



L&T Infrastructure Finance Company Limited

Annual Report 2009-2010



L&T INFRASTRUCTURE FINANCE COMPANY LIMITED

FOURTH ANNUAL REPORT 2009-2010

BOARD OF DIRECTORS

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

COMPANY SECRETARY

S. Krishna Kumar

REGISTERED OFFICE

Mount Poonamallee Road
Manapakkam
Chennai - 600 089.

CORPORATE OFFICE

3B, Laxmi Towers, 2nd Floor
Bandra - Kurla Complex
Bandra (E)
Mumbai - 400 051.

AUDITORS

Deloitte Haskins & Sells

DEBENTURE TRUSTEES

Bank of Maharashtra

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fourth Annual Report with audited accounts for the year ended March 31, 2010. The summarised financial results of your Company are given hereunder :

FINANCIAL RESULTS

Particulars	(Rs. in Lakh)	
	For the year ended 31/03/2010	For the year ended 31/03/2009
Gross Income	45042.32	29598.93
Profit Before Tax	16531.92	11396.89
Provision for Tax & Fringe Benefit Tax	5446.19	3751.00
Profit After Tax	11085.73	7645.89
Add : Balance brought forward from previous year	9721.37	3828.48
Balance available for appropriation	20807.10	11474.37
Appropriations :		
Special Reserve u/s 45-IC of Reserve Bank of India Act, 1934	2225.00	1550.00
Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	608.00	203.00
Surplus carried forward to Balance Sheet	17974.10	9721.37

APPROPRIATIONS

Your Company proposes to transfer Rs. 2225 lakh (*Previous Year : Rs. 1550 lakh*) to Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934 and Rs.608 lakh (*Previous Year: Rs. 203 lakh*) to Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961 and retain Rs.17974.10 lakh (*Previous Year: Rs. 9721.37 lakh*) 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, 2010.

PERFORMANCE OF THE COMPANY

Your Company achieved commendable results during 2009-10, highlights of which are given below :

- Total assets grew by 77 per cent from Rs. 239781.12 lakh on March 31, 2009 to Rs. 424932.38 lakh on March 31, 2010.
- Total income grew by 52 per cent from Rs. 29598.93 lakh in 2008-09 to Rs. 45042.32 lakh in 2009-10.
- Profit Before Tax (PBT) grew by 45 per cent from Rs. 11396.89 lakh in 2008-09 to Rs.16531.92 lakh in 2009-10.
- Profit After Tax (PAT) grew by 45 per cent from Rs. 7645.89 lakh in 2008-09 to Rs. 11085.73 lakh in 2009-10.
- Capital Adequacy Ratio continued to be a comfortable level of around 23.27 per cent compared to the statutorily required 12 per cent as at March 31, 2010.

This performance was facilitated by the improved performance of the Indian economy and flow of investment into the infrastructure and capital goods sectors, apart from the positive environment for raising resources. The Company is cautiously optimistic about its prospects in 2010-11.

RESOURCES

During the year under review, L&T Capital Holdings Limited, the holding company, had additionally subscribed to 18,34,00,000 Equity Shares of Rs.10/- each, for cash at a premium of Rs. 5/- per share, aggregating to Rs. 27510 lakh. This resulted in increase of paid-up equity share capital of the Company by Rs. 18340 lakh and creation of securities premium of Rs. 9170 lakh.

To finance its increased volume of operations, your Company had also sourced borrowed funds from different sources for varying tenors. Aggregate borrowings as at March 31, 2010 increased to Rs. 323675.58 lakh from Rs. 177120.05 lakh as at the end of the preceding financial year.

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 VOLUNTARY GUIDELINES 2009

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

SEPARATION OF OFFICES OF CHAIRMAN & CHIEF EXECUTIVE OFFICER

The role and offices of Chairman and Chief Executive Officer is separated. Mr. Y. M. Deosthalee is the Chairman of the Board whereas Mr.Suneet K. Maheshwari is the Chief Executive Officer.

NOMINATION & COMPENSATION COMMITTEE

The Company has a Nomination & Compensation Committee comprising 2 Independent Directors, Chief Executive Officer and the Head-HR-Financial Services. The Composition of the Nomination & Compensation Committee is given below :

Name	Designation
Mr. Y. M. Deosthalee	Chairman
Mr. N. Sivaraman	Member
Mr. Suneet K. Maheshwari	Member
Mr. Anil Kalra	Secretary

The Nomination & Compensation Committee ensures that the Board is objective, ensures availability of diverse perspective, business experience, integrity, managerial qualities, ability to read financial statements and commitment to ethical standards and values of the Company. The terms of reference of the Nomination & Compensation Committee is given below :-

- (1) To ensure 'fit and proper' status of existing/proposed Directors by obtaining necessary information and declaration from them and undertake a process of due diligence to determine the suitability of the person(s) for appointment/continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity and other relevant factors.
- (2) The process of due diligence should be undertaken at the time of initial appointment and also prior to re-appointment.
- (3) Based on the information provided in the declaration, the Committee should decide on the acceptance (and/or otherwise) and may make references, where considered necessary to the appropriate authority/persons, to ensure their compliance with the requirements indicated.
- (4) To obtain annual declaration confirming that the information already provided had not undergone change and if there is any change, requisite details would be furnished by the Directors forthwith.
- (5) To focus on evaluating senior level employees, their remuneration, promotions etc.

REMUNERATION OF DIRECTORS

Majority of the Directors of the Company were nominated by Larsen & Toubro Limited (L&T) and are in the services of L&T. As per the decision taken by the Board, the Non-Executive Directors of the Company (who do not hold any office or place of profit in L&T and/or its subsidiaries/associates) are paid sitting fees for attending the meetings of the Board and/or any Committees thereof. No other remuneration is payable to the Directors.

