

BUILDING THE FUTURE



68th Annual Report
2012-2013



VISION

L&T shall be a professionally-managed Indian multinational, committed to total customer satisfaction and enhancing shareholder value.

L&T-ites shall be an innovative, entrepreneurial and empowered team constantly creating value and attaining global benchmarks.

L&T shall foster a culture of caring, trust and continuous learning while meeting expectations of employees, stakeholders and society.



LARSEN & TOUBRO



THE L&T PLEDGE

On the occasion of the Platinum Jubilee of our company, we solemnly pledge to carry forward the glorious heritage of our Company.

We are proud to be part of Team L&T, which over the last 75 years has helped build our nation, created value for our stakeholders, and developed the communities around us.

We resolve today to continue this tradition of service.

Undeterred by obstacles, we will work towards a better future for all, and realise our dreams.

We will do this with the passion, commitment and drive that has become: 'The L&T Way'.



LARSEN & TOUBRO

A. M. Naik
Group Executive Chairman



Dear Shareholders,

It has been a challenging year for Indian industry. The economy, impacted by decelerating GDP growth, mounting fiscal deficit and high Current Account Deficit, has seen lacklustre investment momentum in infrastructure, energy and industrial capital expenditure.

The few positives to emerge from this scenario were the clutch of fiscal reforms introduced in the latter half of the year with a view to revving up the economy. These measures range from phased deregulation of diesel prices, formation of a Cabinet Committee on Investments, direct transfer of subsidies to beneficiaries and efforts

to reduce the losses of state-owned power distribution companies. These measures will need to be sustained and supplemented by a slew of others to effectively recharge the economy and restore its growth trajectory.

Performance Overview

Against the backdrop of this challenging environment, your Company has turned in a commendable performance on all key performance parameters.

Order Inflows which are the mainstay of any company engaged predominantly in Engineering & Construction business, clocked in at ₹ 88,035 Cr representing an impressive 25% growth over the previous year. The

unexecuted Order Book at the year-end stands at ₹ 153,604 Cr. This provides a healthy revenue and margin visibility over the next few years. Project execution was largely on track - borne out in the 14% growth in Gross Revenues which came in at ₹ 61,471 Cr. Profit after Tax registered ₹ 4,911 Cr which translates to a growth of 10% over the previous year.

At the Group level, Gross Revenues displayed a growth of 16% and stood at ₹ 75,195 Cr for the year under review. PAT, at ₹ 5,206 Cr represents a growth of 11% over the previous year.

It gives me pleasure to announce that your Company has recommended dividend of ₹ 18.50 per equity share on a face value of ₹ 2 per share for the year. The corresponding dividend during the previous fiscal was at ₹ 16.50 per equity share.

In addition, I am glad to share that, in the 75th anniversary year, your Company has also recommended bonus shares in the ratio of 1:2 (i.e., one bonus equity share of ₹ 2/- each for every two equity shares of ₹ 2/- each held).

Internationalisation

In times of challenge, a mix of long range strategy and agile tactical responses are critical to success. Your Company has countered the slowdown in the domestic market by expanding its footprint and intensifying operations in geographies with promising business potential. This outreach is predominantly in the Gulf countries, South East Asia Regions and now working to extend to Australia, a few CIS countries and select African nations. Quite a few senior business development executives of different nationalities and having rich domain experience with customer insight have been inducted at the local level in these countries.

The thrust on penetration into international markets is yielding results. International Order Inflows represent 17% of the total inflows during the year under review.

Talent Management

In the last two decades, we have seen the young generation being attracted to new economy sectors, resulting in lack of top talent coming into the core sector, particularly in Project and Construction industry. This has

become a global phenomenon and is not restricted to India. Hence development of human resources, along with talent acquisition continues to receive focussed attention in your Company.

People remain the cornerstone of the organisation. We ensure that employees gain ample opportunities for personal and professional growth. Our Leadership Development Academy in Lonavala - Maharashtra, Project Management Institutes at Vadodara - Gujarat and at Chennai - Tamil Nadu, and systematic career progression of staff are a few of the multiple initiatives that will facilitate succession planning.

We recognize that the process of internationalization involves adopting and embracing a multi-cultural work ethos - while retaining our core national identity. We have intensified recruitment of lateral hires at the management level, particularly in the Gulf countries and for new growth geographies.

Sustainable Development

Your Company has aligned itself with the Millennium Development Goals formulated by the United Nations, and has progressed well on the Social, Environmental and Economic agenda pursued over the last few years. Considerable headway has been made in the areas of energy conservation, healthcare, environment protection and social uplift of the deprived sections of society. The Company harnesses untapped energy of India's youth through broad-based skill development centres and promotes social development through on-going mother & child healthcare programmes. Your Company has been recognised in various national and international forums for its sustainability efforts.

Outlook

Even as the macro environment remains challenging, your Company is effectively targeting specific opportunities within India and internationally. Segments that hold promise in FY14 include –

1) Infrastructure -

- a) Roads – This segment witnessed severe contraction in ordering by NHAI in FY13 but is expected to pick up in FY14 through ordering of more than 3,500 km of new projects on Engineering,

Procurement & Construction (EPC) mode. We being the distinct leader in the segment, will selectively participate in these EPC bids where the prospects meet our internal viability benchmarks. Some upcoming road projects in the Gulf countries are also being targeted in FY14.

- b) Metro and Mono Rails – The Company has been involved in the execution of metro rail projects in cities across the country and India’s first monorail in Mumbai (trial runs conducted in FY13). This enables the Company to exploit opportunities to secure contracts in India, where multiple cities are initiating metro rail projects. We are also participating in mass rapid transport prospects in the Gulf countries.
- c) Railways Business – The thrust on strengthening the rail network across the country holds good prospects for our railways business. We have already secured an initial order in consortium with a Japanese company for a major section of the Dedicated Freight Corridor. We are also exploring international markets, especially the Gulf countries where several projects are coming up.
- d) Water & Renewable Energy – Backed by strong project execution capabilities and operational excellence, the Company has achieved good growth in Water and Renewable Energy sector in FY13. With current Order Backlog and good order prospects, the business from these sectors is expected to see an upswing in FY14.
- e) Urban Infrastructure – Opportunities in residential buildings, office space, hospitals, hotels, educational institutions, shopping complexes and factories continue to provide a large canvass of business potential. Your Company has become the EPC contractor of choice for major developers and this is driving profitable growth.
- f) Airports – Increasing passenger and cargo traffic has sustained growth in aviation industry. On the back of excellent track record in this sector, we are well-positioned for airport projects within and outside India.

2) Heavy Engineering & Shipbuilding -

We have the capability to meet the requirements for high technology critical equipment and systems. In the process plant equipment segment, the international market looks

promising in the medium term. The domestic nuclear segment is expected to see ordering activity in FY14. The defence sector has been adversely impacted by the slow pace of decision making as well as deferral of contract awards. However, recent initiatives to involve private sector in defence equipment manufacturing augurs well for your Company.

The shipyard at Kattupalli has been completed and is capable of building warships, submarines and specialized commercial vessels. It is equipped with a state-of-the-art shiplift that enables it to undertake simultaneous new build, repair & refits. While the global commercial shipbuilding trend remains subdued, we envisage that the Indian defence sector is likely to open up and provide opportunities for building defence vessels.

3) Hydrocarbon –

On the domestic front, Exploration & Production (E&P) spends in upstream hydrocarbon segment is expected to sustain during FY14. The announcement of the recent policy to treat fertiliser production on priority basis will result in setting up new fertilizer plants. This will provide increased opportunities. Onshore gas processing segment is also expected to witness implementation of redevelopment projects. Large investments are also expected in cross-country pipeline projects.

In the upstream sector, the Company is equipped to repair, rebuild and construct new Jack-ups, drilling rigs and FPSO topsides. The business is well placed to leverage its multi-locational Modular Fabrication Facilities to respond to global trends towards modularization of onshore Gas Processing plants.

We have improved our international presence through several prestigious orders. We are increasingly pursuing opportunities overseas through alliances with the leading global EPC companies. This has necessitated putting in place a multi-national organization, with a cross-cultural team possessing local knowledge and domain expertise. The Company proposes to form a subsidiary for its Hydrocarbon Business. This will enable greater autonomy and formulation of HR policies in line with industry practices so as to attract the best talent.

4) Thermal Power -

Policy paralysis, negative market sentiments and procedural bottlenecks have adversely affected the domestic Power sector in the last couple of years. Pressing concerns with respect to land, fuel, financing and statutory approvals have dried up the order pipeline, putting pressure on the Company's capacity utilization.

This is further aggravated by large scale imports since the country's policies do not provide a level playing field, particularly against imports from 'managed' economies.

Under the circumstances, we are doing our best to be competitive through cost reduction, design optimisation and smart sourcing.

Emphasis will also be on expanding our spectrum of services to select Gulf countries and the Southeast Asia for Gas based power plants.

5) Power Transmission & Distribution -

Government policies lay stress on investments in strengthening the power grid and the power distribution system through central and multilateral funding agencies. We have demonstrated a steady growth in order book position in domestic and international markets.

The emphasis on strengthening of transmission grids in Gulf countries will continue to provide significant business opportunities for power transmission and distribution business in the coming years.

6) Metallurgical and Material Handling -

The short-term outlook in this area continues to be challenging, due to prevailing complexities of policies governing mining, land acquisition and absence of new power projects. These are sought to be resolved through various government proposals, legislations and policies. As the economy grows, demand for metals particularly steel, aluminium and copper will necessitate expansion of capacity. We are well positioned to benefit from the confidence we enjoy because of our track record and timely completion of projects.

Material Handling prospects in areas of power, mining, ports and long distance conveyors for bulk ores are likely to grow in line with economic growth.

7) Electrical & Automation -

The Electrical & Automation business continues to maintain its leadership position in LV Switchgear. It has also made a mark in the MV segment through an acquisition of an international company a few years ago. Product development in both LV and MV Switchgear continues to forge ahead. The project business has enhanced its focus on international markets. The coming year should see an upward momentum. The Company has also acquired two small companies which will bridge technology gaps in one case and enhance product range in another.

8) Machinery & Industrial Products -

The Construction Machinery business maintained its leadership position in premium excavators segment despite shrinkage in construction equipment market and entry of new competitors. In Industrial Products, the valves business maintained the positive trend in FY13, registering a growth in sales of 9% over the previous year. Major investments in the oil & gas segment planned in the USA, Middle East and other countries provide good opportunities for international operations.

9) Information Technology & Integrated Engineering Services Business -

L&T Infotech, a wholly owned subsidiary, grew at 22% Y-o-Y on a consolidated basis. Profit after Tax grew by 49%.

L&T Infotech has embarked on building a strong sales and marketing team globally with emphasis on the Americas, Europe, Gulf countries and the Far East. The Company has also undertaken some major initiatives intended to make the L&T Infotech name more visible and distinctive because of differentiated solutions it offers in multiple domains.

Technology Services, a Strategic Business Unit of L&T, is being formed into a subsidiary, which will result into consolidation of all engineering services business of L&T and L&T Infotech. This subsidiary will provide autonomous functioning in line with industry practices.

10) Financial Services -

This business, which was listed in 2011, continues to grow profitably with a loan book in excess of ₹ 33,000 Cr at the end of FY13. Net Interest Margins at 5.5% reflect the healthy interest spreads that the business earns. The business has successfully concluded acquisitions in

mutual funds business and housing finance. The insurance business is also joining hands with the Future Group and the Generali Group to leverage the complementary strengths of both players and to enable achievement of scale and early profitability.

11) Developmental Projects -

Development projects undertaken by the Company in roads, ports, metro rail and power continue to progress satisfactorily, with some of these projects currently operational. The Company plans to open up alternate funding lines to enable commissioning of the upcoming projects and reduce dependencies on your Company's balance sheet.

Before I conclude, I would like to extend my thanks to Team L&T, customers, vendors and other stakeholders,

without whom our continued growth momentum would not have been possible. I would also like to thank my fellow Board Members for their unstinted support and encouragement.

Thank You



A. M. Naik

Group Executive Chairman

Mumbai, May 22, 2013

Contents

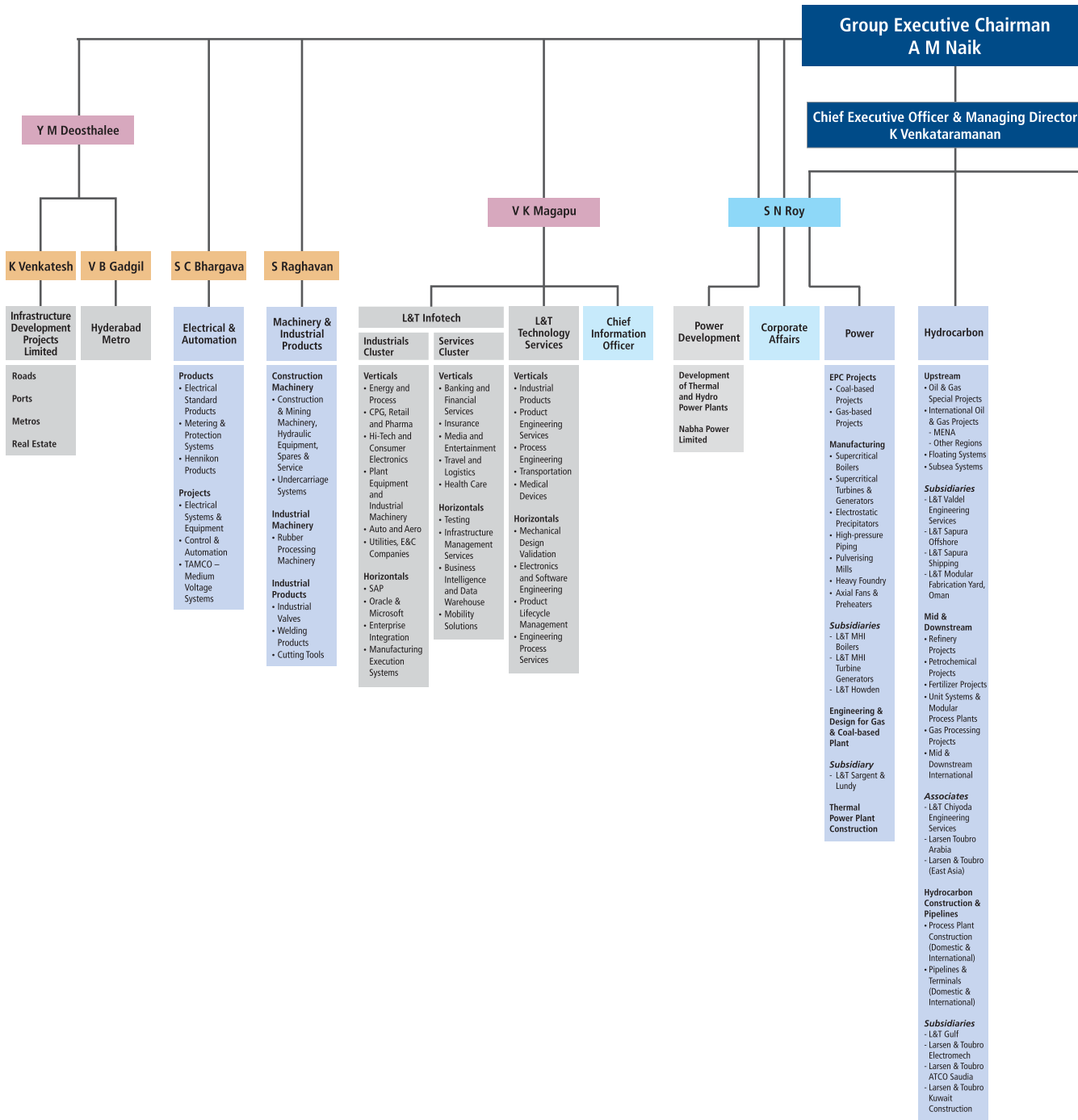
Company Information	7
Organisation Structure	8 - 9
Leadership Team	10
L&T Nationwide Network & Global Presence	12 - 13
Corporate Sustainability	14 - 21
Annual Business Responsibility Report	22 - 37
Standalone Financials - 10 Year Highlights	38
Consolidated Financials - 10 Year Highlights	39
Graphs	40 - 41
Directors' Report	42 - 86
Management Discussion & Analysis	87 - 146
Auditors' Report	147 - 149
Balance Sheet	150
Statement of Profit and Loss	151
Cash Flow Statement	152
Notes forming part of Accounts	153 - 221
Auditors' Report on Consolidated Financial Statements	222 - 223
Consolidated Balance Sheet	224
Consolidated Statement of Profit and Loss	225
Consolidated Cash Flow Statement	226
Notes forming part of Consolidated Accounts	227 - 288
Information regarding Subsidiary Companies	289 - 308

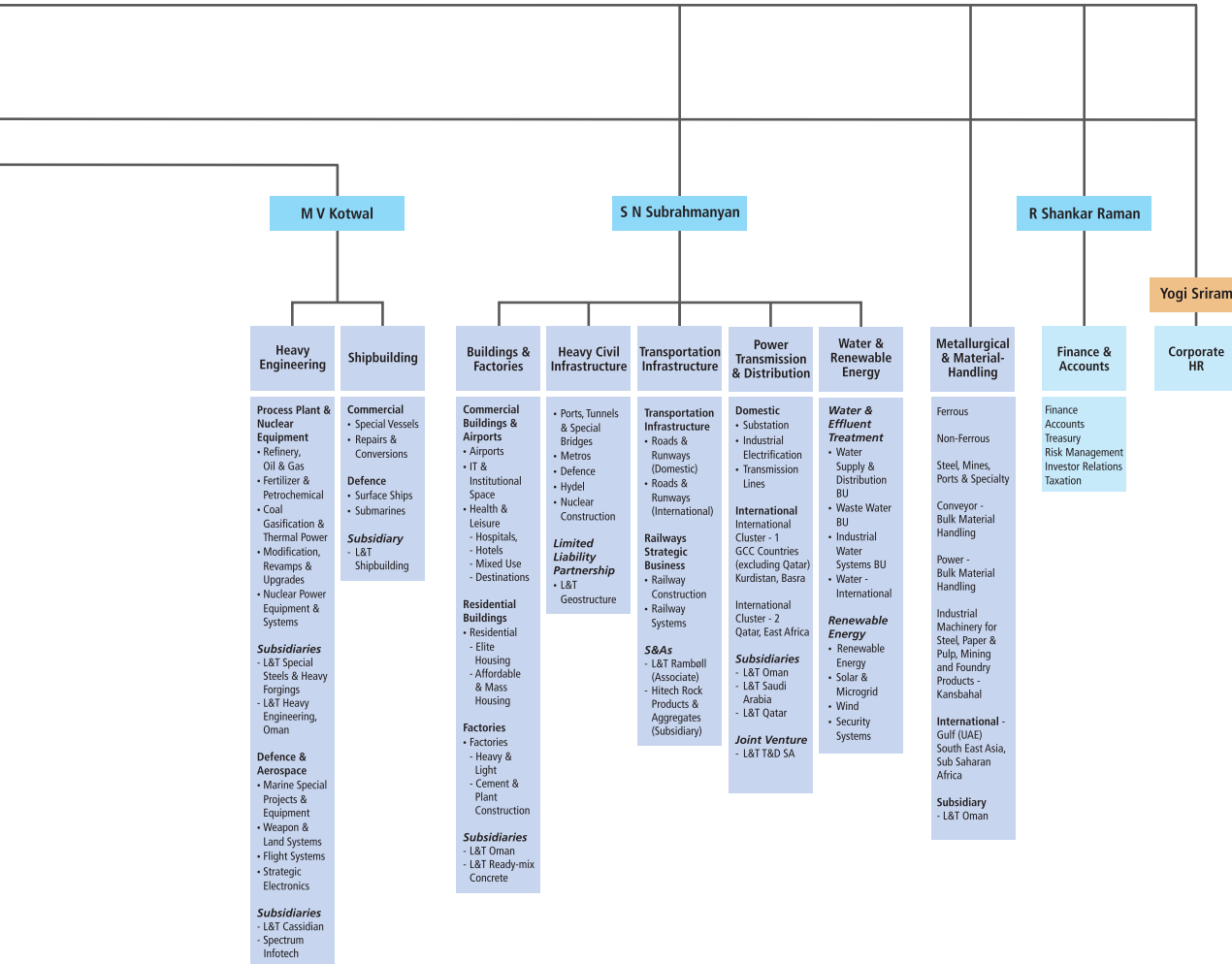
Company Information



Board of Directors

MR. A. M. NAIK	<i>Group Executive Chairman</i>
MR. K. VENKATARAMANAN	<i>Chief Executive Officer & Managing Director</i>
MR. M. V. KOTWAL	<i>Whole-time Director & President (Heavy Engineering)</i>
MR. S. N. SUBRAHMANYAN	<i>Whole-time Director & Senior Executive Vice President (Construction & Infrastructure)</i>
MR. R. SHANKAR RAMAN	<i>Whole-time Director & Chief Financial Officer</i>
MR. SHAILENDRA ROY	<i>Whole-time Director & Senior Executive Vice President (Corporate Affairs & Power)</i>
MR. S. RAJGOPAL	<i>Independent Director</i>
MR. S. N. TALWAR	<i>Independent Director</i>
MR. M. M. CHITALE	<i>Independent Director</i>
MR. N. MOHAN RAJ	<i>Nominee of LIC</i>
MR. SUBODH BHARGAVA	<i>Independent Director</i>
MR. A. K. JAIN	<i>Nominee of SUUTI</i>
MR. M. DAMODARAN	<i>Independent Director</i>
MR. VIKRAM SINGH MEHTA	<i>Independent Director</i>
MR. SUSHOBHAN SARKER	<i>Nominee of LIC</i>
Company Secretary	Mr. N. Hariharan
Registered Office	L&T House, Ballard Estate, Mumbai - 400 001
Auditors	M/s. Sharp & Tannan
Solicitors	M/s. Manilal Kher Ambalal & Co.
Registrar & Share Transfer Agents	Sharepro Services (India) Private Limited





Independent Company
 Subsidiaries

Leadership Team



A. M. Naik
Group Executive Chairman



K. Venkataramanan
CEO & Managing Director



M. V. Kotwal
President
(Heavy Engineering)



S. N. Subrahmanyan
Sr. Executive Vice President
(Construction & Infrastructure)



R. Shankar Raman
Chief Financial Officer



Shailendra Roy
Sr. Executive Vice President
(Corporate Affairs & Power)



S. C. Bhargava
Sr. Vice President
(Electrical & Automation)

Skyscrapers in Dubai

Indian Expertise for Global Markets

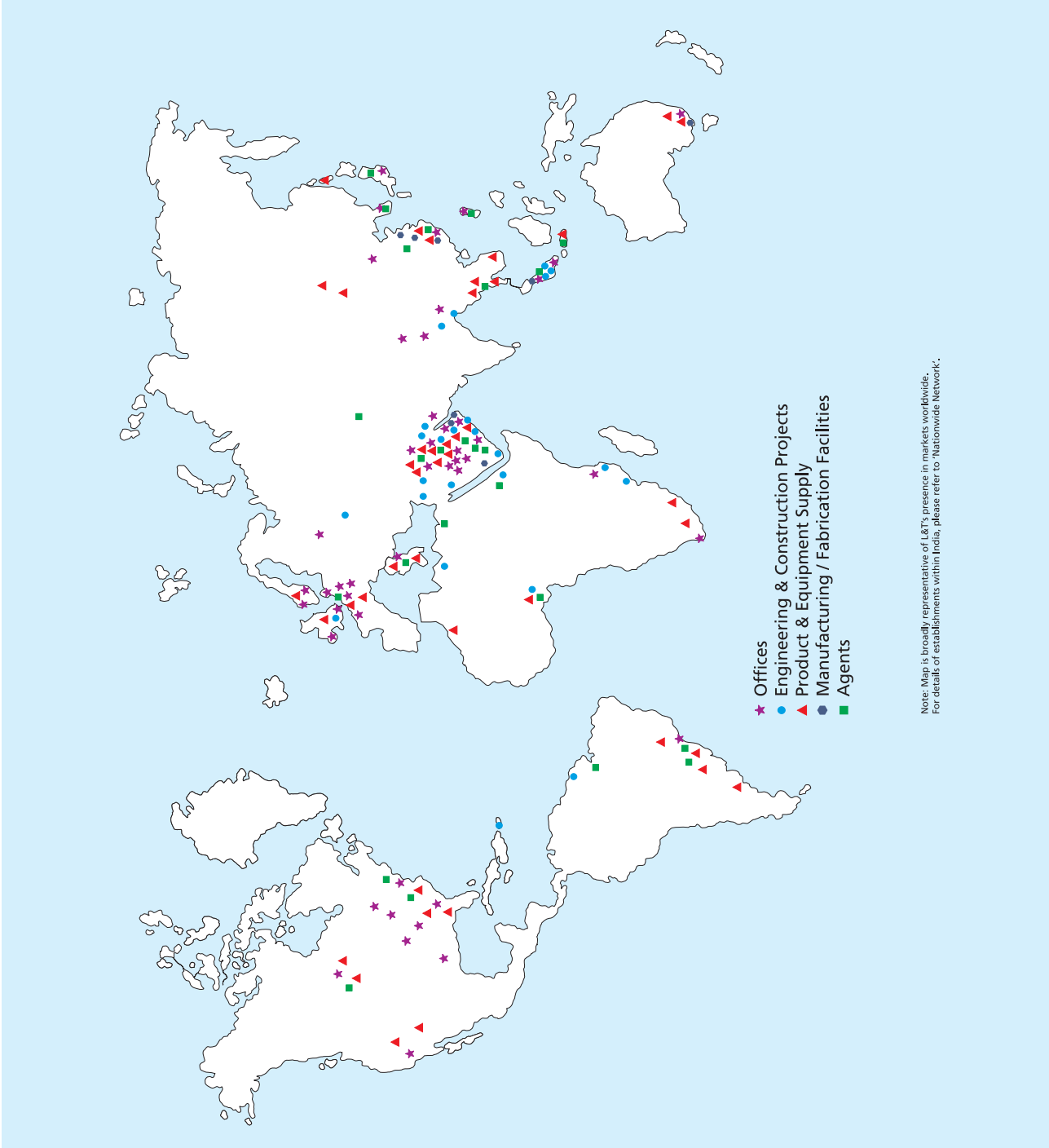


L&T is helping to re-draw the skylines of some of the world's fastest growing cities. We are strengthening our presence in UAE, Oman, Kuwait, Bahrain, Qatar and Saudi Arabia. We have also formed strategic tie-ups in the African continent.

