

## **DIRECTORS' REPORT**

Your Directors have pleasure in presenting their Fifth Annual Report along with the audited accounts of the Company for the year ended March 31, 2013.

### **A) FINANCIAL RESULTS**

Your Company's project is under implementation and accordingly the Company has carried forward the project expenditure of ₹ 161.39 crore incurred during the year as Construction Work-in-progress (at cost) and has capitalized under Capital Work-in-progress (at cost) ₹ 56.06 crore. The Company made a net profit of ₹ 0.62 crore before tax for the year ended March 31, 2013. The current year's profits are not sufficient to absorb the brought forward losses and hence, no debenture redemption reserve has been created.

### **B) APPROPRIATIONS**

No appropriation is proposed in view of the absence of adequate profits.

### **C) DIVIDEND**

Your Directors do not recommend any Dividend for the year ended 31.03.2013.

### **D) PERFORMANCE OF THE COMPANY**

During the year under review, excavation work had been almost completed and the three level basement work execution is in the final stages. The railway, retail and office commercial related construction activity is in progress.

### **E) CAPITAL AND FINANCE**

Your Company earlier had planned to do financial closure for the project funding requirement. However, in view of the prevailing lower interest scenario through Debenture / Bond route, it had opted for Non Convertible Debentures and consequently issued Debentures totaling ₹ 600 crore to meet with construction and other project related expenses. It had also repaid the interest free unsecured loan taken earlier from the parent company M/s Larsen & Toubro Limited amounting to ₹ 265.20 crore. The Company received ₹ 362 crore from the parent company M/s Larsen & Toubro Limited as advance towards share capital. The cumulative amount of Advance towards share capital stands at ₹ 1,143.99 crore as at March 31, 2013. The Company will be enhancing the Authorised Share Capital.

### **F) AUDITORS' REPORT**

The Auditors' report does not contain any qualifications. The notes to the accounts referred to in the Auditors' report are self-explanatory and do not call for any further comments of Directors.

### **G) MATERIAL CHANGES, IF ANY, BETWEEN THE BALANCE SHEET DATE AND DATE OF DIRECTORS' REPORT**

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

### **H) DISCLOSURE OF PARTICULARS**

Information as required Under Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 for the year ended March 31, 2013 is nil except during the period under review, the total foreign exchange utilised was ₹ 33,81,867/- towards professional fees.

### **I) PARTICULARS OF EMPLOYEES**

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

### **J) DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO 217(2AA) OF THE COMPANIES ACT, 1956**

The Directors of your Company wish to state that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) 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 true and fair view of the state of affairs of the Company at the end of the financial year ended 31.03.2013 and of the profit of the Company for that year;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis; and
- v) proper systems are in place to ensure compliance with all laws applicable to the Company.

**K) DIRECTORS**

The present Directors of the Company are Mr. Shailendra Roy, Mr. R. Govindan and Mr. Shrikant Joshi .

Mr. P. S. Banerjee resigned as a Director with effect from August 27, 2012. Mr. Shrikant Joshi has been appointed as Director to fill up the said casual vacancy, with effect from 24th September 2012

Mr. D. B. Raju resigned as a Director with effect from 29th September 2012. Mr. R. Govindan has been appointed as Director to fill up the said casual vacancy, with effect from 19th October 2012.

The Board of Directors place on record their appreciation for the contribution made by Mr. P. S. Banerjee and Mr. D. B. Raju during their tenure as Director and welcomes Mr. Shrikant Joshi and Mr. R. Govindan to the Board.

Mr. R. Govindan retires by rotation in the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment. He is a senior and experienced business executive in the Industry and the Board considers his appointment to be beneficial to the Company.

**L) AUDITORS**

The Auditors M/s Sharp and Tannan, hold office until the conclusion of the ensuing Annual General Meeting. The Directors recommend that M/s Sharp and Tannan, Chartered Accountants be appointed as the Statutory Auditors of the Company at the forthcoming Annual General Meeting of the Company to hold office till the conclusion of the next Annual General Meeting of the Company.

Certificate from the 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.

**M) SUBSIDIARY COMPANIES**

Your Company does not have any subsidiary company.

**N) COMPLIANCE WITH VOLUNTARY CORPORATE GOVERNANCE GUIDELINES, 2009**

**a) Separation of Offices of Chairman and Chief Executive Officer**

The roles and offices of Chairman and Chief Executive are separated. The Board of Directors from among themselves elects a Chairman of the Board whereas Ms. Neera Saggi designated as Manager, is the Chief Executive of the Company.

**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 is involved in the day-to-day management of the Company.

**d) 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 the same is being complied with.

**e) Responsibilities of the Board**

Presentations to the Board are made in the areas such as financial results, budgets, business prospects etc. which give 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.

**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. However, the signing partners are rotated at regular frequency.

**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.

**j) Related Party Transactions**

The details of all the related party transactions form part of the accounts as required under Accounting Standard – 18 issued by ICAI.

**O) ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the services of all employees and other stakeholders for their contribution.

On behalf of the Board

*Place : Mumbai*  
*Date : May 8, 2013*

**SHAIENDRA ROY**  
*Director*

**SHRIKANT JOSHI**  
*Director*

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF L&T SEAWOODS PRIVATE LIMITED**

#### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **L&T SEAWOODS PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2013, and the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards 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 profit 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 the Company satisfies all the conditions mentioned in paragraph 2(iv) of the Companies (Auditor's Report) Order, 2003 issued by the central government of India in terms of section 227(4A) of the Act, reporting under the said Order is not required.
- 2 As required by section 227(3) of the Companies Act, 1956 we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account; and
  - d. in our opinion the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