INDEPENDENT DIRECTORS

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

NUMBER OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR

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

RESPONSIBILITIES OF THE BOARD

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

The Company ensures necessary training to the Directors relating to its business through formal/informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/discharge his duties. The Directors are given time to study the data and contribute effectively to Board discussions. The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board. The system of risk assessment and compliance with statutory requirements are in place.

AUDIT COMMITTEE OF THE BOARD

The Audit Committee consists of 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 (3) times during the year.

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

INTERNAL CONTROL

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

SECRETARIAL AUDIT

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

DETAILS OF RELATED PARTY TRANSACTIONS

The Board hereby states that the details of all the related party transactions form part of the accounts as required under AS-18 and the same are given in note (6) of Schedule 20 of the attached Financial Statements.

DELEGATION OF AUTHORITY

To enable better and more focused attention on the affairs of the Company, the Board delegates particular matters to Committees set up for the purpose. The four core Committees constituted by the Board in this connection are :

- Committee of Directors
- Asset-Liability Management Committee
- Investment and Credit Committee
- Risk Management Committee

The details of Meetings held by the above Committees during the year under review are furnished below:

Name of the Committee	No. of Meetings
Committee of Directors	Thirteen (13)
Asset-Liability Management Committee	Two (2)
Investment and Credit Committee	Twenty Three (23)
Risk Management Committee	One (1)

DIRECTORS

Mr. V. J. Shukla who was appointed as Alternate to Mr. Richard Tinsley vacated his office on return of Mr. Tinsley to Mumbai on April 24, 2010. 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, Mr. B. V. Bhargava and Mr. Y. M. Deosthalee, 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

Your Company has an enviable track record of managing its intellectual capital successfully. Fostering people development and harnessing their creative potential to the maximum, identifying and grooming management talent and leadership development at all levels remain a priority.

Introducing global HR practices, systems and best practices in the areas of talent development, compensation management, recruitment, etc., is enabling and preparing your Company to address future challenges effectively.

The Group’s Corporate Human Resources has played and continues to play a critical role.

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

The information required under section 217(2A) of the companies Act,1956 & the rules made thereunder ,is given in a separate Annexure to this report and forms part of the report. None of the employees listed in the said Annexure is related to any Director of the Company. The same will be furnished to the shareholders on request.

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 :

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

AUDITORS' REPORT

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

RESERVE BANK OF INDIA (RBI) GUIDELINES

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

ACKNOWLEDGEMENT

Your Directors would like to record their appreciation of the hard work and commitment of the Company's employees, which resulted in the strong performance recorded for the year and warmly acknowledge the unstinting support extended by its customers, banks, mutual funds, rating agencies, and other stakeholders in contributing to the results.

For and on behalf of the Board of
L&T Infrastructure Finance Company Limited

Place : Mumbai
Date : April 24, 2010

Y. M. Deosthalee
Director

N. Sivaraman
Director

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 ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, 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 the 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 ("CARO"/Order) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose 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, we report as follows:
 - (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;
 - (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 31st March, 2010;
 - (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 on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

SANJIV V. PILGAONKAR
Partner
(Membership No.39826)

MUMBAI, 24th April, 2010

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business / activities during the year, clauses (viii) and (xiii) of the CARO are not applicable.
- (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) The fixed assets were physically verified during the period by the Management in accordance with a regular 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In our opinion and according to the information and explanations given to us the Company does not have inventory.
- (iv) The Company has neither granted nor taken loans, secured or unsecured, to or from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, there is an 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 not observed any major weakness in such internal control system.
- (vi) 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 the register maintained under Section 301 of the Companies Act, 1956.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposits from the public under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (ix) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, 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 sums payable 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) There were no undisputed amounts payable in respect of Income Tax, Service Tax and Cess and other material dues in arrears as at 31st March, 2010 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.
- (x) The Company does not have any accumulated losses as at the year end. The Company has not incurred cash losses during the financial year covered by our audit and in immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (xii) 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.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in share securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xiv) 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.
- (xv) 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.
- (xvi) According to the information and explanations given to us and on the basis of the maturity profile of assets and liabilities with a maturity period of one year, as given in the Asset Liability Management Report, we report that funds raised on short-term basis have not been used during the year for long-term investment
- (xvii) 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.
- (xviii) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 9550 debentures of Rs. 1,000,000 each. The Company has created security in respect of the debentures issued except to the extent of debenture having aggregate face value of Rs. 200 crores where the security is in the process of creation.
- (xix) According to the information and explanations given to us, the Company has not raised any money by public issue, during the period covered by our audit.
- (xx) 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
(Registration No. 117366W)

SANJIV V. PILGAONKAR
Partner
(Membership No. 39826)

MUMBAI, 24th April, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedules	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	6,83,40,00,000	5,00,00,00,000
Reserves and Surplus	2	3,29,16,79,795	1,26,61,07,216
Loan Funds			
Secured Loans	3	27,46,75,57,910	16,71,20,05,167
Unsecured Loans	4	4,90,00,00,000	1,00,00,00,000
TOTAL		42,49,32,37,705	23,97,81,12,383
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,38,64,503	1,09,82,897
Less: Depreciation and amortisation		58,75,595	37,82,295
Net Block		79,88,908	72,00,602
Investments	6	25,00,00,000	1,15,00,00,000
Deferred Tax Assets (net) (Refer Note 9 in Schedule 20)		11,95,00,000	2,60,00,000
Infrastructure Loans	7	42,55,43,87,932	22,58,34,70,216
Current Assets, Loans and Advances			
Sundry Debtors	8	41,53,825	-
Cash and Bank Balance	9	5,09,43,273	21,99,718
Other Current Assets	10	11,93,52,075	8,48,14,922
Loans and Advances	11	30,30,53,113	24,42,26,242
		47,75,02,286	33,12,40,882
Less: Current Liabilities and Provisions			
Current Liabilities	12	91,14,22,014	11,65,73,431
Provisions	13	47,19,407	32,25,886
		91,61,41,421	11,97,99,317
Net Current Assets		(43,86,39,135)	21,14,41,565
TOTAL		42,49,32,37,705	23,97,81,12,383
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
Place : Mumbai
Date : April 24, 2010

