

**DIRECTORS' REPORT**

To,

The Members

The Directors present their 7th Annual report and Audited accounts for the year ended March 31, 2013..

**I. FINANCIAL RESULTS**

<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
	₹	₹
Income for the year	<b>55,72,63,155</b>	26,95,36,498
Less: Expenditure	<b>(1,97,72,71,862)</b>	(10,99,18,086)
<b>Profit Before Depreciation &amp; Tax (PBDT)</b>	<b>(1,42,00,08,707)</b>	15,96,18,412
Less: Depreciation	<b>(22,17,595)</b>	(32,85,308)
<b>Profit / (Loss) before tax (PBT)</b>	<b>(1,42,22,26,302)</b>	15,63,33,104
Add: Provision for tax (i.e., DTL is negative)	<b>1,04,50,106</b>	(3,03,05,802)
<b>Profit / (Loss) after tax (PAT)</b>	<b>(1,41,17,76,196)</b>	12,60,27,302
Reversal Preference Dividend provision made	<b>Nil</b>	13,75,841
Balance brought forward from previous year	<b>60,57,50,283</b>	47,83,47,140
<b>Balance carried to Balance Sheet</b>	<b>(80,60,25,913)</b>	60,57,50,283

**II. DIVIDEND**

Your Directors express their inability to recommend any dividend for the year 2012-13, in view of loss incurred.

**III. APPROPRIATIONS**

Your Directors inform that there were no appropriations to any kind of specific or General Reserves of the Company during the year 2012-13.

**IV. PERFORMANCE OF THE COMPANY**

According to the Profit &amp; Loss Account for the year 2012-13, your Company has made a loss of ₹ 1,41,17,76,196 during the year when compared to profit after tax of ₹ 126,027,302 for the previous year.

**V. SCHEME OF ARRANGEMENT**

The Company has filed a scheme of arrangement for amalgamation with its holding company L&amp;T Realty Limited with Honorable High Court of Madras. L&amp;T Realty Limited, transferee company has filed the same with Honorable High Court of Bombay. The High Court of Bombay has approved the scheme and approval from High Court of Madras is awaited.

**VI. CAPITAL EXPENDITURE**

The Net fixed assets stood at ₹ 76,88,383 after charging off depreciation to an extent of ₹ 92,24,501 as on March 31, 2013 and additions to fixed assets during the year ₹ 18,37,053.

**VII. AUDITORS' REPORT**

The Auditors' Report does not contain any qualifications.

**VIII. DEPOSITS**

The Company has not accepted any deposits from the public under Section 58A of Companies Act 1956.

**IX. DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER THE COMPANIES' (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**

- CONSERVATION OF ENERGY**

The operations of your Company are not energy intensive and are also not under the list of industries which should furnish information in Form A(Rule-2).

- TECHNOLOGY ABSORPTION:**

There was no Technology absorption during the year 2012-13.

- FOREIGN EXCHANGE EARNINGS AND OUTGO:**

There were no earnings or outgo in terms of Foreign Exchange during the year 2012-13.

**X. MATERIAL CHANGES, IF ANY BETWEEN DATE OF THE BALANCE SHEET AND DATE OF THE DIRECTORS' REPORT**

There are no material changes between date of the Balance Sheet and date of the Directors' Report.

**XI. PARTICULARS OF EMPLOYEES U/S 217(2A)**

There are no employees covered by the provisions of the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**XII. SUBSIDIARY COMPANIES**

During the current year, your Company has purchased 49% stake in L&T Commercial Projects Private Limited, and subsequently sold 100% stake to M/s. Lancor Holdings Limited.

During the year, the Company has accepted an offer for sale of the Company's investment in a subsidiary M/s L&T Chennai Projects Private Limited to M/s. Zoho Corporation Private Limited (Zoho). The sale of investments is subject to due diligence by Zoho, Special Economic Zone Board of approval and other conditions to be fulfilled by the Company which are in progress.

The accounts of the subsidiary companies for the year ended March 31, 2013 are being attached as a part of this Annual Report along with the statement as required under Section 212 of the Companies Act, 1956.

**XIII. DIRECTORS RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirms:

- I. That in the preparation of the annual accounts, the accounting standards have been followed to the extent applicable and there has been no material departures;
- II. That the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the loss of the Company for the year ended on that date;
- III. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. That the annual accounts have been prepared on a going concern basis; and
- V. That proper systems are in place to ensure compliance of all laws applicable to the Company.

**XIV. DIRECTORS**

At present the Board comprises of Mr. Shrikant Joshi, Ms. Naina Desai and Ms. R. Jayashree.

During the year under review Ms. R. Jayashree was appointed as Director in casual vacancy due to the resignation of Mr. D. B. Raju.

Ms. Naina Desai, Director of your Company, retires by rotation at the ensuing Annual General Meeting of the Company, and being eligible, has offered herself for re-appointment.

**XV. CONSTITUTION OF AUDIT& REMUNERATION COMMITTEE**

The Audit Committee comprises of the following Directors:

Mr. Shrikant Joshi

Ms. Naina Desai

Ms. R. Jayashree

The role, terms of reference, the authority and power of Chairman are in conformity with the requirements of the Companies act, 1956.

The Remuneration Committee comprises of Mr. Shrikant Joshi, Ms. Naina Desai and Ms. R. Jayashree.

**XVI. AUDITORS**

The Auditors, M/s Sharp & Tannan, Chartered Accountants, being statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

Certificate from Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

**XVII. COMPLIANCE WITH VOLUNTARY CORPORATE GOVERNANCE GUIDELINES, 2009**

The Company has familiarized itself with the requirement of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs and it is in the process of implementing many of the suggestions. Our compliance with the said guidelines is given below –

**A. Separation of Offices of Chairman & Chief Executive**

The Chairman is elected during each Board Meeting by the Directors from amongst those present. All the Directors are Non-Executive and the role of Chairman is confined to the proper conduct of the Board Meeting. Mr. S. Ramesh is the Manager of the Company. The separation of offices of Chairman & Manager is ensured as per the requirement of guidelines.

**B. Remuneration of Directors**

The Directors are not paid any remuneration by way of sitting fees, etc.

**C. Independent Directors**

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

**D. Number of Companies in which an Individual may become a Director**

The Directors of the Company comply with the requirements of the maximum number of other directorship prescribed under the guidelines.

**E. Responsibilities of the Board**

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 system of risk assessment and compliance with statutory requirements are in place.

**F. 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.

**G. Internal Auditors**

The Corporate Audit Services department of Larsen & Toubro Limited provides internal audit services to the Company.

**H. Internal Control**

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

**I. Secretarial Audit**

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

**XVIII. ACKNOWLEDGEMENTS**

The Directors acknowledge the invaluable support extended to the Company by the Shareholders, Bankers, employees of the Company and management staff of the Parent company.

For and on behalf of the Board

Place : Mumbai  
Date : May 21, 2013

**R. JAYASHREE**  
Director

**SHRIKANT JOSHI**  
Director

**NAINA DESAI**  
Director

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T URBAN INFRASTRUCTURE LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of **L&T URBAN INFRASTRUCTURE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956; and
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**for SHARP & TANNAN**  
Chartered Accountants  
(Firm's Registration No.003792S)

**L. VAIDYANATHAN**  
Partner  
Membership No.16368

Place : Chennai  
Date : May 22, 2013

**ANNEXURE TO THE AUDITORS' REPORT**

With reference to the Annexure referred to in paragraph 1 of the report to the members of L&T Urban Infrastructure Limited on the financial statements for the year ended 31st March 2013, we report that:

- (i) (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.  
 (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.  
 (c) The Company has not disposed off substantial part of its fixed assets during the year so as to affect its going concern status.
- (ii) During the year, the company has written off its Inventories, which represented construction related expenditure incurred by the Company on its ongoing residential /a commercial project. Hence reporting under clause 4(ii) (a), (b), and (c) of the Order, in relation to physical verification of inventories does not arise. In our opinion and according to the information and explanation given to us, the Company has maintained proper records of inventory.
- (iii) (a) According to the information and the explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly reporting under clause 4 (iii) (b), (c) and (d) of the Order does not arise.  
 (b) According to the information and the explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly reporting under clause 4 (iii) (f) and (g) of the Order does not arise.
- (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 nature of its business for purchase of fixed assets, inventory, and sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the internal control systems.
- (v) In our opinion, according to the information and explanations given to us, there are no contracts / arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 and hence reporting under clause 4 (v) of the Order does not arise
- (vi) The Company has not accepted any deposit from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder. Hence reporting under clause 4(vi) of the Order does not arise.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed by the central government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of its residential / commercial project activity and are of the opinion that prima facie, prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including provident fund, income-tax, service tax, customs duty, excise duty, sales tax / value added tax and other statutory dues as applicable with appropriate authorities. According to the information and explanation given to us, there were no outstanding statutory dues as at March 31, 2013 for a period more than six months from the date they become due.  
 (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax as at March 31, 2013 which has not been deposited on account of dispute pending is as under:

Name of the statute	Nature of disputed dues	Gross Amount Disputed ( ₹ )	Refund Adjusted ( ₹ )	Net amount unpaid ( ₹ )	Period to which the dispute relates	Forum where disputes are pending
Income Tax Act, 1961	Disallowance under Section 14A	7,186,150	63,68,910	8,17,240	2008-09	Commissioner (Appeals)
Income Tax Act, 1961	Disallowance under Section 14A	65,16,280	Nil	65,16,280	2009-10	Commissioner (Appeals)

There are no dues in respect of customs duty, excise duty and sales tax which have not been deposited on account of any dispute.