Nationwide Network



Global Presence



Corporate Social Responsibility



The Company's social responsiveness long predates the entry into the corporate lexicon of terms like 'CSR'. Our people feel the pulse of the social milieu in which they operate. They believe in inclusive growth and reach out to assist the communities around them - not because it is the magic formula for sustainability, but simply because that is, and always has been, part of the collective character of Team L&T.

We are well aware that being a leading engineering and technology company does not mean that we have the

The Company invests in the growth of communities around its campuses through various social initiatives.

Thrust Areas

We empower via education, harness the untapped energy

answers to the many and complex problems confronting communities. There are no 'Mr. Know-It-Alls' in our teams, ready to show the light to all those in need. Instead our qualified and trained social development professionals are committed to working with community members, listening to them and understanding the problems from their perspective. It is together, in a close and collaborative spirit, that we arrive at lasting solutions.

of the nation's youth through skill development initiatives and nurture mother & child health care programmes.

Over the years, our efforts to strengthen the foundations of the social pyramid have intensified and expanded.

SOCIAL SCORE-CARD

- Reached out to half a million beneficiaries
- Seven community health centres set-up, and more underway
- Livelihood for over 5000 underprivileged women
- Engagement with over 50 community learning centres
- Outreach to over 150 schools and over 10,000 underprivileged children.

Education

The Company's social interventions in this sphere are focused on providing primary education, infrastructure development and enhancing the learning experience for children in schools in the vicinity of our units across India.

We adopt innovative teaching techniques and focus on subjects like Mathematics and English which many children find challenging. Our mobile teaching unit - 'Science on Wheels' visits schools and provides pupils with a 'hands on' opportunity to perform science experiments.

We also extend support to pre-schools, assist in infrastructure development, set up computer labs and libraries as well as provide teaching-aids and uniforms to the needy. Other activities include organizing summer camps and conducting sports events.



'Science on Wheels' - L&T joins hands with an NGO to promote science in schools. This is part of L&T's broad spectrum of community initiatives.

Mother & Child Health

A woman is the nucleus of the family, which in turn is the focal point of society. Mother & child health, therefore is one of the thrust areas of our social initiatives. Initiatives for maternal and child health include: setting up of health centres with a focus on reproductive health, conducting diagnostic and clinical health camps that support maternal and child health care, immunization and health education. Health camps are conducted by qualified and experienced teams. Mobile clinics enhance our reach to those in need.



Skill Building



Scaffolding erection training at CSTI, Chennai

The Company is one of the few construction organizations in India with dedicated skill training institutes which offer the prospect of subsequent employment with contractors at the Company's project sites. L&T provides formal vocational training in construction for the largely unorganized workforce in this sector through Construction Skills Training Institute (CSTI). CSTI provides free-of-cost training in construction skills to rural and urban youth in various trades such as bar bending, formwork carpentry, masonry, scaffolding and welding etc. This training is a transformational process that improves the skill set of the underprivileged youth and enhances their employability.

The Company has also introduced vocational training programmes in tailoring, beautician skills, home nursing and food processing for women. Such training helps build self-reliance and reduce vulnerabilities.

L&T-eering



Employee volunteering is a company-wide movement driven solely by the passion to serve. More and more L&T-ites are opting to be 'L&T-eers', and add value to society through their time, energy and expertise. L&T encourages employees to volunteer for CSR activities and make a tangible difference to the world in which they live by investing their time and personal resources to serve the communities around them.

Ladies Clubs

The Ladies Clubs led by the spouses of Company employees across various locations are a unique group. They pool their skills and resources in the spirit of service to work towards the development of communities.



Ladies Clubs are involved in several initiatives which include providing educational support programmes for schools, organizing vocational training courses for underprivileged youth and enabling women to enhance their income generation capacity. The Clubs also provide support to the disabled.

Larsen & Toubro Public Charitable Trust (LTPCT)

LTPCT is committed to the inclusive growth of society through interventions in education, vocational training, health care and water management. Over a hundred check dams have been constructed by the Trust in drought-prone rural Maharashtra. The dams help in irrigation, facilitate ground water recharge and have resulted in stemming migration to cities. The 'Science on Wheels' mobile teaching unit has introduced over 1,50,000 children across the country to the wonders of science.

Towards a Greener Tomorrow



Air, water and earth are the givers and sustainers of life. And the irony is that the very survival of these lifelines is now in our hands. If we choose to conduct ourselves with care and responsibility, our natural assets will continue to

nourish life as they have been doing for ages. If we let expediency and immediate self-interest prevail, however, we could well be cutting off our own lifelines.

With every passing year the issue of climate change finds deeper resonance in the Company. It influences our decision making in key areas, spurs product and process innovation and determines our product mix to clients.

Our initiatives are aimed at reduction in carbon intensity, utilisation of clean and renewable energy sources and engineering of green buildings.

As builders to the nation, the Company's strategies are also in synch with the nation's needs, be it infrastructure

development or environmental management. Our initiatives and actions closely follow the Government of India's Nation Action Plan on Climate Change.

From commissioning India's largest solar power plant to becoming an energy auditor accredited by a leading, global body, from sowing saplings of change to spreading sustainability knowledge, from undertaking carbon sequestration study to water footprint mapping - our progress on the eight national missions is rapid and decisive.

Here is how our businesses are contributing to preserving the environment:

Construction

The uncertainties and anxieties around the impact of construction on the environment has been converted into an opportunity. We now lead the way in eco-friendly construction, having built more certified green buildings than any other company. We have secured several LEED certifications for buildings constructed for ourselves and for our customers.



L&T has constructed ITC's 600-room five-star hotel - the world's largest LEED-certified green hotel

Metro Rail

The Company is constructing and developing a metro rail system in Hyderabad - one of the largest mass rapid transit systems in the world being built through the public-private



The Hyderabad Metro Rail Project being developed by L&T IDPL in partnership with the government. This project will drastically cut down commuting time and enhance the quality of life in Hyderabad.

partnership mode. Like all such systems, the Hyderabad Metro will help make the city green, reduce automobile traffic, save fuel and arrest GHG emissions. In Mumbai, we are also building and developing a mono rail - a 'first' for India. In addition, we contribute significantly to the metro systems being built in other major cities around the country.

Solar Power

The Company is India's industry leader in building solar PV power plants.



Solar PV panels installed at Powai campus

Wastewater Treatment

We provide solutions for desalination, wastewater re-cycling and re-use. We also provide technologies for zero discharge of wastewater.



Hydrocarbon

The Company has a long track record of EPC execution of projects for fuel switch, dehydrogenation and desulphurization for fertiliser manufacturers and refineries.

Power

Power plants present the typical dilemma of development. They are essential for progress and yet they are known to impact the environment. The Company offers the supercritical solution. Supercritical thermal power plants uses steam in a way that improves the turbine cycle heat rate. This reduces carbon dioxide emissions as well as other lifecycle costs such as land and water.

Heavy Engineering

We all know that the energy clock is ticking, and traditional sources of fuel are getting rapidly depleted. Under a technical tie-up with Shell, the Company manufactures and supplies equipment that helps to derive gas from coal. This is one of the many ways in which we are helping reduce dependency on a single, increasingly finite fuel source.

Electrical & Automation

A range of products in the Company's electrical & automation portfolio is helping industries and domestic consumers at home and commercial complexes to increase energy efficiency.



Prayas - a special effort for special people. This is one of multiple social initiatives that the Company is engaged in.

L&T Aligns with National Action Plan Missions



Solar

Achievements include providing EPC solutions for solar PV power plants, commissioning India's largest solar power plant (40 MWp), and executing 6 MWp solar PV power plants in less than three months. The Company's units in Chennai, Hazira, Talegaon, Mahape, Vadodara, Ahmednagar, Mysore, Coimbatore and Sohar (Oman) continue to harness the power of the sun. L&T has executed a total of 114 MWp solar EPC power plants.



Enhanced Energy Efficiency

The Company introduced energy-efficient products and processes, saving 123,417 GJ of energy, indirectly reducing over 27,000 tonnes of CO₂ emission. Renewable energy constitutes 10.48% of L&T's energy mix. The Company's E&A business offers products and solutions that enable customers reduce their energy consumption. It can provide energy audit services and is accredited by the Bureau of Energy Efficiency (BEE).



Sustainable Habitat

The Company has constructed over 14.4 million sq. ft. of green buildings for clients in the reporting year, taking L&T's green-building tally to 25.2 million sq. ft. to date. Seven buildings measuring 1.6 million sq. ft. on the Company premises are certified green buildings – two each Platinum, Gold and Silver, and one Certified.



Water

Water-footprint mapping at six campuses helped the Company identify water-efficiency opportunities. 16 out of 22 locations adopted the zero-wastewater-discharge approach, reducing the total water consumption by 6.3% w.r.t. 2008-09 scope. For Thane's water-deficient tribals, the Company built 50 check dams with a total capacity of approx.191 million litres. The Company executes large water-management projects covering distribution, water treatment, etc.



Green India

The Company conducted a carbon sequestration study at six campuses, which have sequestered 16,309 tonnes of CO₂ to date. A green cover clothes around 35% of the available open land at our manufacturing locations. Across L&T's campuses and project sites, the Company has planted over 265,000 tree saplings, and nurtures over 150,000 fully-grown trees.



Sustainable Agriculture

In the fertiliser sector, the Company executed eco-friendly projects specifically to reduce energy consumption in urea plants. Also reduced are SO_x emissions and ammonia discharge into wastewater via 'fuel switch' projects. The Company is preferred by most Indian fertiliser plants for critical equipment. The Company's electrical products enable agricultural irrigation.



Sustaining the Himalayan Ecosystem

The Company has strengthened its focus on employment opportunities and infrastructure development, and conducts community engagement initiatives – such as medical camps and tree plantation. The Company is reinforcing 'skill-building' training programmes at project sites.



Strategic Knowledge for Climate Change

The Company's corporate sustainability initiatives are available on www.lntustainability.com. The Company participates in forums, pertaining to sustainability and climate change. Green initiatives are shared through factory visits, and related information is disseminated to new employees. The Company is developing a pool of certified 'sustainability assurance practitioners', and organizes capacity-building training related to energy auditing / management certified by BEE.

Annual Business Responsibility Report (ABRR)

The Business Responsibility Report (BRR) format conforms to Securities & Exchange Board of India (SEBI) listing requirement. It covers the National Voluntary Guidelines (NVG) based on Social, Environmental & Economic Responsibilities of Business released by the Ministry of Corporate Affairs, India.

The Company also publishes a Sustainability Report every year, prepared as per the Global Reporting Initiative (GRI) G3 guidelines. The Sustainability Reports are externally assured and are 'GRI Checked Application

Level A+', signifying the highest level of disclosure in public domain since 2008. The report can be accessed at www.lntsustainability.com.

The Company is the first engineering & construction company in India to report on its Corporate Sustainability performance, and among the earliest to state its conformance with the eight missions announced by the Prime Minister of India in the National Action Plan on Climate Change (NAPCC).

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company: **L99999MH1946PLC004768**
2. Name of the Company: **Larsen & Toubro Limited**
3. Registered address: **L&T House, Ballard Estate, Mumbai: 400 001, India**
4. Website: **www.larsentoubro.com**
5. Email id: **sustainability-ehs@larsentoubro.com**
6. Financial Year reported: **1st April 2012-31st March 2013**
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Group	Class	Sub Class	Description
271	2710		Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus
282	2824	28246	Manufacture of parts and accessories for machinery / equipment used by construction and mining industries.
301	3011	30111	Building of commercial vessels, passenger vessels, ferry boats, cargo ships, tankers, tugs, hovercraft (except recreation type hovercraft), etc.
		30112	Building of warships and scientific investigation ships, etc.
		30114	Construction of floating or submersible drilling platforms.
410	4100	41001	Construction of buildings carried out on own-account basis or on a fee or contract basis.
421	4210	42101	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways.
		42102	Construction and maintenance of railways and rail-bridges.
422	4220	42201	Construction and maintenance of power plants
		42202	Construction / erection and maintenance of power, telecommunication and transmission lines.
		42901	Construction and maintenance of industrial facilities such as refineries, chemical plants, etc.
465	4659	46594	Wholesale of construction and civil engineering machinery and equipment.
681	6810	68100	Real estate activities with own or leased property.
711	7110	71100	Architectural and engineering activities and related technical consultancy.

8. List three key products/services that the Company manufactures/provides (as in balance sheet)
 1. **Construction and project related activity.**
 2. **Manufacturing and trading activity.**
 3. **Engineering service.**
9. Total number of locations where business activity is undertaken by the Company
 - i. **Number of International Locations: 35**
 - ii. **Number of National Locations: 100**
10. Markets served by the Company – Local/State/National/International: **All**

Section B: Financial Details of the Company

1. Paid up Capital (INR): ` **123.08 Crore**
2. Total Turnover (INR): ` **61,470.86 Crore**
3. Total profit after taxes (INR): ` **4,910.65 Crore**
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): **1.49%**
5. List of activities in which expenditure in 4 above has been incurred:
Community and social engagements broadly covering;
 - a. **Education**
 - b. **Skill Building**
 - c. **Mother & Child Care**
 - d. **Environment protection**

Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies?
Yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):
Yes. The Business Responsibility (BR) initiatives of the company are extended to the Subsidiary/Associate Companies and these are encouraged to participate in various related activities of BR.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:
Yes. The Company promotes BR initiatives in its value chain. At present, less than 30% of its suppliers/distributors participate in BR initiatives.

Section D: BR Information

1. Details of Director/Directors responsible for BR
 - a) Details of the Director/Director responsible for implementation of the BR policy/policies
 - DIN Number: **Not Applicable**
 - Name: **Mr. R. N. Mukhija**
 - Designation: **Advisor to the Chairman**

b) Details of the BR head

S. No.	Particulars	Details
1.	DIN Number (If applicable)	Not Applicable
2.	Name	Mr. Ajit Singh
3.	Designation	Executive Vice President – Corporate Infrastructure & Services
4.	Telephone Number	+91-22-67053431
5.	Email ID	Sustainability-ehs@larsentoubro.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Name of principles:

P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 – Businesses should promote the well-being of all employees

P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5 – Businesses should respect and promote human rights

P6 – Businesses should respect, protect, and make efforts to restore the environment

P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 – Businesses should support inclusive growth and equitable development

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Yes. The policies are aligned with NVG guidelines and applicable international standards of ISO 9001, ISO 14001, OHSAS 18001 and ILO principles.								
4.	Has the policy being approved by the Board? Yes. Meanwhile approved by the Executive Management Committee (EMC)¹ If yes, has it been signed by MD/owner/CEO/appropriate Board Director? Signed by the Group Executive Chairman	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? Yes. Mr. R. N. Mukhija, Advisor to the Chairman and also member of the EMC.	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	<u>www.lntsustainability.com</u>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y

¹ EMC of the Company comprises executive directors, senior managerial personnel and advisors to the Chairman.

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

2a. *If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)*

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles						-----			
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles						-----			
3.	The company does not have financial or manpower resources available for the task						-----			
4.	It is planned to be done within next 6 months						-----			
5.	It is planned to be done within the next 1 year						-----			
6.	Any other reason (please specify)						-----			

3. *Governance related to BR*

- *Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year*
o **Annually**

- *Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?*

Yes, the Company has been publishing its Sustainability Report annually as per the framework of Global Reporting Initiative (GRI) G3 since 2008. The sustainability reports are externally assured and are 'GRI Checked Application Level A+', signifying the highest level of disclosure. The report can be accessed at www.lnt sustainability.com

Section E:

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Ethics, transparency and accountability are the bedrock of the Company's operations. Its commitment to these

values is articulated in the Company's Vision Statement and in the following policies:

- Corporate Social Responsibility (CSR)
- Corporate Environment, Health & Safety (EHS)
- Corporate Human Resources

These policies are extended to subsidiary & associate companies. The environmental & social code of conduct for suppliers includes clauses on ethics and transparency.

The Company's corporate governance, social and environmental disclosure practices are proactive and demonstrate high standards of ethics. Review of policies, procedures and guidelines is an on-going process.

The Company's board and senior management affirm the 'Code of Conduct' annually. In addition, policies, procedures and guidelines have been formulated to clearly lay down norms on action and conduct of its employees such as the whistle-blower policy and guidelines on communication and marketing.

The Company's Executive Managing Committee (EMC) ensures effective formulation and implementation of the sustainability strategy. EMC decides on policies to be implemented across the Company. In addition, at the corporate level, sustainability initiatives and performance are regularly reviewed by a nominated member of the EMC.







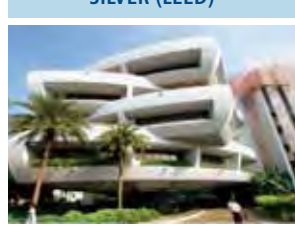

The Company has been disclosing its sustainability performance in public domain within the framework of Global Reporting Initiative (GRI). All Sustainability Reports published by the Company are GRI Checked Application Level A+.

For details related to stakeholder complaints, refer the Director's Report Section of this Annual Report.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The Company is a technology, engineering, construction, and manufacturing company. Over 85% of the Company's revenues are from the Engineering and Construction (E&C) business. The Company recognizes that its projects and products are technology-intensive and meet critical needs. Safety and sustainability are therefore integrated right at the design stage.

In addition to initiatives that reduce the Company's own carbon footprint, it is also a green enabler - helping its customers "Go Green" too. A high degree of expertise has been developed in the following: 'Green Buildings', solar EPC power plants, fuel switch projects, Dehydrogenation & Desulphurization (DHDS) projects, coal gasifiers, super critical thermal power plant & equipment, electricity

 Green Buildings at L&T Locations	<p>Technology Block, Hazira PLATINUM (LEED)</p> 
<p>Office Complex, Talegaon PLATINUM (LEED)</p> 	<p>L&T TC III, Chennai SILVER (LEED)</p> 
<p>Office Complex, Ahmednagar GOLD (IGBC)</p> 	<p>L&T TC II, Chennai CERTIFIED (LEED)</p> 
<p>EDRC, Chennai SILVER (LEED)</p> 	<p>Knowldege City, Vadodara GOLD (LEED)</p> 

transmission & distribution systems, and energy-saving electrical & automation equipment.

Green buildings constructed by the Company help to reduce water consumption by over 30%, utilise recycled material to the extent of 10% and largely source material locally. The Company is a leading EPC solution provider

for Solar Photo Voltaic (PV) based power plants. Typically, a 40 MW solar power plant leads to a reduction of nearly 70,000 MT of CO₂ annually. The Industrial Drive systems of Electrical & Automation business save energy up to 30% or more.

The hydrocarbon business of the Company executes energy conservation and fuel switch projects for fertiliser plants and refineries. Fertiliser plants are increasingly being encouraged to switch from fuel oil & Low Sulphur Heavy Stock (LSHS) based ammonia plants to natural gas and Re-gasified Liquefied Natural Gas (R-LNG) based plants. The Company is at the forefront of executing these conversion projects which significantly help clients reduce sulphur emissions and improving product quality.

The Company has proven capability in reducing SO_x / NO_x emissions during crude oil refining and also achieving energy efficiency.

The heavy engineering business of the Company manufactures coal gasifiers for core industries. Many developed countries use coal gasifier technology as energy conservation and environmental friendly measures.

At project sites, safety is an overriding concern. The Company fosters a strong safety culture through best practices, continuous training and vigilant supervision.



Safety tool box talk

The Company is the first company in the E&C space in India to establish a full-fledged Safety Innovation School. The Company undertakes the following initiatives to mitigate adverse environmental impacts

- Noise barriers & noise monitoring

- Dust suppression & air quality monitoring
- Recycling & reuse of wastewater

The Company practices greener ways of construction and manufacturing; covering material optimization, using eco-friendly raw materials, and adopting energy efficient processes.

Product performance extends beyond product specifications and takes into account life cycle assessments, legal requirements as well as Environment, Health & Safety (EHS) aspects.

The labelling process is implemented in line with the relevant codes & specifications. The Company's electrical & automation products and industrial machinery carry the BIS label, most of these products have international certifications and are tested at independent laboratories.

Sustainability Practices in Value Chain

The Company views each of its vendors as partners in the shared process of growth. The Company invests time and effort in building mutually beneficial relationships. The Company guides small & medium scale enterprises in process and system improvement and enhanced technical know-how. Specific encouragement is provided to local sourcing as it improves logistics as well as helps to develop the local economy. Around 80% of the Company's requirements are met by local suppliers. In addition, the Company's customers are encouraged to purchase from locally approved vendors.

Being an engineering and construction company and owing to the nature of its products and services, the scope for direct product recycling is limited. However in many of the projects executed by the Company, it has provided retrofitting services to extend product life cycle span. Company recycled materials amount to less than 5% of its total material consumption.

In the construction businesses, alternate materials such as fly ash in place of cement, crushed sand instead of natural sand, blast furnace slag in road construction in place of natural aggregate etc. are used. Through dedicated steel centres, generation of steel scrap is minimized. During the manufacturing process, zinc is recovered from zinc waste and reused in plating operations.