**SHARP & TANNAN**

*Chartered Accountants*

*Firm's registration no. 109982W*

by the hand of

**FIRDOSH D. BUCHIA**

*Partner*

*Membership No. 38332*

*Place : Mumbai*

*Date: May 8, 2013*

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

	Note no	As at 31.03.2013		As at 31.03.2012	
		₹	₹	₹	₹
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	A(I)	100,000		100,000	
Reserves and surplus	B	(42,494,708)		(48,734,023)	
			(42,394,708)		(48,634,023)
Advance towards equity commitment	A(II)		11,439,900,000		7,819,900,000
<b>Non-current liabilities</b>					
Long term borrowings	C(i)		6,000,000,000		
Deferred payment liabilities	C(ii)		3,610,000,000		7,230,000,000
<b>Current liabilities</b>					
Short-term borrowings	D(i)		-	2,562,000,000	
Current portion of deferred payment liabilities	D(ii)	3,620,000,000		3,620,000,000	
Trade payables	D(iii)	445,145,474		155,008,320	
Other current liabilities	D(iv)	1,557,514,618		1,489,699,861	
Short term provisions	D(v)	3,993,432		2,749,831	
			5,626,653,524		7,829,458,012
<b>TOTAL</b>			<b>26,634,158,816</b>		<b>22,830,723,990</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed Assets					
Tangible assets	E(i)	29,545,878		34,825,606	
Intangible assets	E(ii)	564,603		695,786	
Capital work in progress	E(i), I, M (9)	14,571,164,109		14,010,582,527	
Intangible assets under development	E(ii)	300,000		300,000	
			14,601,574,590		14,046,403,919
Long-term loans and advances	F		18,598,110		18,598,110
Current assets					
Current investments		753,398,070		-	
Inventories	G(i), I, M (9)	9,132,803,533		7,518,869,738	
Cash and bank balances	G(ii)	7,021,551		28,722,722	
Short term loans and advances	G(iii)	2,120,762,962		1,218,129,501	
			12,013,986,116		8,765,721,961
<b>TOTAL</b>			<b>26,634,158,816</b>		<b>22,830,723,990</b>
Commitments (capital and others)	L16				
Contingent liabilities	L15, M10				
Significant accounting policies	L				
Notes forming part of accounts	M				

As per our report attached of even date

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants  
ICAI registration no. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**

Partner  
Membership No.38332

**NEERA SAGGI**

Manager

**SHRIKANT JOSHI**

Director

**S.N.ROY**

Director

Place : Mumbai  
Date : May 8, 2013

Place : Mumbai  
Date : May 8, 2013

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

	Note No	2012-13 ₹	2011-12 ₹
<b>REVENUE</b>			
<b>Revenue from operations (net)</b>		-	-
Other income	H	21,836,807	1,199,606
<b>TOTAL REVENUE</b>		<u>21,836,807</u>	<u>1,199,606</u>
<b>EXPENSES</b>			
Construction and operating expenses	I	-	-
Employee benefits expense	J	5,948,571	2,340,740
Sales, administration and other expenses	K	9,648,921	4,143,465
Depreciation and amortisation expense	E(i),E(ii)	-	12,612
<b>TOTAL EXPENSES</b>		<u>15,597,492</u>	<u>6,496,817</u>
<b>Profit / (Loss) before tax</b>		<u>6,239,315</u>	<u>(5,297,211)</u>
Tax expense			
Current tax		-	-
Provision for deferred tax		-	-
<b>Profit / (Loss) after tax</b>		<u>6,239,315</u>	<u>(5,297,211)</u>
Basic earnings per equity share		623.93	(529.72)
Diluted earnings per equity share		0.01	(529.72)
Face value per equity share		10	10
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	L		
<b>OTHER NOTES FORMING PART OF ACCOUNTS</b>	M		

As per our report attached of even date

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants

ICAI registration no. 109982W

by the hand of

**FIRDOSH D. BUCHIA**

Partner

Membership No.38332

Place : Mumbai

Date : May 8, 2013

**NEERA SAGGI**

Manager

**SHRIKANT JOSHI**

Director

**S.N.ROY**

Director

Place : Mumbai

Date : May 8, 2013

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

	2012-13 ₹	2011-12 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit / (Loss) before tax and extraordinary items</b>	<b>6,239,315</b>	<b>(5,297,211)</b>
<b>Adjustment for :</b>		
Depreciation	-	12,613
Interest income on Inter-Corporate Deposit	<b>(11,616,141)</b>	-
Dividend Received	<b>(9,447,436)</b>	-
Profit / Loss on sale of fixed assets (net)	<b>(40,173)</b>	<b>54,372</b>
<b>Operating Profit before Working Capital changes</b>	<b>(14,864,435)</b>	<b>(5,230,226)</b>
<b>Adjustments For :</b>		
(Increase) / Decrease in inventories	<b>(1,368,056,570)</b>	<b>(433,803,525)</b>
(Increase) / Decrease in Loans and Advances	<b>(902,633,461)</b>	<b>(808,733,990)</b>
Increase / (Decrease) in current liabilities	<b>95,096,881</b>	<b>112,578,539</b>
<b>Cash generated from operations</b>	<b>(2,190,457,585)</b>	<b>(1,135,189,202)</b>
Direct taxes refund / (paid) - net	-	<b>207,397</b>
<b>NET CASH USED IN OPERATING ACTIVITIES (A)</b>	<b>(2,190,457,585)</b>	<b>(1,134,981,805)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed and intangible assets	<b>(498,437,364)</b>	<b>(113,829,299)</b>
Land premium and related costs	<b>(3,620,000,000)</b>	-
Sale of Fixed Assets	<b>92,000</b>	<b>280,000</b>
Investment in Mutual funds	<b>(753,398,070)</b>	-
Interest received	<b>11,616,141</b>	-
Dividend received from investment in Mutual Funds	<b>9,447,436</b>	-
<b>Net Cash (used in) / from investing activities (B)</b>	<b>(4,850,679,857)</b>	<b>(113,549,299)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Advance against equity commitment	<b>3,620,000,000</b>	-
Unsecured loan from Larsen & Toubro Limited	<b>(2,562,000,000)</b>	<b>1,271,400,000</b>
Non-Convertible Debentures	<b>6,000,000,000</b>	-
Interest paid on Non-Convertible Debentures	-	-
Non-Convertible Debentures allotment expenses	<b>(38,563,729)</b>	-
<b>Net cash from/ (used in) financing activities (C)</b>	<b>7,019,436,271</b>	<b>1,271,400,000</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(21,701,171)</b>	<b>22,868,896</b>
Cash and Cash equivalents as at the beginning of the year	<b>28,722,722</b>	<b>5,853,826</b>
<b>Cash and Cash equivalents as at the end of the year</b>	<b>7,021,551</b>	<b>28,722,722</b>