- (x) The Company's accumulated losses as at 31st March 2013 are not more than fifty percent of its net worth and it has not incurred cash losses during the current or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not availed any loan from financial institutions, banks or debenture holders and hence reporting on default in repayment of dues in respect of loans from financial institutions, banks or debenture holders does not arise.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a chit fund or a nidhi / mutual benefit fund / society. Hence reporting under clause 4(xiii) of the Order does not arise.

- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other securities. However the surplus funds have been invested in Mutual funds. Proper records have been maintained for the transactions and contracts for the investment in mutual funds and are updated on a timely basis. The investments have been held by the Company in its own name.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions. However, the Company has given undertakings to lenders of subsidiary companies. The terms and conditions of such undertaking are not prima facie prejudicial to the interest of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year and hence reporting under clause 4 (xviii) of the Order does not arise.
- (xix) The Company has not issued any debentures during the year. Hence, reporting under clause 4(xix) of the Order does not arise.
- (xx) The Company has not raised any money by public issues during the year. Accordingly reporting under clause 4(xx) of the Order does not arise.
- (xxi) During the course of our audit of the books and records of the Company carried out in accordance with generally accepted auditing practices followed in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed by us or reported during the year, nor have we been informed of such cases by the management.

**for SHARP & TANNAN**  
*Chartered Accountants*  
(Firm's Registration No.003792S)

**L. VAIDYANATHAN**  
*Partner*  
Membership No.16368

*Place : Chennai*  
*Date : May 22, 2013*

**BALANCE SHEET AS AT MARCH 31, 2013**

	Note	As at 31.03.2013		As at 31.03.2012	
		₹	₹	₹	₹
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
(a) Share capital	A	5,744,246,250		5,744,246,250	
(b) Reserves and Surplus	B	(403,872,216)		1,007,903,980	
			5,340,374,034		6,752,150,230
<b>Non-Current Liabilities</b>					
(a) Long-term provisions	C	-		437,954	
			-		437,954
<b>Current Liabilities</b>					
(a) Short-term borrowings	D (i)	357,798,550		-	
(b) Trade payables	D (ii)	1,772,442		312,263	
(c) Other current liabilities	D (iii)	279,732,292		357,062,625	
(d) Short-term provisions	D (iv)	4,874,525		10,029,794	
			644,177,809		367,404,682
<b>TOTAL</b>			<b>5,984,551,843</b>		<b>7,119,992,866</b>
<b>ASSETS</b>					
<b>Non - Current Assets</b>					
(a) Fixed assets					
(i) Tangible assets	E (i)	7,568,016		10,644,279	
(ii) Intangible assets	E (ii)	120,367		1	
			7,688,383		10,644,280
(b) Non - current investments	F	2,944,247,427		3,996,318,252	
(c) Deferred tax assets (net)	N(v)	12,156,065		1,705,959	
(d) Long term loans and advances	G	1,446,981,141		1,375,170,059	
			4,403,384,633		5,373,194,270
<b>Current Assets</b>					
(a) Current investments	H(i)	10,000,000		420,819,175	
(b) Inventories	H(ii)	26,485,243		136,421,647	
(c) Trade receivables	H(iii)	12,012,649		17,298,504	
(d) Cash and Bank Balances	H(iv)	343,531,175		576,890,101	
(e) Short term loans and advances	H(v)	1,181,449,760		584,724,889	
			1,573,478,827		1,736,154,316
<b>TOTAL</b>			<b>5,984,551,843</b>		<b>7,119,992,866</b>
<b>CONTINGENT LIABILITIES &amp; COMMITMENTS</b>					
<b>OTHER NOTES FORMING PART OF ACCOUNTS</b>					
<b>SIGNIFICANT ACCOUNTING POLICIES</b>					
	N(viii)				
	N				
	O				

The accompanying notes form an integral part of the financial statements

As per our report attached

For and on behalf of the Board

for SHARP & TANNAN

Chartered Accountants

(Firm's Registration No.003792S)

L. VAIDYANATHAN

Partner

Membership No. 16368

S. RAMESH

Manager

R. JAYASHREE

Director

SHRIKANT JOSHI

Director

NAINA DESAI

Director

Place : Chennai

Date : May 22, 2013

Place : Mumbai

Date : May 21, 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

	Note	2012-13 ₹	2011-12 ₹
<b>REVENUE</b>			
Revenue from operations	I (i)	142,091,429	86,093,662
Other income	I (ii)	415,171,726	183,442,836
<b>TOTAL</b>		<b>557,263,155</b>	<b>269,536,498</b>
<b>EXPENSES</b>			
Changes in Project work-in-progress	H(ii)	115,566,511	-
Employee benefits expense	J	64,565,586	71,856,167
Finance costs	K	254,631,538	16,776,552
Depreciation and amortisation	E(i)(b)	2,217,595	3,285,308
Administration and other expenses	L	46,246,910	21,285,367
<b>TOTAL</b>		<b>483,228,140</b>	<b>113,203,394</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>74,035,015</b>	<b>156,333,104</b>
Exceptional items	M	1,496,261,317	-
<b>Profit / (Loss) before tax</b>		<b>(1,422,226,302)</b>	<b>156,333,104</b>
<b>Tax Expense</b>			
Current tax		-	31,278,768
Deferred tax	N(v)	(10,450,106)	(972,966)
<b>Profit / (Loss) after tax for the year</b>		<b>(1,411,776,196)</b>	<b>126,027,302</b>
<b>Earnings per equity share</b>			
Earnings per equity share	N(iv)		
Basic and Diluted		(2.46)	0.41
Face value per equity share		10.00	10.00
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	O		
<b>OTHER NOTES FORMING PART OF ACCOUNTS</b>	N		

The accompanying notes form an integral part of the financial statements

As per our report attached

For and on behalf of the Board

**for SHARP & TANNAN**  
Chartered Accountants  
(Firm's Registration No.003792S)

**L. VAIDYANATHAN**  
Partner  
Membership No. 16368

**S. RAMESH**  
Manager

**R. JAYASHREE**  
Director

**SHRIKANT JOSHI**  
Director

**NAINA DESAI**  
Director

Place : Chennai  
Date : May 22, 2013

Place : Mumbai  
Date : May 21, 2013



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	2012-13 ₹	2011-12 ₹
<b>A. Cash flow from operating activities</b>		
Profit/ (Loss) before tax	(1,422,226,302)	156,333,104
Adjustments for:		
Depreciation and amortisation	2,217,595	3,285,308
Project work in progress written off	115,566,511	-
Intercompany deposit written off	210,900,000	-
Provision for doubtful advances	30,380,000	-
Provision for diminution in value of investments	1,132,070,825	-
(Profit)/ Loss on sale of fixed assets	789,555	(15,430)
Interest income	(384,505,287)	(154,339,563)
Interest expenditure	254,631,538	16,776,552
(Profit)/loss on sale of investments in mutual funds (net)	(30,666,439)	(28,970,539)
(Profit)/loss on sale of investments in subsidiaries	153,290,492	-
Dividend income	(86,408,640)	-
<b>Operating profit before working capital changes</b>	<b>(23,960,152)</b>	<b>(6,930,568)</b>
Adjustments for:		
(Increase) / decrease in trade receivables	5,285,855	(16,945,774)
(Increase) / decrease in inventories	(5,595,691)	(255,121)
(Increase) / decrease in loans and advances	10,763,543	(62,301,712)
Increase / (decrease) in liabilities and provisions	(561,391)	3,711,511
<b>Cash generated from operations</b>	<b>(14,067,836)</b>	<b>(82,721,664)</b>
Direct taxes paid	(55,822,073)	(25,241,376)
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>(69,889,909)</b>	<b>(107,963,040)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(1,837,053)	(3,814,927)
Proceeds from disposal of fixed assets	1,751,384	15,435
Intercompany deposits placed with subsidiaries	(3,497,670,000)	(185,504,573)
Loans given to subsidiaries	(237,600,000)	-
Intercompany deposit refunded by subsidiary	2,866,273,986	50,000,000
(Purchase)/Sale of investments in mutual funds (net)	30,666,439	28,970,539
Proceeds from sale of long term investments	-	160,200,005
Advance paid for purchase of shares	-	(94,704,000)
Advance received for sale of investments	250,000,000	341,383,032
Excess advance over sale consideration returned on disposal of investments	(49,150,349)	-
Dividend received from subsidiaries	86,408,640	-
Interest received	274,039,878	75,460,514
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>(277,117,075)</b>	<b>372,006,025</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of Equity shares	-	1,174,769,977
Proceeds from borrowings	3,170,000,000	-
Repayment of borrowings	(2,812,201,450)	(3,182,624,977)
Interest paid	(244,150,492)	(16,776,552)
<b>Net cash from / (used in) financing activities (C)</b>	<b>113,648,058</b>	<b>(2,024,631,552)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>(233,358,926)</b>	<b>(1,760,588,567)</b>
Cash and cash equivalents at the beginning of the year	576,890,101	2,337,478,668
<b>Cash and cash equivalents at the end of the year</b>	<b>343,531,175</b>	<b>576,890,101</b>