An environment and social 'Code of Conduct', developed for the supply chain, has been adopted by key suppliers. The code propagates environment-friendly, occupational health & safety and socially-responsible business practices. The Company conducts capacity building programmes for the supply chain, provides training and technical expertise on various manufacturing and operational practices such as value engineering, six sigma and lean manufacturing. Systems are in place related to information security management and confidentiality, and norms are followed covering intellectual property rights.

Principle 3: Business should promote well-being of employees

An organisation's success is the aggregation of the individual successes of its employees. The Company believes a happy employee is a productive employee who will, given a conducive environment, surpass his/her industry peers. The Company's achievements in building plant and equipment of unmatched scale and sophistication would never have been possible without the wholehearted involvement of its employees.

The Company integrates HR practices with business strategies to provide employees the opportunity to fulfil their career aspirations and development needs. The Company encourages its employees to think laterally and nurtures a feeling of ownership.

No. of employees (Standalone)	Refer "Standalone Financials – 10 Year Highlights" section of the Annual Report
Number of permanent women employees	2,635
Contract workmen (predominantly at project sites)	3,82,472

The Company has provided direct employment to 74 persons with disabilities. In addition, 110 such individuals are employed within its value chain.

The Company practices and propagates equal opportunity



Health Check-up at Project sites

in employment and does not discriminate on the basis of caste, religion, gender or handicap. The Company does not employ any child, forced or compulsory labour, and has similar systems in place for its contractors.

Occupational health and safety receives close and continuing attention. Companies manufacturing units are ISO 14001 and OHSAS 18001 certified. The policy on 'Protection of Women's right at Workplace' reflects the Company's commitment to provide a safe and caring environment to female employees. The Company, being predominantly in E&C business, engages a large number of contract labour for its project activities. The Company has recognized employee unions and associations at manufacturing establishments which are affiliated to different trade union bodies. The percentage of permanent employees covered under this category is 8.79%.

The Company's HR development team formulates a wide variety of training programmes to nurture the competencies of its employees. These interventions are not limited to technical and functional domains; they also encompass behavioural and managerial aspects. In addition, programmes to enhance safety standards and EHS competency building are a focus area.

A focussed initiative to build employee health and well-being is in place. This programme creates awareness on prevention of lifestyle diseases, encourages employees to make positive health choices and builds a healthy workplace. Similarly, several welfare initiatives such as yoga, counselling, recreational and developmental programmes are available to employees and their families to promote work-life balance.

The Company has institutionalised many training enablers including a state-of-the-art Leadership Development Academy at Lonavala near Mumbai. Leadership Development Programmes (LDP), Management Development Programmes (MDP), Global Expat Programmes, Project management, etc. are some of the key development programmes.

In FY 2012-13, the Company's permanent employees received a total of 34,84,259 man-hours of safety and skill-up-gradation training. All employees of contractors receive mandatory safety training before entering the Company premises.

No complaints relating to child labour, forced labour, involuntary labour or sexual harassment were received in the FY 2012-13.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised



Shareholders visit Powai Campus

The Company is one of the most widely held companies in India. Its shareholding is diffused, diverse and transparent, and the Company is committed to delivering on their individual expectations.

The Company has mapped its stakeholders as a part of its stakeholder engagement process. Through community need assessment surveys & engagements, the Company has identified disadvantaged sections of society.

Such interactions with key internal and external stakeholders help the Company to understand material issues and evolve thrust areas for implementation.

The Company provides strategic social interventions by working hand-in-hand with local NGOs and communities. The details of such programmes are stated under Principle 8.

The Company's Corporate Brand Management & Communications department facilitates an on-going dialogue between the organisation and its stakeholders. Communication channels adopted include:

For External Stakeholders	For Internal Stakeholders
Stakeholders engagement sessions	Employee satisfaction survey
Client satisfaction surveys	GALLUP Engagement Survey for further improvement in employees' engagement process
Regular business interaction, supplier, dealer and stockist meets	Circulars
Periodic feedback mechanism	Social initiatives
Press Releases	Welfare initiatives for employees and their families
AGM (Shareholders interaction)	Online news bulletins to convey topical developments
Investors meet and shareholder visit to works	A large bouquet of print and on-line in-house magazines - some location specific, some business specific
A corporate website that presents an updated picture of capabilities & activities	
Access to the business media to provide information & respond to queries	

Introduced recently, the Company Infodesk, an online service, provides a single point contact for information on the Company's products and services and other particulars of the company to the external stakeholders.

Principle 5: Businesses should respect and promote Human Rights

The Company upholds the sanctity of Human Rights in letter and spirit. It complies with applicable local laws and regulatory requirements like conventions of the International Labour Organisation (ILO), The Factories Act 1948, Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act 1996, Central Rules 1998, and Industrial Disputes Act 1947.

The Company does not permit child labour or forced labour in any of its operations. Communication processes such as induction training programmes, interactive sessions, intranet, policy manuals and posters sensitize employees on human rights. These are practiced in the Company and extended to Subsidiary and Associate companies.



L&T released a policy for the protection of women's rights at the workplace

Diversity and equal opportunity are strategic and important aspects of our work ethos. No employee is discriminated against on grounds of gender, ethnicity, nationality, sexual orientation, political and religious affiliation. The Company's environmental and social 'Code of Conduct for Suppliers' also propagates Human Rights principles.

There were no reported complaints related to human rights violations during the FY 2012-13.

Principle 6: Business should respect, protect, and make efforts to restore the environment

The Company is conscious of its role and responsibility in protecting the environment, conservation of resources and mitigating climate change & its impacts. It continues to focus on efficient consumption of materials, energy and water through structured and systematic approach.

The Company has a system in place to identify and assess potential environmental risks and opportunities in its operations.

The Company's strong alignment with NAPCC is demonstrated through initiatives for energy and Greenhouse gas (GHG) emission intensity reduction,



Solar Photo Volatic (PV) power Plant commissioned by L&T

increased use of renewable energy, promotion of green building construction, and enhancement of green cover, provision of solar & renewable energy solutions to customers and building of capacity for environmental management. The Company's environment preservation policy and initiatives are propagated within its Subsidiary and Associate Companies and its key suppliers are also encouraged to follow such practices.

Environmental regulatory approvals precede commencement of operations at units and project sites. An internal compliance report is periodically reviewed in businesses to ensure fulfilment of environmental and local regulations. The Company regularly submits compliance reports to Central Pollution Control Board (CPCB) / State Pollution Control Boards (SPCB) as per the environmental legal requirements. During the financial year, there are no pending or unresolved show cause/legal notices from CPCB/SPCB.

Wastewater treatment and reuse

Industrial and domestic wastewater is treated at Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP) based on state-of-the-art technology at the campuses of the Company. Treated wastewater is used for gardening, toilet flushing and for cooling tower applications as a water conservation measure.

Details of efforts made for reconstruction of biodiversity

The Company maintains a green cover and encourages new plantation in and around all of its manufacturing facilities and project sites. In the reporting period, the Company planted over 265,000 saplings across its operations. The campuses of the Company have over 150,000 fully grown trees and around 35% of the available open land at its manufacturing locations have a green cover. In the reporting year, adequate care was taken to ensure that the Company's operations do not adversely impact the biodiversity.



Recycled raw material

Most of the Company's products are Engineered to Order (ETO) and are made in line with stringent international design and manufacturing codes as per the requirements of the customers. Input materials meet specified conditions and are tested for physical, chemical and other properties before they are certified for use. It is, therefore, difficult to use recycled input material for most of the product range.

In the construction business, Company promotes eco-friendly technologies that continually replace natural resources like sand, aggregates, cement, bricks and wood with recycled material. Crushed sand is used in place of natural sand, fly-ash partially substitutes cement and Ground Granulated Blast Furnace Slags (GGBS) is used in place of aggregates. In the production cycle, zinc is recovered from the plating process and reused for coating applications.

Sustainability roadmap

The Company prepared its short term sustainability targets for 2009-12 and the progress is shared in the Corporate Sustainability report along with the sustainability targets for 2012-15. The focus is on:

- Energy Conservation
- Climate Change
- Water Conservation
- Material Management
- Safety
- Health
- Corporate Social Initiatives

(For more details please refer to www.lntsustainability.com)

The Company has a registered project by its Infrastructure Development arm (L&T IDPL) on Clean Development Mechanism (CDM) under United Nations Framework Convention on Climate Change (UNFCCC) related to Green Power Generation Project (8.7 MW wind farm). The National CDM Authority - Ministry of Environment & Forests, Government of India has approved this as a 'Project contributing to sustainable development' and given 'Host country approval' for the project on 12th June 2012. This project aims to reduce approximately 16,128 tonnes of CO₂ equivalent per annum.

Principle 7: Responsible Public Advocacy

The Company engages with policy making and regulatory bodies through multiple business forums and trade organisations. The Company's senior executives participate in the development of public policy that addresses issues affecting industry, business, products and customers through collaborative interactions.

The Company contributes to the policy-making process through memberships of associations and forums. Some such institutions are:

- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Bombay Chamber of Commerce & Industry (BCCI)
- Bureau of Indian Standards
- Construction Industry Development Council (CIDC)
- Indian Electrical and Electronics Manufacturers Association
- National Safety Council
- Indian Institute of Chemical Engineers (IICHE)
- National Fire Protection Institution
- Association of Business Communicators of India

The Company's senior executives have been closely interacting with CII on focussed initiatives on Sustainable Development and have been members of working groups on energy efficiency, EHS and corporate social responsibility of many industry chambers across India.

Principle 8: Support Inclusive Growth

The Company responds positively to emerging societal expectations as a part of its Corporate Social Responsibility. It invests in the growth of communities through a broad spectrum of social interventions. These programmes are undertaken at multiple levels - through the Company's units and project sites, employee volunteers and the



Education: One of Thrust areas of L&T's social initiatives

Company' Ladies Clubs – a unique network of spouses of employees. Larsen & Toubro Public Charitable Trust works towards community welfare through its activities for the underprivileged sections of the society.

Corporate Social Initiatives (CSI) of the Company oversees implementation of social programmes across the organisation in the following thrust areas:

- Mother & Child Health Care
- Education
- Skill Building

The Company collaborates with NGOs, local forums and government bodies for programme management. These programmes in the community are taken up as an outcome of need-assessment surveys and community interaction. The Company also conducts periodical evaluation of these interventions for on-going improvements.

Communities are integral part of programme management; their participation is built in through regular dialogue and involvement. Many team members are drawn from the beneficiary community, ensuring greater acceptance and community participation.

A brief overview of the Company's social portfolio is as below:

Education

The Company's social interventions covering educational initiatives are focused on providing primary education, infrastructure development and enhancing the learning experience for children in several schools in the vicinity of its units across India.

The initiative also covers support to pre-schools, setting up computer labs, providing teaching aids and uniforms to the needy, capacity-building of teachers, organising summer camps, sports activities and upgrading school resources etc.

Presently, the Company supports over 147 schools across India and reaches out to over 100,000 underprivileged children.

Health

Around its establishments across India, the Company actively contributes to the health and welfare of the community. Major initiatives include setting up of health centres with a focus on reproductive health, conducting diagnostic and clinical health camps that support maternal and child health care, immunization and health education. The Company has seven community health centres at Mumbai, Thane, Surat, Chennai, Coimbatore, Ahmednagar and Kansbahal which provide health care for the less privileged.

Skill Building

The Company draws on its domain expertise to fill skill gaps in society, and contribute to a talent pool that will benefit industry. Construction Skills Training Institutes (CSTI), set up by the Company, provide formal vocational training in various construction trades to youth from the weaker sections of society. CSTIs provide free training in trades such as bar bending, formwork carpentry, masonry, scaffolding and welding etc. The three months training module enhances employability of underprivileged youth and turns social dropouts into productive members of society. The Company has set up 8 such CSTIs and has collaborated with several ITIs and NGOs to impart job-oriented training.



Construction Skills Training Institute (CSTI)

Vocational training programs in the areas of tailoring, beautician, home-nursing and food processing for women are also being conducted through the Larsen & Toubro Public Charitable Trust. In addition, 100 check dams have been constructed in the drought prone areas of Maharashtra to facilitate irrigation and ground water recharge for rural communities.

The Company contributed Rs. 73.04 Crores in 2012-13 towards social development.

Principle 9: Engage with and provide value to customers

The Company's strong customer orientation is widely recognized. It enhances product value through continuous investments in R&D, design, technology and through customized solutions tailored to meet the specific needs of its clients. The Company's products and services take into account safety and stringent quality standards. The labelling process for products is implemented in line with relevant codes, specifications and regulations. Providing Operation and Maintenance manuals to customers is an integral part of the Company's business process. Products are benchmarked against the best and conform to national and international standards like IS, IEC and BIS.

The Company has a well-established customer feedback mechanism which enables it to have regular interactions with clients. These include regular customer meets, periodic customer satisfaction surveys, market research and training programs for client personnel. The quantum of repeat orders received is an indicator of customer satisfaction.

The Company adheres to all norms, standards and voluntary codes related to marketing communications and fair-trade practices including advertising, promotion, and sponsorship.

There were no cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour in the last five years, and there are no pending cases as on March 31, 2013.

Annexure: Mapping of Annual Business Responsibility Report (ABRR)

Question	Reference (AR – Annual Report; BRR – Business Responsibility Report)
	Section
Section A : General Information about the Company	
1. Corporate Identity Number (CIN) of the Company 2. Name of the Company 3. Registered Address 4. Website 5. Email id 6. Financial Year Reported 7. Sector(s) that the Company is engaged in (industrial activity code-wise)	AR (BRR Section)
8. List three key products/services that the Company manufactures/provides (as in balance sheet) 9. Total number of locations where business activity is undertaken by the Company	AR (BRR Section)
i. Number of International Locations (Provide details of major 5)	AR (L&T Nationwide Network & Global Presence)
ii. Number of National Locations	AR (L&T Nationwide Network & Global Presence)
10. Markets served by the Company – Local/State/National/International	AR (L&T Nationwide Network & Global Presence)
Section B: Financial Details of the Company	
1. Paid up Capital (INR)	AR (BRR Section)
2. Total Turnover (INR) 3. Total profit after taxes (INR)	AR (Standalone Financials –10 Year Highlights Section)
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	AR (BRR Section)
5. List of activities in which expenditure in 4 above has been incurred: -	AR (BRR Section)
Section C : Other Details	
1. Does the Company have any Subsidiary Company/ Companies?	AR (Management Discussion & Analysis Section)
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	AR (BRR Section)
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	AR (BRR Section)

Question	Reference (AR – Annual Report; BRR – Business Responsibility Report)
	Section
Section D: BR Information	
1. Details of Director/Directors responsible for BR a) Details of the Director/Director the BR policy/policies <ul style="list-style-type: none"> • DIN Number • Name • Designation b) Details of the BR head <ul style="list-style-type: none"> • DIN Number (if applicable) • Name • Designation • Telephone number • e-mail ID 	AR (BRR Section)
3. Governance Related to BR Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	AR (BRR Section)
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	AR (BRR Section)
Section E : Principle-wise Performance	
Principle 1: Ethics, Transparency and Accountability	
Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?	AR (BRR Section)
How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?	AR (Directors Report, Annexure C, Section F : Board Committees)
Principle 2 : Sustainable Products and Services	
List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	AR (BRR Section)
For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):	AR (BRR Section)
Does the company have procedures in place for sustainable sourcing (including transportation)?	AR (BRR Section)
Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	AR (BRR Section)

Question	Reference (AR – Annual Report; BRR – Business Responsibility Report)
	Section
If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	AR (BRR Section)
Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	AR (BRR Section)
Principle 3: Employee Well Being	
Total number of employees. Total number of employees hired on temporary/contractual/casual basis. Number of permanent women employees. Number of permanent employees with disabilities Do you have an employee association that is recognised by management? What percentage of your permanent employees is members of this recognized employee association?	AR (Standalone Financials – 10 Year Highlights) AR (BRR Section)
Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	AR (BRR Section)
What percentage of your under mentioned employees were given safety and skill up gradation training in the last year?	AR (BRR Section)
Principle 4: Valuing Marginalised Stakeholders	
Has the company mapped its internal and external stakeholders?	AR (BRR Section)
Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders? Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.	AR (BRR Section)
Principle 5: Human Rights	
Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?	AR (BRR Section)
How many stakeholder complaints have been received in the past financial year and what percent were satisfactorily resolved by the management?	AR (BRR Section)
Principle 6: Environment	
Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.	AR (BRR Section)
Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?	AR (BRR Section)

Question	Reference (AR – Annual Report; BRR – Business Responsibility Report)
	Section
Does the company identify and assess potential environmental risks?	AR (BRR Section)
Does the company have any project related to Clean Development Mechanism?	AR (BRR Section)
Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N.	AR (BRR Section)
Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	AR (BRR Section)
Principle 7: Policy Advocacy	
Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with: Have you advocated/lobbied through above associations for the advancement or improvement of public good?	AR (BRR Section)
Principle 8: Inclusive Growth	
Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?	AR (BRR Section)
Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?	AR (BRR Section)
Have you done any impact assessment of your initiative?	AR (BRR Section)
What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.	AR (BRR Section)
Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	AR (BRR Section)
Principle 9: Value to Customers in responsible manner	
What percentage of customer complaints/consumer cases are pending as on the end of financial year.	AR (BRR Section)
Does the company display product information on the product label, over and above what is mandated as per local laws?	AR (BRR Section)
Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as of end of financial year Did your company carry out any consumer survey/ consumer satisfaction trends?	AR (Directors Report, Annexure C, Section F : Board Committees & BRR Section)

STANDALONE FINANCIALS-10 YEAR HIGHLIGHTS

₹ crore

Description	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Operational Indicators										
Order inflow (including Integrated Joint Ventures)	88035	70574	80362	69519	51680	42561	31047	22383	14976	13259
Order book (including Integrated Joint Ventures)	153604	145723	130949	100412	70820	53555	37306	24875	17831	16973
Statement of Profit and Loss										
Gross revenue from operations	61471	53738	44296	37356	34337	25342	17938	14995	13362	9889
PBDIT ^{^^}	6407	6283	5640	4816	3922	2969	1784	1126	855	566
Profit after tax (excluding extraordinary/exceptional items)	4695	4413	3676	3185	2709	2099	1385	863	631	533
Profit after tax (including extraordinary/exceptional items)	4911	4457	3958	4376	3482	2173	1403	1012	984	533
Balance Sheet										
Net worth	29143	25223	21846	18312	12460	9555	5768	4640	3369	2775
Deferred tax liability (net)	242	133	263	77	48	61	40	77	95	114
Loan funds	8834	9896	7161	6801	6556	3584	2078	1454	1859	1324
Capital employed	38219	35252	29270	25190	19064	13200	7886	6171	5323	4213
Ratios and statistics										
PBDIT as % of net revenue from operations @	10.53	11.82	12.84	13.00	11.56	11.87	10.14	7.63	6.50	5.87
PAT as % of net revenue from operations \$	7.71	8.30	8.37	8.60	7.98	8.39	7.87	5.85	4.80	5.53
ROCE % *	14.60	15.09	15.03	15.92	18.52	21.12	20.71	16.70	14.63	14.40
RONW % **	17.29	18.77	18.33	20.73	24.67	28.21	26.84	21.88	21.05	20.66
Gross Debt: Equity ratio	0.30:1	0.39:1	0.33:1	0.37:1	0.53:1	0.38:1	0.36:1	0.32:1	0.56:1	0.49:1
Basic earnings per equity share (₹) #	79.99	72.92	65.33	73.77	59.50	37.80	25.11	19.02	19.41	10.71
Book value per equity share (₹)	473.24	411.53	358.45	303.69	212.31	162.95	101.14	83.50	63.48	54.18
Dividend per equity share (₹)	18.50	16.50	14.50	12.50	10.50	8.50	6.50	5.50	4.38	4.00
No. of equity shareholders	8,54,151	9,26,719	8,53,485	8,14,678	9,31,362	5,78,177	4,28,504	3,27,778	3,23,908	3,65,824
No. of employees	54,092	48,754	45,117	38,785	37,357	31,941	27,191	23,148	19,848	18,996

^{^^} Profit before depreciation, interest and tax (PBDIT) is excluding extraordinary/exceptional items and other income

@ PBDIT as % of net revenue from operations = [PBDIT/(gross revenue from operations less excise duty)]

\$ Profit After Tax (PAT) as % of net revenue from operations = [(PAT excluding extraordinary/exceptional items)/(gross revenue from operations less excise duty)]

* Return on Capital Employed (ROCE) = [(PAT excluding extraordinary/exceptional items+interest-tax on interest)/(average capital employed excluding revaluation reserve and miscellaneous expenditure)]

** Return on Net Worth (RONW) = [(PAT excluding extraordinary/exceptional items)/(average net worth excluding revaluation reserve and miscellaneous expenditure)]

Basic earnings per equity share has been calculated including extraordinary/exceptional items

CONSOLIDATED FINANCIALS - 10 YEAR HIGHLIGHTS

₹ crore

Description	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Statement of Profit and Loss										
Gross revenue from operations	75195	64960	52470	44310	40932	29819	20877	16809	14717	11232
PBDIT ^{^^}	9859	8884	7677	4605	5008	3672	2120	1388	826	909
Profit attributable to group shareholders (excluding extraordinary/exceptional items)	4911	4649	4238	3796	3007	2304	1810	1051	697	600
Profit attributable to group shareholders (including extraordinary/exceptional items)	5206	4694	4456	5451	3789	2325	2240	1317	1050	747
Balance Sheet										
Net worth	33860	29387	25051	20991	13988	10831	6922	4964	3316	2647
Deferred tax liability (net)	184	82	311	153	131	122	107	127	138	214
Loan funds	61994	47150	32798	22656	18400	12120	6200	3499	3454	2769
Capital employed	102644	82790	63697	46839	35547	24192	14107	8697	7013	5684
Ratios and statistics										
PBDIT as % of net revenue from operations @	13.23	13.81	14.75	10.92	12.37	12.48	10.59	8.51	5.84	8.28
PAT as % of net revenue from operations \$	6.59	7.23	8.14	9.01	7.43	7.83	9.04	6.42	4.92	5.47
RONW % **	15.54	17.10	18.43	21.75	24.32	26.68	30.71	25.78	23.96	21.24
Gross debt:equity ratio	1.83:1	1.61:1	1.31:1	1.08:1	1.32:1	1.12:1	0.9:1	0.71:1	1.06:1	1.08:1
Basic earnings per equity share (₹) #	84.79	76.81	73.56	91.90	64.76	40.44	40.10	24.75	20.70	15.01
Book value per equity share (₹)	549.89	479.46	410.95	348.06	238.27	184.31	121.39	89.36	62.44	51.58
Dividend per equity share (₹)	18.50	16.50	14.50	12.50	10.50	8.50	6.50	5.50	4.38	4.00

^{^^} Profit before depreciation, interest and tax (PBDIT) is excluding extraordinary/exceptional items and other income

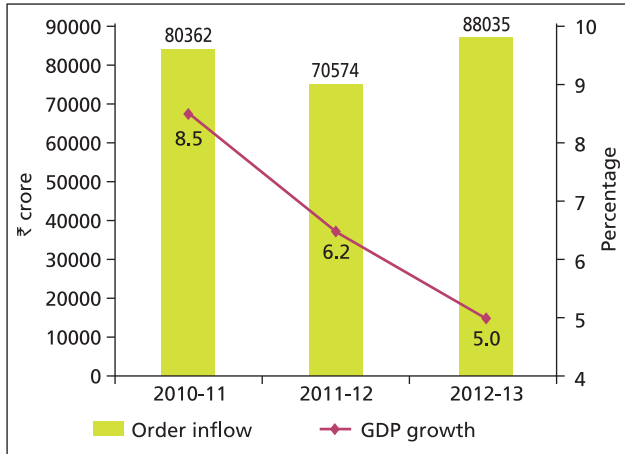
@ PBDIT as % of net revenue from operations = [PBDIT/(gross revenue from operation less excise duty)]