Notes:

- (a) Cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
- (b) Cash and cash equivalents represent cash and bank balances.
- (c) Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached of even date

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants  
ICAI registration no. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**

Partner  
Membership No.38332

**NEERA SAGGI**

Manager

**SHRIKANT JOSHI**

Director

**S.N.ROY**

Director

Place : Mumbai  
Date : May 8, 2013

Place : Mumbai  
Date : May 8, 2013

**NOTES FORMING PART OF ACCOUNTS****A (I) SHARE CAPITAL****A(I)(i) Share Capital Authorised, Issued and Subscribed**

	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	₹	Number of Shares	₹
<b>Authorised</b>				
Equity shares of ₹10 each	5,000,000	50,000,000	5,000,000	50,000,000
<b>Issued</b>				
Equity shares of ₹10 each (All the equity shares are held by Larsen & Toubro Limited, the holding company and its nominees)	10,000	100,000	10,000	100,000
<b>Subscribed and fully paid up</b>				
Equity shares of ₹10 each (All the equity shares are held by Larsen & Toubro Limited, the holding company and its nominees)	10,000	100,000	10,000	100,000

**A(I) (ii) Terms/Rights attached to Equity Shares**

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

**A(I)(iii)** Aggregate number of equity shares allotted as fully paid up by way of bonus shares in the immediately preceding 5 years ended on March 31, 2013 are Nil (immediately preceding 4 years ended on March 31, 2012: Nil).

**A (I) (iv)** Aggregate number of equity shares issued pursuant to contract, without payment being received in cash in the immediately preceding 5 years ended on March 31, 2013 are Nil (immediately preceding 4 years ended on March 31, 2012: Nil).

**A (II) (i)** The following are the details of issued share capital and advance towards equity commitment being in excess of Authorised Share Capital :

Particulars	As at 31.03.2013	As at 31.03.2012
	₹	₹
Authorised Share Capital	50,000,000	50,000,000
Issued and subscribed Equity Share Capital	100,000	100,000
Advance towards Equity Commitment	11,439,900,000	7,819,900,000
<b>TOTAL</b>	<b>11,440,000,000</b>	<b>7,820,000,000</b>
The following is the break up of Advance towards equity commitment :		
Advance towards equity commitment beyond the Authorised Capital	11,390,000,000	7,770,000,000
Advance towards equity commitment within the Authorised Capital	49,900,000	49,900,000
<b>TOTAL</b>	<b>11,439,900,000</b>	<b>7,819,900,000</b>

**A (II) (ii)** The Company shall apply for increase in the Authorised share capital in the financial year 2013-14.

**B. RESERVES AND SURPLUS**

	As at 31.03.2013	As at 31.03.2012
	₹	₹
<b>Surplus/(deficit) in the statement of profit and loss</b>		
As per last balance sheet	(48,734,023)	(43,436,812)
Profit / (Loss) for the year	6,239,315	(5,297,211)
<b>TOTAL</b>	<b>(42,494,708)</b>	<b>(48,734,023)</b>

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

	<b>As at 31.03.2013</b>	<i>As at 31.03.2012</i>
	₹	₹
<b>C (I) LONG TERM BORROWINGS</b>		
<b>Unsecured :</b>		
Redeemable non-convertible fixed rate debentures (Refer note C (i) (a))	<b>6,000,000,000</b>	–
<b>TOTAL</b>	<b>6,000,000,000</b>	–

**C(i) (a) Unsecured redeemable non-convertible fixed rate debentures (privately placed) :**

Sr. No.	Face value per debenture	Date of allotment	31.03.2013	31.03.2012	Interest for the year 2012-13	Terms of repayment of debentures outstanding as at 31.03.2013
	₹		₹	₹		
1	1,000,000	28-Sep-12	<b>4,000,000,000</b>	–	10.25% payable annually	Redeemable at face value at the end of 36 months from the date of allotment. The Company has a call option on September 28, 2014 and March 28, 2015 to redeem the debentures at face value.
2	1,000,000	19-Oct-12	<b>500,000,000</b>	–	9.90% payable annually	Redeemable at face value at the end of 2 years and 344 days from the date of allotment. The Company has a call option on September 28, 2014 and March 28, 2015 to redeem the debentures at face value.
3	1,000,000	9-Nov-12	<b>500,000,000</b>	–	9.95% payable annually	Redeemable at face value at the end of 2 years and 323 days from the date of allotment. The Company has a call option on September 28, 2014 and March 28, 2015 to redeem the debentures at face value.
4	1,000,000	21-Jan-13	<b>500,000,000</b>	–	9.75% payable annually	Redeemable at face value on September 28, 2015. The Company has a call option on September 28, 2014 and March 28, 2015 to redeem the debentures at face value.
5	1,000,000	21-Feb-13	<b>500,000,000</b>	–	9.75% payable annually	Redeemable at face value on September 28, 2015. The Company has a call option on September 28, 2014 and March 28, 2015 to redeem the debentures at face value.
<b>TOTAL</b>			<b>6,000,000,000</b>	–		

**C (i)(b)** The Company has not created debenture redemption reserve as required under Section 117C of the Companies Act, 1956 on account of inadequacy of profits.

**C (i) (c)** Debentures guaranteed by directors - Nil

**C (i) (d)** In accordance with the terms agreed with debenture holders, the advance against equity received from Larsen & Toubro Limited, will have to be retained and subordinated to all debt taken or raised by the Company till such time as the debentures are redeemed in full.