**Notes:**

- Cash flow statement has been prepared under the Indirect method as set out in the Accounting Standard (AS) 3: "Cash Flow Statement" as specified in the Companies (Accounting Standards) Rules, 2006.
- Cash and cash equivalents represents bank balances. (Refer Note O(18))
- Previous year figures have been regrouped or reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

**for SHARP & TANNAN**Chartered Accountants  
(Firm's Registration No.003792S)**L. VAIDYANATHAN**Partner  
Membership No. 16368Place : Chennai  
Date : May 22, 2013**S. RAMESH**

Manager

**R. JAYASHREE**

Director

**SHRIKANT JOSHI**

Director

**NAINA DESAI**

Director

Place : Mumbai  
Date : May 21, 2013

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****A SHARE CAPITAL****(i) Authorised, issued, subscribed and paid up**

	As at 31.03.2013		As at 31.03.2012	
	No. of shares	₹	No. of shares	₹
<b>Authorised</b>				
Equity shares of ₹ 10/- each	600,000,000	6,000,000,000	600,000,000	6,000,000,000
Preference shares of ₹ 10/- each	400,000,000	4,000,000,000	400,000,000	4,000,000,000
<b>TOTAL</b>	<b>1,000,000,000</b>	<b>10,000,000,000</b>	<b>1,000,000,000</b>	<b>10,000,000,000</b>
<b>Issued</b>				
Equity shares of ₹ 10/- each	574,424,625	5,744,246,250	574,424,625	5,744,246,250
Preference shares of ₹ 10/- each	-	-	-	-
<b>TOTAL</b>	<b>574,424,625</b>	<b>5,744,246,250</b>	<b>574,424,625</b>	<b>5,744,246,250</b>
<b>Subscribed and fully paid up</b>				
Equity shares of ₹ 10/- each	574,424,625	5,744,246,250	574,424,625	5,744,246,250
Preference shares of ₹ 10/- each	-	-	-	-
<b>TOTAL</b>	<b>574,424,625</b>	<b>5,744,246,250</b>	<b>574,424,625</b>	<b>5,744,246,250</b>

**(ii) Reconciliation of Shares outstanding at the beginning and end of the year**

	2012-13		2011-12	
	No. of shares	₹	No. of shares	₹
<b>Equity Shares</b>				
At the beginning of the year	574,424,625	5,744,246,250	100,000,000	1,000,000,000
Issued during the year as fully paid	-	-	34,542,000	345,420,000
Issued during the year as fully paid against convertible warrants	-	-	51,035,292	510,352,920
Conversion of preference shares into equity shares	-	-	388,847,333	3,888,473,330
At the end of the year	<b>574,424,625</b>	<b>5,744,246,250</b>	<b>574,424,625</b>	<b>5,744,246,250</b>
<b>Preference Shares</b>				
At the beginning of the year	-	-	388,847,333	3,888,473,330
Conversion into equity shares	-	-	(388,847,333)	(3,888,473,330)
At the end of the year	-	-	-	-

**(iii) Terms / rights / restrictions attached to Equity Shares**

The Company has only one class of equity share having par value of ₹ 10 /- per share. Each holder of equity shares is entitled to one vote per share.

The Company does not have any securities outstanding with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/ disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

**(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates**

	As at 31.03.2013		As at 31.03.2012	
	No. of shares	₹	No. of shares	₹
<b>Equity Shares</b>				
L&T Realty Limited - Holding Company (including shares held along with its nominees)	574,424,625	5,744,246,250	574,424,625	5,744,246,250
<b>TOTAL</b>	<b>574,424,625</b>	<b>5,744,246,250</b>	<b>574,424,625</b>	<b>5,744,246,250</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****(v) Details of Shareholders holding more than 5% shares in the company:**

	As at 31.03.2013		As at 31.03.2012	
	No. of shares	%	No. of shares	%
<b>Equity Shares:</b>				
L&T Realty Limited - Holding Company (including shares held along with its nominees)	574,424,625	100.00	574,424,625	100.00

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: Nil (*Previous year: Nil*)

(vii) Calls unpaid : ₹ Nil (*Previous year: ₹ Nil*); Forfeited Shares : ₹ Nil (*Previous year: ₹ Nil*)

**B RESERVES AND SURPLUS**

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
<b>Securities premium account:</b>				
As per last Balance Sheet	402,153,697		83,156,640	
Additions during the year	-		318,997,057	
		402,153,697		402,153,697
<b>Surplus:</b>				
As per last Balance Sheet	605,750,283		478,347,140	
Add: Reversal of provision for cumulative preference dividend	-		1,375,841	
Add / (Less) : Profit / (Loss) for the year	(1,411,776,196)		126,027,302	
		(806,025,913)		605,750,283
<b>TOTAL</b>		(403,872,216)		1,007,903,980

**C LONG TERM PROVISIONS****Provisions for employee benefits:**

Provision for interest rate guaranteed on trust-managed provident fund	-	437,954
<b>TOTAL</b>	-	437,954

**D(I) SHORT TERM BORROWINGS**

Unsecured		
Inter-corporate borrowings from related parties		
Ultimate Holding Company (Refer Note D (i) (a) below)	357,798,550	-
<b>TOTAL</b>	357,798,550	-

**D(I) (a)** During the year, the Company has taken inter-corporate borrowings of ₹ 317,00,00,000/- from its Ultimate Holding Company with interest at 11% p.a.

The proceeds of this borrowings were used to give Inter-corporate deposit to a subsidiary L&T Bangalore Airport Hotel Limited at 11% p.a. The Company has received ₹ 305,45,11,862 from the said subsidiary on December 14, 2012 comprising principal repayment of ₹ 281,22,01,450/- and interest payment of ₹ 24,23,10,412 on the borrowings of ₹ 317,00,00,000 upto December 13, 2012. Consequently the Company has repaid ₹ 305,45,11,862 to the Ultimate Holding Company comprising principal repayment of ₹ 281,22,01,450 and interest payment of ₹ 24,23,10,412 on the borrowings of ₹ 317,00,00,000 upto December 13, 2012; the balance Inter-corporate borrowings of ₹ 35,77,98,550 is repayable on May 31, 2013 as agreed with the Ultimate Holding Company.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****D(II) TRADE PAYABLES**

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
<b>Due to:</b>				
Micro and small enterprises (Refer note D (ii) (a) below)		-		-
Other than micro and small enterprises				
Related parties				
Ultimate holding company		-		312,263
Fellow subsidiary		1,772,442		-
<b>TOTAL</b>		<b>1,772,442</b>		<b>312,263</b>

**D(II) (a)** Based on the information available with the Company, there have been no transactions during the year with Micro and small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence, reporting details of principal and interest paid/outstanding does not arise.

**D(III) OTHER CURRENT LIABILITIES****Due to related parties**

Ultimate Holding Company				
Interest Accrued but not due on Inter-corporate borrowings	10,481,046		-	
Others (Refer note D(iii)(a) below)	4,600,751		1,892,659	
Subsidiaries	-		138,058	
		<b>15,081,797</b>		<b>2,030,717</b>
Statutory liabilities		<b>2,537,958</b>		<b>1,397,223</b>
Advance received against sale of investments (Refer note H(i)(b))		<b>250,000,000</b>		<b>341,383,032</b>
Other payables		<b>12,112,537</b>		<b>12,251,653</b>
<b>TOTAL</b>		<b>279,732,292</b>		<b>357,062,625</b>

**D(III) (a)** Due to Ultimate Holding Company of ₹ 38,80,638/- is subject to reconciliation / adjustments

**D(IV) SHORT TERM PROVISIONS****Provisions for :**

Employee benefits				
Provision for interest rate guaranteed on trust-managed provident fund	-		9,478	
Compensated absences	4,874,525		3,982,924	
		<b>4,874,525</b>		<b>3,992,402</b>
Taxes				
Current Tax		-		6,037,392
<b>TOTAL</b>		<b>4,874,525</b>		<b>10,029,794</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****E FIXED ASSETS****E(i) Tangible assets**

(Amount in ₹)

Particulars	COST				DEPRECIATION				BOOK VALUE	
	As at 01.04.20112	Additions	Deductions	As at 31.03.20123	Up to 31.03.20112	For the Year	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.20112
<b>Owned</b>										
Land (Refer note E(i)(a) below)	325,255			<b>325,255</b>	–			–	<b>325,255</b>	325,255
Buildings	2,971,732			<b>2,971,732</b>	153,390	48,439		<b>201,829</b>	<b>2,769,903</b>	2,818,342
Air Conditioners	841,827		813,877	<b>27,950</b>	199,736	59,343	251,525	<b>7,554</b>	<b>20,396</b>	642,091
Furniture and Fixtures	4,356,917	69,600	3,249,523	<b>1,176,994</b>	3,237,505	151,506	2,609,350	<b>779,661</b>	<b>397,333</b>	1,119,412
Vehicles	4,004,950	929,400	952,401	<b>3,981,949</b>	445,898	630,954	161,848	<b>915,004</b>	<b>3,066,945</b>	3,559,052
Office Equipments	2,333,443	49,530	1,590,068	<b>792,905</b>	1,761,253	581,481	1,584,933	<b>757,801</b>	<b>35,104</b>	572,190
Computers	5,964,810	621,862	1,879,034	<b>4,707,638</b>	4,356,874	733,993	1,336,309	<b>3,754,558</b>	<b>953,080</b>	1,607,936
Electrical Installations	620,584		620,584	–	620,583	–	620,583	–	–	1
<b>Total</b>	<b>21,419,518</b>	<b>1,670,392</b>	<b>9,105,487</b>	<b>13,984,423</b>	<b>10,775,239</b>	<b>2,205,716</b>	<b>6,564,548</b>	<b>6,416,407</b>	<b>7,568,016</b>	
<i>Previous Year</i>	<i>17,913,291</i>	<i>3,814,927</i>	<i>308,700</i>	<i>21,419,518</i>	<i>7,764,210</i>	<i>3,319,724</i>	<i>308,695</i>	<i>10,775,239</i>		<i>10,644,279</i>