\$ PAT as % of net revenue from operations = [(PAT excluding extraordinary/exceptional items)/(gross revenue from operation less excise duty)]

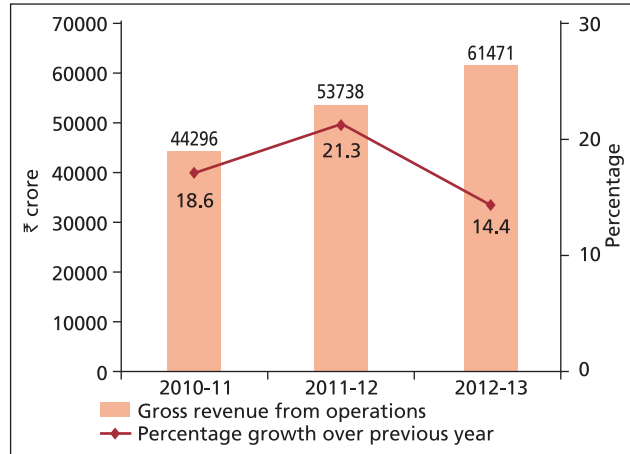
** Return on Net Worth (RONW) = [(profit available for appropriation excluding extraordinary/exceptional items)/(average net worth excluding revaluation reserve and miscellaneous expenditure)]

Basic earnings per equity share has been calculated including extraordinary/exceptional items

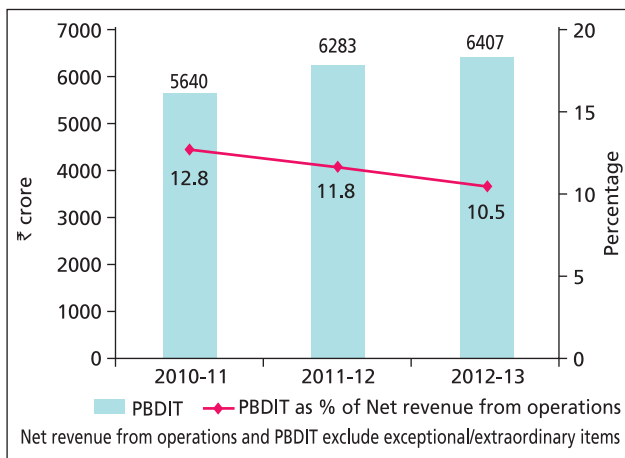
**L&T - ORDER INFLOW
(INCLUDING INTEGRATED JOINT VENTURES)**



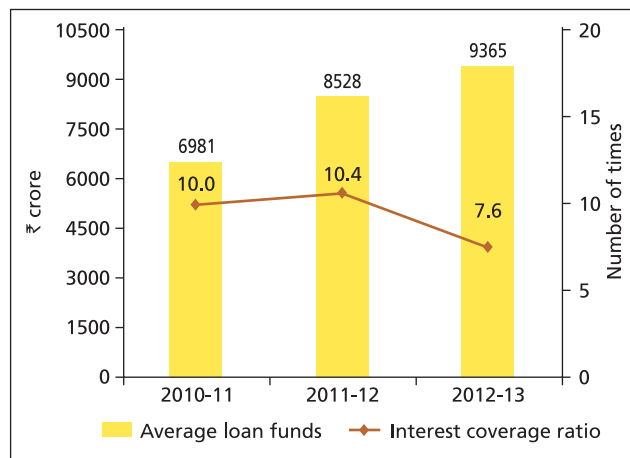
L&T - GROSS REVENUE FROM OPERATIONS



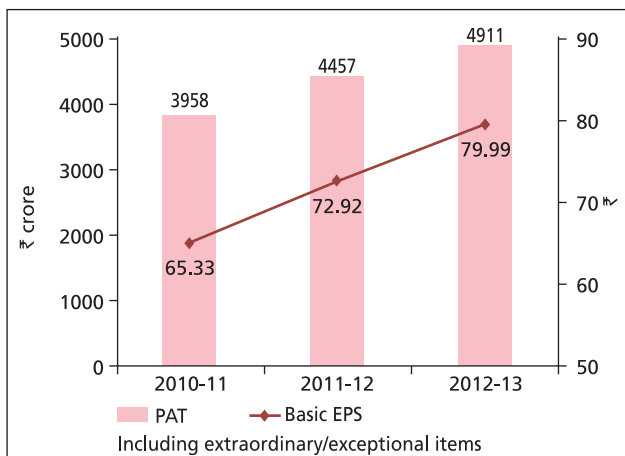
L&T - PBDIT AS % OF NET REVENUE FROM OPERATIONS



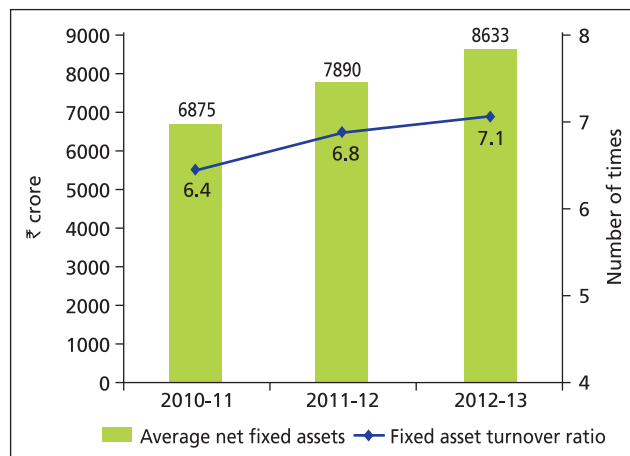
L&T - INTEREST COVERAGE RATIO



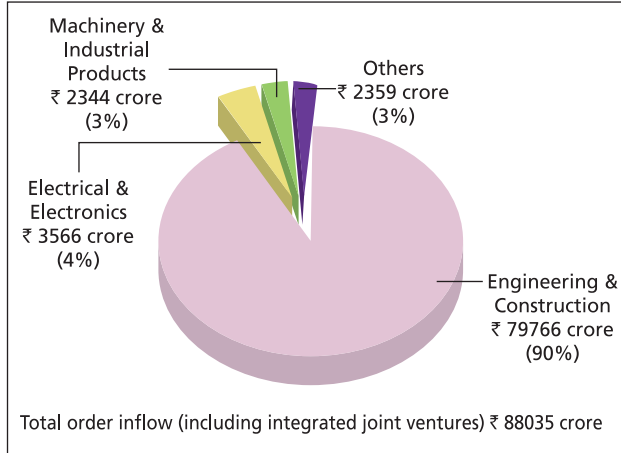
L&T - PAT AND BASIC EPS



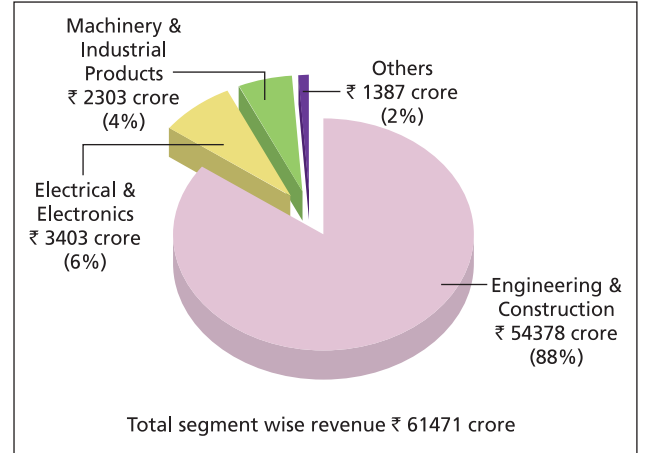
L&T - FIXED ASSET TURNOVER RATIO



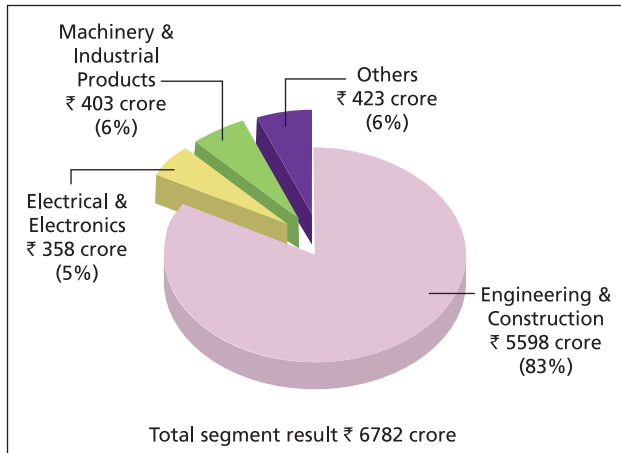
L&T - SEGMENT-WISE ORDER INFLOW 2012-13



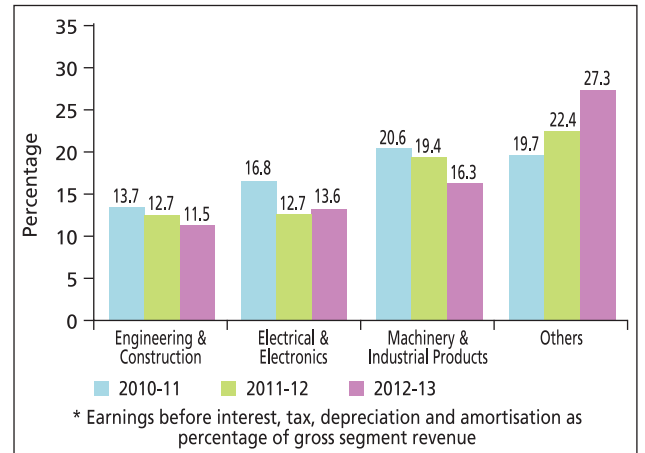
L&T - SEGMENT-WISE REVENUE 2012-13



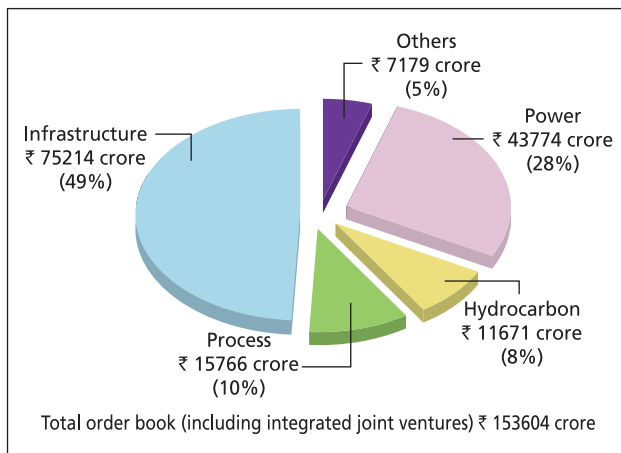
L&T - SEGMENT-WISE RESULT 2012-13



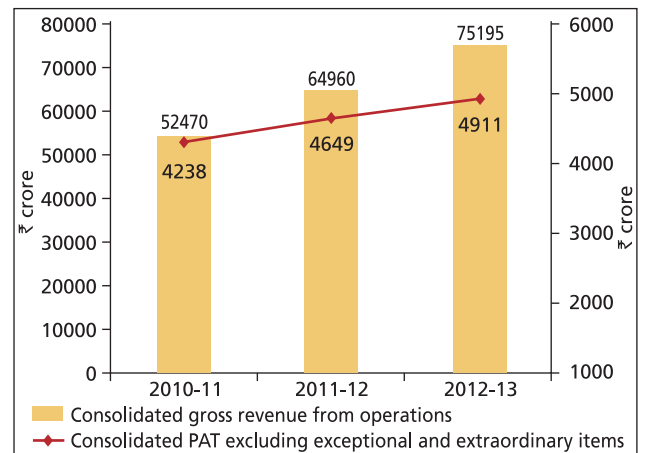
L&T - SEGMENT-WISE EBIDTA MARGINS*



L&T - SECTOR-WISE ORDER BOOK AS AT MARCH 31, 2013



L&T CONSOLIDATED GROSS REVENUE FROM OPERATIONS AND PAT



Directors' Report

The Directors have pleasure in presenting their Annual Report and Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS

	2012-13 ₹ crore	2011-12 ₹ crore
Profit before depreciation, exceptional and extraordinary items and tax	7,275.56	6,954.79
Less: Depreciation, amortization and obsolescence	819.42	700.45
	6,456.14	6,254.34
Add: Transfer from Revaluation Reserve	0.95	0.99
Profit before exceptional and extraordinary items and tax	6,457.09	6,255.33
Add: Exceptional items	175.95	55.00
Profit before extraordinary items and tax	6,633.04	6,310.33
Add: Extraordinary items	78.11	—
Profit before tax	6,711.15	6,310.33
Less: Provision for Tax	1800.50	1,853.83
Profit after Tax	4,910.65	4,456.50
Add: Balance brought forward from previous year	152.39	105.68
Less: Dividend paid for the previous year (including dividend distribution tax)	2.71	3.89
Balance available for disposal which the directors appropriate as follows :	5,060.33	4,558.29
Debenture Redemption Reserve	50.25	44.00
Proposed Dividend	1,138.47	1,010.46
Dividend Tax	85.86	101.44
General Reserve	3,500.00	3,250.00
	4,774.58	4,405.90
Balance to be carried forward	285.75	152.39
Dividend	1,138.47	1,010.46

The Directors recommend payment of final dividend of ₹ 18.50 per equity share of ₹ 2/- each on pre-bonus capital of 61,53,85,981 shares.

YEAR IN RETROSPECT

The gross sales and other income for the financial year under review were ₹ 63,322 crore as against ₹ 55,076 crore for the previous financial year registering an increase of 15%. The Profit before tax excluding extraordinary and exceptional items was ₹ 6,457 crore and the Profit after tax excluding extraordinary and exceptional items of ₹ 4,695 crore for the financial year under review as against ₹ 6,255 crore and ₹ 4,413 crore respectively for the previous financial year, registering an increase of 3% and 6% respectively.

TRANSFER OF HYDROCARBON BUSINESS

The Board of Directors of the Company at its Meeting held on May 22, 2013 has approved a Scheme of Arrangement between Larsen & Toubro Limited and L&T Hydrocarbon Engineering Limited, a wholly owned subsidiary of the Company ("LTHE") and their respective Shareholders and Creditors which inter alia envisages transfer of the Hydrocarbon Business undertaking along with related assets and liabilities into LTHE and other consequential matters under the provisions of Sections 391 to 394 of the Companies Act, 1956. The Appointed Date of the Scheme would be April 01, 2013. There would be no issue of Shares by LTHE to the Shareholders of the Company pursuant to transfer of Hydrocarbon business.

ISSUE OF BONUS SHARES

To commemorate the occasion of the Platinum Jubilee of the Company, the Board of Directors of the Company in its meeting held on May 22, 2013, has recommended for approval of the shareholders issue of bonus shares to the holders of equity shares of the Company in the ratio of 1:2 (i.e. one bonus equity share of ₹ 2/- each for every two fully paid up equity shares of ₹ 2/- each held). The approval of the shareholders will be sought through postal ballot.

DIVIDEND

The Directors recommend payment of dividend of ₹ 18.50 per equity share of ₹ 2/- each on the pre-bonus share capital which works out to ₹ 12.33 per share post issue of bonus shares.

DEPOSITORY SYSTEM

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2013, 97.39% of the Company's total paid-up Capital representing 59,93,26,527 shares are in dematerialized form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the Depositories.

CAPITAL & FINANCE

During the year under review, the Company allotted 29,87,082 equity shares upon exercise of stock options by the eligible employees under the Employee Stock Option Schemes.

During the year under review, ₹ 250 crores were raised by the Company via issuance of Non-Convertible Debentures. Further, the Company has drawn down long term foreign currency loans in USD & JPY equivalent to approximately ₹ 2,660 crores.

During the year, the Company repaid a part of its long term foreign currency loans, equivalent to about ₹ 1,615 crore.

CAPITAL EXPENDITURE

As at March 31, 2013, the gross fixed and intangible assets, including leased assets, stood at ₹ 12,582 crore and the net fixed and intangible assets, including leased assets, at ₹ 8,902 crore. Capital expenditure during the year amounted to ₹ 1,505 crore.

DEPOSITS

There are no deposits which were due for repayment on or before March 31, 2013. All unclaimed deposits were transferred to Investor Education & Protection Fund during the year.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

The Company sends letters to all shareholders whose dividends are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made in co-ordination with the Registrar to locate the shareholders who have not claimed their dues.

During the year, the Company has transferred a sum of ₹ 73,11,898/- to Investor Education & Protection Fund, the amount which was due & payable and remained unclaimed and unpaid for a period of seven years, as provided in Section 205C(2) of the Companies Act, 1956. Despite the reminder letters sent to each shareholder, this amount remained unclaimed and hence was transferred. Cumulatively, the amount transferred to the said Fund was ₹ 10,63,57,861/- as on March 31, 2013.

SUBSIDIARY COMPANIES

During the year under review, the Company subscribed to/acquired equity shares in various subsidiary companies. The details of investments in subsidiary companies during the year are as under:

A) Shares acquired during the year:-

Name of the company	No. of shares
L&T Aviation Services Private Limited	2,16,00,000
L&T-MHI Boilers Private Limited	71,40,000
L&T-MHI Turbine Generators Private Limited	4,61,55,000
L&T General Insurance Company Limited	9,00,00,000
L&T Power Development Limited	43,70,00,000
L&T Shipbuilding Limited	81,86,30,000
L&T Special Steels and Heavy Forgings Limited	6,66,00,000
Larsen Toubro Arabia LLC	7,500
L&T Metro Rail (Hyderabad) Limited	9,30,000

Name of the company	No. of shares
L&T Technology Services Limited	50,000
Audco India Limited (see Note 1)	7,81,630

B) Shares sold/transferred/reduction in face value during the year:

Name of the company	No. of shares
L&T- Sargent & Lundy Limited (under buy-back)	9,09,092
L&T Plastics Machinery Private Limited (See Note 2)	1,60,00,000
L&T Power Limited (See Note 3)	51,157

Note:

1. During the year, the Company acquired 50% stake in Audco India Limited. With this acquisition, Audco India Limited is now a wholly owned subsidiary of the Company.
2. The Company has sold its entire stake in L&T Plastics Machinery Private Limited during the year.
3. During the year, the face value of the share was reduced from ₹ 30,000 per share to ₹ 10 per share.

The Ministry of Corporate Affairs (MCA), vide its circular No. 2/2011 dated February 8, 2011, has granted general exemption under Section 212(8) of the Companies Act, 1956, subject to certain conditions being fulfilled by the Company. As required under the circular, the Board of Directors has, at its meeting held on January 25, 2013, passed a resolution giving consent for not attaching the Balance Sheet of the subsidiary companies. We have also given the required information on subsidiary companies in this Annual Report. Shareholders who wish to have a copy of the full report and accounts of the subsidiaries will be provided the same on receipt of a written request from them. These documents will be uploaded on the Company's Website viz. www.larsentoubro.com and will also be available for inspection by any shareholder at the Registered Office of the Company, on any working day during business hours.

AUDITORS' REPORT

The Auditors' Report to the Shareholders does not contain any qualification.

DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is provided in Annexure 'A' forming part of this Report.

OTHER DISCLOSURES

The disclosures required to be made under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, together with a certificate obtained from the Statutory

Auditors, confirming compliance, is provided in Annexure 'B' forming part of this Report.

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a Report on Corporate Governance and a certificate obtained from the Statutory Auditors confirming compliance, is provided in Annexure 'C' forming part of this Report.

PERSONNEL

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. The information required under Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder, is provided in Annexure forming part of the Report. In terms of Section 219(1)(b) (iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any Shareholder interested in obtaining copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure is related to any Director of the Company.

BUSINESS RESPONSIBILITY REPORTING

SEBI, vide its circular CIR/CFD/DIL/8/2012 dated August 13, 2012, mandated the top 100 listed companies, based on market capitalization at BSE and NSE, to include Business Responsibility Report as part of the Annual Report.

Accordingly as per Clause 55 of the Listing Agreement with the Stock Exchanges, a separate section on Business Responsibility Reporting forms a part of this Annual Report (pages 22-37).

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

By complying with the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company is complying with all the major clauses of the Corporate Governance Voluntary Guidelines, 2009.

We have reported in Annexure "C" to the Directors' Report – Corporate Governance, the extent of our compliance of the Corporate Governance Voluntary Guidelines, 2009 under the following heads:

1. Nomination & Remuneration Committee
2. Other Information
3. Audit Committee
4. General Shareholders' Information

CORPORATE SOCIAL RESPONSIBILITY VOLUNTARY GUIDELINES

MCA had released a set of guidelines on Corporate Social Responsibility (CSR) in December 2009. The Company is substantially complying with the guidelines laid down.

The Company has been one of the first engineering and construction companies in India to publish its report on Corporate Sustainability.

The activities carried out by the Company as a part of its CSR initiatives are covered in the Business Responsibility Reporting forming a part of this Annual Report. The detailed Corporate Sustainability Report is also available on the Company's website www.larsentoubro.com.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- ii. that the selected accounting policies were applied consistently and the Directors made judgments 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 profits 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 the Company has adequate internal systems and controls in place to ensure compliance of laws applicable to the Company.

DIRECTORS

During the year under review, Mr. Ravi Uppal, Whole-time Director of the Company resigned with effect from September 15, 2012.

Mr. V.K. Magapu, Whole-time Director of the Company retired on September 30, 2012.

Mr. M. Damodaran was appointed as an Additional Director with effect from October 22, 2012.

Mr. Vikram Singh Mehta was appointed as an Additional Director with effect from October 22, 2012.

Mr. Thomas Mathew T., the Nominee Director of the Company representing 'Life Insurance Corporation of India', resigned with effect from November 19, 2012.

Mr. Sushobhan Sarker was appointed as the Nominee Director representing 'Life Insurance Corporation of India'

with effect from December 15, 2012 to fill the casual vacancy caused by the resignation of Mr. Thomas Mathew T.

Mr. Subodh Bhargava, Mr. Shailendra Roy, Mr. R. Shankar Raman and Mr. M. M. Chitale retire from the Board by rotation and are eligible for re-appointment at the forthcoming Annual General Meeting.

Mr. M. Damodaran and Mr. Vikram Singh Mehta, Additional Directors of the Company hold office up to the date of the forthcoming Annual General Meeting and are eligible for appointment.

Mrs. Bhagyam Ramani, Nominee of General Insurance Corporation of India, resigned w.e.f. May 8, 2012. Mrs. Bhagyam Ramani would have been liable for retirement by rotation in ensuing AGM. The said vacancy is not proposed to be filled at the ensuing AGM.

The notice convening the Annual General Meeting includes the proposal for appointment/re-appointment of Directors.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

The Auditors' Report to the Shareholders does not contain any qualification.

AUDITORS

The Auditors, M/s. Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. 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.

S&T has submitted the Peer Review Certificate dated September 21, 2010 issued to them by Institute of Chartered Accountants of India (ICAI).

COST AUDITORS

Pursuant to the Cost Audit Order dated January 24, 2012 issued by the Ministry of Corporate Affairs (MCA), the Board of Directors has appointed M/s. R. Nanabhoy & Co., Cost Accountants, as Cost Auditors for audit of cost accounting records of "Engineering machinery (including electrical and electronic products)", for the Financial Year ended March 31, 2013. The appointment has been approved by the Central Government.

The Report of the Cost Auditors for the Financial Year ended March 31, 2013 is under finalization and will be filed with the MCA within the prescribed period.

Based on the Audit Committee recommendations, the Board of Directors at its meeting held on May 22, 2013, has approved the re-appointment of M/s. R. Nanabhoy & Co. as the Cost Auditors of the Company for the Financial Year ending March 31, 2014, for applicable Product Groups covered under MCA Cost Audit Order No. 52/56/CAB-2010 dated November 6, 2012. The appointment is subject to approval of the Central Government

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners/Associates.