N. Suryanarayanan
Chief Financial Officer
Place : Mumbai
Date: April 24, 2010

Suneet K. Maheshwari
Manager

Y. M. Deosthalee
Director

N. Sivaraman
Director

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

	Schedules	Year ended 31.03.2010 Rupees	Year ended 31.03.2009 Rupees
INCOME			
Operating and Other Income	14	4,50,42,32,402	2,95,98,92,845
		<u>4,50,42,32,402</u>	<u>2,95,98,92,845</u>
EXPENDITURE			
Interest & Other Charges	15	2,45,64,41,100	1,62,97,21,942
Employee Cost	16	8,22,48,856	6,29,29,531
Establishment Expenses	17	2,64,31,873	1,87,94,024
Other Expenses	18	2,98,38,807	2,99,80,922
Provisions and Contingencies	19	25,36,00,000	7,70,00,000
Depreciation / Amortisation		24,79,602	17,77,132
		<u>2,85,10,40,238</u>	<u>1,82,02,03,551</u>
Profit Before Tax		1,65,31,92,164	1,13,96,89,294
Current Tax		63,30,00,000	40,70,00,000
Deferred Tax		(9,35,00,000)	(3,26,00,000)
Fringe Benefit Tax (including for earlier Year Rs.43400/- Previous Year NIL)		43,400	7,00,000
Income Tax for earlier year		50,76,185	-
Profit After Tax		1,10,85,72,579	76,45,89,294
Add : Balance as per last Balance Sheet		97,21,37,216	38,28,47,922
Available for Appropriation		2,08,07,09,795	1,14,74,37,216
Appropriations			
Special Reserve under Section 45-IC of Reserve Bank of India Act, 1934		22,25,00,000	15,50,00,000
Special Reserve under Section 36(1)(viii) of Income Tax Act,1961		6,08,00,000	2,03,00,000
Balance carried to Balance Sheet		1,79,74,09,795	97,21,37,216
Earnings Per Share of Rs. 10 each (Basic & Diluted) (Rs.)		2.21	1.53
(Refer Note 8 in Schedule 20)			
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

Place : Mumbai

Date : April 24, 2010

N. Suryanarayanan

Chief Financial Officer

Place : Mumbai

Date: April 24, 2010

Suneet K. Maheshwari

Manager

Y. M. Deosthalee

Director

N. Sivaraman

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-10 Rupees	2008-09 Rupees
A Cash flow from operating activities		
Profit Before Taxation	1,65,31,92,164	1,13,96,89,294
Adjustment for:		
Depreciation / Amortisation	24,79,602	17,77,132
Provision for Compensated Absences	7,72,672	12,77,983
Provision for gratuity	7,20,849	5,87,064
Loss on sale of assets	3,34,655	1,820
Share issue expenses written off	-	1,20,20,406
Profit on sale of current investments	(7,78,918)	-
Dividend on current investments	(1,57,44,796)	(1,44,04,463)
Interest on Bank Deposits	(93,472)	(43,750)
Interest on Income Tax Refund	(4,51,625)	-
Provision on Standard Assets	17,46,00,000	7,70,00,000
Provision on Non Performing Assets	7,90,00,000	-
Operating profit before working capital changes:	1,89,40,31,131	1,21,79,05,486
Adjustment for :		
Infrastructure Loans disbursed (net of repayment)	(20,22,45,17,716)	(4,32,86,60,134)
(Increase) / Decrease in Sundry Debtors	(41,53,825)	-
(Increase) / Decrease in loans and advances	(3,11,70,543)	(90,96,097)
Increase in other current assets	(3,44,54,279)	(5,72,28,732)
Decrease in trade and other payables	79,53,33,666	6,25,04,552
Cash generated from operations	(17,60,49,31,566)	(3,11,45,74,925)
Direct taxes paid	(66,53,24,288)	(62,83,63,879)
Net cash flow from operating activities	(18,27,02,55,854)	(3,74,29,38,804)
B. Cash flows from investing activities		
Purchase of fixed assets (Net of corresponding liabilities)	(40,87,646)	(15,63,539)
Sale of fixed assets	-	25,528
Purchase of current investments (including Term Deposits for a period of greater than 3 months)	(23,04,02,59,692)	(11,29,30,18,212)
Sale of current investments	23,94,10,38,610	10,74,20,85,493
Dividend received on current investments	1,57,44,796	1,44,04,463
Interest on Bank Deposits	10,598	-
Net cash from (used in) investing activities	91,24,46,666	(53,80,66,267)
C. Cash flows from financing activities		
Proceeds from Issue of Share Capital (including Share Premium)	2,75,10,00,000	-
Proceeds from Borrowings (net of repayment)	14,65,55,52,743	4,06,20,05,167
Net cash generated (used in) financing activities	17,40,65,52,743	4,06,20,05,167
Net Decrease in cash and cash equivalents (A+B+C)	4,87,43,555	(21,89,99,904)
Cash and cash equivalents as at beginning of the year (Refer note below)	16,99,718	22,06,99,622
Cash and cash equivalents as at end of the year (Refer note below)	5,04,43,273	16,99,718
Note:		
Cash and Bank Balance as at end of the year (Refer Schedule 9)	5,09,43,273	21,99,718
Less: Term Deposits for a period of greater than 3 months	5,00,000	5,00,000
Cash and cash equivalents as at end of the year	5,04,43,273	16,99,718

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
Place : Mumbai
Date : April 24, 2010