**E(ii) Intangible assets**

(Amount in ₹)

Particulars	COST				AMORTISATION				BOOK VALUE	
	As at 01.04.20112	Additions	Deductions	As at 31.03.20123	Up to 31.03.20112	For the Year	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.20112
<b>Owned</b>										
Computer software	2,761,800	166,661	–	<b>2,928,461</b>	2,761,799	46,295	–	<b>2,808,094</b>	<b>120,367</b>	1
<b>Total</b>	<b>2,761,800</b>	<b>166,661</b>	–	<b>2,928,461</b>	<b>2,761,799</b>	<b>46,295</b>	–	<b>2,808,094</b>	<b>120,367</b>	
<i>Previous year</i>	<i>2,761,800</i>	–	–	<i>2,761,800</i>	<i>2,761,799</i>	–	–	<i>2,761,799</i>	–	<i>1</i>

## Notes :

**E(i)(a)** Land represents 855 sq. ft. of undivided portion of land pertaining to the apartment owned by the Company at Green Park apartments, Coimbatore.

**E(i)(b)** Depreciation charged to Statement of Profit and loss

Particulars	2012-13	2011-12
	₹	₹
Depreciation for the year	<b>2,205,716</b>	3,319,724
Less: Transferred to Inventories	<b>34,416</b>	34,416
Depreciation charged to Statement of Profit and loss (A)	<b>2,171,300</b>	3,285,308
Amortisation for the period (B)	<b>46,295</b>	–
Total charged to Statement of Profit and loss (A+B)	<b>2,217,595</b>	3,285,308

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****F. NON- CURRENT INVESTMENTS**

	As at March 31, 2013	As at March 31, 2012
	₹	₹
Trade Investments (Unquoted)		
Investment in equity instruments:		
Subsidiary Companies		
Fully paid equity shares	3,221,037,427	3,940,218,252
Less: Provision for diminution in value (Refer note F(a) below)	332,890,000	–
	<b>2,888,147,427</b>	<b>3,940,218,252</b>
Investment in preference shares:		
Subsidiary Company		
Fully paid preference shares	56,100,000	56,100,000
<b>TOTAL</b>	<b>2,944,247,427</b>	<b>3,996,318,252</b>
Aggregate amount of unquoted investments	<b>2,944,247,427</b>	<b>3,996,318,252</b>

**Details of Investments (At cost unless otherwise specified)**

Particulars	Face Value (₹)	Number of shares				As at 31.03.2013	As at 31.03.2012
		As at 01.04.20112	Purchased / Subscribed during the year	Sold during the year	Adjustments (Refer Note F(b) below)	As at 31.03.2013	As at 31.03.2012
Subsidiary Companies							
Fully paid equity instruments :							
L&T Tech Park Limited	10	13,323,750	–	–	–	13,323,750	142,800,000
L&T South City Projects Limited	10	28,802,880	–	–	–	28,802,880	705,281,825
L&T Bangalore Airport Hotel Limited	10	53,280,000	–	–	–	53,280,000	532,800,000
L&T Vision Ventures Limited	10	34,000	–	–	–	34,000	340,000
CSJ Infrastructure Private Limited (Refer note F(c) & (d) below)	10	37,629,800	–	–	–	37,629,800	1,839,815,602
L&T Chennai Projects Private Limited	10	9,367,347	9,000,000	–	18,367,347	–	719,180,825
Less: Provision for diminution in value						(332,890,000)	–
Sub-total						2,888,147,427	3,940,218,252
Fully paid preference shares :							
L&T Tech Park Limited (Refer note F(e) below)	10	2,805,000	–	–	–	2,805,000	56,100,000
Sub-total						56,100,000	56,100,000
Total						2,944,247,427	3,996,318,252

F(a) During the year, the net worth of M/s L&T Bangalore Airport Hotel Limited, a subsidiary of the company has been partially eroded. Accordingly, the company has provided for diminution of ₹ 33,28,90,000 in the value of its long term investment in the said subsidiary, being other than temporary in nature.

F(b) Adjustment represents reclassification of the investments in L&T Chennai Projects Private Limited from Non-current Investments to Current Investments during the year.

F(c) The company has a restriction on transfer its investments in the subsidiary CSJ Infrastructure Private Limited till the completion of one year from the date of operation of the mall developed by the subsidiary, except to its affiliates i.e. holding company, ultimate holding company and its subsidiaries as per clause 10.1 of the Shareholders agreement dated March 15, 2007. The mall has commenced operations on March 15, 2013.

F(d) The Company has given an undertaking to the lenders of its subsidiary, CSJ Infrastructure Private Limited (“CSJIPL”), that it shall make arrangements satisfactory to the lenders and when called upon by the lenders to provide such additional funds to CSJIPL in case of any cost overrun as set out in the Common Loan Agreement and Amendatory Common Loan Agreement between CSJIPL and its lenders.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

- F(e) Represents 0.01% cumulative redeemable preference shares of L&T Tech Park Limited ("LTTP"). These shares are redeemable within ten years from the date of their allotment (March 15, 2008), with an option to redeem at any time after 36 months from the date of their subscription at a redemption price of ₹ 20/- per share. The dividend on these preference shares is payable at the time of their redemption. The actual number of preference shares redeemable during any financial year shall be such that the minimum debt service coverage ratio committed by LTTP to its lenders is maintained after such redemption in terms of clause 3.03.03(iv) of the Shareholders' agreement dated December 20, 2005, as required by the lenders.
- F(f) The Company has given financial support letters to its subsidiary companies M/s.L&T Vision Ventures Limited, M/s. Bangalore Airport Hotel Limited and M/s. L&T Chennai Projects Private Limited to enable the subsidiaries to continue to trade and meet its financial obligations atleast for the next twelve months.
- F(g) The Company has given comfort letter to the lenders of its subsidiary M/s. Bangalore Airport Hotel Limited to maintain 74% effective ownership in the subsidiary, directly or indirectly.

**G. LONG TERM LOANS AND ADVANCES**

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Secured - considered good				
Advance towards Development rights (Refer note H(v)(a))		-		90,000,000
Unsecured - considered good				
Security deposits		87,126		87,126
Advance paid for purchase of shares		-		90,000,000
Other loans and advances				
Related parties:				
Subsidiaries:				
Loans (Refer note G(a) below)	1,351,219,650		1,113,619,650	
Other advances (Refer note G(b) below)	33,984,160		64,364,160	
		<b>1,385,203,810</b>		<b>1,177,983,810</b>
Advance taxes (net of provisions)	59,190,205		9,419,347	
Other advances	2,500,000		7,679,776	
		<b>61,690,205</b>		<b>17,099,123</b>
Unsecured - considered doubtful				
Related parties:				
Subsidiaries:				
Other advances (Refer note G(b) below)	30,380,000			
Less: Allowance for doubtful advances	30,380,000			
		-		-
		<b>1,446,981,141</b>		<b>1,375,170,059</b>

G(a) Loans to subsidiaries represents, shareholders' loan of ₹ 1,35,12,19,650 (*previous year: ₹ 1,11,36,19,650*) @ 9.5% given to CSJ Infrastructure Private Limited, Chandigarh, to enable the subsidiary meet its initial project expenditure and to maintain the Debt Equity Ratio as mentioned in the Common Loan Agreement between the said subsidiary and its lenders. The said loan is receivable after the discharge of all secured obligations by the subsidiary, as per the Common Loan Agreement dated September 30, 2009 between the subsidiary and its lenders, which has not occurred as at March 31, 2013. Interest, from the date of disbursement of loan, is receivable only upon achievement of Commercial Operation Date, subject to sufficiency of cash flows and compliance of other requirements mentioned in the loan agreement. The mall has commenced operations on March 15, 2013.

As per the said Common loan agreement, interest at a rate higher than 9% requires the approval of term lenders of the subsidiary. The approval has been applied for and is under process. Pending receipt of approval the Company has accrued interest @ 9.5% p.a. amounting to ₹ 17,48,17,070 till March 31, 2013.

G(b) Other advances includes Advance towards equity commitment of ₹ 6,43,64,160 given to a subsidiary L&T Vision Ventures Limited.