For and on behalf of the Board

A. M. Naik
Group Executive Chairman

Mumbai, May 22, 2013

Annexure 'A' to the Directors' Report

(Additional information given in terms of notification issued by the Ministry of Corporate Affairs)

[A] CONSERVATION OF ENERGY:

(a) Energy Conservation measures taken:

1 Improving energy effectiveness/efficiency of Equipment and Systems

- Installation of energy saving devices for lighting.
- Installation of Roof Top Solar PV system in various locations such as CSTI, Kanchipuram and in Hazira Campus.
- Power generation from the existing solar system.
- Retrofitting of LED lights.
- Installation of Bio Mass plant for Power generation and Solid Waste management.
- Introduction of VSD based compressor at FORM Work factory Unit-II at Karasur, Puducherry resulted in 120% saving from the existing standard compressor
- Installation of CFL lamps and T5 fittings instead of Metal halide lamps
- Pillar drilling machine limit on/off operation.
- Installation of P20 Energy saver panel for street lighting.
- Oxilan process pretreatment plant (Cold phosphating process) in paint shop.
- Installation of Solar air heating system.
- Installation of 1.5kW and 2.4kW Solar standalone systems/sodium vapour lamps for street lighting.
- Installation of High Lumen/per watt Induction lamp for shop floor.
- Substitution of power taken from the grid for its operations by the energy generated by the wind mills installed by the Company.
- Implementation by factories of ISO 50001 – Energy management systems which will help in measuring and improving the energy usage.
- Reduction of primary energy consumption of High speed diesel oil and Furnace oil by changing the process to LPG firing which is an environment friendly fuel.
- Re-engineering-Change in Design of BEMCO Bending machines resulting in power saving by 20%
- Modification in Process Design in Rolling mill in Puducherry factory reducing the power consumption by 1390 kWh/day
- Replacement of Mercury vapour lamps with Induction lamp fittings in the factory premises leading to consumption of less energy and giving more illumination as well as assisting in maintaining power factor to unity.
- Interconnection of air compressor line of MV mod-2 with LV module & MV mod-1.
- Single Switch Control in Fabrication shop & Stores.
- Optimized use of AC & FSD at Vadodara campus.
- Controlling all exhaust fans at Pithampur factory (300W x 20 Nos.) through timer thus reducing their operation by 50% and resulting in Energy Saving of 936 KW per Annum.
- Replacement of Incandescent lamps, Tube lights and CFL lamps with LED lamps in office & on shop floor for hand lamps and machine lamps.
- Installation of occupancy sensors in offices & shops for auto switch-off.
- Use of Variable frequency drive in motors for welding positioners, EOT cranes, AHU, Water pumps, Welding trolleys, Rotary table & Machine tools to improve the motor efficiency.
- Installation of AC Drive for Turn Table.
- Introduction of inverter based welding systems (3 nos) for SAW booms.
- Use of magnetic resonators for improving the efficiency in fuel consumption of Vapor Absorption Machine (VAM).
- Conversions of DC drive to AC drive in Asquith Machine.
- Installation of Smart Energy Saver in 840D system on CNC machine.
- Provided energy efficient cooling tower in place of old cooling tower in big rolling machine.
- Modification of PLC program in SIRMU DHD Machine between 2 drilling cycle.
- Use of energy savers and programmable on/off switch for optimization of air conditioner operations in SBU VRF.

- Installation of Liquid Desiccant Dehumidifier in new DFE for HVAC.
- Special Purpose Machine for Composite Canister machining to achieve 75% energy saving.
- Shifting to Cyclone type Dust extraction system for Composite Machining
- Vibration analysis for better transmission efficiency of rotary equipment.
- Load sharing of high frequency generator in shops.
- Use of Timers & efficiency check for HVAC and Street Lighting to conserve energy.
- Installation of solar pipes & solar water heaters to reduce use of conventional energy.
- Installation of Bio toilets (designed by DRDO) to conserve energy on sewage treatment.
- Installation of transparent sheets & sky light panels on shop sides for using day light which obviates use of hand lamps during day time.
- Installations of turbo ventilators for shop floor roofs.
- Rationalizing the operational time period and temperature of office ACs.
- Optimizing use of mobile cranes for material handling for reducing HSD consumption.
- Split ACs in place of Centralized AC in locations which are not used throughout the day.
- Use of 62.5 KVA DG set for continuous operation in ESS Test facility when required instead of 400 KVA DG set provisioned by the building owner thereby saving energy.
- Use of smart metering system for optimum use of energy.
- Installation of Energy saver in one Lighting High Mast and successfully achieved 17% Energy Saving. Same concept is planned for other High Mast Tower in the yard in phased manner for other illumination systems.
- Introduction of double circuit in High mast light towers to reduce illumination and power consumption during non-working hours.
- Installation Auto temperature controller with the use of VFD and PID controller in HVAC of MFF EPC Block.
- Calibration of contractor welding rectifiers to ensure working of Energy Saver, so that welding machines will get OFF, while welding operation is suspended.
- Replacement of diesel operated Shot blasting equipments with efficient Electrical operated Blasting Equipments.
- Installation of presence sensors/occupational sensors in porta offices, rest rooms, etc. to control operation of lights and AC.
- Appointment of MR and formed the core team for implementation of Energy Management System: ISO 50001 with an objective to get the certificate for MFF in 2013-14.
- Replacement of ETP blower with new efficient blower.
- Installation of separate switches for lighting in Group-II building so as to ensure optimum utilization of power.
- Installation of centralized Compressed Air Management System to optimize the generation of compressed air.
- Observing 'Walk-to-Work' day on 2nd Saturday of every month at Kansbahal.
- Observed 'Earth Hour' during March 2013 at Kansbahal.
- Initiatives by Foundry Business Unit (FBU) such as IMF Mixers running time reduced from 15 minutes to 5 minutes, conversion of Shot blasting M/C Bucket Elevator & Rotary Screen from contactor to Drive unit resulting in energy saving of 15%, interlocking of GK Shake out OBMS with feeder reducing Idle running time, reduction in peak hour power consumption and shifting production to night shift for gaining Night Hours rebate of 5%, etc.
- Initiatives by Rubber Processing Machinery Unit (LTRPM) such as Occupancy sensors provided in Shop floor cabins, Operation of 232 CFM compressor in 3rd Shift instead of 432 CFM compressor, etc.
- Initiatives by Valves Manufacturing Unit (VMU) such as Saving of Energy by switching of Hyd. Power pack during Idle running of machine, installation of Lower capacity Cranes, provision of Auto Off for water pump, procurement of HSD from an alternate source, connection of STP water line to Garden water sump for Sprinkler system, etc.
- Initiatives by Construction & Mining Business (CMB) such as installation of light sensitive sensors

at Bahadurgarh, efficient use of natural light at workshop at EMS service station at Kanchipuram, etc.

2 **Improving energy effectiveness/efficiency of Manufacturing Processes**

- Installation of new servo drive systems in SKZ & MKVTL machines.
- Installation of IR heating system for preheating thereby reduction of PNG consumption.
- Revamping of PH furnace resulting in reduced cycle time & PNG consumption.
- Introduction of CNG conversion kits in petrol driven wagons.
- Eliminate the throttling and reduce the speed of VFD in 300 MT & 125 MT Boogie air supply blower.
- Reduce specific power consumption from 0.30 KW/CFM to 0.18 KW/CFM, by refurbishment & overhauling of Messer Plasma CNC cutting m/cold Messer and HFS-4B Compressor.
- Purchase of Green Power from third party to reduce the carbon footprint.
- Use of Biogas plant to reduce the canteen waste.
- Development of manufacturing & machining process for Rod baffles (Reliance PTA).
- Use of bolted type blanks in place of welded blanks for pneumatic & Helium leak testing of Dry Shielded Canister.
- Replacement of rolled section/ pipes by Centrifugal & Investment casting for Refinery internals.
- Extensive use of advance metal cutting process like water jet, laser cutting & nibbling to eliminate milling/drilling/slotting & grinding operation.
- Edge beveling of SS plates by stacking multiple plates together.
- Standby mode for the shop overhead cranes and climatic chambers
- Programmable on/off switching for all Environmental Stress Screening chambers.
- Remote Monitoring of All Climatic chambers to avoid emergency Power Drainage.

- Controlled & Continual DM water flow for climatic Chambers for Damp Heat Test.
- Design optimization and rationalization of the number of ovens required for electrode baking and storage.
- Batch-wise loading of jobs in Heat Treatment Furnace instead of piece meal basis to conserve energy.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- Implementation of ISO 50001 (Energy Management System).
- Implementation of Platinum rated green building 'West Block'.
- Installation of DC power source Auto OFF manual ON system in SAW in all the power sources.
- Thermography of curing ovens and freezer.
- Replacement of existing motors with High Efficiency motors (EFF1/EFF2).
- Replacement of existing transformers with energy efficient distribution transformer.
- Drip irrigation for newly developed Garden area, to conserve energy of water pump & save water.
- Biogas plant at the Canteen & Garden waste disposal.
- Admin Building Terrace repainting with Heat shield paint for reduction in HVAC load.
- Installation of Wind turbines in shop floor instead of electrical exhaust fans.
- Budgeted for further replacement of CFL, MHL with LED lighting & Installation of occupancy sensors. Installation of solar street lights in LTRPM leading to annual energy savings of 1903 KWH/Year consumption of energy.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- The measures taken have resulted in savings in cost of production, cost of power consumption, energy savings and reduction in maintenance cost, reduction in carbon dioxide emissions & processing time/cycle time.

(d) Total Energy Consumption and Energy Consumption per unit of production as per Form A in respect of industries specified in the Schedule:

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER & FUEL CONSUMPTION

	FOUNDRY Reporting Year 2012-13	FOUNDRY Previous Year 2011-12
1. Electricity		
(a) Purchased Unit	258.492 L KWhr	261.247 L KWhr
Total amount	₹ 1,734.95 L	₹ 1,519.72 L
Rate/Unit	₹ 6.71 (Average)	₹ 5.82 (Average)
(b) Own generation		
(i) Through diesel generator		
Unit	4.2387L KWhr	2.35 L KWhr
Unit per ltr. Of diesel oil	3.33 Units	3.10 Units
Cost/unit	₹ 13.17	₹ 12.75
(ii) Through steam turbine/generator		
Unit	NIL	NIL
Unit per ltr. of fuel oil/gas	NIL	NIL
Cost/unit	NIL	NIL
2. Coal (specify quality and where used)		
Quantity (tons)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL
3. H S D		
Quantity (k.ltrs.)	372.17	643.22
Total amount	₹ 235.509 L	₹ 265.14 L
Average rate	₹ 63.28/Ltr	₹ 41.22/Ltr
4. Others/internal generation		
Quantity (k.ltrs.)	NIL	NIL
Total cost	NIL	NIL
Rate/unit	NIL	NIL

	FOUNDRY Reporting Year 2012-13	FOUNDRY Previous Year 2011-12
A. Consumption per unit of production Stands (if any)		
Products (with details) unit		
Casting	8,984 Tons	14,694 Tons
Ferro Alloy	-	-
Electricity	KWH/Ton	KWH/Ton
Casting	2,060.02	1,735
Ferro Alloy	-	-
H S D		
Casting	41.43 Ltr/Ton	43.80 Ltr/Ton
Ferro Alloy	-	-
Coal (specify quality)	NIL	NIL
Others (specify)	NIL	NIL

[B] TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B.

FORM B

(Disclosure of particulars with respect to Technology Absorption)

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company:

The Company has well-established R&D facilities for carrying out applied research in the areas of Chemical Engineering, Material Science & Corrosion, Thermal Engineering, Machinery & System Engineering, Mechanical Engineering and Water Technologies.

Research work is currently focused on the following:

- Process engineering for Oil & Gas and Chemical Plant applications; Ammonia/Urea processes for Fertilizer sector; Offshore and Onshore Gas Processing technologies; Process simulation for Refineries and Chemical industries; Coal Gasification Technologies for Process Plant and IGCC applications; Use of Refinery Residue for Gasification application; Process Technologies for Petrochemicals (PX/PTA) and Polymers (PE/PP); Refractory Engineering for high-temperature processes.
- Material selection/verification and suggestion for alternative materials; Material characterization techniques for Oil & Gas, Fertilizer, Chemical and Petrochemical applications; Surface treatment and process qualification of coatings and plating after

surface modification for functional and corrosion resistance properties; Identification and evaluation of corrosion/material degradation mechanisms and implementation of corrosion control measures; Trouble-shooting and failure analysis; Advanced material development and application of emerging materials (such as nano and composites) for strategic applications.

- Design, analysis and optimization of Thermal and Fluid systems; Computational Fluid Dynamics (CFD) studies for troubleshooting and design optimization; Dynamic Simulation of power plants; Energy storage and recovery systems; Super Critical Boilers; Non-conventional energy sources.
- Advanced engineering support for rotating machinery and systems in Oil & Gas, Process and Power industries; Vibration and Acoustic technologies for fault diagnosis; Noise Assessment of Factories, Process Plants, Pipelines, Substations and Offshore Platforms using Noise Mapping Technique; Machinery design and optimization using advanced Finite Element techniques; Rotor-dynamic analysis of turbo-machinery; Tribology of Gears, Bearings and Lubrication systems; Testing and performance assessment of turbo-machinery; Plant Reliability studies; Flow and Acoustic Induced Vibration studies for pipelines.
- Stress analysis for Equipments, Structures and Piping systems; Advanced engineering analysis involving Creep, Fatigue, Shock/Impact and Thermal effects; Non-linear and Transient analysis techniques; Composite Analysis of complex industrial plants; Capability development in FFS (Fitness for Service) studies; Experimental stress analysis.
- Water Management solutions; Water, Wastewater & Effluent treatment and recycling plants; Oil Water Separation technologies; Desalination technologies; Bench-scale and pilot plant studies in Water Technology; Corporate Sustainability & Management of Environmental issues.
- **Chemical Engineering**
Design, analysis and simulation of chemical processes and equipment, with special emphasis on Gas Processing applications (Gas/Liquid Separation, Gas Dehydration and Gas Sweetening Units); Capability development in process simulation for Ammonia and Urea Plants; Process Engineering for Gas Compressor Modules; Technology Evaluation of Air Separation Units; Flow simulation studies for Oil & Gas Projects; Refractory engineering for Fertilizer

and Refinery Plant equipment; Modeling and process simulation of fixed bed and entrained bed Coal Gasifiers; Failure analysis and troubleshooting of various process units; Solid handling processes in Petrochemical applications.

- **Material Science & Corrosion Engineering**
Material selection, verification and characterization; Risk assessment for corrosion damage; Adequacy check of material for RLA (Residual Life Assessment) studies in various Oil & Gas Projects; Failure Analysis studies for components (such as waste heat recovery system, heat exchangers, thrust plates for pulverizers, components of various equipments, fasteners, fittings, coatings etc.); Reverse engineering and material development support for Defence equipment; Preservation and restoration techniques for critical systems; Cathodic protection system for marine vessels; Eco-friendly corrosion inhibitors; Chemical cleaning/surface engineering of metals and non-metals; Characterization of composites with state-of-art instrumentation; Nano-materials for strategic applications.
- **Thermal Engineering**
Application of CFD technique in design optimization and troubleshooting of equipment and systems (such as flare and exhaust stack, gas dehydration and gas sweetening units, multi-phase separators); Safety studies for safe helideck operation at offshore platforms; Radiation and dispersion analysis; Failure analysis for false ceiling in AC room; Risk analysis for simultaneous heavy lift and installation of offshore platform along with drilling operation; Check-rating and design optimization of waste heat recovery coils and heat exchangers; Support for commissioning of boiler, offshore well head platform and process platform; String Testing of Process Gas Compressor modules for Offshore Platform; Failure analysis and troubleshooting involving heat exchangers, boilers, heaters and furnaces; Conjugate heat transfer analysis for post-weld heat treatment; Troubleshooting of RG Boiler for noise and vibration; Low-temperature thermal desalination processes; Design of cored brick heater; Design of HVAC system for offshore platform; Dynamic Simulation study of sub-critical and supercritical power plants.
- **Machinery & System Engineering**
Advanced engineering studies in Vibration and Acoustics for machinery and piping; Stress analysis and design optimization of rotary

absorber unit; Dynamic stress analysis of piping network in Refinery Complex considering flow-induced and acoustic induced vibration; Design of acoustic insulation for critical piping system; Troubleshooting of machinery vibration problems in high-speed pumps, turbines, motors, drive gearboxes and compressors; Troubleshooting of Deck Cranes at offshore platforms; Plant noise assessment for Refinery Complex, Gas Gathering Station and Sub-station; Product development/design optimization studies for Coal Pulverizer units for Supercritical Boilers; String test of PGC Modules; Technical support during Acceptance Test and Commissioning for critical machinery.

- **Mechanical Engineering**

Design solutions for critical equipment through advanced Finite Element Analysis; Fitness For Service (FFS) assessment of in-service equipment and structures containing damage or flaws; Thermal-Structural composite analysis of systems integrating equipment, piping and structure; Advanced analysis (such as Boat Impact and Pushover Analysis) of offshore jacket structures involving high orders of non-linearity; Buckling analysis of sub-sea pipelines; Fatigue analysis of critical joints of offshore jacket structures; Structural analysis of floating offshore structures such as semi-submersibles and spars; Experimental stress analysis of critical offshore equipment such as pedestal deck crane and Blow Out Preventer (BOP) lifting cradle during load testing.

- **Water Technologies**

Total water management solutions including technology evaluation, design & detailing of water/wastewater facilities for Oil & Gas – Upstream & Mid & Downstream sector; Focus on advanced treatment technologies such as Sea water/Brackish water Thermal Desalination, Membrane Bioreactor, Sequential Batch Reactor, Up-flow Anaerobic Sludge Blanket Reactor etc.; Oil-water Separation processes; Waste minimization/recycling techniques; Methodologies for achieving Zero-discharge from plants; Testing-facilities for water & wastewater characterization; Lab-scale pilot plant studies for treatability aspects of water and wastewater.

- Development of high strength non-shrink grout for precast panel wall applications.
- Development of Ultra High Performance Concrete (UHPC) above M100.

- Development of light weight concrete for infill applications in buildings.
- Studies on precast panel connections.
- Evaluation of composite pavements of high speed corridor using falling weight deflectometer.
- Development of cost chemical modified bitumen.
- Development of alternate cold mix for pothole repair.
- Development of indigenous Creep testing facility.
- Alternate arterial road construction with Modified sub-base layers.
- Micro-grid project in progress at L&T Construction campus, Chennai for documenting the stability and reliability of power system using multiple power sources and advanced control system for source and load control.
- Test-beds involving different technologies of Solar Photovoltaic (PV) modules and Balance of Plant systems planned across various Construction Skills Training Institutes (CSTIs) of L&T Construction.
- Development of welding Simulation Technology.
- Development of Steam Generator & Moisture Separator for Nuclear Power Plant.
- Development of LNG vaporizer.
- Development of cyclone separator for FCC regenerator in refinery.
- Weapon Launch Systems – Structures, Mechanisms, Stabilization Systems, Drives & Control Systems
- Field & Air Defence Guns – Ballistics, Mechanisms, Fire Control Systems, Optronics
- Robotics & remotely operated/unmanned systems
- RF, Microwave & telemetry systems
- Video Analytics
- Composites – Design & Process Technologies
- Development of High Mach number wind tunnel facility including various subsystems
- Development of Titanium Structure for Strategic programs.
- Development of Dry Shielded Canister for Boiling water type Nuclear Reactor

- Development of Retort for Titanium Sponge Plant
- Indigenous development of
 - SPM for Composite Canister machining. This results in eliminating use of Heavy Boring & Radial Drilling machines and reducing machining cycle time by 90%.
 - 7 Axis Machine for Ultrasonic Testing of Composite Air Frame 3D profile – Cycle time reduction by 70 %
 - Heavy duty lathe with dual Carriage & Tool post to reduce machining cycle time by 40%.
- Development of ion-mobility spectroscopy (IMS) based chemical agent monitors (CAM).
- Development of military communication hardware
 - Radio Relay
 - Field Wireless system
 - Vehicle Intercom System
- Communication N/W field deployable router
- Development of new products by LTRPM such as:
 - 82.5" MECHANICAL PRESS
 - 95" MECHANICAL PRESS WITH VCL
 - 118" MECHANICAL PRESS WITH TOP SMO
 - 118" MECHANICAL PRESS WITH BOTTOM SMO
 - TYRE BUILDING MACHINE 12"-18"
 - 51" HYDRAULIC TCP WITH VCL & SMO
 - INTEGRATED AUTOMATION SOLUTION for Non-Tyre industry
- Developments by VMU such as:
 - Development and supply of Bellow Sealed Butterfly Valves for high vacuum applications in BARC projects
 - Design & Development of Control Valves and Actuators
 - Design & Development of Double Block and Bleed high integrity positive shut off valves for variety of applications including Leased Automated Custody Transfer (LACT), Product metering, Aviation & Military fuelling, product isolation, bleeding, multi product manifolds and tank storage

- Design & Development of Containment Isolation Valves, Bellow Seal Instrumentation Valves for Indian Nuclear Power Plants
- Design & Development of Quick Closing Non Return Valves for Supercritical Power plants. Design and establish manufacturing process for development of large size high pressure valves in forged steel construction.

R&D Laboratories in the areas of Vibration & Acoustics, Experimental Stress Analysis, Materials Technology, Corrosion Studies and Water Technology have been upgraded by addition of new, state-of-the-art instruments and software tools to carry out the above studies effectively.

The research facilities are augmented with the latest computer workstations, operating systems and communication network/data storage facilities. A fully computerized Technical Library, having the latest technical publications, research journals and product/technology databases further supplement the R&D resources. Emphasis is given on creating Intellectual Properties (IP) and managing the Intellectual Property Rights (IPR).

The Electrical & Automation (E&A) business's in-house R&D has design and development capabilities for its products and solutions that are among the best in the industry. These facilities, located at Powai-Mumbai, Ahmednagar, Mysore and Coimbatore, are approved by the Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology. The Switchgear Design & Development Centre (SDDC) is the product and technology development wing of E&A and supports its leadership position in the market through proven excellence in product design.

E&A's engineers network with International labs, testing centres and academic institutions to keep abreast of new technology trends and introduce those for customers in different segments. Focused R&D activities have enabled the Electrical Standard Products (ESP) business to have a healthy New Product Intensity (NPI) index of >30%-an index which measures the sales of products introduced in the market in last five years to the total sales in the financial year. Currently, more than 400 engineers are pursuing these activities and working on diverse projects.

In FY14 major new product development programs have been initiated by E&A in Powergear, Controlgear, Final Distribution Products and LV Panels and Systems. The new products being developed, in addition to setting global benchmarks in the industry, would also

address the needs arising from the increased use of non-conventional energy sources in the future. A greater emphasis has been given to environmental friendly design concepts – in terms of material consumption, use of environmental friendly raw materials & processes as also energy usage. The culmination of these development programs is expected to give a cutting edge to the product portfolio and enhance the market share and profitability.

In addition to these, life cycle management programs for product upgrades based on customer feedback, new applications and changing competitive scenario have also been initiated. This will help the businesses to address different market segments and certain niche applications.

The above initiatives will help businesses maintain technology control and have a contemporary product portfolio.

The Electrical & Automation (E&A) business is confident of higher growth with the Utility segment indicating increased activities along with revival in the Building segment in GCC region. Africa has become a destination of new opportunities. Prospects of turnkey automation projects are improving and opportunities in the energy management segment should contribute to better growth for automation products and solutions.

2. Benefits derived as a result of above R&D:

- In-house testing facility is created as import substitution.
- Reliable test results and timely delivery of test results.
- Sustainable product and environment friendly.
- National standards improvement.
- Alternate methods of construction have the potential to reduce the consumption of natural materials.
- Indigenization & development of products for Indian Defence sector.
- Indigenization & development of products for Indian Space sector.
- Indigenization & development of products for Indian Nuclear sector.
- Requirements of IMS CAM for Homeland security and Indian Defence with prospects of large order inflow.
- The R&D efforts from LTRPM helped them to compete with international competitors on their

range of machines (Mechanical, Hydraulic Presses, Tyre building machines and Tyre handling system).