N. Suryanarayanan
Chief Financial Officer
Place : Mumbai
Date: April 24, 2010

Suneet K. Maheshwari
Manager

Y. M. Deosthalee
Director

N. Sivaraman
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
200,00,00,000 nos (<i>Previous Year 50,00,00,000 nos</i>) Equity shares of Rs.10 each	20,00,00,00,000	5,00,00,00,000
Issued, Subscribed and Paid-Up		
Issued 68,34,00,000 (<i>Previous Year 50,00,00,000</i>) Equity shares of Rs. 10 each, [All shares are held by L&T Capital Holdings Ltd., the holding company]	6,83,40,00,000	5,00,00,00,000
	6,83,40,00,000	5,00,00,00,000
SCHEDULE - 2		
RESERVES AND SURPLUS		
Special Reserve u/s 45-IC of Reserve Bank of India Act, 1934		
Opening Balance	25,59,70,000	10,09,70,000
Add: Transfer from Profit and Loss Account	22,25,00,000	15,50,00,000
	47,84,70,000	25,59,70,000
Reserve u/s 36(1)(viii) of Income Tax Act		
Opening Balance	3,80,00,000	1,77,00,000
Add: Transfer from Profit & Loss Account	6,08,00,000	2,03,00,000
	9,88,00,000	3,80,00,000
Securities Premium Account	91,70,00,000	-
Surplus in Profit and Loss Account	1,79,74,09,795	97,21,37,216
	3,29,16,79,795	1,26,61,07,216
SCHEDULE - 3		
SECURED LOANS		
Term Loan from Banks (Refer Note 4(i) in Schedule 20)	14,55,83,00,000	13,54,66,00,000
Bank Overdraft (Refer Note 4(i) in Schedule 20)	2,35,92,57,910	2,16,54,05,167
Secured Redeemable Non Convertible Debentures (Refer Note 5 in Schedule 20)	10,55,00,00,000	1,00,00,00,000
	27,46,75,57,910	16,71,20,05,167
SCHEDULE - 4		
UNSECURED LOANS		
Long Term:		
Term Loan from Others	1,50,00,00,000	-
Short Term:		
Term Loan from Banks (Refer Note 4(ii) in Schedule 20)	1,00,00,00,000	-
Unsecured Redeemable Non Convertible Debentures	85,00,00,000	-
Commercial Paper	1,55,00,00,000	1,00,00,00,000
(Maximum Balance during the year Rs 2,25,00,00,000 <i>Previous Year Rs 3,00,00,00,000</i>)	4,90,00,00,000	1,00,00,00,000

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE - 5 FIXED ASSETS

Description	Gross Block				Depreciation & Amortisation				Net Book Value	
	Opening as at 01.04.2009	Additions during the year	Deductions during the year	Closing as at 31.03.2010	Up to 01.04.2009	Charge during the year	Deductions during the year	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Tangible										
Computers	64,37,947	9,26,923	2,43,509	71,21,361	22,13,024	11,05,500	2,43,415	30,75,109	40,46,252	42,24,923
Furniture & Fittings	6,46,550	1,17,450	43,458	7,20,542	1,73,583	1,49,201	43,438	2,79,346	4,41,196	4,72,967
Office Equipment	10,67,313	12,93,801	4,33,990	19,27,124	1,58,446	71,217	99,449	1,30,214	17,96,910	9,08,867
Intangible										
Software	28,31,087	12,64,389	-	40,95,476	12,37,242	11,53,684	-	23,90,926	17,04,550	15,93,845
Total	1,09,82,897	36,02,563	7,20,957	1,38,64,503	37,82,295	24,79,602	3,86,302	58,75,595	79,88,908	72,00,602
Previous Year	89,63,275	20,48,622	29,000	1,09,82,897	20,06,815	17,77,132	1,652	37,82,295	72,00,602	-

SCHEDULE - 6 INVESTMENTS

			As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
Long Term, Non Trade, Unquoted				
	Number of Shares / Units	Face Value		
Equity Shares				
BSCPL Infrastructure Ltd. (formerly B. Seenaiah & Co. (Projects) Ltd.)	2,18,150	10	25,00,00,000	25,00,00,000
Current Investment, Non Trade, Unquoted				
Birla Sun Life - Cash Plus - Institutional Premium - Growth	1,77,76,260.870	10	-	25,00,00,000
Birla Sun Life - Savings Fund Institutional - Growth	2,40,47,566.086	10	-	40,00,00,000
IDFC Cash Fund - Super Institutional Plan C - Growth	2,33,44,414.149	10	-	25,00,00,000
			25,00,00,000	1,15,00,00,000
Details of investments purchased and redeemed during the year			Number of Units	Cost
Birla Sunlife Savings Fund - Institutional - Daily Dividend			91,55,49,957.472	9,16,17,25,314
Birla Sunlife Cash Plus - Institutional - Daily Dividend			9,26,017.529	1,00,03,119
Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend			1,37,41,70,390.399	13,76,85,00,227
IDFC Money Manager Fund - TP - Super Institutional Plan C - Daily Dividend			1,00,01,602.965	10,00,31,032
Details of investments purchased and redeemed during the previous year			Number of Units	Cost
IDFC Money Manager Fund - Invt Plan - Institutional Plan B - Daily Dividend			21,38,68,362.689	2,13,98,59,903
IDFC Liquid Fund - Daily Dividend			5,51,176.620	55,12,92,367
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend			2,58,42,968.938	25,84,42,615
Principal Floating Rate Fund - Fixed Maturity Plan Institutional Option - Daily Dividend			27,17,12,727.852	2,72,04,69,345
Principal Cash Management Fund-Liquid Option Institutional Premium-Daily Dividend			23,24,68,640.325	2,32,48,49,131
Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend			12,83,68,147.326	1,28,61,84,652
Birla Sunlife Savings Fund - Institutional- Daily Dividend			11,11,16,460.682	1,11,19,20,199