The said subsidiary had entered into development agreement with Vishakhapatnam Urban Development Authority (VUDA) for development of an integrated township at Vishakhapatnam. Subsequently VUDA has not been able to allocate suitable unencumbered land as stipulated in the agreement and has also not refunded the money paid to it by the said subsidiary. Hence the subsidiary has initiated arbitration proceedings in October 2012.

Considering the progress of the project, the Subsidiary has informed that equity would not be allotted against the said advance. Accordingly the said advance towards equity commitment has been classified under Other advances as at March 31, 2013. Pending resolution of the arbitration proceedings, the Company has provided an amount of ₹ 3,03,80,000 as doubtful to the extent of its share of the aforesaid amount as a measure of prudence and the balance advance of ₹ 3,39,84,160 is disclosed above as Unsecured - considered good.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****H(i) CURRENT INVESTMENTS**

	As at March 31, 2013	As at March 31, 2012
	₹	₹
Investment in equity instruments:		
Subsidiary companies		
Fully paid equity shares	809,180,825	129,436,143
Less: Provision for diminution in value	799,180,825	-
	<u>10,000,000</u>	<u>129,436,143</u>
Associate companies		
Fully paid equity shares	-	291,383,032
<b>TOTAL</b>	<u><b>10,000,000</b></u>	<u><b>420,819,175</b></u>
Aggregate amount of unquoted investments	<u><b>10,000,000</b></u>	<u><b>420,819,175</b></u>

**Details of Investments**

Particulars	Face Value (₹)	Number of shares				As at 31.03.2013	As at 31.03.2012
		As at 01.04.2012	Purchased / Subscribed during the year	Sold during the year	As at 31.03.2013	₹	₹
L&T Commercial Projects Private Limited (Refer Note H(i)(a) below)	10	489,600	470,400	960,000	-	-	129,436,143
L&T Chennai Projects Private Limited (Refer Note H(i)(b) below)	10	9,367,347	9,000,000	-	18,367,347	809,180,825	-
L&T Arun Excello Realty Private Limited (Refer Note H(i)(c) below)	10	316,800	-	316,800	-	-	291,383,032
Less: Provision for diminution in value						(799,180,825)	-
Total						<b>10,000,000</b>	<b>420,819,175</b>

- H(i) (a)** During the year, the Company purchased 4,70,400 shares in a subsidiary L&T Commercial Projects Private Limited whereby becoming 100% Holding Company of the said subsidiary. Subsequently the entire investments in the subsidiary was sold to M/s. Lancor Holdings Limited vide Share Purchase Agreement dated November 26, 2012. Loss of ₹ 15,32,90,492 on such sale of investments has been disclosed under Note M - Exceptional items.
- H(i) (b)** During the year, the Company has entered into a Term sheet on March 15, 2013 for sale of its investment in a subsidiary M/s L&T Chennai Projects Private Limited, against which an advance ₹ 25,00,00,000 has been received. After considering the terms of sale consideration in the Term sheet for the entire investment in the said subsidiary, provision for diminution in the value of investments of ₹ 79,91,80,825/- has been made, being other than temporary in nature. The sale of investments is subject to due diligence by the buyer, Special Economic Zone Board of approval and other conditions to be fulfilled by the company which are in progress.
- H(i) (c)** The Company had entered into a share purchase agreement dated July 26, 2011 with M/s Arun Excello Constructions LLP and thirteen others to sell 3,16,800 shares held by the Company in L&T Arun Excello Realty Private Limited at its book value of ₹ 29,13,83,032. Subject to fulfillment of certain conditions specified in clause 2 of the said agreement, the Company had received the entire sale consideration on July 27, 2011. On fulfillment of the said conditions during the year, the sale transfer has been effected in the books.

**H(ii) INVENTORIES**

	As at March 31, 2013	As at March 31, 2012
	₹	₹
Project Work-in-Progress (Refer note H (ii) (a) below)	26,485,243	136,421,647
<b>TOTAL</b>	<u><b>26,485,243</b></u>	<u><b>136,421,647</b></u>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

The details of Project work in progress are as follows:

Particulars	As at March 31, 2012	Additions during the year	Written off during the year	As at March 31, 2013
	₹	₹	₹	₹
Construction related expenses	93,359,155	179,776	67,053,688	26,485,243
Employee benefit expenses	15,681,358	–	15,681,358	–
Rates & taxes	186,096	–	186,096	–
Electricity charges	1,294,268	13,625	1,307,893	–
Professional fees	538,171	5,000,000	5,538,171	–
Miscellaneous expenses	3,150,160	402,290	3,552,450	–
Interest & finance charges	22,082,511	–	22,082,511	–
Depreciation	129,928	34,416	164,344	–
<b>TOTAL</b>	<b>136,421,647</b>	<b>5,630,107</b>	<b>115,566,511</b>	<b>26,485,243</b>

The management of the Company has reviewed the viability of the project at Sriperambadhur. It has decided not to proceed with the project and is looking for a prospective developer as the project could not proceed further due to reasons beyond the control of management. Hence the value of the work-in-progress to the extent of certain construction related and administration expenses of ₹ 11,55,66,511 carried in the books has been written down as at March 31, 2013

As at March 31, 2013    As at March 31, 2012

	₹	₹
<b>H (iii) Trade receivables</b>		
(i) Debts outstanding for a period exceeding six months		
Unsecured, considered good	807,061	1,608,988
(ii) Others		
Unsecured, considered good	11,205,588	15,689,516
<b>TOTAL</b>	<b>12,012,649</b>	<b>17,298,504</b>
<b>H (iv) Cash and Bank Balances</b>		
<b>Cash and Cash equivalents</b>		
Balances with banks:		
In current accounts	72,949,256	13,113,027
In deposit accounts with maturity of less than three months (including interest accrued thereon ₹ 5,81,919; previous year: ₹ 37,77,074)	270,581,919	563,777,074
<b>TOTAL</b>	<b>343,531,175</b>	<b>576,890,101</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****H (v) Short term loans and advances**

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
<b>Secured</b>				
Considered good				
Advance towards Development rights (Refer note H (v) (a) below)		<b>90,000,000</b>		–
<b>Unsecured</b>				
Considered good				
Related parties:				
Holding Company	–		100,000	
Subsidiaries				
Intercorporate deposits (including interest accrued thereon) (Refer note H (v) (b) below)	<b>903,027,975</b>		468,004,573	
Interest accrued but not due on loans	<b>174,817,070</b>		78,879,049	
Other advances	<b>3,429,792</b>		3,401,792	
		<b>1,081,274,837</b>		550,385,414
Advance paid for purchase of shares	–		24,704,000	
Others:				
Advance taxes (net of provisions)	<b>7,614,400</b>		7,614,400	
Gratuity fund (net of provisions)	<b>559,378</b>		1,773,230	
Other advances	<b>2,001,145</b>		247,845	
		<b>10,174,923</b>		9,635,475
<b>Considered Doubtful</b>				
Advances	<b>14,397</b>		14,397	
Les: Allowance for doubtful advances	<b>14,397</b>		14,397	
<b>TOTAL</b>		<b>1,181,449,760</b>		<b>584,724,889</b>

**H(v) (a)** Advance towards development rights of ₹ 9,00,00,000 represents secured advance deposit paid for Sriperambadthur project to M/s. City Lubricants Private Limited, the owner of 34.85 acres of land at Sriperumbadthur under a Development Agreement dated March 9, 2007 and Supplementary Development Agreement dated 27th October 2010. As per the decision of the Management to exit the project, the Company is looking for a prospective developer and the advance is expected to be realised in the next twelve months.

**H(v) (b)** During the year, the Company has written off the Inter corporate deposit given to the subsidiary M/s L&T Chennai Projects Private Limited to the extent of ₹ 21,09,00,000. The Company has also waived off 90% of the interest for the year amounting to ₹ 5,02,79,092 and the balance 10% of ₹ 55,86,566 has been recognised as interest income for the year.

**I (i) Revenue from operations**

	2012-13		2011-12	
	₹	₹	₹	₹
Operating revenue:				
Project management and advisory services		<b>54,387,000</b>		80,156,952
Other operating revenue:				
Dividend from long term investments		<b>86,408,640</b>		–
Business support services		<b>1,295,789</b>		5,936,710
<b>TOTAL</b>		<b>142,091,429</b>		<b>86,093,662</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