- In case of VMU, benefits were as follows
 - Establishment of indigenous expertise in development and supply of high pressure valves for supercritical applications. Establishment of manufacturing cycle for development of large size valves in forged steel construction
 - Successful supply of valves to BARC projects as import substitution
 - Successful in-house development of Nuclear Valves and Control Valves
- Complete process simulation, design solutions and optimization for Hydrocarbon projects in the Fertilizer sector, involving Reformers, Ammonia Plant and Urea Plant.
- Establishment of in-house capability in Process Simulation and FEED Verification of on-shore / off-shore Gas Processing Plants and design optimization of associated equipment.
- In-house expertise for complete Refractory solutions (e.g., material selection, engineering, commissioning and troubleshooting) in high-temperature equipment for process plants.
- Development of in-house capability in multi-phase flow simulation studies for Oil & Gas Projects.
- Successful testing/commissioning of plants and equipment in various Hydrocarbon projects, through multi-disciplinary technology support.
- Approximately two thirds of ESP business and almost the whole of the LV panel business come from products and systems which are designed and developed in-house.
- Complete support to business units for all Materials related assignments (such as material verification/selection/evaluation/characterization; selection of alternative materials; failure analysis; preservation and corrosion protection of critical equipment; development of new materials for strategic applications, identification of newer technologies and commercially available proven products and their implementation).
- Development of in-house expertise related to manufacturing processes, welding, heat treatment, failure mechanisms and corrosion protection/preservation issues of equipment having special metallurgy for critical Oil & Gas applications.

Acquisition of know-how pertaining to special materials and their applications.

- Successful troubleshooting/design optimization of Oil & Gas Processing equipment, heat exchangers, flares and exhaust stack etc.; Dispersion and radiation studies for offshore platform; Safety studies for safe helideck operation; Risk analysis for simultaneous heavy lift installation and drilling, using advanced CFD technique; Design and check-rating of critical thermal equipment for heat exchange/heat recovery applications; Capability development in newer applications such as low-temperature thermal desalination, design of cored brick heater; Design of HVAC system for offshore platform; Evaluation of technology proposals on cold fusion and geothermal power generation.
- Establishment of in-house capabilities in analysis of piping system for flow-induced and acoustic-induced vibrations; Conduct of Plant Noise studies utilizing in-house expertise; Development of in-house capabilities in special acoustic studies such as piping insulation design and valve noise/vent noise assessment.
- Development of in-house expertise in advanced FEA and fatigue analysis techniques for specialized systems (Orifice Chamber/associated piping); Design upgrade and optimization of coal pulverizers.
- Successful completion of failure analysis/troubleshooting assignments for critical machinery; Technical support to business units for machinery acceptance testing and commissioning.
- Development of in-house expertise in Fitness for Service (FFS) Level 1 & Level 2 assessment of in-service equipment and structures.
- Establishment of in-house expertise in structural FE analysis of offshore floating structures.
- Establishment of in-house capability in composite analysis of complex systems involving equipment, piping and structures; Design methodology for advanced FE analysis involving non-linear effects, shock/impact, thermal fatigue and high-pressure/high-temperature processes.
- Development of in-house expertise in specialized applications such as buckling analysis of sub-sea pipeline and boat impact studies.
- Technical support to Oil & Gas, Refinery, Chemicals & Fertilizer Projects for complete Water and Wastewater management solutions;

Produced Water Injection Water and Utility Water Management; Design of sludge and effluent treatment systems; Development of water recycling, reuse and zero-discharge schemes; Appropriate technical solutions for water treatment, filtration and desalination applications.

- Savings in Foreign Exchange.

3. Future Plan of Action:

The R&D Centre is committed to providing appropriate technology support to all Hydrocarbon Projects, as required by various business units. Future development activities are identified based on the expected needs of upcoming Projects as well as requirements for in-house capability development. The following key areas have been identified under R&D Action Plan:

- In-house design/simulation capability of Ammonia and Urea Processes.
- Rate-based model development and simulation for Pre-Reformer, HTER and Auto-thermal Reformer.
- Capability development in multi-phase flow assurance studies using OLGA software.
- Use of Refinery Residue for Gasification application.
- Process design capabilities in Petrochemical/Polymer Plants.
- Process technology for coal gasification (technology evaluation, coal characterization, performance simulation, design optimization and system integration for EPC Projects).
- Modularization of Process Plants.
- Carbon Capture and Sequestration (CCS) techniques for Oil & Gas Projects.
- Cryogenic Air Separation Processes (technology evaluation, process simulation, heat integration and system engineering).
- Use of CFD techniques for performance assessment of coal gasifiers.
- Emerging (Non-traditional) energy solutions such as CBM, Shale Gas and Tar Sands.
- Design of Cryogenic Vaporizers and Cold Boxes for Air Separation plants.
- Design of Combustion Air Pre-heaters for Reformers in Ammonia Plants.
- Design analysis of Bulk Flow coolers in Urea Plants.
- Application of Low Temperature Thermal Desalination process for commercial use.

- Design/engineering of molten salt based thermal energy storage system for electric arc furnace with intermittent operation.
- Power generation solutions for offshore process platforms using wind power.
- Development of in-house design/analysis capability involving Recycle, Reuse and Zero-discharge Technologies.
- Solar energy based desalination plants for “Clean Energy” initiative.
- Advanced Finite Element Analysis (FEA) techniques for process equipment subjected to thermal shock.
- Techniques for Reliability, Availability & Maintainability (RAM) studies as part of specialized engineering support for Process Plants.
- Stress analysis of refractory lined equipment and reinforced concrete structures.
- Fitness for Service (Level-3) assessment using FEA.
- Advanced FEA based buckling analysis of sub-sea pipelines.
- Theoretical and experimental study on degradation mechanisms in material of construction for Ammonia Converter.
- Chemical synthesis of Platinum nano-particles for development of electrodes for Electro-chemical applications, with appropriate characterization tools.
- Study on degradation/failure mechanisms for High-Strength Steel and Duplex Stainless Steels; Characterization of different heat treated (Normalized + Tempered and normalized + accelerated cooling + tempered) low alloy steel for hydrogen service; Evaluation of hydrogen charged DSS.
- Development of environmentally-friendly (non-toxic and bio-degradable) chemical formulations for chemical cleaning and pickling of steels; Characterization and optimization of selected chemicals based on surface cleaning efficiency and material weight loss.
- Development of suitable concrete for hydroelectric projects.
- Development of suitable products for buildings.
- Development of design tools.
- Development of indigenous connection systems for precast structural members.
- Industrial scale manufacturing of the products and implementation at site.
- Algorithms for real time visual projections into digital.
- Improving the standards on composite pavement.
- Development of new/upgraded products in defence equipment.
- Development of new/upgraded products in space equipment.
- Development of product as well as technological development in the areas of Refineries, Fertilizer, Petrochemical & Energy.
- Development of technologies for
 - Automating integration of Composite # Metallic
 - Inside and Outside Perforation of Composite Air Frame
- Development of Hydraulic presses for passenger car and truck- bus tyres and development of all electric presses for the same segment by LTRPM. Some of the products planned are as follows:
 - Development of All Electric Tyre Curing Press
 - 160”/180” Mechanical Tyre Curing Press
 - 45” Economy version hydraulic Tyre Curing Press
 - 68.5” Column design hydraulic Tyre Curing Press
 - 47” Hydraulic press for curing bias tyres
 - Factory automation system for non-tyre industries
 - Integrated development of SMO & BCM
- VBU: Indigenous design, manufacture and supply of entire valve packages including control valves for process and power plants
- Complete process simulation, design solutions and optimization for Hydrocarbon projects in Fertilizer sector, involving Reformers, Ammonia Plant and Urea Plant.
- Establishment of in-house capability in Process Simulation and FEED Verification of on-shore/off-shore Gas Processing Plants and design optimization of associated equipment.
- In-house expertise for complete Refractory solutions (e.g., material selection, engineering, commissioning and troubleshooting) in high-temperature equipment for process plants.

- Development of in-house capability in multi-phase flow simulation studies for Oil & Gas Projects.
- Successful testing/commissioning of plants and equipment in various Hydrocarbon projects, through multi-disciplinary technology support.
- Complete support to business units for all Materials related assignments (such as material verification/selection/evaluation/characterization; selection of alternative materials; failure analysis; preservation and corrosion protection of critical equipment; development of new materials for strategic applications, identification of newer technologies and commercially available proven products and their implementation).
- Development of in-house expertise related to manufacturing processes, welding, heat treatment, failure mechanisms and corrosion protection/preservation issues of equipment having special metallurgy for critical Oil & Gas applications. Acquisition of know-how pertaining to special materials and their applications.
- Successful troubleshooting/design optimization of Oil & Gas Processing equipment, heat exchangers, flares and exhaust stack etc.; Dispersion and radiation studies for offshore platform; Safety studies for safe helideck operation; Risk analysis for simultaneous heavy lift installation and drilling, using advanced CFD technique; Design and check-rating of critical thermal equipment for heat exchange/heat recovery applications; Capability development in newer applications such as low-temperature thermal desalination, design of cored brick heater; Design of HVAC system for offshore platform; Evaluation of technology proposals on cold fusion and geothermal power generation.
- Establishment of in-house capabilities in analysis of piping system for flow-induced and acoustic-induced vibrations; Conduct of Plant Noise studies utilizing in-house expertise; Development of in-house capabilities in special acoustic studies such as piping insulation design and valve noise/vent noise assessment.
- Development of in-house expertise in advanced FEA and fatigue analysis techniques for specialized systems (Orifice Chamber/associated piping); Design upgrade and optimization of coal pulverizers.
- Successful completion of failure analysis/troubleshooting assignments for critical machinery;

Technical support to business units for machinery acceptance testing and commissioning.

- Development of in-house expertise in Fitness for Service (FFS) Level 1 & Level 2 assessment of in-service equipment and structures.
- Establishment of in-house expertise in structural FE analysis of offshore floating structures.
- Establishment of in-house capability in composite analysis of complex systems involving equipment, piping and structures; Design methodology for advanced FE analysis involving non-linear effects, shock/impact, thermal fatigue and high-pressure/high-temperature processes.
- Development of in-house expertise in specialized applications such as buckling analysis of sub-sea pipeline and boat impact studies.
- Technical support to Oil & Gas, Refinery, Chemicals & Fertilizer Projects for complete Water and Wastewater management solutions; Produced Water Injection Water and Utility Water Management; Design of sludge and effluent treatment systems; Development of water recycling, reuse and zero-discharge schemes; Appropriate technical solutions for water treatment, filtration and desalination applications.

4. Expenditure on R&D:

	₹ crore
	2012-13
Capital	57.17
Recurring	98.17
Total	155.34
Total R&D expenditure as a percentage of total turnover	0.25%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief made towards technology absorption, adaptation and innovation:

- Complete process simulation, design solutions and optimization for Hydrocarbon projects in Fertilizer sector, involving Reformers, Ammonia Plant and Urea Plant.
- Establishment of in-house capability in Process Simulation and FEED Verification of on-shore/off-

shore Gas Processing Plants and design optimization of associated equipment.

- In-house expertise for complete Refractory solutions (e.g., material selection, engineering, commissioning and troubleshooting) in high-temperature equipment for process plants.
- Development of in-house capability in multi-phase flow simulation studies for Oil & Gas Projects.
- Successful testing/commissioning of plants and equipment in various Hydrocarbon projects, through multi-disciplinary technology support.
- Complete support to business units for all Materials related assignments (such as material verification/selection/evaluation/characterization; selection of alternative materials; failure analysis; preservation and corrosion protection of critical equipment; development of new materials for strategic applications, identification of newer technologies and commercially available proven products and their implementation).
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- Successful troubleshooting/design optimization of Oil & Gas Processing equipment, heat exchangers, flares and exhaust stack etc.; Dispersion and radiation studies for offshore platform; Safety studies for safe helideck operation; Risk analysis for simultaneous heavy lift installation and drilling, using advanced CFD technique; Design and check-rating of critical thermal equipment for heat exchange/heat recovery applications; Capability development in newer applications such as low-temperature thermal desalination, design of cored brick heater; Design of HVAC system for offshore platform; Evaluation of technology proposals on cold fusion and geothermal power generation.
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- Development of in-house expertise in specialized applications such as buckling analysis of sub-sea pipeline and boat impact studies.
- Technical support to Oil & Gas, Refinery, Chemicals & Fertilizer Projects for complete Water and Wastewater management solutions; Produced Water Injection Water and Utility Water Management; Design of sludge and effluent treatment systems; Development of water recycling, reuse and zero-discharge schemes; Appropriate technical solutions for water treatment, filtration and desalination applications.
- Pre-Engineered RCC building with complete precast components for the first time – Cognizant Pune Canteen building.
- 3D Solid modelling techniques used for Concrete design of TCS Customer Care centre.
- Creation of a 3D studio (1st of its kind in the construction industry) where ideas get created synergized and the designs culminate into virtual reality.
- Exploring Precast & Composite construction as alternates to conventional system for enhanced benefits.
- Usage of Building Information Modelling as a platform (Shift from 2D to 3D) for producing integrated clash free drawings for all type of projects.

- Development of hinged launching girder for sharp radius.
- Development of movable type winch launching girder with provision to lift segment anywhere.
- Development of mould system for pre-casting of monorail guide way beams of radius of curvature varying 47m to straight.
- Implementation of Rail Structure Interaction (RSI). RSI analysis has been performed for HMRL for first time in Indian Metros.
- Use of controlled low strength material (PCC mixture with definite workability density and strength) for backfilling the open foundations in the viaduct portion of metro.
- Technology absorption & adaptation for development of Combat Vehicles
- Development of Internals made by Centrifugal & Investment casting for Refinery.
- Development of Auto-TIG welding for Aero equipment.
- Adaptation of advance metal cutting process like Water jet & Laser cutting for Stainless Steel & other exotic material.
- Development of Special Purpose Machine for Nozzle Cut-outs (with Weld Edge preparation) on shells for pressure vessels.
- Development of Weld Overlay Process for Super Duplex Stainless Steel material.
- Development of in-house Aluminium painting process.
- Interaction with external agencies/technology partners for exposure to the latest products/designs, manufacturing technologies, processes, analytical techniques and engineering protocols.
- Active involvement with International/National Professional Societies (such as IChemE, AIChE/CCPS, IChE, ICC, FRI, ASME, NACE, ASM, ASTM, AISC, ACS, TERI, HTFS, HTRI, STLE, TSI, NAFEMS, TSI, etc.).
- Active participation in National/International Innovation forums and Innovation contests.
- Institutionalization of in-house schemes (such as ICONs and KnowNet) for identifying, nurturing and implementing innovative ideas and technology solutions.
- Networking and knowledge sharing through national/international conferences, seminars and exhibitions.
- Valuation, adaptation and/or modification of imported designs/technologies to suit indigenous requirements, alternative materials/components.
- Parametric studies involving theoretical models duly validated by experimental studies at in-house laboratories and pilot plants, as well as feedback and operating data during commissioning of various plants and machinery.
- Review of Patents in relevant technology areas.
- Nomination of R&D engineers to external training programs, expert groups and technical committees.
- Collaborative efforts with educational/research institutions for research projects.
- Use of state-of-the-art equipment, instrument and software as well as the latest Codes and Standards.
- Analysing feedback from Customers/internal users to continually improve processes and services.
- Process change in HDP fabrication considering aging distortion.
- Development of in-house Rain test facility for defence products.
- Development of proprietary internals by casting process is in discussion with CLG.
- LTRPM indigenized various components for Rubber Processing Machines by designing, developing specifications and adapting to Indian conditions.
- VBU made following efforts:
 - Knowledge sharing and participation in national and international valve conferences, seminars and exhibitions
 - Collaborate with external agencies/technology partners for exposure to latest developments in control valves and indigenous development of the same.
 - Establish state-of-the-art equipment, instrument and software for Nuclear Qualification of Valves
 - Active involvement with National and International professional societies like ASME.
 - Establish range of metal seated Trunnion Mounted Ball Valves for oil and gas projects.

Some of the new products that were introduced were by the E&A Business during the year are MOC range of capacitor duty contactors, RTO thermal overload relays, EXORA range of MCBs, new range of electronic trip

units & stored energy motor operator for d sine range of MCCBs, new frames in change-over-switches, Solar lantern, extension of range in T-ERA panels up to 5500 A etc.

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.:

- Indigenization (import substitution) & development of products for Indian Defence & Space sector.
- Indigenization (import substitution) & development of products for markets of Middle East.
- Expansion of product range and export opportunities.
- Product improvement.
- Increase in know how within the country.
- Cycle time reduction.
- Complete process simulation, design solutions and optimization for Hydrocarbon projects in Fertilizer sector, involving Reformers, Ammonia Plant and Urea Plant.
- Establishment of in-house capability in Process Simulation and FEED Verification of on-shore/off-shore Gas Processing Plants and design optimization of associated equipment.
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Acquisition of know-how pertaining to special materials and their applications.

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- Development of in-house expertise in specialized applications such as buckling analysis of sub-sea pipeline and boat impact studies.
- Technical support to Oil & Gas, Refinery, Chemicals & Fertilizer Projects for complete Water and Wastewater management solutions; Produced Water Injection Water and Utility Water

Management; Design of sludge and effluent treatment systems; Development of water recycling, reuse and zero-discharge schemes; Appropriate technical solutions for water treatment, filtration and desalination applications.

- Cost reduction.
- Successful in-house development of supercritical valves as import substitution.
- Indigenization & development of Nuclear Valves.
- Expansion of product range to grab export opportunities.

3. Information regarding technology imported during the last 5 years

S. No.	Technology Imported	Year of Import	Status
a)	Design of control valves	2011-12	Under absorption
b)	Crushing Technology	On continuous basis at Kansbahal	

[C] FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans.

Overview:

The Company has a diversified range of products. The Company has offices abroad and agents in various countries to boost exports. The Company is intensifying efforts in selected countries and exploring new markets. The Company regularly participates in prestigious international exhibitions and conducts market surveys and direct mail campaigns. The Company has an international presence, with a global spread of offices and joint ventures with world leaders. Its large technology base and pool of experienced personnel enable it to offer integrated services in world markets.

Hydrocarbon (HC):

The Business has executed large size complex projects internationally, mainly in GCC region. As a part of Strategic Plan, "Internationalization" has been identified as a major theme to drive a business growth going forward.

The HC Business has been taking various initiatives to provide fillip to its international operations viz. Investments in strategic construction equipments & fabrication yards, appointments of Expats for business building activities in key customer markets such as GCC, South East Asia and CIS Countries. Also there have been few alliances & tie ups with major international players to pursue large value EPC projects. Experienced and top

performer employees have been moved from domestic operations to international to inculcate the Company's best practices in the projects management & execution.

Prequalification has been received for major international EPC projects from reputed customers in Saudi Arabia, Iraq, South East Asia and South Africa region. The Business has incorporated an In-Kingdom EPC (IK-EPC) company in Saudi Arabia to participate in EPC prospects reserved for local companies by Saudi Aramco. The Business has also registered a Construction Service Provider Representative Office (CSPRO) in Indonesia which will enable bidding for EPC projects in the country.

The Business has bagged a few major international orders during the year including a repeat order from Petroleum Development Oman for Up-gradation of Gas Compression Facilities on turnkey basis. These, recent order wins both in Upstream and Mid & Downstream segment, reconfirms the growth potential for the HC Business in international segment.

The Business continues to improve on its safety performance. During the year there have been several accolades and appreciations by clients and National & International agencies which include National Safety Council, American Society of Safety Engineers, British Safety Council and RoSPA.

Heavy Engineering (HE):

New Qualifications/Approvals were undertaken as per SAIPEM specification for supply of Urea Equipment as per Philips-66 process for Gasification equipment & for Supply of equipment in emerging technologies in Russia. Qualification is in progress as per STAMICARBON specification for High Pressure Urea Equipment and for Syn-gas cooler (new product line). The Business is pursuing approval from Shell & UOP for Supply of proprietary internals for Process Plant Equipment.

Export efforts have been initiated in tapping:

- Replacement Market business in Indonesia, Venezuela & New Zealand
- New market in Iraq and CIS countries
- Potential market for Modification, Revamp and Upgrade projects for refineries in Middle East countries
- New Fertilizer investments in USA & Africa
- LNG equipment business in USA
- New opportunities in Petrochemical emerging out of increased Shell Gas availability.

Efforts are also made for alignment with Leading Process Licensors such as KBR, Urea Casale & Invista to increase Export business.

The HE Business has entered new geographical market by supplying Ammonia and Urea Equipment to China, Coal Gasification equipment to Vietnam, Tube bundle to Venezuela, CCR reactor to New Zealand and Clad vessels to Iraq. It has also received orders for supply of fertilizer equipment & LNG equipment to USA, Revamp Project in Petrochemical plant in Saudi Arabia, Supply of Ammonia, Urea equipment and Boiler package to Nigeria and Supply Equipment for Boiler & Reactor packages to Hydrogen plant in Russia.

The Business has supplied High Value Reactors, Coke drums and High Pressure Heat Exchangers to Green field Refinery projects in Brazil. HE expects business from Ammonia Casale/UHDE for supply of Ammonia Converter Baskets and exploring standalone supplier of Reactor Internals for Refinery Business.

The Business has been exploring opportunities for export of Defence, Nuclear Power & Aerospace equipment as well. Orders have been received for Supply of Casks & Canisters to US Customer, Supply of equipment to Israel Aerospace Industries & ITER (International Thermonuclear Experimental Reactor).

Construction:

The Focus on GCC Countries occupies a predominant position for PT&D for its International Business. The year 2012-13 was an extremely challenging year. Long lead time between bid submission & Finalization has affected the Order Inflow in the Gulf. The Company's Global Foot Print coupled with project execution capabilities helped the Construction Business in securing major orders in UAE & Qatar. The Business has substantially improved its market share in Qatar. In order to expand the business horizon, it has embarked on the ASEAN/African Market. Efforts are on to penetrate the market by focusing some of the East African Countries.

Business Environment:

Construction industry continues to witness slowdown and was very sluggish during the 2012-13. In UAE, the Abu Dhabi Government despite being highly liquid and cash rich is very cautious in their approach. It is evident from the delay in placement of Tender/Award of Contracts.

Business Performance:

The Construction Business achieved a major Breakthrough in 220 kV Segment in UAE by securing 220/33 kV Grid Station at Zakher & Ayn Al Faydha for AADC in addition to 132kV GIS substations for FEWA. The business has also bagged a prestigious order to execute 11 kV Power Distribution Network for Emirates Palace.

A Major Breakthrough in Airport Segment in Gulf Market was attained by securing Special Airport System

Package for Concourse 4 of Dubai International Airport and also E&I Works for Abu Dhabi Airport Airside works.

Volatility in Commodity Prices:

Though oil price was not seen with much oscillation, the Commodity Price had lot of volatility. However the Construction Business protected its margin by mitigating the risk through proper hedging.

Outlook:

In the International (Gulf) market, the combination of historically high oil prices, expanded oil production and low interest rates is supporting buoyant economic activity. Fiscal and external surplus are large, inflation is moderate, and prospects for growth remain positive.

GCC investment plans on Grid Strengthening & infrastructural development continues to be in line with economic development offering substantial potential in T&D Sector.

Intensifying Power Demand in Africa & South East Asian countries unleashes significant potential & new opportunities in T&D sector.

With its foot firmly established in all GCC countries now, the business has set its sight to expand to African Countries & corner a significant market share in GCC markets.