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SCHEDULE - 7		
INFRASTRUCTURE LOANS (SECURED)		
Loans	42,88,49,87,932	22,66,04,70,216
Less: Provision on Standard Assets	25,16,00,000	7,70,00,000
Provision on Non Performing Assets	7,90,00,000	-
	<u>42,55,43,87,932</u>	<u>22,58,34,70,216</u>
SCHEDULE - 8		
SUNDRY DEBTORS		
Considered Good - Less than six months	41,53,825	-
	<u>41,53,825</u>	<u>-</u>
SCHEDULE - 9		
CASH AND BANK BALANCE		
Cash on Hand	12,411	5,307
Balances with Schedule Bank :		
- In Current Account	4,30,862	16,94,411
- In Fixed Deposit Account	5,05,00,000	5,00,000
	<u>5,09,43,273</u>	<u>21,99,718</u>
SCHEDULE - 10		
OTHER CURRENT ASSETS		
Accrued Interest		
- On Infrastructure Loans	11,92,23,413	8,47,69,134
- On Fixed Deposits	1,28,662	45,788
	<u>11,93,52,075</u>	<u>8,48,14,922</u>
SCHEDULE - 11		
LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)		
Deposits	36,39,600	1,14,32,340
Advances Recoverable in Cash or Kind (Refer Note 14 in Sch. 20)	5,38,28,074	1,44,13,166
Advance Payment of Income Tax (Net)	24,53,90,800	21,82,49,504
Advance Payment of Fringe Benefit Tax (Net)	1,94,639	1,31,232
	<u>30,30,53,113</u>	<u>24,42,26,242</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 Rupees	<i>As at 31.03.2009 Rupees</i>
SCHEDULE - 12		
CURRENT LIABILITIES		
Sundry Creditors: - other than Micro, Small and Medium Enterprises		
For Expenses	3,54,85,089	<i>1,82,81,895</i>
For Capital Goods	-	<i>4,85,083</i>
	3,54,85,089	<i>1,87,66,978</i>
Interest Accrued but not Due	48,60,95,175	<i>33,16,645</i>
Advance from Customers	52,89,069	<i>29,65,531</i>
Income Received in Advance	20,33,29,964	<i>8,94,56,416</i>
Other Liabilities	18,12,22,717	<i>20,67,861</i>
	91,14,22,014	<i>11,65,73,431</i>
SCHEDULE - 13		
PROVISIONS		
Gratuity	19,65,931	<i>12,45,082</i>
Compensated Absences	27,53,476	<i>19,80,804</i>
	47,19,407	<i>32,25,886</i>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Year ended 31.03.2010 Rupees	Year ended 31.03.2009 Rupees
SCHEDULE - 14		
OPERATING AND OTHER INCOME		
Operating Income		
Interest on Infrastructure loans	4,39,19,16,140	2,87,78,11,056
Fees	9,52,47,451	6,76,33,576
Other Income		
Interest on Bank Deposits	93,472	43,750
Profit on sale of Current Investments	7,78,918	-
Dividend Income on Current Investments	1,57,44,796	1,44,04,463
Interest on IT Refund	4,51,625	-
	<u>4,50,42,32,402</u>	<u>2,95,98,92,845</u>
SCHEDULE - 15		
INTEREST & OTHER CHARGES		
Interest on Term Loans	1,72,18,14,053	1,35,40,53,083
Interest on Bank Overdraft	1,31,37,792	8,86,10,536
Interest on Debentures	66,40,10,363	16,17,75,126
Other Interest	34,48,751	53,641
Other Charges	5,40,30,141	2,52,29,556
	<u>2,45,64,41,100</u>	<u>1,62,97,21,942</u>
SCHEDULE - 16		
EMPLOYEE COST		
Salaries	6,17,12,742	4,46,30,476
Contribution to Provident Fund	33,84,033	23,05,807
Staff Gratuity	7,20,849	5,87,064
Staff Welfare	47,69,650	42,47,058
Reimbursement of Staff Cost	1,16,61,582	1,11,59,126
	<u>8,22,48,856</u>	<u>6,29,29,531</u>
SCHEDULE - 17		
ESTABLISHMENT EXPENSES		
Rent	2,41,60,615	1,65,41,199
Electricity Charges	4,07,525	7,42,774
Property Maintenance	18,63,733	15,10,051
	<u>2,64,31,873</u>	<u>1,87,94,024</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

	Year ended 31.03.2010 Rupees	Year ended 31.03.2009 Rupees
SCHEDULE - 18		
OTHER EXPENSES		
Telephone, Postage and Courier	15,34,833	11,82,656
Printing & Stationery	14,03,880	7,06,646
Membership & Subscription	26,88,153	18,37,548
Insurance	12,230	17,985
Training and Conference	10,54,501	9,97,665
Travelling and Conveyance	55,68,773	44,07,955
Professional Fees	1,21,54,825	32,90,868
Auditors' Remuneration (Refer Note 10 in Schedule 20)	10,54,985	5,56,710
Directors' Fees	5,00,000	4,20,000
Loss on sale of Fixed Asset	3,34,655	1,820
Miscellaneous Expenses	35,31,972	45,40,663
Share Issue Expenses written off	-	1,20,20,406
	<u>2,98,38,807</u>	<u>2,99,80,922</u>
SCHEDULE - 19		
PROVISIONS AND CONTINGENCIES		
Provision on Standard Assets	17,46,00,000	7,70,00,000
Provision for Non Performing Assets	7,90,00,000	-
	<u>25,36,00,000</u>	<u>7,70,00,000</u>

NOTES FORMING PART OF THE 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 and the relevant guidelines issued by Reserve Bank of India ("RBI").

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 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 made at in accordance with the guidelines issued by the RBI.

Provision on Standard Assets is made as per the provisioning policy of the Company or where additional specific risks are identified by the management, based on such identification.

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.
- (c) Revenue from the various services the Company render are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and 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 employee 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-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

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.

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.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)**SCHEDULE – 20**

2. Contingent liabilities not provided for

Income Tax liability in respect of matters in Appeal for Assessment Year 2007–08: Rs. 4,92,631 (*Previous year NIL*)

3. 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.