	2012-13 ₹	2011-12 ₹
<b>L ADMINISTRATION AND OTHER EXPENSES</b>		
Rent (Refer note L(a) below)	1,710,000	2,252,802
Rates and taxes	375,015	43,101
Professional fees	2,068,427	734,900
Repairs & maintenance		
- Buildings	14,761	154,334
- Others	299,226	65,469
Printing and stationery	76,522	65,346
Power and electricity	588,542	192,216
Postage and communication	807,797	1,243,474
Travelling expenses	4,324,143	3,362,134
Business support charges	3,022,463	11,144,266
Loss on sale of Fixed Assets	789,555	-
Provision for doubtful advances (Refer Note G(b) supra)	30,380,000	-
Miscellaneous expenses (Refer note L (b) below)	1,790,459	2,027,325
<b>TOTAL</b>	<b>46,246,910</b>	<b>21,285,367</b>
<b>L (a)</b> The Company has taken office premises under cancellable operating lease from its ultimate holding company. Lease rental expenses in respect of operating leases for the year ₹ 17,10,000 ( <i>previous year ₹ 22,52,802</i> ) which includes rental expenses of ₹ 15,30,000 for the period October 2012 to March 2013 in respect of which the formal rental agreement is under preparation. Contingent rent recognised in the statement of profit and loss is ₹ Nil. ( <i>previous year ₹ Nil</i> )		
<b>L (b)</b> Miscellaneous expenses include Auditor's remuneration (excluding service tax) as follows:		
a) As auditor	350,000	350,000
b) For taxation matters	60,000	65,000
c) For company law matters	23,000	33,000
d) For Limited review and other services	92,500	-
<b>TOTAL</b>	<b>525,500</b>	<b>448,000</b>
<b>M EXCEPTIONAL ITEMS</b>		
(i) Intercorporate deposits written off (Refer note H (v) (b) supra)	210,900,000	-
(ii) Provision for Diminution in value of Investments in		
- L&T Chennai Projects Private Limited (Refer note H(i)(b) supra)	799,180,825	-
- L&T Bangalore Airport Hotel Limited (Refer note and F(a) supra)	332,890,000	-
(iii) Loss on sale of investments in L&T Commercial Projects Private Limited (Refer note H(i)(a) supra)	153,290,492	-
<b>TOTAL</b>	<b>1,496,261,317</b>	<b>-</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****N(I) DISCLOSURE PERTAINING TO AS-15(REVISED) ON EMPLOYEE BENEFITS:****a) The amounts recognised in Balance Sheet are as follows:**

Particulars		Gratuity plan		Trust-managed provident fund plan		Compensated absences	
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
		₹	₹	₹	₹	₹	₹
A)	Present value of defined benefit obligation						
	– Wholly funded	6,975,300	5,761,449	21,420,291	9,380,045	–	–
	– Wholly unfunded	–	–	–	447,432	4,874,525	3,982,924
		6,975,300	5,761,449	21,420,291	9,827,477	4,874,525	3,982,924
	Less : Fair value of plan assets	7,534,679	7,534,679	20,992,474	8,915,057	–	–
	Amount to be recognised as liability or (asset)	(559,379)	(1,773,230)	427,817	912,420	4,874,525	3,982,924
B)	Amounts reflected in the Balance Sheet						
	Liabilities	–	–	427,817	912,420	4,874,525	3,982,924
	Assets	559,379	1,773,230	–	–	–	–
	Net Liability / (asset) *	(559,379)	(1,773,230)	427,817	912,420	4,874,525	3,982,924

\* Net Liability under Trust Managed Provident Fund plan represents the amount payable to the Trust for the month of March ,2013

**b) The amounts recognised in the Statement of Profit and Loss are as follows:**

Particulars		Gratuity plan		Trust-managed provident fund plan		Compensated absences	
		As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
		₹	₹	₹	₹	₹	₹
1	Current service cost	420,169	346,581	4,684,240	1,975,542	265,697	425,785
2	Interest on Defined benefit obligation	460,916	151,650	1,529,357	1,327,339	318,634	204,329
3	Expected return on plan assets	–	–	(1,529,357)	(1,327,339)	–	–
4	Actuarial losses/(gains)	332,766	3,538,935	(13,290)	440,450	750,335	798,694
5	Past service cost	–	–	–	–	–	–
6	Actuarial gain/(loss) not recognised in books	–	–	13,290	6,982	–	–
7	Adjustment for earlier years	–	(3,430,792)	(2,797,309)	–	–	–
	<b>TOTAL (1 TO 7)</b>	<b>1,213,851</b>	<b>606,374</b>	<b>1,886,931</b>	<b>2,422,974</b>	<b>1,334,666</b>	<b>1,428,808</b>
I	Amount included in "employee benefit expenses" #	1,213,851	606,374	1,886,931	2,422,974	1,334,666	1,428,808
II	Amount included as part of "finance costs"	–	–	–	–	–	–
	<b>TOTAL (I + II)</b>	<b>1,213,851</b>	<b>606,374</b>	<b>1,886,931</b>	<b>2,422,974</b>	<b>1,334,666</b>	<b>1,428,808</b>
	Actual return on plan assets	–	–	1,516,067	1,334,321	–	–

Note : # Amount given above as included in "employee benefit expenses" for Trust Managed Provident Fund represents the total amount payable as employer contribution to Trust Managed Account and excludes the amount payable towards employee pension scheme of ₹ 3,12,157 and other administration charges of ₹ 1,20,383 to State recognised provident fund.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

- c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan		Compensated absences	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	₹	₹	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	5,761,449	1,895,745	9,827,477	3,000,000	3,982,924	2,554,116
Add: Current service cost	420,169	346,581	4,684,240	1,975,542	265,697	425,785
Add: Interest cost	460,916	151,650	1,529,357	1,327,339	318,634	204,329
Add: Contribution by plan participants						
i) Employer	-	-	-	-	-	-
ii) Employee	-	-	6,020,722	2,720,447	-	-
Add/(less): Actuarial losses/(gains)	332,766	3,538,935	-	804,149	750,335	798,694
Less: Benefits paid	-	171,462	77,835	-	443,065	-
Add: Past service cost	-	-	-	-	-	-
Add/less: Adjustment for earlier years			(563,670)	-	3,982,924	2,554,116
Closing balance of the present value of defined benefit obligation	6,975,300	5,761,449	21,420,291	9,827,477	4,874,525	3,982,924

- d) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	₹	₹	₹	₹
Opening balance of fair value of plan assets	7,534,679	1,716,095	8,915,057	2,994,043
Add: Expected return on plan assets	-	-	1,529,357	1,327,339
Add/(less): Actuarial losses/(gains)	-	-	(13,290)	6,982
Add: Contribution by employer	-	5,990,046	4,673,875	1,889,440
Add: Contribution by plan participants	-	-	5,965,400	2,697,253
Less: Benefits paid	-	171,462	77,835	-
Add: Adjustment for earlier years			(90)	-
Closing balance of fair value of plan assets	7,534,679	7,534,679	20,992,474	8,915,057

- e) The major components of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Government of India securities	-	-	24%	24%
State government securities	-	-	13%	12%
Special deposit schemes	-	-	14%	17%
Public sector unit bonds	-	-	42%	40%
Corporate bonds	-	-	7%	7%
Insurer managed funds	100%	100%	-	-
Total	100%	100%	100%	100%

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****f) Principal actuarial assumptions at the Balance Sheet date:**

	<b>As at March 31, 2013</b>	<i>As at March 31, 2012</i>
1 Discount rate:		
a) Gratuity plan	<b>8.00%</b>	<i>8.00%</i>
b) Trust managed provident fund plan	<b>8.00%</b>	<i>8.00%</i>
c) Compensated absences	<b>8.00%</b>	<i>8.00%</i>
2 Expected return on plan assets:		
a) Gratuity plan	<b>9.00%</b>	<i>9.00%</i>
b) Trust managed provident fund plan	<b>8.40%</b>	<i>7.40%</i>
3 Salary growth rate	<b>6.00%</b>	<i>6.00%</i>
4 Attrition rate	<b>5.00%</b>	<i>5.00%</i>

**N(II) SEGMENT REPORTING**

The Company is engaged in providing services, developing and investing in infrastructure projects in a single business segment. Hence reporting on primary segment does not arise. The Company does not have operations outside India and all its assets are situated in India. Hence, reporting on secondary segment does not arise.

**N(III) DISCLOSURE OF RELATED PARTIES / RELATED PARTY TRANSACTIONS****a) List of related parties with whom control exists / transactions have taken place**

Holding Companies	1	L&T Realty Limited (w.e.f. 11-10-2011)(a subsidiary of Larsen & Toubro Limited)
Ultimate holding company	2	Larsen & Toubro Limited
Subsidiary Companies	1	CSJ Infrastructure Private Limited
	2	L&T Chennai Projects Private Limited (formerly known as L&T Arun Excello IT SEZ Private Limited)
	3	L&T Commercial Projects Private Limited * (formerly known as L&T Arun Excello Commercial Projects Private Limited)
	4	L&T Bangalore Airport Hotel Limited
	5	L&T South City Projects Limited
	6	L&T Siruseri Property Developers Limited
	7	L&T Tech Park Limited
	8	L&T Vision Ventures Limited
	9	CSJ Hotels Private Limited
	10	L&T Tejomaya Limited
	11	L&T Parel Project LLP
Fellow Subsidiary companies	1	Chennai Vision Developers Private Limited
	2	L&T Metro Rail (Hyderabad) Limited
	3	Hyderabad International Trade Expositions Limited
	4	L&T Hitech City Limited
	5	L&T Infocity Limited
	6	L&T Western India Tollbridge Limited
	7	L&T Shipbuilding Limited
	8	L&T Krishnagiri Thopur Tollroad Limited
	9	L&T Panipat Elevated Corridor Limited
	10	L&T Samakhiali Gandhidham Tollway Limited
	11	L&T Transportation Infrastructure Limited
	12	L&T Vadodara Bharuch Tollway Limited
	13	L&T Western Andhra Tollways Limited
	14	Narmada Infrastructure Construction Enterprise Limited
	15	L&T Infrastructure Development Projects Limited

\*Subsidiary upto November 26, 2012

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****b) Disclosure of related party transactions (excluding service tax)**