Electrical & Automation (E&A):

During financial year 2012-13, E&A registered 44% increase over the previous year in Order Inflow from international markets. E&A Business earned 10% of its revenue from international sales in FY 2013. The LV & MV switchboard business could get higher orders from the Middle-East market, largely from the oil & gas sector. There also was a flow of good order from the utility sector in Kenya.

One of the major initiatives taken by E&A Business during the financial year was to create an International Sales Organization in order to focus on select geographies divided into five clusters. The sales organizational unit, called Cluster Sales Unit (CSU), will present a single face and be responsible for all the customer front-end activities related to the geography. They will have full responsibility for the implementation and delivery of the Lakshya plan in so far as the order input targets for the individual BUs under them are concerned.

The acquisition of Servowatch in the UK and Henikwon Corporation in Malaysia will further boost E&A's business prospects.

During the year, E&A filed 159 Patent applications, 29 Trademark applications, 36 Design registrations and 2 Copyrights as well as 10 international Patent applications including 6 Patent Cooperation Treaty (PCT) and 4 Gulf Cooperation Council (GCC) Patent

applications. This was the 6th consecutive year of filing more than 100 Patent applications. Continuous efforts on IP creation and its management earned the business the highest awards in patents filing and design registration, instituted by the Indian Patents Office, viz. 'The Top Indian Private Company (Large Scale) in Patents 2012' and 'The Top Indian Organization in Designs 2012'

Future Outlook:

According to the Lakshya plan 2016, the switchboard business will continue to focus on improving its share of international business and target achieving at least 25% of its total revenue. As far as products business is concerned, E&A has a target to earn about 10% revenue. This will help the business to increase its overall earning from international market in FY 2013-14 and achieve 13% target by the end of Lakshya plan 2016.

Power:

The Power Business is engaged in technology solutions to setup Coal based Power Plants and Gas based Power Plants. Since coal is not a permitted fuel in several countries, the potential for projects is seriously limited. Hence, the focus is on opportunities for Gas Based Power Plant in relevant countries where the Power Business is confident of being competitive as well as capable of successful execution. The focus is on Middle East, where the business has set up two smaller power projects, and South East Africa. The Power Business is pursuing active leads in these regions and striving for a major breakthrough.

The Critical Piping unit which Manufactures High Pressure Piping Spools for Thermal Power Plants is seeking opportunities in Middle East. Steps have been taken to build a business development and Marketing team at Abu Dhabi.

The Joint Ventures with Mitsubishi Heavy Industries for manufacture of Steam Turbines and Steam Generators are seeking to supply components to MHI's third country projects.

Manufacturing & Industrial Products (MIP):

Rubber Machinery Business Unit (LTRPM) has successfully supplied the prototype Press to a major European Tyre Manufacturer and the trial is completed. Based on this successful performance, LTM has received communication for quoting towards serial production of 10 Nos. of presses to their plants worldwide. LTM also succeeded in obtaining an order from another Major American Tyre Major and delivered Automatic Truck Tyre

Building Machines, which opens a new market segment for the unit.

In line with the strategy, Valves Business has strengthened marketing network in the Middle East and it has yielded results in brand acceptance and customer approvals with the National Oil Companies in the region.

Sustained oil & gas project activity in the Middle East, North Africa and Australia provided good opportunity for valves. Long-term relationships with key end-users and EPCs in the Middle East and Far East were leveraged to enhance our market presence.

In the Valves business, approximate 51% of our total revenue was from exports.

A few initiatives detailed:

The following initiatives are being followed on a continuous basis by the Company:

- Widening new geographical areas for augmenting its exports.
- Exploring inorganic growth opportunities for the acquisition of specialized engineering outfits abroad.
- Membership of global forums like Engineering & Construction Risk Institute (ECRI) and participating in international seminars.
- Implementation of internal processes towards operational excellence and creating a lean high performance organization.
- Knowledge dissemination through various platforms within the organization.
- Bringing in high caliber resources in the areas of front-end marketing, engineering, project management, risk management, contract administration, etc., to strengthen the overseas operations.
- Customized Talent Management programs catering to the training and development needs of employees.

Total foreign exchange used and earned:

₹ crore

	2012-13
Foreign Exchange earned	13,123.69
Foreign Exchange saved/deemed exports	3,871.12
Total	16,994.81
Foreign Exchange used	15,212.90

Annexure 'B' to the Directors' Report

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999							
(I) Employee Stock Ownership Scheme-1999-2003							
A. PRE RESTRUCTURE:							
	Particulars (1)	ESOP SERIES					
		SAR-1999 (2)	2000 (3)	2002-A (4)	2002-B (5)	2003-A (6)	2003-B (7)
(a)	Options granted	10,66,000 Stock Appreciation Rights (SARs)	39,48,800 Equity shares	37,81,100 Equity shares	37,81,660 Equity shares	67,51,000 Equity shares	57,42,500 Equity shares
(b)	The pricing formula	Grant price for the purpose of ascertaining the appreciation: Average of daily High Low Averages of the Company's Share price on the Stock Exchange, Mumbai, during the year April 1998 – March 1999. This worked out to ₹ 199/- per share.	The average market price on the Stock Exchange, Mumbai, on the date of grant i.e., June 1, 2000 – ₹ 184/- per share.	The average market price on the Stock Exchange, Mumbai, on the date of grant i.e., April 19, 2002 – ₹ 172/- per share.	The average market price on the Stock Exchange, Mumbai, on the date of grant , i.e, April 19, 2002 – ₹ 172/- per share.	The average of the two weeks high and low prices of the shares on the Stock Exchange, Mumbai, preceding the date of grant i.e., May 23, 2003 – ₹ 206/- per share.	The average of the two weeks high and low prices of the shares on the Stock Exchange, Mumbai, preceding the date of grant i.e., May 23, 2003 – ₹ 206/- per share.
(c)	Options vested	10,60,750	38,64,050	20,67,250	20,19,830	Nil	Nil
(d)	Options exercised	2,66,500	52,415	12,750	6,250	Nil	Nil
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of ₹ 10/- each)	1,04,318	52,415	12,750	6,250	Nil	Nil
(f)	Options lapsed	5,250	1,46,025	1,25,300	1,07,375	Nil	Nil
(g)	Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Money realised by exercise of Options	₹ 10,43,180/-	₹ 96,44,360/-	₹ 21,93,000/-	₹ 10,75,000/-	Nil	Nil
(i)	Total Number of Options in force	7,94,250 SARs	37,50,360	36,43,050	36,68,035	67,51,000	57,42,500

**Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999
(I) Employee Stock Ownership Scheme-1999-2003**

A. PRE RESTRUCTURE (contd.):

	Particulars (1)	ESOP SERIES					
		SAR-1999 (2)	2000 (3)	2002-A (4)	2002-B (5)	2003-A (6)	2003-B (7)
(j)	Employee-wise details of Options granted to –						
	i) Senior Managerial Personnel:						
	Mr. A. M. Naik	1,25,000	2,00,000	2,00,000	2,00,000	2,00,000	2,00,000
	Mr. K. Venkataramanan	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. V. K. Magapu	20,000	35,000	35,000	40,000	22,500	22,500
	Mr. M. V. Kotwal	16,500	27,000	27,000	30,000	17,500	17,500
	Mr. S. N. Subrahmanyam	–	5,400	4,800	3,400	3,250	3,250
	Mr. R. Shankar Raman	–	5,000	13,000	14,000	12,500	12,500
	Mr. Y. M. Deosthalee	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. K. V. Rangaswami	16,000	25,000	25,000	27,000	17,500	17,500
	Mr. J. P. Nayak	60,000	1,00,000	1,00,000	1,20,000	1,20,000	1,20,000
	Mr. R. N. Mukhija	30,000	60,000	85,000	80,000	85,000	85,000
	Mr. A. Ramakrishna	80,000	1,25,000	1,25,000	90,000	60,000	–
	Mr. P. M. Mehta	30,000	60,000	85,000	40,000	–	–
	Mr. M. Karnani	40,000	42,000	–	–	–	–
		<u>5,37,500</u>	<u>8,84,400</u>	<u>8,99,800</u>	<u>8,84,400</u>	<u>7,78,250</u>	<u>7,18,250</u>
	ii) Any other employee who receives a grant, in any one year, of Options amounting to 5% or more of Options granted during that year	None	None	None	None	None	None
	iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None	None	None	None	None	None

Consequent to the demerger (sanctioned by the High Court of Judicature at Bombay on April 22, 2004) of Cement Business of the Company and restructuring of the share capital the outstanding SARs were converted into equivalent number of Options and the total number of Options in force as above were readjusted in proportion to the restructured equity capital i.e., one Option for an equity share of the face value of ₹ 2/- for every two Options and repriced at ₹ 14/- per Option in respect of ESOP Series 1999, 2000, 2002-A & 2002-B and ₹ 70/- per Option in respect of ESOP Series 2003-A & 2003-B.

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999							
(I) Employee Stock Ownership Scheme-1999-2003							
B. POST RESTRUCTURE (PRE BONUS ISSUE -2006) :							
	Particulars (1)	ESOP SERIES					
		1999 (2)	2000 (3)	2002-A (4)	2002-B (5)	2003-A (6)	2003-B (7)
(a)	(1) Options granted (outstanding and adjusted consequent to restructuring of share capital) (2) Options granted during: (a) 2005-2006 (b) 1.4.2006 to 29.9.2006 (Equity shares of ₹ 2/- each)	3,97,125	18,75,180	18,21,525	18,34,018	33,75,500	28,71,250
							6,02,670
							56,460
							<u>35,30,380</u>
(b)	The pricing formula (Adjusted grant price per share)	₹ 14/-				₹ 70/-	
(c)	Options vested (adjusted on restructure) Add: vested post restructure Total	3,97,125 – <u>3,97,125</u>	18,75,180 – <u>18,75,180</u>	10,22,050 7,90,312 <u>18,12,362</u>	10,02,003 8,20,708 <u>18,22,711</u>	Nil 20,51,220 <u>20,51,220</u>	Nil 19,32,585 <u>19,32,585</u>
(d)	Options exercised	3,97,121	18,65,367	18,03,824	18,04,510	20,33,343	19,14,964
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of ₹ 2/- each)	3,97,121	18,65,367	18,03,824	18,04,510	20,33,343	19,14,964
(f)	Options lapsed and/or withdrawn	4	5,613	12,326	14,583	6,94,997	3,23,009
(g)	Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Money realised by exercise of Options	₹ 55,59,694/-	₹ 2,61,15,138/-	₹ 2,52,53,536/-	₹ 2,52,63,140/-	₹ 14,23,34,010/-	₹ 13,40,47,480/-
(i)	Total Number of Options in force - Vested Unvested Total	Nil Nil <u>Nil</u>	4,200 Nil <u>4,200</u>	5,375 Nil <u>5,375</u>	14,925 Nil <u>14,925</u>	17,389 6,29,771 <u>6,47,160</u>	17,135 12,75,272 <u>12,92,407</u>
(j)	Employee-wise details of Options granted Options granted to Senior Managerial Personnel post Restructure Pre Bonus Issue 2006: Mr. Shailendra Roy	Please refer to Part A(j)					
		–	–	–	–	–	10,000

Consequent to the issue of Bonus Shares the total number of Options in force as above as at the record date for Bonus Issue i.e., September 29, 2006 was readjusted in number in the ratio of Bonus Issue (1:1) and the above exercise price of ₹ 14/- and ₹ 70/- was readjusted to ₹ 7/- and ₹ 35/- respectively.

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999

(I) Employee Stock Ownership Scheme-1999-2003

C. POST RESTRUCTURE (POST BONUS ISSUE 2006 – PRE BONUS ISSUE 2008):

	Particulars (1)	ESOP SERIES					
		1999 (2)	2000 (3)	2002-A (4)	2002-B (5)	2003-A (6)	2003-B (7)
(a)	(1) Options granted (outstanding and adjusted consequent to Bonus Issue)	Nil	8,400	10,750	29,850	12,94,320	25,84,814
	(2) Options granted post Bonus Issue						7,18,430
	(Equity shares of ₹ 2/- each)						33,03,244
(b)	The pricing formula (Adjusted grant price per share)	₹ 7/-				₹ 35/-	
(c)	Options vested (adjusted on Bonus Issue)	Nil	8,400	10,750	29,850	34,778	34,270
	Add: vested post Bonus Issue	–	–	–	–	12,35,430	19,90,863
	Total	Nil	8,400	10,750	29,850	12,70,208	20,25,133
(d)	Options exercised	Nil	Nil	Nil	Nil	12,52,754	19,38,270
(e)	Total number of shares arising as a result of exercise of Options* (Equity shares of ₹ 2/- each)	Nil	Nil	Nil	10,000	12,45,754	18,95,270
(f)	Options lapsed	Nil	Nil	Nil	Nil	25,840	2,12,861
(g)	Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Money realised by exercise of Options	Nil	Nil	Nil	₹ 70,000/-	₹ 4,36,01,390/-	₹ 6,63,34,450/-
(i)	Total Number of Options in force-						
	Vested	Nil	8,400	10,750	19,850	15,726	81,963
	Unvested	Nil	Nil	Nil	Nil	Nil	10,70,150
	Total	Nil	8,400	10,750	19,850	15,726	11,52,113
(j)	Employee-wise details of Options granted	Please refer to Part A (j) and Part B (j)					
	Options granted to Senior Managerial Personnel post Bonus Issue 2006 (Pre Bonus Issue 2008):						
	Mr. S.N. Subrahmanyam	–	–	–	–	–	7,000
	Mr. R. Shankar Raman	–	–	–	–	–	9,000
	Mr. Shailendra Roy	–	–	–	–	–	6,500
							22,500

* During the year 2007-08 50,000 shares were allocated to employees who exercised 7,000 Options under 2003-A Series and 43,000 Options under 2003-B Series from the shares returned by former Directors in accordance with the consent terms approved by the Hon'ble High Court of Bombay on June 14, 2007.

Consequent to the issue of Bonus Shares 2008 the total number of Options in force as above as at the record date for Bonus Issue i.e., October 3, 2008 was readjusted in number in the ratio of Bonus Issue (1:1) and the above exercise price of ₹ 7/- and ₹ 35/- was readjusted to ₹ 3.50 and ₹ 17.50 respectively.

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999
(I) Employee Stock Ownership Scheme-1999-2003
D. POST RESTRUCTURE (POST BONUS ISSUE 2008):

	Particulars (1)	ESOP SERIES					
		1999 (2)	2000 (3)	2002-A (4)	2002-B (5)	2003-A (6)	2003-B (7)
(a)	(1) Options granted (outstanding and adjusted consequent to Bonus Issue)	Nil	16,800	21,500	39,700	31,452	23,04,226
	(2) Options granted post Bonus Issue (Equity shares of ₹ 2/- each)						8,31,200
							<u>31,35,426</u>
(b)	The pricing formula (Adjusted grant price per share)	₹ 3.50				₹ 17.50	
(c)	Options vested (adjusted on Bonus Issue)	Nil	16,800	21,500	39,700	31,452	1,63,926
	Add: vested post Bonus Issue	-	-	-	-	-	24,33,134
	Total	<u>Nil</u>	<u>16,800</u>	<u>21,500</u>	<u>39,700</u>	<u>31,452</u>	<u>25,97,060</u>
(d)	Options exercised	Nil	Nil	Nil	Nil	Nil	24,45,579
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of ₹ 2/- each)	Nil	Nil	Nil	Nil	Nil	24,45,579
(f)	Options lapsed	Nil	Nil	Nil	Nil	Nil	2,54,645
(g)	Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil
(h)	Money realised by exercise of Options	Nil	Nil	Nil	Nil	Nil	₹ 4,27,97,632.50
(i)	Total Number of Options in force - Vested	Nil	16,800	21,500	39,700	31,452	1,09,802
	Unvested	Nil	Nil	Nil	Nil	Nil	3,25,400
	Total	<u>Nil</u>	<u>16,800</u>	<u>21,500</u>	<u>39,700</u>	<u>31,452</u>	<u>4,35,202</u>
(j)	Employee-wise details of Options granted	Please refer to Part A (j), Part B (j) and Part C (j)					
	Options granted to Senior Managerial Personnel post Bonus Issue 2008:						
	Mr. Ravi Uppal	-	-	-	-	-	20,000

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999

(II) Employee Stock Option Scheme-2006

A. PRE BONUS ISSUE 2008

	Particulars (1)	ESOP SERIES	
		2006 (2)	2006-A (3)
(a)	(1) Options granted (Pre Bonus Issue)	53,35,750	–
	Options Outstanding and adjusted consequent to Bonus Issue#	1,06,71,500	–
	(2) Options granted Post Bonus Issue (Equity shares of ₹2/- each)	6,94,270	29,06,240
(b)	The pricing formula	The latest available closing price on National Stock Exchange of India Limited on August 31, 2006, preceding the date of initial grant i.e., September 1, 2006 – ₹2,404/- per share.	The latest available closing price on National Stock Exchange of India Limited on June 29, 2007, preceding the date of grant i.e., July 1, 2007 – ₹2,198/- per share (Discounted grant price per share – ₹1,202/-).
	#Consequent to the issue of Bonus Shares the total number of Options in force as at the record date for Bonus Issue i.e., September 29, 2006 was readjusted in number in the ratio of Bonus Issue (1:1) i.e., 1,06,71,500 Equity Shares and the above exercise price of ₹ 2,404/- was readjusted to ₹ 1, 202/-.		
(c)	Options vested	20,13,200	40,524
(d)	Options exercised	12,80,677	25,034
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of ₹ 2/- each)	12,80,677	25,034
(f)	Options lapsed and/or withdrawn	32,72,955	1,80,428
(g)	Variation of terms of Options	Nil	Nil
(h)	Money realised by exercise of Options	₹ 153,93,73,754	₹ 3,00,90,868
(i)	Total Number of Options in force –		
	Vested	6,97,138	14,844
	Unvested	61,15,000	26,85,934
	Total	68,12,138	27,00,778
(j)	Employee-wise details of Options granted to –		
	i) Senior Managerial Personnel		None
	ii) Any other employee who receives a grant, in any one year, of Options amounting to 5% or more of Options granted during that year		None
	iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant		None

Consequent to the issue of Bonus Shares 2008 the total number of Options in force as above as at the record date for Bonus Issue i.e., October 3, 2008 was readjusted in number in the ratio of Bonus Issue (1:1) and the above exercise price of ₹ 1202/- was readjusted to ₹ 601/-.

**Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999
(II) Employee Stock Option Scheme-2006**

B. POST BONUS ISSUE 2008:

	Particulars (1)	ESOP SERIES	
		2006 (2)	2006-A (3)
(a)	(1) Options granted (outstanding and adjusted consequent to Bonus Issue)	1,36,24,276	54,01,556
	(2) Options granted Post Bonus Issue (Equity shares of ₹ 2/- each)	Nil	96,55,230
		<u>1,36,24,276</u>	<u>1,50,56,786</u>
(b)	The pricing formula (Adjusted grant price per share)	₹ 601/-	
(c)	Options vested (Adjusted on Bonus Issue)	13,94,276	29,688
	Add: Vested post Bonus Issue	1,17,96,055	72,30,442
	Total	<u>1,31,90,331</u>	<u>72,60,130</u>
(d)	Options exercised	1,17,54,447	47,15,162
(e)	Total number of shares arising as a result of exercise of Options (Equity shares of ₹ 2/- each)	1,17,54,447	47,15,162
(f)	Options lapsed and/or withdrawn	9,58,361	30,52,295
(g)	Variation of terms of Options	Nil	Nil
(h)	Money realised by exercise of Options	₹ 706,44,22,647	₹ 283,38,12,362
(i)	Total Number of Options in force –		
	Vested	9,11,468	21,35,578
	Unvested	Nil	51,53,751
	Total	<u>9,11,468</u>	<u>72,89,329</u>
(j)	Employee-wise details of Options granted to –		
	i) Senior Managerial Personnel		None
	ii) Any other employee who receives a grant, in any one year, of Options amounting to 5% or more of Options granted during that year		None
	iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant		None

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999

Employee Stock Ownership Scheme -1999-2003 and Employee Stock Option Scheme 2006		
(k)	Diluted Earning per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20	a. Diluted EPS before extraordinary items ₹ 78.18 b. Diluted EPS after extraordinary items ₹ 79.33
(l)	The difference between employee compensation cost using intrinsic value method and the fair value of the Options and impact of this difference on profits and on EPS.	Had fair value method been adopted for expensing the compensation arising from employee share-based payment plans: a. The employee compensation charge debited to the Statement of Profit and Loss for the year 2012-13 would have been higher by ₹ 29.85 crore (<i>previous year: ₹ 25.99 crore</i>) [excluding ₹ 2.30 crore (<i>previous year: ₹ 4.79 crore</i>) on account of grants to employees of subsidiary companies] b. Basic EPS before extraordinary items would have decreased from ₹ 78.82 per share to ₹ 78.33 per share c. Basic EPS after extraordinary items would have decreased from ₹ 79.99 per share to ₹ 79.50 per share d. Diluted EPS before extraordinary items would have decreased from ₹ 78.18 per share to ₹ 77.70 per share e. Diluted EPS after extraordinary items would have decreased from ₹ 79.33 per share to ₹ 78.85 per share
(m)(i)	(a) Weighted average exercise price of Options granted during the year where exercise price is less than market price.	₹ 543.15 per share
	(b) Weighted average exercise price of Options granted during the year where exercise price equals market price.	No such grants during the year
m(ii)	(a) Weighted average fair value of Options granted during the year where exercise price is less than market price.	₹ 909.35 per share
	(b) Weighted average fair value of Options granted during the year where exercise price equals market price.	No such grants during the year
(n)	Method and significant assumptions used to estimate the fair value of Options granted during the year.	
	(a) Method	Black-Scholes Option Pricing Model
	(b) Significant Assumptions	
	(i) Weighted average risk-free interest rate	8.05%
	(ii) Weighted average expected life of Options	4.26 years
	(iii) Weighted average expected volatility	39.38%
	(iv) Weighted average expected dividends	₹ 70.24 per option
(v) Weighted average market price	₹ 1317.81 per option	

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEMES

We have examined the books of account and other relevant records and based on the information and explanations given to us, certify that in our opinion, the Company has implemented the Employees Stock Option Schemes in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolutions of the Company in general meetings held on 26 August, 1999, 22 August, 2003 and 25 August, 2006.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No.33013

Mumbai, May 22, 2013

ANNEXURE 'C' TO THE DIRECTORS' REPORT

A. CORPORATE GOVERNANCE

Corporate Governance is a set of principles, processes and systems which govern a company. The elements of Corporate Governance are independence, transparent, accountability, responsibility, compliance ethics, values and trust. Corporate Governance enables an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and your Company always seeks to ensure that its performance goals are met with integrity. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value. The Company has adopted many ethical and transparent governance practices even before they were mandated by law. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate.

B. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

C. THE GOVERNANCE STRUCTURE

The Company has four tiers of Corporate Governance structure, viz.:

- (i) Strategic Supervision – by the Board of Directors comprising the Executive and Non-Executive Directors.
- (ii) Executive Management – by the Corporate Management comprising of the Executive Directors and one Senior Managerial Personnel and four Advisors to the Chairman.
- (iii) Strategy & Operational Management – by the Independent Company (not legal entities) Boards of each Independent Company (IC) comprising of representatives from the Company Board, Senior Executives from the IC and independent members.
- (iv) Operational Management – by the Business Unit (BU) Heads.

The four-tier governance structure, besides ensuring greater management accountability and credibility, facilitates increased autonomy of businesses, performance discipline and development of business leaders, leading to increased public confidence.