4. Term Loans from Banks and Bank Overdrafts are secured by hypothecation of specific receivables.

(i) Amounts due within a year in respect of secured term loan from banks and bank overdrafts aggregate Rs. 3,77,58,00,000 (*Previous Year Rs. 1,88,74,00,000*)

(ii) Amounts due within a year in respect of unsecured term loan from banks aggregate Rs. 1,00,00,00,000 (*Previous Year Rs. NIL*)

5. Secured, Redeemable Non Convertible Debentures:

Series	Face Value per debenture (Rs.)	Amount (Rs)	Interest Rate (%) – annual	Date of Maturity
Series "F" of 2008–09	10,00,000	1,00,00,00,000	10.15%	26–Mar–2013 or on exercise of put or call option at the end of 3 years from the date of allotment
Series "A" of 2009–10	10,00,000	1,80,00,00,000	9.00%	1–Jun–2012
Series "B" of 2009–10	10,00,000	75,00,00,000	8.75%	28–Jun–2011
Series "C" of 2009–10	10,00,000	1,50,00,00,000	8.75%	8–Jul–2011
Series "D" of 2009–10	10,00,000	1,25,00,00,000	NSE MIBOR + 600 BPS (Floating), with a floor rate of 8.20% and cap of 8.25%	5–Aug–2011
Series "E" of 2009–10	10,00,000	1,25,00,00,000	NSE MIBOR + 600 BPS (Floating), with a floor rate of 8.25% and cap of 8.30%	5–Sep–2011
Series "G" of 2009–10	10,00,000	1,00,00,00,000	8.15%	17–May–2011
Series "K" of 2009–10	10,00,000	2,00,00,00,000	7.50%	2–Feb–2012
		10,55,00,00,000		

Security: The Debentures are secured by mortgage of an immoveable property and hypothecation of specific receivables

6. 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 (Rs.)	Recovery / Receipt (Rs.)	Balance O/S	
					Dr. (Rs.)	Cr. (Rs.)
L&T Capital Holdings Ltd. (w.e.f. 31.03.2009)	Holding Company	Equity Shares Issued (including Share Premium)	– (–)	2,75,10,00,000 (–)	– (–)	– (–)
Larsen & Toubro Ltd. (Holding Company upto 30.03.2009)	Ultimate Holding Company	Inter Corporate Deposit Received / Paid	– (1,75,00,00,000)	1,50,00,00,000 (1,75,00,00,000)	– (–)	1,50,00,00,000 (–)
		Secured Debentures issued	– (–)	2,00,00,00,000 (–)	– (–)	2,00,00,00,000 (–)

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Name of the Party	Relationship	Nature of Transaction	Payments / Reimbursement (Rs.)	Recovery / Receipt (Rs.)	Balance O/S	
					Dr. (Rs.)	Cr. (Rs.)
		Interest on Inter Corporate Deposit	2,86,64,384 (95,06,849)	- (-)		
		Interest on secured debentures	2,38,35,616 (-)	- (-)		
		Reimbursement of staff cost	1,28,66,848 (1,10,77,567)	- (-)		
		Other Expenses	8,43,485 (37,63,252)	- (-)		
		Deputation Cost and Other Expenses Recovered	- (-)	80,17,766 (57,99,720)		
		Loans & Advances (Deputation cost recoverable)			8,29,711 (-)	- (-)
L & T Infrastructure Development Projects Ltd.	Fellow Subsidiary Company	Other Expenses	- (226)	- (-)		
		Deputation Cost and Other Expenses Recovered	- (-)	52,99,087 (56,91,797)		
		Loans & Advances (Deputation cost recoverable)			- (76,041)	- (-)
L & T Finance Ltd.	Fellow Subsidiary Company	Rent Paid	1,11,26,513 (50,441)	- (-)		
		Deputation Cost and Other Expenses Recovered	- (-)	51,94,621 (19,91,198)		
		Reimbursement of staff cost	7,49,921 (644,657)	- (-)		
		Other Expenses	93,556 (362,775)	- (-)		
		Purchase of Loan Assets	3,02,83,00,000 (-)	- (-)		
		Sell down of Loan Assets	- (-)	3,28,25,36,239 (12,00,00,000)		
		Interest on Purchase / Sale of Loan Assets	14,78,715 (-)	19,58,740 (-)	- (-)	- (-)
		Sundry Creditors			- (-)	42,68,928 (-)
Larsen & Toubro Infotech Ltd.	Fellow Subsidiary Company	Purchase of software	- (4,96,350)	- (-)		
		Sundry Creditors			- (-)	- (4,85,083)
L&T MHI Boilers Pvt. Ltd.	Fellow Subsidiary Company	Deputation Cost and Other Expenses Recovered	- (-)	8,38,443 (-)		

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Name of the Party	Relationship	Nature of Transaction	Payments / Reimbursement (Rs.)	Recovery / Receipt (Rs.)	Balance O/S	
					Dr. (Rs.)	Cr. (Rs.)
		Loans & Advances (Deputation cost recoverable)			2,62,038 (-)	- (-)
L&T Transco Pvt. Ltd.	Fellow Subsidiary Company	Deputation Cost and Other Expenses Recovered	- (-)	13,72,629 (-)		
L&T Seawoods Pvt. Ltd.	Fellow Subsidiary Company	Fee Income		27,57,500 (-)		
		Other Expenses Recovered	- (-)	1,22,878 (-)		
L&T Shipbuilding Ltd.	Fellow Subsidiary Company	Fee Income		3,90,95,835 (-)		
		Other Expenses Recovered	- (-)	3,16,581 (-)		
L&T Uttaranchal Hydropower Ltd.	Fellow Subsidiary Company	Fee Income	- (-)	11,03,000 (-)		
		Other Expenses	8,31,726 (-)	- (-)		
L&T Special Steels & Heavy Forgings Pvt. Ltd.	Fellow Subsidiary Company	Fee Income	- (-)	17,64,800 (-)		
L & T Plastics Machinery Ltd.	Fellow Subsidiary Company	Reimbursement of Staff Cost	- (11,617)	- (-)		
		Sundry Creditors			- (-)	- (-)
Mr. Suneet K. Maheshwari	Key Management Personnel – Manager	Remuneration	46,87,910 (46,26,238)	- (-)		

Figures in brackets relate to the Previous Year.