Particulars		2012-2013 ₹	2011-2012 ₹
<b>1</b>	<b>Holding Company</b>		
	<b>L&amp;T Realty Limited</b>		
	• Allotment of equity shares		1,174,769,977
	• Reimbursement given for expenses	22,472	100,000
<b>2</b>	<b>Ultimate holding company</b>		
	<b>Larsen &amp; Toubro Limited</b>		
	• Rent expense	1,710,000	461,250
	• Cost of services expense	–	2,312,416
	• Purchase of fixed assets	–	2,072,728
	• Cost of services income	1,415,590	3,843,386
	• Payroll processing fees	180,000	180,000
	• Business support services expense	240,000	615,000
	• Business support services income	62,439	–
	• Reimbursement received for expenses	1,374,773	5,449,833
	• Reimbursement given for expenses	10,304,460	–
	• Project management and advisory service income	2,231,000	–
	• Advance paid and adjusted	–	48,891,303
	• Deposits received transferred from	–	851,531
	• Inter corporate deposit availed	3,170,000,000	–
	• Inter corporate deposit repaid	2,812,201,450	–
	• Interest expense on inter corporate deposit	253,956,018	–
<b>3</b>	<b>Subsidiaries</b>		
	<b>CSJ Infrastructure Private Limited</b>		
	• Project management and advisory service income	16,851,000	13,934,400
	• Interest income on shareholders' loan	106,597,801	87,643,388
	• Business support services income	831,649	2,209,069
	• Shareholders' Loan	237,600,000	–
	<b>L&amp;T Chennai Projects Private Limited</b>		
	• Inter Corporate deposit placed	79,800,000	209,263,600
	• Interest income on inter corporate deposit	5,586,566	40,369,854
	• Business Support services income	–	286,219
	• Project management and advisory service income	–	5,608,000
	<b>L&amp;T Commercial Projects Private Limited</b>		
	• Inter Corporate deposit placed	3,070,000	26,102,536
	• Interest income on inter corporate deposit	3,226,029	4,969,185
	<b>L&amp;T Bangalore Airport Hotel Limited</b>		
	• Inter Corporate deposit placed	3,344,900,000	–
	• Inter Corporate deposit refund received	2,812,201,450	50,000,000
	• Interest income on inter corporate deposit	257,759,609	260,274
	• Business Support services income	–	98,288
	• Project management and advisory service income	–	7,900,000
	• Reimbursement received for expenses	7,000	138,058
	<b>L&amp;T South City Projects Limited</b>		
	• Business Support services income	222,744	747,568
	• Inter Corporate deposit placed	70,000,000	–
	• Interest income on intercorporate deposit	701,370	–
	• Advance received and adjusted	2,304,019	–



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

Particulars	2012-2013 ₹	2011-2012 ₹
• Reimbursement given for expenses	146,754	–
• Dividend from Subsidiary	86,408,640	
• Project management and advisory service income	25,749,000	20,872,000
<b>L&amp;T Tech Park Limited</b>		
• Inter Corporate deposit placed	6,000,000	–
• Interest income on inter corporate deposit	260,384	–
• Inter Corporate deposit refund received	6,000,000	–
• Project management and advisory service income	3,132,000	1,396,000
• Business Support Services income	41,105	73,342
<b>L&amp;T Parel Project LLP</b>		
• Project Management and advisory service income	995,000	–
<b>L&amp;T Vision Ventures Limited</b>		
• Reimbursement given for expenses	27,500	–
• Business support services income	–	34,286
<b>4 Fellow Subsidiaries</b>		
<b>L&amp;T Infrastructure Development Projects Limited</b>		
• Advance paid	623,886	–
• Advance received	258,601	–
• Interest expense on inter corporate deposit	–	8,073,973
• Repayment of loan against convertible warrants	–	319,770,000
• Cost of services expense	–	564,936
• Business Support Services income	2,782,463	1,173,297
• Business Support Charges expense	–	10,529,266
• Reimbursement received for expenses	–	360,365
• Deposit transferred to	–	2,846,524
• Purchase of fixed assets	49,192	
• Sale of fixed assets	799,088	
• Inter corporate deposit repayment to	–	1,000,000,000
<b>Chennai Vision Developers Private Limited</b>		
• Reimbursement given for expenses	500	–
<b>L&amp;T Infocity Limited</b>		
• Business Support Services	–	282,241
• Project management and advisory service income	575,000	27,198,552
• Reimbursement received for expenses	159,746	3,698
• Reimbursement given for expenses	97,623	–
<b>Hyderabad International Trade Expositions Limited</b>		
• Business Support Services income	140,887	84,968
• Project management and advisory service income	3,780,000	1,272,000
• Reimbursement given for expenses	81,590	–
<b>L&amp;T Hitech City Limited</b>		
• Project management and advisory service income	879,000	1,976,000
• Business Support Services income	5,921	84,066
<b>L&amp;T Krishnagiri Thopur Tollroad Limited</b>		
• Business Support Services income	–	6,482
<b>L&amp;T Metro Rail (Hyderabad) Limited</b>		
• Business Support services income	–	540,242
• Project Management and advisory service income	195,000	–

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

Particulars	2012-2013	2011-2012
	₹	₹
<b>L&amp;T Panipat Elevated Corridor Limited</b>		
• Business Support Services income	–	22,995
<b>L&amp;T Samakhiali Gandhidham Tollway Limited</b>		
• Business Support services income	–	20,101
<b>L&amp;T Shipbuilding Limited</b>		
• Business Support Services income	–	37,437
<b>L&amp;T Transportation Infrastructure Limited</b>		
• Business support services income	–	31,304
<b>L&amp;T Vadodara Bharuch Tollway Limited</b>		
• Business support services income	–	94,093
<b>L&amp;T Western Andhra Tollways Limited</b>		
• Business support services income	–	19,458
<b>L&amp;T Western India Tollbridge Limited</b>		
• Business support services income	<b>53,483</b>	28,815
<b>Narmada Infrastructure Construction Enterprise Limited</b>		
• Inter corporate deposit repaid	–	1,000,000,000
• Interest expense on inter corporate deposit	–	8,701,370

**c) Amount due to / due from related parties (Net):**

(Amount in ₹)

Particulars	As at March 31, 2013		As at March 31, 2012	
	Due to	Due from	Due to	Due from
1 <b>Holding Company</b>				
L&T Realty Limited			–	100,000
2 <b>Ultimate Holding company</b>				
Larsen & Toubro Limited	<b>370,025,963</b>		2,204,922	
3 <b>Subsidiaries</b>				
CSJ Infrastructure Private Limited		<b>1,526,294,560</b>		1,192,498,699
L&T Chennai Projects Private Limited		<b>285,786,916</b>		422,738,106
L&T Commercial Projects Private Limited		–		51,117,657
L&T Vision Ventures Limited		<b>67,827,487</b>		3,435,827
L&T Bangalore Airport Hotel Limited		<b>546,609,827</b>		7,801,841
L&T Tech Park Limited		<b>2,185,001</b>		1,329,206
L&T South City Projects Limited		<b>76,904,744</b>		
4 <b>Fellow Subsidiaries</b>				
L&T Infrastructure Development Projects Limited	<b>1,772,442</b>	–	–	–
Chennai Vision Developers Private Limited		<b>500</b>		
L&T Shipbuilding Limited		–		37,164
L&T Hitech City Limited				2,045,027
L&T Parel Project LLP		<b>1,006,184</b>		–

**d) Amounts due to / due from related parties written back / written off during the year:**

The Company has written off Intercompany deposits of ₹ 21,09,00,000 and has waived 90% of interest for the year of ₹ 5,02,79,092 receivable from its subsidiary M/s L&T Chennai Projects Private Limited. (Previous year Nil). Amounts written back during the year is ₹ Nil (Previous year Nil).

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)****N(IV) EARNINGS PER SHARE**

Basic and Diluted Earnings per share (EPS) computed in accordance with Accounting Standard (AS 20) "Earnings per share".

Particulars	2012-13	2011-12
<b>Basic and Diluted (EPS)</b>		
Profit / (Loss) after tax as per accounts (₹)	(1,411,776,196)	126,027,302
Add: Reversal of Preference dividend (₹)	–	1,375,841
Profit / (Loss) attributable to equity share holders (₹)	(1,411,776,196)	127,403,143
Weighted Average number of equity shares outstanding (Nos.)	574,424,625	309,135,079
<b>Basic and Diluted EPS (₹)</b>	<b>(2.46)</b>	<b>0.41</b>
<b>Face value per equity share (₹)</b>	<b>10.00</b>	<b>10.00</b>

**N(V) MAJOR COMPONENTS OF DEFERRED TAX LIABILITIES AND DEFERRED TAX ASSETS:**

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Deferred Tax Assets (DTA)		
Gratuity	–	255,025
Compensated absences	1,355,212	1,004,332
Provision for doubtful advances	10,326,162	–
Provision for interest rate guaranteed on trust managed provident fund	–	145,169
Difference between book and tax depreciation	474,691	301,433
<b>Deferred Tax Assets</b>	<b>12,156,065</b>	<b>1,705,959</b>
<b>Deferred Tax Liabilities</b>	<b>–</b>	<b>–</b>
<b>Net deferred tax liability / (asset)</b>	<b>(12,156,065)</b>	<b>(1,705,959)</b>
<b>Net change in deferred tax liability / (asset)</b>	<b>(10,450,106)</b>	<b>(972,966)</b>

**N (vi) Proposed Amalgamation**

The Board of Directors in the Meeting held on August 24, 2012 have approved the Scheme of Amalgamation of the Company with its Holding Company L&T Realty Limited located at Mumbai.