	<b>As at 31.03.2013</b>	<i>As at 31.03.2012</i>
	₹	₹
<b>C (II) DEFERRED PAYMENT LIABILITIES</b>		
Future installments payable for lease premium payable to CIDCO (Refer Note M (8))	<b>3,610,000,000</b>	<i>7,230,000,000</i>
<b>TOTAL</b>	<b>3,610,000,000</b>	<i>7,230,000,000</i>

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

	As at 31.03.2013	As at 31.03.2012
	₹	₹
<b>D (I) SHORT TERM BORROWINGS</b>		
<b>Unsecured :</b>		
From related party :		
Intercorporate borrowings (Interest free) :		
Larsen & Toubro Limited (Holding company)	-	2,562,000,000
<b>TOTAL</b>	<b>-</b>	<b>2,562,000,000</b>
<b>D (II) CURRENT PORTION OF DEFERRED PAYMENT LIABILITIES</b>		
Lease premium payable to CIDCO- Refer note M(8)	3,620,000,000	3,620,000,000
<b>TOTAL</b>	<b>3,620,000,000</b>	<b>3,620,000,000</b>
<b>D(III). TRADE PAYABLES</b>		
Due to related parties	228,586,378	153,292,123
Due to others	216,559,096	1,716,197
<b>TOTAL</b>	<b>445,145,474</b>	<b>155,008,320</b>
<b>D (IV) OTHER CURRENT LIABILITIES</b>		
Interest accrued but not due on borrowings	264,098,630	-
Other payables	19,412,206	22,114,731
Other accrued payables	1,274,003,782	1,467,585,130
<b>TOTAL</b>	<b>1,557,514,618</b>	<b>1,489,699,861</b>
<b>D (V) SHORT TERM PROVISIONS</b>		
Provision for employee benefits :		
Compensated absences	3,199,665	2,240,000
Gratuity	793,767	509,831
<b>TOTAL</b>	<b>3,993,432</b>	<b>2,749,831</b>

**E (I) ASSET CLASS-WISE DETAILS OF TANGIBLE ASSETS**

PARTICULARS	COST / VALUATION				DEPRECIATION				BOOK VALUE	
	As at 01.04.2012	Additions	Deductions	As at 31.3.2013	Up to 31.03.2012	For the year **	Deductions	Up to 31.03.2013	As at 31.3.2013	As at 31.3.2012
<b>TANGIBLE ASSETS :</b>										
Owened										
Building	31,827,355	-	-	31,827,355	9,707,104	3,182,737	-	12,889,841	18,937,514	22,120,251
Plant and equipments	15,481,039	945,219	125,589	16,300,669	5,878,071	2,622,821	73,762	8,427,130	7,873,539	9,602,968
Furniture and Fixtures	4,469,806	90,403	-	4,560,209	1,367,419	457,965	-	1,825,384	2,734,825	3,102,387
<b>TOTAL</b>	<b>51,778,200</b>	<b>1,035,622</b>	<b>125,589</b>	<b>52,688,233</b>	<b>16,952,594</b>	<b>6,263,523</b>	<b>73,762</b>	<b>23,142,355</b>	<b>29,545,878</b>	<b>34,825,606</b>
Previous Year	51,557,804	663,961	443,565	51,778,200	10,920,737	6,141,050	109,192	16,952,595	34,825,606	40,637,068
Capital work in progress *									14,571,164,109	14,010,582,527
<b>TOTAL</b>									<b>14,600,709,987</b>	<b>14,045,408,133</b>

\* Note : Includes Developmental / Leasehold rights of ₹ 1457,11,89,575 /- (P.Y. ₹ 1401,05,82,527 /-)

**NOTES FORMING PART OF ACCOUNTS (CONTD.)****E (II) ASSET CLASS-WISE DETAILS OF INTANGIBLE ASSETS**

₹

	COST / VALUATION				AMORTISATION				BOOK VALUE	
	As at 01.04.2012	Additions	Deductions	As at 31.3.2013	Up to 31.03.2012	For the year **	Deductions	Up to 31.03.2013	As at 31.3.2013	As at 31.3.2012
<b>INTANGIBLE ASSETS :</b>										
Specialised Software	786,938	-	-	786,938.00	91,152	131,183	-	222,335.00	564,603	695,786
<b>TOTAL</b>	<b>786,938</b>	<b>-</b>	<b>-</b>	<b>786,938</b>	<b>91,152</b>	<b>131,183</b>	<b>-</b>	<b>222,335</b>	<b>564,603</b>	<b>695,786</b>
Previous year	361,938	425,000	-	786,938	30,623	60,529	-	91,152	695,786	331,315
Add: Intangible Assets under development									300,000	300,000
<b>TOTAL</b>									<b>864,603</b>	<b>995,786</b>

\*\* Out of the total depreciation / amortisation amount of ₹ 63,94,705/- (previous year ₹ 62,01,579), the Company has inventorised ₹ 50,87,450 (previous year ₹ 49,23,770), capitalised ₹ 13,07,255 (previous year ₹ 12,65,197) and charged to Statement of Profit and Loss ₹ Nil (previous year ₹ 12,612) during the year

	As at 31.03.2013	As at 31.03.2012
	₹	₹
<b>F LONG TERM LOANS AND ADVANCES</b>		
Unsecured, considered good :		
Other loans and advances :		
Security deposits	18,598,110	18,598,110
<b>TOTAL</b>	<b>18,598,110</b>	<b>18,598,110</b>

**G INVESTMENTS**

Investment in Mutual Fund ( details below)	753,398,070	-
<b>TOTAL</b>	<b>753,398,070</b>	<b>-</b>

Particulars	Face value	No of. units	As at	As at 31.03.2012
	per unit	As at 31.03.2013	31.03.2013	
L&T Liquid fund direct plan daily dividend reinvestment plan (unquoted)	1,011.63	343,077.60	347,069,275	-
L&T Cash fund direct plan daily dividend reinvestment plan (unquoted)	1,023.30	397,076.90	406,328,796	-
<b>TOTAL</b>			<b>753,398,071</b>	<b>-</b>