7. The Company holds certain premises under operating leases. Rent includes gross expenses of Rs. 2,41,60,615/- (Previous year Rs. 1,65,41,199/). The committed lease rentals in the future are :

Particulars	Amount in Rs.	Amount in Rs.
	2009-10	2008-09
Not later than one year	2,13,77,700	93,99,712
Later than one year and not later than five years	1,04,47,200	1,95,000
Later than five years	-	-

8. Earning per share ("EPS") computed in accordance with (AS) 20:

Basic & Diluted	2009-10	2008-09
Profit after tax as per Profit and Loss Account (Rs.)	1,10,85,72,579	76,45,89,294
Number of Equity Shares	68,34,00,000	50,00,00,000
Weighted average number of equity shares for computation of Basic & Diluted Earning per share	50,15,07,397	50,00,00,000
Nominal Value of Shares (Rs.)	10	10
Earning per share (Rs.)	2.21	1.53

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

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	2009-10 Amount in Rs.		2008-09 Amount in Rs.	
	Assets	Liabilities	Assets	Liabilities
Depreciation		11,85,027		12,77,000
Provision on Standard Assets	8,35,81,520		2,61,72,000	
Provision on Non Performing Assets	2,62,43,800			
Others	1,08,59,707		11,05,000	
	12,06,85,027	11,85,027	2,72,77,000	12,77,000
Net Deferred Tax Asset / liability	11,95,00,000		2,60,00,000	

*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

	Amount in Rs. 2009-10	Amount in Rs. 2008-09
Audit Fees	6,00,000	3,00,000
Tax Audit Fees	2,00,000	1,00,000
Other Service	2,50,000	1,55,000
Reimbursement of Expenses	4,985	1,710
	10,54,985	5,56,710

* Net of Service Tax set off

11. Expenditure in Foreign Currencies

	Amount in Rs. 2009-10	Amount in Rs. 2008-09
Directors' Sitting Fees	40,000	40,000
Others	3,29,748	13,79,741

12. Managerial Remuneration

The reimbursement of staff cost includes Rs. 46,87,910 (*Previous Year Rs. 46,26,238*) paid by Larsen & Toubro Limited (the "Ultimate Holding Company") to the Manager of the Company as remuneration comprising salary and allowances of Rs. 44,87,750 (*Previous Year Rs. 44,31,478*) and contribution to provident fund of Rs. 2,00,160 (*Previous Year Rs. 1,94,760*). There are no reimbursements in respect of gratuity or other employee benefits if any which are determined actuarially for the entity as whole i.e. ultimate holding company and figures in respect of individual employees are not available.

13. 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.

14. 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	Amount in Rs.	
	Maximum Balance Outstanding	Closing Balance
Larsen & Toubro Ltd.	27,85,550 (-)	8,29,711 (-)
L&T MHI Boilers Pvt. Ltd.	3,60,570 (-)	2,62,038 (-)
L&T Finance Limited	- (19,39,072)	- (-)
L&T Infrastructure Development Projects Ltd.	- (37,91,346)	- (76,041)

Figures in brackets relate to the Previous Year.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

15. Employee Benefits

I. Defined-Contribution Plans

The Company offers its employee 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. 33,84,033 (*Previous Year Rs 23,05,807*) 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, 2010 in respect of Gratuity benefits:

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

	Amount in Rs.	
	2009-10	2008-09
Present Value of Funded Obligations		
Fair Value of Plan Assets	-	-
Present Value of Unfunded Obligations	19,65,931	<i>12,45,082</i>
Unrecognised Past Service Cost	-	-
Amount not Recognised as an Asset [limit in Para 59 (b)]	-	-
Net Liability	19,65,931	<i>12,45,082</i>
Amounts in Balance Sheet :		
Liability	19,65,931	<i>12,45,082</i>
Assets	-	-
Net Liability	19,65,931	<i>12,45,082</i>

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

	Amount in Rs.	
	2009-10	2008-09
Current Service Cost	6,03,375	<i>6,74,114</i>
Interest on Defined Benefit Obligation	1,38,488	<i>1,03,781</i>
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) recognised in the Year	(21,014)	<i>(1,90,831)</i>
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"	7,20,849	<i>5,87,064</i>
Actual Return on Plan Assets	-	-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

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

	Amount in Rs.	
	2009-10	2008-09
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	12,45,082	6,58,018
Current Service Cost	6,03,375	6,74,114
Interest Cost on Defined Benefit Obligation	1,38,488	1,03,781
Actuarial Losses/(Gain) recognized	(21,014)	(1,90,831)
Past Service Cost	-	-
Actuarial Losses/(Gain) due to "Curtailment & Settlements"	-	-
Liabilities Extinguished on "Settlements"	-	-
Liabilities assumed on Acquisition/(Settled on Divestiture)	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	-	-
Closing Defined Benefit Obligation	19,65,931	12,45,082
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	-	-

d) Experience Adjustment

	Amount in Rs.		
	2009-10	2008-09	2007-08
Defined Benefit Obligation	19,65,931	12,45,082	6,58,018
Plan Assets	-	-	-
Surplus / (Deficit)	(19,65,931)	(12,45,082)	(6,58,018)
Experience Adjustments on Plan Liabilities	(2,76,160)	(2,52,164)	54,402
Experience Adjustments on Plan Assets	-	-	-

e) Financial Assumptions at the valuation date

	Amount in Rs.	
	2009-10	2008-09
Discount Rate (per annum)	8.40%	7.50%
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

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

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 contributions expected to be made by the Company during the financial year 2010–11 amounts to Rs. 9,00,000/- (Previous Year Rs. 7,35,000/-)