As per the above Scheme, the appointed date of amalgamation is April 1, 2012. The Scheme of Amalgamation was filed with the Bombay High Court and with the Madras High Court. The approval of Bombay High Court has been received on February 8, 2013 and the approval of Madras High Court is awaited.

**N (vii)** Earnings in foreign currency during the year is ₹ Nil (*previous year: ₹ Nil*) Expenditure in foreign currency during the year is ₹ Nil (*previous year: ₹ Nil*)

**N (viii) (a)** Contingent liabilities ₹ Nil (*previous year: ₹ Nil*)

(b) Commitments ₹ Nil (*previous year: ₹ Nil*)

**N (ix)** Borrowing cost capitalised during the year ₹ Nil (*previous year ₹ Nil*).

**N (x)** The Company has filed an application with the Reserve Bank of India for the grant of Certificate of registration as a Systematically Important Core Investment Company (CIC-ND-SI) in terms of notification no. DNBS(PD)219/CGM(VS)-2011 dated January 5, 2011. The said application is pending to be approved.

**N (xi)** Previous year figures have been regrouped/ reclassified wherever necessary.

**O. SIGNIFICANT ACCOUNTING POLICIES****1 Basis of accounting**

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP"), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government. However, certain claims, which are not ascertainable / acknowledged by customers, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, provision for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

### 2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI to the Companies Act, 1956 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule VI to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees rounded off to the nearest Rupee. Per share data are presented in Indian Rupees to two decimals places.

### 3 Revenue recognition:

#### Revenue from operations

- (i) Income from project management and advisory services is accounted on time proportionate basis / proportionate completion method based on the agreements / arrangements with customers.
- (ii) Other operating revenue, other than Dividend income, is accounted under proportionate completion method based on the agreements / arrangements with customers.
- (iii) Dividend income is accounted when the right to receive the same is established.

#### Other income

- (i) Interest income is accrued at applicable interest rate on time proportionate basis.
- (ii) Other items of income are accounted as and when the right to receive arises.

### 4 Tangible Fixed assets

Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation and cumulative impairment.

Administrative and other general overhead expenses that are specifically attributable to the construction or acquisition of fixed assets or bringing the fixed assets to working condition are allocated and capitalised as a part of the cost of fixed assets.

### 5 Depreciation

Depreciation on assets has been provided on straight-line basis at the rates specified in the Schedule XIV of the Companies Act, 1956. However, in respect of the following asset categories depreciation is provided at rates higher than rates specified in Schedule XIV in line with their estimated useful lives.

Category of Asset	Depreciation Rate (p.a)
Furniture and fixtures	10.00%
Computers	
Desktops, Servers and Computer networking	16.67%
Laptops	25.00%
Air conditioners	8.33%
Motor cars	14.29%
Office equipments	25.00%

Depreciation on additions (including assets costing less than ₹ 5,000/-) / deductions is calculated pro-rata from / to the month of additions / deductions.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

### 6 Intangible assets and amortisation

Intangible Asset is recognized when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Specialized software is amortized over a period of three years on straight line basis from the month in which the addition is made.

Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets is allocated and capitalized as part of cost of the Intangible Assets.

### 7 Impairment of assets

As at each Balance Sheet date, the carrying amount of asset is tested for impairment so as to determine :

- (i) the provision for impairment loss, if any; and
- (ii) the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)**

Recoverable amount is determined:

- a) In the case of individual asset, at higher of the net selling price and value in use.
- b) In the case of a cash generating asset, (a group of assets that generates identifiable independent cash flows), at higher of the cash generating unit's net selling price and the value in use.

Value in use is determined as the present value of the estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.

### **8 Employee benefits**

The following are the accounting policies of the Company with regard to Employee benefits:

- (i) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences etc. and the expected cost of bonus, exgratia are recognized in the period in which the employee renders the related service.

- (ii) Post employment benefits:

- (a) Defined contribution plans:

State Governed Provident Fund linked with Employee Pension Scheme is Defined Contribution Plans. The contribution paid/payable under the scheme is recognised during the period in which the employee renders the related service.

- (b) Defined benefit plans:

The employees gratuity fund scheme and provident fund managed by trust are the Company's defined benefit plans. The present value of the obligation under such Defined Benefit Plans is determined based on actuarial valuation using Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and loss.

- (iii) Other long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences is recognized in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

### **9 Investments**

Trade investments comprise investments in subsidiary companies and associate companies .

Investments, which are readily realisable and are intended to be held for not more than one year from the date of acquisition, are classified as current investments. All other investments are classified as long term investments.

Long term investments including trade investments are carried at cost, after providing for diminution in value, if such diminution is other than temporary in nature.

Current Investments are carried at lower of cost and fair value. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

### **10 Inventories**

Inventories are valued after providing for obsolescence, at lower of cost or net realisable value.

### **11 Foreign currency transactions**

- (i) The reporting currency of the Company is the Indian Rupee.
- (ii) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items carried at historical cost denominated in a foreign currency, are reported using the exchange rate on the date of the transaction.
- (iii) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognized as income or expense in the period in which they arise.

### **12 Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of such assets, till such time as the asset is ready for its intended use or sale. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

### **13 Taxes on income**

Taxes on income for the current year are determined on the basis of taxable income and tax credits computed in accordance of the provisions of the Income-tax Act, 1961, and based on expected outcome of assessments / appeals.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### 14 Leases

Assets acquired on leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of Profit and loss on accrual basis

### 15 Cash and Bank Balances

Cash and bank balances also include fixed deposits with banks..

### 16 Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of a past event.
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

- a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) a present obligation when no reliable estimate is possible and
- c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

### 17 Operating cycle for current/non-current classification:

Operating cycle for the business activities of the company is taken as twelve months for classification of its assets and liabilities into current/non-current.

### 18 Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

- (i) transactions of a non-cash nature
- (ii) any deferrals or accruals of past or future operating cash receipts or payments and
- (iii) items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Profit and Loss Account. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

As per our report attached

For and on behalf of the Board

for SHARP & TANNAN

Chartered Accountants

(Firm's Registration No.003792S)

**L. VAIDYANATHAN**

Partner

Membership No. 16368

Place : Chennai

Date : May 22, 2013

**S. RAMESH**

Manager

**R. JAYASHREE**

Director

**SHRIKANT JOSHI**

Director

**NAINA DESAI**

Director

Place : Mumbai

Date : May 21, 2013

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

Name of the subsidiary	CSJ Infrastructure Private Limited	L&T Vision Ventures Limited	L&T Tech Park Limited	L&T Bangalore Airport Hotel Limited	L&T South City Projects Limited	L&T Tejomaya Limited	CSJ Hotels Private Limited	L&T Siruseri Property Developers Limited	L&T Chennai Projects Private Limited
Financial year of the subsidiary company ended on	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013
Number of Shares in the subsidiary company held by L&T Urban Infrastructure Limited at the above date									
- Equity shares	37,629,800	34,000	13,323,750	53,280,000	28,802,880	-	-	-	18,367,347
- Preference shares	-	-	2,805,000	-	-	-	-	-	-
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of L&T Urban Infrastructure Limited (₹ in thousands)									
(i) Dealt with in the accounts of L&T Urban Infrastructure Limited amounted to									
(a) for the subsidiary's financial year ended March 31, 2013	-	-	-	-	86,409	-	-	-	-
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Urban Infrastructure Limited		-	-	-	-	-	-	-	-
(ii) Not dealt with in the accounts of L&T Urban Infrastructure Limited amounted to:									
(a) for the subsidiary's financial year ended March 31, 2013	94,089	(15,409)	(39,539)	(329,939)	(88,804)	(58)	(36)	(190)	(412,753)
(b) for previous financial years of the subsidiary since it became subsidiary of L&T Urban Infrastructure Limited	(53,504)	(15,812)	7,239	(2,949)	217,526	-	-	(65)	(550,590)
Changes in the interest of L&T Urban Infrastructure Limited between the end of the subsidiary's financial year and March 31, 2013									
Number of shares acquired	NA	5	NA	NA	NA	NA	NA	NA	9,000,000
Material changes between the end of the subsidiary's financial year and March 31, 2012									
(i) Fixed assets (net additions)	NA	NA	NA	NA	NA	NA	NA	NA	NA
(ii) Investments (Fixed deposit with scheduled bank)	NA	NA	NA	NA	NA	NA	NA	NA	NA
(iii) Moneys lent by the subsidiary	NA	NA	NA	NA	NA	NA	NA	NA	NA
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	NA	NA	NA	NA	NA	NA	NA	NA	NA

**Note:**

L&T Bangalore Airport Hotel Limited, L&T Vision Ventures Limited, L&T Siruseri Property Developers Limited are yet to commence commercial operations.

For and on behalf of the Board

**S. RAMESH**  
Manager

**R. JAYASHREE**  
Director

**SHRIKANT JOSHI**  
Director

**NAINA DESAI**  
Director

Place : Mumbai  
Date : May 21, 2013