**G (I) INVENTORIES**

Construction and project related work in progress (Refer note I and M (9))	9,132,803,533	7,518,869,738
<b>TOTAL</b>	<b>9,132,803,533</b>	<b>7,518,869,738</b>

**G (II) CASH AND BANK BALANCES****Cash and cash equivalents :**

Balance with banks on current account	7,021,551	21,296,910
Fixed deposit with banks including interest thereon (with original maturity of less than 3 months)	-	7,425,812
<b>TOTAL</b>	<b>7,021,551</b>	<b>28,722,722</b>

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

	As at 31.03.2013	As at 31.03.2012
	₹	₹
<b>G (III) SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good :</b>		
Loans and advances to related parties :		
Holding Company		
Mobilisation advances	1,525,141,121	742,047,961
Others :		
Security deposits	350,001,500	350,001,500
Advances recoverable in cash or in kind	244,276,794	126,050,424
Less : Write off of advances	-	(48,319)
	<u>594,278,295</u>	<u>476,003,605</u>
Income tax recoverable ((Net of provisions ₹ Nil (P.Y. ₹ Nil))	1,343,547	77,934
<b>TOTAL</b>	<u><u>2,120,762,962</u></u>	<u><u>1,218,129,501</u></u>
	2012-13	2011-12
	₹	₹
<b>H OTHER INCOME</b>		
Interest income :		
Interest on inter corporate deposit	11,616,141	-
Interest on fixed deposit with bank	275,189	445,909
Interest on security deposit	457,868	322,192
Dividend income :		
Dividend on investments in Mutual Fund	9,447,436	-
Net gain /(loss) on sale of fixed assets	40,173	(54,372)
Other income	-	485,877
<b>TOTAL</b>	<u><u>21,836,807</u></u>	<u><u>1,199,606</u></u>
<b>I CONSTRUCTION EXPENSES</b>		
Cost of Construction	1,530,179,342	439,332,415
Professional Fees	62,444,734	62,483,841
Project Approval Costs	81,617,660	48,652
Security Services	-	1,556,076
Power and fuel	2,147,503	5,461,689
Travelling and conveyance	1,442,587	1,476,164
Interest and finance costs	289,985,850	-
Bank Charges	12,676,509	12,683,321
Communication Expenses	465,092	409,140
Property tax	8,926,180	-
Other costs	242,260	-
Depreciation	6,394,705	6,188,967
<b>TOTAL</b>	<u><u>1,996,522,422</u></u>	<u><u>529,640,265</u></u>
Add : Opening Stock		
Construction Work-in-progress	7,518,869,738	849,312,987
Add : Employee benefits expense (Refer Note No. J)	32,122,729	23,411,315
Add : Re-classification from capital work in progress (net) (Refer Note No. L 6)	-	6,116,505,171
Less : Classified under Capital work in progress (Refer Note No. L 6)	<u>(414,711,357)</u>	<u>-</u>
	<u>9,132,803,533</u>	<u>7,518,869,738</u>
Less: Closing Stock:		
Construction Work-in-progress (Refer Note No. L 6)	<u>9,132,803,533</u>	<u>7,518,869,738</u>
<b>TOTAL OF CONSTRUCTION AND OPERATING EXPENSES</b>	<u><u>-</u></u>	<u><u>-</u></u>

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

	2012-13 ₹	2011-12 ₹
<b>J EMPLOYEE BENEFITS EXPENSE</b>		
Salaries	34,008,953	23,513,575
Contribution to and provision for :		
Provident fund	998,731	604,047
Gratuity	283,936	(76,846)
Compensated absences	959,665	882,861
Staff welfare expenses	1,820,015	828,418
<b>TOTAL</b>	<b>38,071,300</b>	<b>25,752,055</b>
Less : Direct staff cost inventorised (Refer Note I)	<b>(32,122,729)</b>	<b>(23,411,315)</b>
<b>NET TOTAL</b>	<b>5,948,571</b>	<b>2,340,740</b>
<b>K SALES, ADMINISTRATION AND OTHER EXPENSES</b>		
Travelling and conveyance	572,919	200,605
Communication expenses	182,705	85,333
Insurance	8,381	2,578
Postage and courier	11,219	3,055
Repairs and maintenance	351,730	416,359
Printing and Stationery	491,144	241,010
Business Promotion Expenses	810,990	513,591
Marketing expenses - Brand building	4,000,000	400,000
Professional fees	1,183,752	-
Electricity Charges	-	8,260
Housekeeping Services	796,909	776,958
Rent	-	52,470
Books and Periodicals	22,660	16,540
Donation	-	100,000
Fees and Subscription	242,579	54,500
Auditors' remuneration	84,000	25,000
Rates and taxes	16,692	14,540
Onsite Support Services	196,956	240,000
Training and development programme expenses	44,561	383,757
Advances written off	-	48,319
Exchange (gain) / Loss (net)	34,126	219,159
Miscellaneous expenses	597,598	341,431
<b>TOTAL</b>	<b>9,648,921</b>	<b>4,143,465</b>

## **NOTES FORMING PART OF ACCOUNTS (CONTD.)**

### **L. 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. Further, the guidance notes / announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

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 period, 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 fixed assets and intangible assets, allowance 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.

#### **2. Presentation and disclosure of financial statements :**

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, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

#### **3. Operating cycle for current and non-current classification :**

Operating cycle for the business activities of the company covers the duration of the specific project including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

#### **4. Revenue recognition :**

##### **i) Revenue from property development:**

Revenue from property development activity which are in substance similar to delivery of goods is recognised when all significant risks and rewards of ownership in the land and/or building are transferred to the customer and a reasonable expectation of collection of the sale consideration from the customer exists.

Revenue from those property development activities which have the same economic substance as construction contract is recognised based on the 'Percentage of Completion method' (POC) when the outcome of a real estate project can be estimated reliably upon fulfillment of the following conditions:

Revenue is recognised under the percentage completion method when the events in (a) to (d) below are completed.

