumed on Acquisition / (Settled on Divestiture)	-	-
Exchange Difference on Foreign Plans	-	-
Benefits paid	-	-
Closing in Defined Benefit Obligation	1,245,082	658,018

	Amount in Rupees	
	2008-2009	2007-2008
Change in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	-	-
Expected Return on Plan Assets	-	-
Actuarial Gain / (Losses)	-	-
Assets Distributed on Settlements	-	-
Contributions by Employer	-	-
Assets Acquired on Acquisition / Distributed on Divestiture	-	-
Exchange Difference on Foreign Plans	-	-
Benefits paid	-	-
Closing Fair Value of Plan Assets	-	-
Expected Employer's Contribution Next Year	3,892	3,214

NOTES FORMING PART OF ACCOUNTS (CONTD.)

d) Experience Adjustment

	Amount in Rupees	
	2008-2009	2007-2008
Defined Benefit Obligation	1,245,082	658,018
Plan Assets	-	-
Surplus / (Deficit)	(1,245,082)	(658,018)
Experience Adjustments on Plan Liabilities	(252,164)	54,402
Experience Adjustments on Plan Assets	-	-

e) Financial Assumptions at the Valuation Date

	Amount in Rupees	
	2008-2009	2007-2008
Discount Rate (per annum)	7.50%	7.80%
Expected Rate of Return on Assets (per annum)	Not Applicable	Not Applicable
Salary Escalation Rate (per annum)	7.00%	7.00%
Mortality Rate	Published rates under the LIC (1994-96) mortality tables	Published rates under the LIC (1994-96) mortality tables

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary and relied upon by the Auditors.

The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for the previous three annual periods have not been furnished as the revised AS – 15 was adopted by the Company in the financial year 2007-2008.

The contributions expected to be made by the Company during the financial year 2009-2010 amounts to Rs. 7,35,000.

17. During the year, the Company has changed its accounting policy to write-off share issue expenses over a period of 5 years to the year in which it is incurred. Consequently, the profit before tax for the year is lower by Rs. 80,13,602.
18. During the year, the Company has modified the basis of recognising revenue from interest bearing assets. In earlier years, the interest was computed on the basis of contractual interest rate and income on processing of loans was recognised upon clearance of disbursement memorandum. Based on the guidance provided in Accounting Standard (AS) 30 on "Financial Instruments: Recognition and Measurement", the Company has based its income recognition on interest bearing assets and has used the effective interest rate in place of the contractual rate. In determining the effective interest rate, cash flows are estimated taking into consideration all contractual terms including fees received, transaction costs and other premiums or discounts, if any. Thus, income which were recognised upfront in earlier years are now amortised over the expected life of the related instrument through the application of a constant effective yield on the instrument. This change has been applied with effect from April 1, 2008. Accordingly income for the year (before tax) is lower by Rs. 89,456,416 and the current tax charge lower by Rs. 29,386,433.
19. A Special Reserve has been created in terms of Section 36(1)(viii) of the Income Tax Act, 1961 out of distributable profits of the Company.
20. The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of RBI circular (Ref. No. DNBS.200/CGM(PK) - 2008) dated August 1, 2008.

(i) Capital to Risk Assets Ratio (CRAR)	2008-2009	2007-2008
CRAR (%)	26.16%	28.92%
CRAR - Tier I Capital (%)	26.16%	28.92%
CRAR - Tier II Capital (%)	-	-
	(Rs in crores)	
(ii) Exposure to Real Estate Sector	2008-2009	2007-2008
a) Direct Exposure		
Residential Mortgages	-	-
Infrastructure Real Estate (SEZs, Industrial Parks, IT Parks, Hotels)	367.60	339.30
Commercial Real Estate	344.83	374.00
Investment in Mortgage Backed Securities(MBS) and other securitised exposures	-	-
b) Indirect Exposure		
	-	-

NOTES FORMING PART OF ACCOUNTS (Contd.)**(iii) Maturity pattern of certain items of assets and liabilities**

(Rs. in crores)

	One Month	Over One month to two months	Over Two months upto three months	Over Three months upto six months	Over Six months upto one year	Over One year to three years	Over Three year to five years	Over five years	Total
Liabilities									
Borrowings from Banks	–	–	5.00	22.42	161.33	724.23	574.46	83.76	1,571.20
Market Borrowings	50.00	50.00	–	–	–	100.00	–	–	200.00
Assets									
Advances	193.15	69.24	22.35	153.65	346.51	758.08	381.67	341.40	2,266.05
Investments	90.00	–	–	–	–	–	–	25.00	115.00

In compiling the information, certain estimates and assumptions have been made by the Company and the same have been relied upon by the Auditors.

21. Previous period figures are regrouped / rearranged wherever necessary.
22. The length of the current accounting period differs from the length of the previous accounting period. Therefore the figures of the two periods are not strictly comparable.
23. The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of RBI circular [Ref. No. DNBS.193 DG(VL) - 2007] dated February 22, 2007.

SCHEDULE TO THE BALANCE SHEET OF A NON-DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding)

Companies Prudential Norms (Reserve Bank) Directions, 2007)

- (1) Borrower Group-wise classification of Assets financed
(see footnote 2 below)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	22,660,470,216	-	22,660,470,216
Total	22,660,470,216	-	22,660,470,216

- (2) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)
(see footnote 3 below)

Category	Market Value / Breakup or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties @	1,150,000,000	1,150,000,000
Total	1,150,000,000	1,150,000,000

@ includes Rs. 250,000,000 being cost of unquoted investments in shares.

** as per Accounting Standard issued by the Institute of Chartered Accountants of India (see footnote 3 below)

(3) Other information

Particulars	Amount
(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	—

Footnotes:

- 1 As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- 2 Provisioning norms have been applied as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- 3 All Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / net asset value in respect of unquoted investments have been disclosed irrespective of whether they are classified as long term or current.

For and on behalf of the Board

Place : Mumbai
Date : April 23, 2009

N. SURYANARAYANAN
Chief Financial Officer

SUNEET K. MAHESHWARI
Manager

Y. M. DEOSTHALEE
Director

N. SIVARAMAN
Director

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

Registration No. U67190TN2006PLC059527
 Balance Sheet Date 3 1 0 3 2 0 0 9
 Date Month Year

State Code 1 8

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

Public Issue
 N I L
 Bonus Issue
 N I L

Rights Issue
 N I L
 Private Placement
 N I L

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

Total Liabilities
 2 3 9 7 8 1 1 2

Total Assets
 2 3 9 7 8 1 1 2

Sources of Fund

Paid-up Capital
 5 0 0 0 0 0 0 0
 Secured Loans
 1 6 7 1 2 0 0 5

Reserves & Surplus
 1 2 6 6 1 0 7
 Unsecured Loans
 1 0 0 0 0 0 0

Application of Funds

Net Fixed Assets
 7 2 0 1
 Infrastructure Loans
 2 2 5 8 3 4 7 0
 Deferred Tax Assets
 2 6 0 0 0

Investments
 1 1 5 0 0 0 0
 Net Current Assets
 2 1 1 4 4 1
 Miscellaneous Expenditure
 N I L

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

Turnover
 2 9 5 9 8 9 3
 Profit Before Tax
 1 1 3 9 6 8 9
 Earning per Share in Rs.
 1 . 5 3

Total Expenditure
 1 8 2 0 2 0 4
 Profit After Tax
 7 6 4 5 8 9
 Dividend Rate %
 N I L

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

Item Code No. (ITC Code) N I L
 Product Description INFRASTRUCTURE FINANCE
 FINANCIAL SERVICES