16. 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.
17. During the year, in respect of a loan classified as a part of "Non Performing Assets", the Company invoked pledge of 69,46,000 equity shares in the borrower company, pledged with it as collateral by the borrower. Out of the said equity shares, 20,000 nos. were sold and the proceeds adjusted against the interest and related costs outstanding against the said loan. As and when the balance shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.
18. The Company has not recognised interest of Rs. 2,88,42,718/- on delinquent loan assets in view of the uncertainties with regard to collection of these amounts.
19. 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)	2009–10	2008–09
CRAR (%)	23.27%	26.16%
CRAR – Tier I Capital (%)	23.27%	26.16%
CRAR – Tier II Capital (%)	–	–

(Rs. in crores)

(ii) Exposure to Real Estate Sector	2009–10	2008–09
a) Direct Exposure		
Residential Mortgages	–	–
Infrastructure Real Estate (SEZs, Industrial Parks, IT Parks)	211.98	367.60
Commercial Real Estate	156.63	344.83
Investment in Mortgage Backed Securities (MBS) and other securitised exposures	–	–
b) Indirect Exposure	–	–

Rs in crores

(iii) Maturity pattern of certain items of assets and liabilities									
	one month	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	– (–)	5.00 (–)	12.50 (5.00)	291.75 (22.42)	168.33 (161.33)	586.64 (724.23)	682.53 (574.46)	45.00 (83.76)	1791.75 (1571.20)
Market Borrowings	110.00 (50.00)	– (50.00)	25.00 (–)	50.00 (–)	155.00 (–)	1105.00 (100.00)	– (–)	– (–)	1445.00 (200.00)
Assets									
Advances	183.53 (193.15)	63.51 (69.24)	62.58 (22.35)	165.39 (153.65)	650.09 (346.51)	1576.67 (758.08)	918.85 (381.67)	667.59 (341.40)	4288.50 (2266.05)
Investments	– (90.00)	– (–)	– (–)	– (–)	– (–)	– (–)	– (–)	25.00 (25.00)	25.00 (115.00)

Figures in brackets relate to the Previous Year.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

20. 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) Rs.		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	–	–	–
(b) Companies in the same group	–	–	–
(c) Other related parties	–	–	–
2. Other than related parties	42,80,59,87,932	–	42,80,59,87,932
Total	42,80,59,87,932	–	42,80,59,87,932

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 Rs.	Book Value (Net of Provisions) Rs.
1. Related Parties **		
(a) Subsidiaries	–	–
(b) Companies in the same group	–	–
(c) Other related parties	–	–
2. Other than related parties @	25,00,00,000	25,00,00,000
Total	25,00,00,000	25,00,00,000

@ being cost of unquoted investments.

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

3. Other information

	Particulars	Amount Rs.
(i)	Gross Non-Performing Assets	78,92,37,642
	(a) Related parties	–
	(b) Other than related parties	78,92,37,642
(ii)	Net Non-Performing Assets	71,02,37,642
	(a) Related parties	–
	(b) Other than related parties	71,02,37,642
(iii)	Assets acquired in satisfaction of debt	–

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

4. No Loans (availed by the Company) remain overdue as on March 31, 2010 and March 31, 2009.

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.
21. Previous year's figures are regrouped / rearranged wherever necessary.

For and on behalf of the Board

N. Suryanarayanan
Chief Financial Officer

Suneet K. Maheshwari
Manager

Y. M. Deosthalee
Director

N. Sivaraman
Director

Place : Mumbai

Date : April 24, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

State Code

1	8
---	---

Registration No.

U	6	7	1	9	0	T	N	2	0	0	6	P	L	C	0	5	9	5	2	7
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date

3	1		0	3		2	0	1	0
D	D		M	M		Y	Y	Y	Y

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

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Rights Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placement

	1	8	3	4	0	0	0
--	---	---	---	---	---	---	---

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

Total Liabilities

4	2	4	9	3	2	3	8
---	---	---	---	---	---	---	---

Total Assets

4	2	4	9	3	2	3	8
---	---	---	---	---	---	---	---

Sources of Fund

Paid-up Capital

	6	8	3	4	0	0	0
--	---	---	---	---	---	---	---

Reserves & Surplus

	3	2	9	1	6	8	0
--	---	---	---	---	---	---	---

Secured Loans

2	7	4	6	7	5	5	8
---	---	---	---	---	---	---	---

Unsecured Loans

	4	9	0	0	0	0	0
--	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

				7	9	8	9
--	--	--	--	---	---	---	---

Investments

		2	5	0	0	0	0
--	--	---	---	---	---	---	---

Infrastructure Loans

4	2	5	5	4	3	8	8
---	---	---	---	---	---	---	---

Net Current Assets

	(-)	4	3	8	6	3	9
--	-----	---	---	---	---	---	---

Deferred Tax Asset

		1	1	9	5	0	0
--	--	---	---	---	---	---	---

Miscellaneous Expenditure

					N	I	L
--	--	--	--	--	---	---	---

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

Total Income

	4	5	0	4	2	3	2
--	---	---	---	---	---	---	---

Total Expenditure

	2	8	5	1	0	4	0
--	---	---	---	---	---	---	---

Profit Before tax

	1	6	5	3	1	9	2
--	---	---	---	---	---	---	---

Profit After tax

	1	1	0	8	5	7	3
--	---	---	---	---	---	---	---

Earning per Share (in Rs.)

				2	.	2	1
--	--	--	--	---	---	---	---

Dividend %

					N	I	L
--	--	--	--	--	---	---	---

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

Item Code (ITC Code)

					N	I	L
--	--	--	--	--	---	---	---

Product Descriptions

INFRASTRUCTURE FINANCE

Item Code (ITC Code)

					N	I	L
--	--	--	--	--	---	---	---

Product Descriptions

FINANCIAL SERVICES



L&T Infra

L&T Infrastructure Finance Company Limited

Corporate Office

3B, Laxmi Towers, 2nd Floor, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051

Tel: +91 22 4060 5300 Fax: +91 22 4060 5353 www.ltinfra.com