- (a) All critical approvals necessary for commencement of the project have been obtained
- (b) When the stage of completion of the project reaches a reasonable level of development. A reasonable level of development is not achieved if the expenditure incurred on construction and development costs is less than 25 % of the construction and development costs .
- (c) Atleast 25% of the saleable project area is secured by contracts or agreements with buyers.
- (d) Atleast 10 % of the total revenue as per the agreements of sale or any other legally enforceable documents are realised at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

The costs incurred on property development activities are carried as "Inventories" till such time the outcome of the project cannot be estimated reliably and all the aforesaid conditions are fulfilled. When the outcome of the project can be ascertained reliably and all the aforesaid conditions are fulfilled, revenue from property development activity is recognized at cost incurred plus proportionate margin, using percentage of completion method. Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost.

Expected loss, if any, on the project is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract

##### **ii) Rental income from leased assets is recognised on accrual basis over the lease term.**

##### **iii) Other income :**

- i) Interest income is accrued at applicable interest rates.
- ii) Dividend income is accounted in the period in which the right to receive the same is established.
- iii) Other items of income are accounted as and when the right to receive arises.

#### **5. Employee benefits :**

##### **a) Short Term Employee benefits :**

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

**NOTES FORMING PART OF ACCOUNTS (CONTD.)****b) Post-Employment Benefits :****i) Defined Contribution Plans:**

State governed provident fund scheme linked with Employee Pension Scheme are defined contribution plans. The contribution paid / payable is recognised during the year in which the employee renders the related service.

**ii) Defined Benefit Plans:**

Employees' gratuity obligation is the defined benefit plan.

The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

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

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

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in the discount rate is classified under finance costs. The balance charge is recognised as employee benefits in the statement of Profit and Loss.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

**c) Long Term Employee Benefits :**

The obligation for long term employee benefits such as long term compensated absences, gratuity, etc. is determined based on actuarial valuation using the Projected Unit Credit Method.

**6. Tangible Fixed Assets :**

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

Administrative and other general overhead expenses that are specifically attributable to 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 the tangible assets.

Development-cum-leasehold rights ("the rights") are shown as part of "Capital work-in-progress" under tangible assets. The cost of the rights comprises lease premium, applicable registration costs, borrowing costs and any other cost required to be incurred as a pre-condition to acquire the said rights.

The proportionate cost of the said development-cum-leasehold rights is re-classified and transferred to Inventory upon determination of future use for the purpose of sale / long-term lease. The balance proportionate cost of the said developmental-cum-leasehold rights to the extent identified for buildings owned by the company and leased out on operating leases will be classified as "Leasehold Land" upon execution of the lease deed.

(Also refer to policy on Leases, Borrowing costs, Impairment of assets, foreign currency transactions, infra.)

**7. Intangible assets and amortisation :**

Intangible assets are stated at original cost net of duty credits availed if any, less accumulated amortisation and cumulative impairment.

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

Intangible assets which are not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development.

Intangible assets are amortized over their useful life as follows:

Specialized software: over a period of six years

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

**8. Depreciation :**

Depreciation on assets carried at historical cost is provided on straight-line basis at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions to the fixed assets is calculated pro-rata from/to the month of additions/deductions. However, in respect of the following asset categories, the depreciation is provided at higher rates in line with their estimated useful life.

Category of asset	Rate of depreciation (% p.a.)
Development-cum-Leasehold rights	Over the period of lease
Furniture and Fixtures	10
Plant and equipment:	

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

Category of asset	Rate of depreciation (% p.a.)
Office equipment	6.67
Fax, Printers, Scanner and Projectors	25
Desktop and laptop	25
Building	10

**9. Impairment of assets :**

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

- The provision for impairment loss, if any; and
- The reversal of impairment loss recognized in previous periods, if any

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

Recoverable amount is determined:

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

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

**10. Leases :**

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are accounted on accrual basis.

**11. Inventories :**

Completed property / work-in-progress (including land) in respect of property development activity is valued at cost (including related overheads) or net realisable value, whichever is lower.

Cost of inventory also includes proportionate cost of developmental-cum-leasehold rights upon determination of future use for the purpose of sale / long-term lease.

In the case of qualifying assets, cost includes applicable borrowing costs vide policy relating to borrowing costs.

**12. Borrowing costs :**

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

**13. Foreign currency transactions :**

- The reporting currency of the company is Indian Rupee.
- Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At the 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 at the date of transaction.

Exchange differences that arise on settlement of monetary items or on reporting monetary items at each balance sheet date at the closing rate are recognised as income or expense in the period in which they arise.

**14. Taxes on income :**

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

Deferred tax is recognized on timing differences between the income accounted in financial statements and the taxable income for the year, and quantified using 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 recognized and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

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 asset can be realized.

**15. Provisions, contingent liabilities and contingent assets :**

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

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

- 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.
- (ii) Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.
- (iii) Contingent Liability is disclosed in the case of :
- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) a present obligation arising from the past events, when no reliable estimate is possible.
- c) a possible obligation arising from past events, where the probability of outflow of resources is not remote.
- (iv) Contingent Assets are neither recognised, nor disclosed.
- (v) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

**16. Commitments :**

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

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for
- b) Uncalled liability on shares and other investments partly paid
- c) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
- Other commitments related to sales / procurements made in the normal course of business are not disclosed to avoid excessive details.

**M. NOTES FORMING PART OF ACCOUNTS**

1. The Company is a special purpose vehicle incorporated to execute a transit oriented, integrated / mixed use development project at Seawoods - Dharave railway station, Nerul Node, Navi Mumbai, on a plot covering an area of 39.92 acres. The Company is a 100% subsidiary of Larsen and Toubro Limited.
2. There have been no transactions during the period with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.
- Note:** The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.
3. (a) No provision for current tax / deferred tax has been made since the Company does not have any taxable income.
- (b) The Company does not have taxable wealth and hence, no provision has been made for wealth tax under the provisions of Wealth Tax Act, 1957.
4. Disclosure of related parties / related parties transactions pursuant to Accounting Standard (AS 18) " Related party disclosures " :

**A. List of parties who exercise control over the Company and status of transactions entered during the year:**

Sr. No.	Name of the related party	Relationship	Transactions entered during the year (Yes/No)
1	Larsen & Toubro Limited	Holding Company*	Yes

\*Larsen and Toubro Limited together with its nominees holds the full nominal value of the equity share capital of the Company.

**B. List of the related parties with whom transactions were carried out during the year and description of relationship:**

Sr. No.	Name of the related party	Relationship	Transactions entered during the year (Yes/ No)
1	Larsen & Toubro Limited	Holding Company	Yes
2	L&T Realty Limited	Fellow Subsidiary Company	Yes
3	L&T Mutual Fund Trustee Limited	Fellow Subsidiary Company	Yes
4	L&T Ramboll Consulting Engineers Limited	Associate Company	Yes

**c) Disclosure of related party transactions:**

Sr. No.	Nature of Transaction/relationship	2012-13 ₹	2011-12 ₹
1	<b>i) Purchase of goods and services</b>		
	Larsen & Toubro Limited (Holding company)	188,38,73,242	49,47,54,201
	L&T Ramboll Consulting Engineers Ltd (Associate company)	1,20,000	-

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

Sr. No.	Nature of Transaction/relationship	2012-13 ₹	2011-12 ₹
	<b>ii) Deputation of employees</b>		
	Larsen & Toubro Limited (Holding company)	82,46,255	27,25,090
	<b>iii) Overhead recovered</b>		
	Larsen & Toubro Limited (Holding company)	524,561	989,354
	<b>iv) Purchase of fixed assets</b>		
	L&T Infotech Limited (Fellow Subsidiary company)	-	3,00,000
	<b>v) Payments made on behalf of the company</b>		
	Larsen & Toubro Limited (Holding company) (Includes ESOP payment, Refer note 13)	9,803,280	3,388,914
	L&T Realty Limited (Fellow Subsidiary company)	-	28,469
	L&T Finance Limited (Fellow Subsidiary company)	-	-
	<b>vi) Sale of fixed assets</b>		
	Larsen & Toubro Limited (Holding company)	86,000	2,80,000
	<b>vii) Other income</b>		
	<b>Interest received on inter corporate deposit :</b>		
	Larsen & Toubro Limited (Holding company)	1,16,16,141	-
	<b>Dividend received from investment in :</b>		
	L & T Mutual Fund Trustee Limited (Fellow Subsidiary company)	53,98,070	-
	<b>viii) Advance against Equity commitment</b>		
	Larsen & Toubro Limited (Holding company)	362,00,00,000	157,14,00,000
	<b>ix) Inter corporate deposit with</b>		
	Larsen & Toubro Limited (Holding company)		
	Given	91,60,00,000	-
	Repaid	(91,60,00,000)	-
	<b>x) Inter corporate loan from</b>		
	Larsen & Toubro Limited (Holding company)		
	Taken	9,00,00,000	256,20,00,000
	Repaid	(265,20,00,000)	-
	<b>xi) Investments in Mutual Funds of :</b>		
	L&T Mutual Fund Trustee Limited (Fellow Subsidiary company)		
	Purchase	149,48,98,070	-
	Sale	74,15,00,000	-

**D. Amount due to / from related parties**

Sr. No.	Due to	2012-13 ₹	2011-12 ₹
<b>1</b>	<b>Unsecured loans</b>		
	Larsen & Toubro Limited (Holding company) (Refer note E below)	-	256,20,00,000
<b>2</b>	<b>Account payable</b>		
	<b>Under current account</b>		
	Larsen & Toubro Limited (Holding company)	16,33,564	81,22,819
	L&T Realty Limited (Fellow Subsidiary company)	-	28,261
	Larsen & Toubro Infotech Limited (Fellow Subsidiary company)	-	2,97,810
<b>3</b>	<b>Accounts payable</b>		
	Larsen & Toubro Limited (Holding company)	22,69,52,814	14,48,43,233
	Due from		
<b>1</b>	<b>Mobilisation advance</b>		
	Larsen & Toubro Limited (Holding company)	152,51,41,121	74,20,47,961
<b>2</b>	<b>Investment in mutual fund</b>		
	L&T Mutual Fund Limited (Fellow Subsidiary company)	75,33,98,070	-

No amounts pertaining to the related parties have been written off or written back during the year.

**NOTES FORMING PART OF ACCOUNTS (CONTD.)****5. 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 earnings per share</b>		
Profit / (Loss) as per statement of profit and loss (₹)	62,39,315	(52,97,211)
Weighted average number of equity shares outstanding	106,26,73,973	10,000
Basic earnings per share (₹)	623.93	(529.72)
Diluted earnings per share (₹)	0.01	(529.72)

**6. Auditors' remuneration (excluding service tax) and expenses charged to accounts :**

Particulars	2012-13	2011-12
	₹	₹
Audit fees	50,000	25,000
Certification fees	46,000	17,500

Certification fee of ₹ 2,453 (P.Y. ₹ 3,577) has been capitalized and ₹ 9,547 (P.Y. ₹ 13,923) has been inventorised, since the same pertains to project cost.

**7. Expenditure in foreign currency :**

Particulars	2012-13	2011-12
	₹	₹
Professional fees and reimbursements	33,81,867	2,69,53,767

**8. Developmental-cum-leasehold rights :**

The holding company (Larsen & Toubro Limited) had entered into a Development Agreement ("DA") with the City and Industrial Development Corporation of Maharashtra (CIDCO) on April 21, 2008, by virtue of a pre-incorporation contract for the benefit of the Company. Subsequent to the incorporation of the Company, all benefits and obligations with respect to the said DA have been assumed by the Company. (refer note M 1 above)

The costs incurred by the Company in respect of the said DA have been capitalized / inventorised in the books of the Company as "Developmental-cum-leasehold rights" ("rights") / "Inventories" and includes the total lease premium payable of ₹1809,00,00,000, applicable registration costs and borrowing costs of ₹ 51,59,87,699. [refer Note L (6)]. Out of the total lease premium payable of ₹ 1809,00,00,000, the Company has paid ₹ 1086,00,00,000. Out of the future installments of ₹ 723,00,00,000 payable, the Company has classified ₹ 362,00,00,000 under current payables and the balance ₹ 361,00,00,000 under Non-Current liabilities .

The Company has furnished a revolving Bank Guarantee to CIDCO for ₹ 362,00,00,000 in connection with the balance lease premium payable of ₹ 723,00,00,000.

The Company has obtained deferment of financial commitments and extension of time for completion of railway facility and commercial facility from CIDCO.

The estimated cost of construction of the railway facilities for ₹ 152,11,00,000, being a pre-condition to acquire the rights has also been accounted as part of the cost of capital work- in- progress during the year 2011-12 upon determination of the said cost.

See note M9 below for allocation of project cost.

**9. Allocation of project cost :**

The total project cost is allocated between capital work in progress and inventory as under:

Particulars	Total project cost	Capital work in progress	Inventory
As at April 1, 2012	2152,94,52,266	1401,05,82,528	751,88,69,738
Add : further cost incurred during the year	217,45,15,376	56,05,81,581	161,39,33,795
<b>As at March 31, 2013</b>	<b>2370,39,67,642</b>	<b>1457,11,64,109</b>	<b>913,28,03,533</b>

**Note :** The Company allocates cost of the project on the basis of built-up area between capital work in progress and inventory based on its decision to lease or sell the area respectively. The allocation is done based on its decision to either lease or sell as at the end of the year.

**10. Contingent Liabilities :**

Particulars	2012-13	2011-12
	₹	₹
Claims against the company not acknowledged as debts	-	64,69,25,000

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

11. The Company operates in only one segment i.e. property development and from one geographical location i.e. India. Accordingly, no segment reporting is required.

12. Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee benefits" :

Defined contribution plan [Note no. L(5)(b)(i)] : During the year, the company has contributed ₹ 9,06,033 (P.Y. ₹ 5,47,645) towards recognised provident fund.

Defined benefit plans : [Note no. L(5)(b)(ii)]

**A. Amounts recognised in balance sheet for gratuity liability are as follows :**

	As at 31.03.2013	As at 31.03.2012
	₹	₹
Present Value of Unfunded Obligations	7,93,767	5,09,831
Amount to be recognised as liability	7,93,767	5,09,831
Amounts reflected in the balance sheet as current :		
Liability	7,93,767	5,09,831

**B. The amounts recognised in the statement of profit and loss for gratuity liability are as follows :**

	Year ended March 31, 2013	Year ended March 31, 2012
	₹	₹
Current Service Cost	2,20,192	2,16,152
Interest on Defined Benefit Obligation	62,213	64,316
Net Actuarial Losses / (Gains) recognized in the year	1,531	(3,57,314)
Total included in construction staff expense in Note J	2,83,936	(76,846)

**C. The changes in the present value of defined benefit obligations (relating to gratuity liability) representing reconciliation of opening and closing balances thereof are as follows:**

Particulars	As at March 31, 2013	As at March 31, 2012
Opening balance of the present value of defined benefit obligations	5,09,831	5,86,677
Add : Current service cost	2,20,192	2,16,152
Add : Interest cost	62,213	64,316
Add/(Less) : Actuarial losses / (Gains)	1,531	(3,57,314)
Closing balance of the present value of defined benefit obligations	7,93,767	5,09,831

**D. Principal actuarial assumptions as at the balance sheet date**

	As at March 31, 2013	As at March 31, 2012
Discount Rate (p.a.)	8.09%	8.58%
Salary escalation rate (p.a.)	6%	6%

a) Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

b) Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c) Retirement age:

The employees of the Company are assumed to retire at the age of 58 years.

d) Mortality:

As per published rates under the Indian Assured Lives Mortality (2006-08) Ult. Table.

**NOTES FORMING PART OF ACCOUNTS (CONTD.)**

e) Leaving service:

Rates of leaving service at specimen ages are as shown below :

Age	Rates
21-30	5 %
31-40	3 %
41-57	2 %

f) Disability :

Leaving service due to disability is included in the provision made for all causes of leaving service as per (e) above.

**13. Employees Stock Options**

Pursuant to the Employees Stock Options Scheme (ESOP) established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is ₹ 671,806 (P.Y. ₹ 46,89,306). The same is being recovered over the period of vesting by the holding company. Accordingly, cost of ₹ (-) 4,83,767 (P.Y. ₹ 21,55,798) has been recovered by the holding company up to current year, out of which, ₹ (-) 26,39,565 (P.Y. ₹ 21,55,798) was recovered during the year. Balance ₹ 11,55,573 (P.Y. ₹ 25,33,508) will be recovered in future periods.

Computation of total cost

	FY 2012-13	FY 2011-12
Cost recovered in past	21,55,798	-
Cost recovered during the year**	(26,39,565)	21,55,798
Cost to be recovered in future	11,55,573	25,33,508
Total cost incurred by the holding company, in respect of ESOP	6,71,806	46,89,306
Cost recovered up to the current year	(4,83,767)	21,55,798

\*\* The cost recovered for the year is net of reversal on account of vested and unvested lapses relating to an employee who resigned during the year.

14. Figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report attached of even date

For and on behalf of the Board

**SHARP & TANNAN**

Chartered Accountants  
ICAI registration no. 109982W  
by the hand of

**FIRDOSH D. BUCHIA**

Partner  
Membership No.38332

**NEERA SAGGI**

Manager

**SHRIKANT JOSHI**

Director

**S.N.ROY**

Director

Place : Mumbai  
Date : May 8, 2013

Place : Mumbai  
Date : May 8, 2013