D. ROLES OF VARIOUS CONSTITUENTS OF CORPORATE GOVERNANCE IN THE COMPANY

a. Board of Directors (the Board):

The Directors of the Company are in a fiduciary position, empowered to oversee the management functions with a view to ensure its effectiveness and enhancement of shareholder value. The Board reviews and approves management's strategic plan & business objectives and monitors the Company's strategic direction.

b. Executive Management Committee (EMC):

The EMC plays an important role in maintaining the linkage between IC's and the Company's Board as well as in realizing inter-IC synergies and cross cutting opportunities. The key responsibilities of the EMC include approval of policies cutting across IC's and at Corporate level such as capital investments, expansions, customer and supplier synergy, Corporate Social Responsibility (CSR) and reviewing the consolidated financials and budgets before they are presented to the Company Board.

c. Group Executive Chairman (GEC):

The GEC is the Chairman of the Board and the Executive Management Committee. His primary role is to provide leadership to the Board and the Corporate Management for realizing the approved strategic plan and business

objectives. He presides over the Board and the Shareholders' meetings. The Group Executive Chairman provides leadership and devotes his full attention to certain core actions which include, inter alia, focus on restructuring, mentor senior executives, succession planning, corporate governance, interface with critical Government entities and major customers for the Company and Group Companies and provide support, wherever necessary.

d. Chief Executive Officer and Managing Director (CEO & MD):

The CEO & MD will be fully accountable to the Board for the Company's business results, people development, operational excellence, business development and other related responsibilities.

e. Executive Directors (ED)/Senior Management Personnel:

The Executive Directors, as members of the Board, along with the Senior Management Personnel in the Executive Management Committee, contribute to the strategic management of the Company's businesses within Board approved direction and framework. They assume overall responsibility for strategic management of business and corporate functions including its governance processes and top management effectiveness. As regards Subsidiaries, Associates and Joint Venture Companies, they act as the custodians of the Company's interests and are responsible for their governance in accordance with the approved plans.

f. Non-Executive Directors (NED):

The Non-Executive Directors play a critical role in enhancing balance to the Board processes with their independent judgment on issues of strategy, performance, resources, standards of conduct, etc., besides providing the Board with valuable inputs.

g. Independent Company Board (IC Board):

In 2010-11, the Company developed its strategic plan for 2010-15 (LAKSHYA 2015) which, inter alia, defined various business areas to be focused on over the next five years. The thrust of LAKSHYA 2015 was increased accountability and ownership for performance, making the Company less complex to manage and be more focused on its core business. The Company was restructured into 12 independent Companies (ICs) [not legal entities] with each IC having its own Board, with members within the Company, independent members and a representative from the Company's Board.

Since the formulation of "LAKSHYA 2015" the development in domestic and international environment impacted the performance and future expectations of many of the Company's existing businesses compared to the original targets in "LAKSHYA 2015". During the year, the Company undertook the Mid-Term Review of the Strategy and evolved the revised Strategic Plan called "Lakshya 2016" to initiate various Strategic changes in the original plan.

E. BOARD OF DIRECTORS

a. Composition of the Board:

The Company's policy is to have an appropriate mix of Executive & Non-Executive Directors. As on date, the Board comprises Group Executive Chairman, Chief Executive Officer and Managing Director, 4 Executive Directors and 9 Non-Executive Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

b. Meetings of the Board:

The Meetings of the Board are generally held at the Registered Office of the Company at L&T House, Ballard Estate, Mumbai 400 001 and also if necessary, in locations, where the Company operates. During the year under review, 10 Meetings were held on April 4, 2012, April 5, 2012, April 6, 2012, April 7, 2012, May 14, 2012, July 23, 2012, October 22, 2012, December 15, 2012, January 24, 2013 and January 25, 2013.

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Group Executive Chairman and CEO & Managing Director and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board meets at least once every quarter inter alia to review the quarterly results. Additional Meetings are held, when necessary. Presentations are made on business operations to the Board by Independent Company/Business Units. The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft minutes are circulated amongst the Members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with

the Group Executive Chairman. The minutes is approved by the Members of the Board at the next Meeting. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary.

The following composition of the Board of Directors is as on March 31, 2013. Their attendance at the Meetings during the year and at the last Annual General Meeting is as under:

Name of Director	Category	Meetings held during the year	No of Board Meetings attended	Attendance at last AGM
Mr. A. M. Naik	GEC	10	10	YES
Mr. K. Venkataramanan	CEO & MD	10	10	YES
Mr. V. K. Magapu ^	ED	6	6	YES
Mr. M. V. Kotwal	ED	10	10	YES
Mr. Ravi Uppal @	ED	6	6	YES
Mr. S. N. Subrahmanyam	ED	10	10	YES
Mr. R. Shankar Raman	ED	10	10	YES
Mr. Shailendra Roy	ED	10	10	YES
Mr. S. Rajgopal	NED	10	10	YES
Mr. S. N. Talwar	NED	10	10	YES
Mr. M. M. Chitale	NED	10	10	YES
Mr. Thomas Mathew T. (Note 1) *	NED	7	2	YES
Mr. N. Mohan Raj (Note 1)	NED	10	10	YES
Mr. Subodh Bhargava	NED	10	9	YES
Mr. A. K. Jain (Note 2)	NED	10	10	YES
Mr. J. S. Bindra \$	NED	6	6	NO
Mr. M. Damodaran #	NED	4	4	NO
Mr. Vikram Singh Mehta #	NED	4	4	NO
Mr. Sushobhan Sarker (Note 1) %	NED	2	2	NO

Meetings held during the year are expressed as number of meetings eligible to attend.

Note: 1. Representing equity interest of LIC

2. Representing equity interest of SUUTI

\$ ceased to be a director w.e.f. 24.08.2012.

@ resigned as a whole-time director w.e.f. close of working hours of 15.09.2012.

^ retired as a whole-time director w.e.f. close of working hours of 30.09.2012.

* ceased to be a director w.e.f. 19.11.2012.

Appointed as an Additional Director w.e.f. 22.10.2012.

% Appointed as a Director w.e.f. 15.12.2012

GEC – Group Executive Chairman

ED – Executive Director

CEO & MD – Chief Executive Officer and Managing Director

NED – Non-Executive Director

1. None of the above Directors are related inter-se.
2. None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 1956.

As on March 31, 2013, the number of other Directorships & Memberships/Chairmanships of Committees of the Board of Directors are as follows:

Name of Director	No of other company Directorships	No. of Committee Membership	No. of Committee Chairman-ship
Mr. A. M. Naik	3	1	–
Mr. K. Venkataramanan	2	–	–
Mr. M. V. Kotwal	2	–	–
Mr. S. N. Subrahmanyam	1	1	–
Mr. R. Shankar Raman	6	7	–
Mr. Shailendra Roy	14	5	1
Mr. S. Rajgopal	1	1	–
Mr. S. N. Talwar	13	5	4
Mr. M. M. Chitale	9	5	5
Mr. N. Mohan Raj	1	1	–
Mr. Subodh Bhargava	7	3	2
Mr. A. K. Jain	2	1	1
Mr. M. Damodaran	9	5	2
Mr. Vikram Singh Mehta	4	1	1
Mr. Sushobhan Sarker	6	1	1

- Committee memberships include memberships of Audit Committee and Shareholders' Grievance Committee in all public limited companies (whether listed or not) and excludes private limited companies, foreign companies and Section 25 companies.
- The Committee Chairmanships/Memberships are within the limits laid down in Clause 49 of the Listing Agreement.

c. Information to the Board:

The Board of Directors has complete access to the information within the Company, which inter alia includes -

- Annual revenue budgets and capital expenditure plans
- Quarterly results and results of operations of Independent Company and business segments
- Financing plans of the Company
- Minutes of meeting of Board of Directors, Audit Committee, Nomination & Remuneration Committee and Shareholders'/Investors' Grievance Committee
- Details of any joint venture, acquisitions of companies or collaboration agreement
- Quarterly report on fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems
- Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any
- Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company
- Developments in respect of human resources
- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any

d. Post-meeting internal communication system:

The important decisions taken at the Board/Committee meetings are communicated to the concerned departments/ Independent Company promptly.

F. BOARD COMMITTEES

The Board currently has 3 Committees: 1) Audit Committee, 2) Nomination and Remuneration Committee and 3) Shareholders'/Investors' Grievance Committee. The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of each Board Committee are convened by the respective Committee Chairman. The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below.

1) Audit Committee (AC)

i) Terms of reference:

The role of the Audit Committee includes the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information
- Recommending the appointment of the Statutory Auditors and fixation of their remuneration
- Reviewing and discussing with the Statutory Auditors and the Internal Auditor about internal control systems
- Reviewing the adequacy and independence of the Internal Audit function, and observations of the Internal Auditor
- Reviewing major accounting policies and practices and adoption of applicable Accounting Standards
- Reviewing major accounting entries involving exercise of judgment by the management
- Disclosure of contingent liabilities
- Reviewing, if necessary, the findings of any internal investigations by the Internal Auditors and reporting the matter to the Board
- Reviewing the risk management mechanisms of the Company
- Reviewing of compliance with Listing Agreement and various other legal requirements concerning financial statements and related party transactions

- Reviewing the Quarterly and Half yearly financial results and the Annual financial statements before they are submitted to the Board of Directors
- Reviewing the operations, new initiatives and performance of the business, formation of committee at Independent Company time
- Looking into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any
- Approval of the appointment of the Chief Financial Officer (CFO).
- Recommendation of appointment of cost auditor.

Minutes of the Audit Committee Meetings are circulated to the Members of the Board of Directors and taken note of.

ii) Composition:

The Audit Committee of the Board of Directors was formed in 1986 and as on March 31, 2013 comprised four Non-Executive Directors, all of whom are independent.

iii) Meetings:

During the year ended March 31, 2013, 8 meetings of the Audit Committee were held on May 2, 2012, May 14, 2012, June 18, 2012, July 23, 2012, August 24, 2012, October 22, 2012, November 28, 2012 and January 24, 2013.

The attendance of Members at the Meetings was as follows:

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. M. M. Chitale	Chairman	8	8
Mr. N. Mohan Raj	Member	8	8
Mr. A. K. Jain	Member	8	8
Mr. M. Damodaran \$	Member	1	1

Meetings held during the year are expressed as number of meetings eligible to attend.

\$ Mr. M. Damodaran has been appointed as a member of Audit Committee on 15.12.2012

and has attended the only meeting held since that date.

All the members of the Audit Committee are financially literate and have accounting or related financial management expertise.

The CEO & MD, the Chief Financial Officer and the Head of Corporate Audit Services are permanent invitees to the Meetings of the Audit Committee. The Company Secretary is the Secretary to the Committee.

iv) Internal Audit:

The Company has an internal corporate audit team consisting of Chartered Accountants, Engineers & system experts. Over a period of time, the Corporate Audit department has acquired in-depth knowledge about the Company, its businesses, its systems & procedures, which knowledge is now institutionalized. The Company's Internal Audit function is ISO 9001:2008 certified. The Head of Corporate Audit Services reports jointly to the Group Executive Chairman and Chief Executive Officer & Managing Director. The staff of Corporate Audit department is rotated periodically.

From time to time, the Company's systems of internal controls covering financial, operational, compliance, IT applications, etc. are reviewed by external experts. Presentations are made to the Audit Committee on the findings of such reviews. The minutes of the Audit Committee are circulated to the Board and discussed at Board meetings.

The Company's Audit Committee, inter alia, reviews the adequacy of internal audit function, reviews the internal audit reports including those related to internal control weaknesses and reviews the performance of the Corporate Audit Department. The Audit Committee is provided necessary assistance and information to carry out their function effectively.

2) Nomination & Remuneration Committee (N&R) (earlier known as Nomination & Compensation Committee)

i) Terms of reference:

To review, assess and recommend the appointment of Executive and Non-Executive

Directors (NED) and, to review their remuneration package, to recommend compensation to the NEDs in accordance with the provisions of the Companies Act, 1956, to consider and recommend Employee Stock Option Schemes and to administer and superintend the same.

ii) Composition:

The Committee has been in place since 1999. As at March 31, 2013, the Committee comprised 3 Non-Executive Directors and the Group Executive Chairman.

iii) Meetings:

During the year ended March 31, 2013, 9 meetings of the Nomination & Remuneration Committee were held on April 6, 2012, May 14, 2012, July 23, 2012, August 24, 2012, September 27, 2012, October 22, 2012, January 7, 2013 and January 25, 2013

The attendance of Members at the Meetings was as follows:

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. S. Rajgopal	Chairman	9	9
Mr. S. N. Talwar	Member	9	9
Mr. Subodh Bhargava	Member	9	9
Mr. A. M. Naik	Member	9	9
Mr. Thomas Mathew T. \$	Member	6	5
Mr. J. S. Bindra *	Member	4	4

Meetings held during the year are expressed as number of meetings eligible to attend.

\$ Ceased to be a member w.e.f. 19.11.2012

* Ceased to be a member w.e.f. 24.08.2012

iv) Board Membership Criteria:

While screening, selecting and recommending to the Board new members, the Committee ensures that the Board is objective, there is absence of conflict of interest, ensures availability of diverse perspectives, business experience, legal, financial & other expertise, integrity, managerial qualities, practical wisdom, ability to read & understand financial statements, commitment to ethical standards

and values of the Company and ensure healthy debates & sound decisions.

While evaluating the suitability of a Director for re-appointment, besides the above criteria, the Committee considers the past performance, attendance & participation in and contribution to the activities of the Board by the Director.

The Non-Executive Directors comply with the definition of Independent Director as given under Clause 49 of the Listing Agreement. As per the definition, all our NED's qualify as "Independent Directors". While appointing/re-appointing any NED's on the Board, the Committee, considers the criteria as laid down in the Listing Agreement.

All the Independent Directors give a certificate confirming that they meet the "independence criteria" as mentioned in Clause 49 of the Listing Agreement.

These certificates have been placed on the website of the Company.

v) Remuneration Policy

The remuneration of the Board members is based on the Company's size & global presence, its economic & financial position, industrial trends, compensation paid by the peer companies, etc. Compensation reflects each Board member's responsibility and performance. The level of Board compensation to Executive Directors is designed to be competitive in the market for highly qualified executives.

The Company pays remuneration to Executive Directors by way of salary, perquisites & retirement benefits (fixed components) & commission (variable component), based on recommendation of the Committee, approval of the Board and the shareholders. The commission is calculated with reference to net profits of the Company in the financial year subject to overall ceilings stipulated under Sections 198 & 309 of the Companies Act, 1956.

The NEDs are paid remuneration by way of commission & sitting fees. The Company pays sitting fees of ₹ 20,000 per meeting of the Committee and the Board to the NEDs for attending the meetings of the Board &

Committees. The commission is paid as per limits approved by shareholders, subject to a limit not exceeding 1% p.a. of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956).

The commission to NEDs is distributed broadly on the basis of their attendance, contribution at the Board, the Committee meetings, Chairmanship of Committees and participation in IC meetings.

In the case of nominees of Financial Institutions, the commission is paid to the Financial Institutions.

As required by the provisions of Clause 49 of the Listing Agreement, the criteria for payment to Non-Executive Directors is made available on the investor page of our corporate website www.larsentoubro.com

vi) Details of remuneration paid/payable to Directors for the year ended March 31, 2013:

(a) Executive Directors:

The details of remuneration paid/payable to the Executive Directors is as follows:

₹ Lakh

Names	Salary	Perquisites	Retirement Benefits	Commission
Mr. A. M. Naik	264.00	25.87	442.26	1374.00
Mr. K. Venkataramanan	163.20	174.02	266.54	824.00
Mr. V. K. Magapu ^	61.50	8.00	76.55	222.00
Mr. M. V. Kotwal	123.00	76.06	110.70	287.00
Mr. Ravi Uppal @	52.25	13.70	50.56	135.00
Mr. S. N. Subrahmanyam	105.00	18.40	177.39	552.00
Mr. R. Shankar Raman	93.00	18.40	142.56	435.00
Mr. Shailendra N. Roy	80.60	65.47	89.53	251.00

@ resigned as a whole-time director w.e.f. close of working hours of 15.09.2012.
^ retired as a whole-time director w.e.f. close of working hours of 30.09.2012.

- Notice period for termination of appointment of Chairman & Managing Director and other Whole-time Directors is six months on either side.
- No severance pay is payable on termination of appointment.
- Details of Options granted under Employee Stock Option Schemes are given in Annexure 'B' to the Directors' Report

(b) Non-Executive Directors:

The details of remuneration paid/payable to the Non-Executive Directors is as follows:

₹ Lakh

Names	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Total
Mr. S. Rajgopal	2.00	1.80	44.05	47.85
Mr. S. N. Talwar	2.00	1.80	36.00	39.80
Mr. M. M. Chitale	2.00	1.60	37.00	40.60
Mr. Thomas Mathew T. †	0.40*	1.00*	15.00	16.40
Mr. N. Mohan Raj	2.00*	1.60*	37.00	40.60
Mr. Subodh Bhargava	1.80	1.80	42.00	45.60
Mr. A. K. Jain	2.00	2.00	30.75	34.75
Mr. J. S. Bindra \$	1.20	0.80	US\$ 1,17,780	-
Mr. M. Damodaran #	0.80	0.20	15.00	16.00
Mr. Vikram Singh Mehta #	0.80	0.20	19.70	20.70
Mr. Sushobhan Sarker %	0.40	0.20	5.63	6.23

* Payable to respective Institutions they represent.

\$ ceased to be a director w.e.f. 24.08.2012.

† ceased to be a director w.e.f. 19.11.2012.

Appointed as an Additional Director w.e.f. 22.10.2012.

% Appointed as a Director w.e.f. 15.12.2012

Details of shares and convertible instruments held by the Non-Executive Directors as on March 31, 2013 are as follows:

Names	No. of Shares held
Mr. S. Rajgopal #	900
Mr. S. N. Talwar	6,000
Mr. M. M. Chitale	1,086
Mr. N. Mohan Raj *	200
Mr. Subodh Bhargava	500
Mr. A. K. Jain *	400
Mr. M. Damodaran	100
Mr. Vikram Singh Mehta	590
Mr. Sushobhan Sarker *	100
* held jointly with the Institution they represent	
# has been granted 60,000 stock options but not yet exercised	

3) Shareholders'/Investors' Grievance Committee:**i) Terms of reference:**

The terms of reference of the Shareholders'/Investors' Grievance Committee are as follows:

- Redressal of Shareholders'/Investors' complaints
- Allotment, transfer & transmission of Shares/Debentures or any other securities and issue of duplicate certificates and new certificates on split/consolidation/renewal

etc. as may be referred to it by the Share Transfer Committee.

ii) Composition:

As on March 31, 2013 the Shareholders'/Investors' Grievance Committee comprised of 2 Non-Executive Directors and 1 Executive Director.

iii) Meetings:

During the year ended March 31, 2013, 3 meetings of the Shareholders'/Investors' Grievance Committee were held on May 14, 2012, July 23, 2012 and January 25, 2013.

The attendance of Members at the Meetings was as follows-

Name	Status	No. of meetings during the year	No. of Meetings Attended
Mr. A. K. Jain @	Chairman	2	2
Mr. V. K. Magapu ^	Member	2	2
Mr. Ravi Uppal \$	Member	2	2
Mr. Vikram Singh Mehta *	Chairman	1	1
Mr. Sushobhan Sarker *	Member	1	1
Mr. S. N. Subrahmanyam *	Member	1	1
Meetings held during the year are expressed as number of meetings eligible to attend.			
@ Ceased to be a member w.e.f. 15.12.2012			
* Inducted as a member w.e.f. 15.12.2012			
^ Ceased to be a member w.e.f. 30.09.2012			
\$ Ceased to be a member w.e.f. 15.09.2012			

Mr. N. Hariharan, Company Secretary is the Compliance Officer.

iv) Number of Requests/Complaints:

During the year, the Company has resolved investor grievances expeditiously except for the cases constrained by disputes or legal impediments.

During the year, the Company/its Registrar's received the following complaints from SEBI/Stock Exchanges and queries from shareholders, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending*
Complaints:				
SEBI/Stock Exchange	NIL	84	84	NIL

Particulars	Opening Balance	Received	Resolved	Pending*
Shareholder Queries:				
Dividend Related	995	6,556	6,781	770
Transmission/Transfer	29	1,074	1,066	37
Demat/Remat	1	446	446	1

* Investor complaints/queries shown outstanding as on March 31, 2013 have been subsequently resolved. The substantial increase in number of queries is on account of the Company's repeated reminders to shareholders regarding unclaimed shares and dividends.

The Board has delegated the powers to approve transfer of shares to a Transfer Committee of Executives comprising of three Senior Executives. This Committee held 49 meetings during the year and approved the transfer of shares lodged with the Company.

G. OTHER INFORMATION

a) Training of Directors:

All our directors are aware and are also updated as and when required, of their role, responsibilities & liabilities.

The Company holds Board meetings at its registered office and also if necessary, in locations, where it operates. Site/factory visits are organized at various locations for the Directors.

b) Information to Directors:

The Board of Directors has complete access to the information within the Company, which inter alia, includes items as mentioned on Page 74 in Annexure 'C' to the Directors Report.

Presentations are made regularly to the Board/N&R/AC (minutes of AC & N&R are circulated to the Board), where Directors get an opportunity to interact with senior managers. Presentations, inter alia, cover business strategies, management structure, HR policy, management development and succession planning, quarterly and annual results, budgets, treasury policy, review of Internal Audit, risk management framework, operations of subsidiaries and associates, etc.

Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board/Committee meetings, when senior company personnel are asked to make presentations about performance of their Independent Company/Business Unit, to the Board. Such interactions also happen when these Directors meet senior management in IC meetings and informal gatherings.

c) Risk Management Framework:

The Company has in place mechanisms to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework.

A detailed note on risk management is given in the Financial Review section of Management's Discussion and Analysis report elsewhere in this Report.

d) Statutory Auditors:

The Board has recommended to the shareholders, the re-appointment of Sharp & Tannan (S&T) as auditors. S&T has furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non-audit assignments for the Company. The Company believes that S&T, over a period of time, has gained extensive knowledge of the Company & its diversified business, which is essential to ensure audit quality & audit objectivity. Robust internal control systems and risk management framework, review of Auditors' performance by the Audit Committee and peer review of the Audit firm, are some of the more important factors that prevent audit failures. Mr. Milind P. Phadke has signed the audit report for 2012-13 on behalf of S&T.

e) Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and senior management personnel. The Code of Conduct is available on the website of the Company www.larsentourbo.com. The declaration of Chairman & Managing Director is given below:

To the Shareholders of Larsen & Toubro Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

K. Venkataramanan

Chief Executive Officer & Managing Director

Date: May 8, 2013

Place: Mumbai

f) General Body Meetings:

The last three Annual General Meetings of the Company were held at Birla Matushri Sabhagar, Mumbai as under:

Financial Year	Date	Time
2011-12	August 24, 2012	3.00 p.m.
2010-11	August 26, 2011	3.00 p.m.
2009-10	August 26, 2010	3.00 p.m.

The following Special Resolutions were passed by the members during the past 3 Annual General Meetings:

Annual General Meeting held on August 24, 2012:

- To approve appointment of Mr. A. M. Naik as the Group Executive Chairman of the Company.
- To approve raising of capital through QIP's by issue of shares/convertible debentures/ securities upto an amount of USD 600 million or ₹ 3200 crore.
- To approve appointment of Statutory Auditors and remuneration payable to them.

Annual General Meeting held on August 26, 2011:

- To approve appointment of Statutory Auditors and remuneration payable to them.

Annual General Meeting held on August 26, 2010:

- To approve payment of commission to non-executive directors not exceeding 1% of the net profits of the Company.
- To approve raising of capital through QIP's by issue of shares/convertible debentures/ securities upto an amount of USD 600 million or ₹ 2700 crore.
- To approve appointment of Statutory Auditors and remuneration payable to them.

g) Disclosures:

1. During the year, there were no transactions of material nature with the Directors or the Management or the subsidiaries or relatives that had potential conflict with the interests of the Company.
2. Details of all related party transactions form a part of the accounts as required under AS

18 and the same are given on page 189 to page 200 of the Annual Report.

3. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing the Financial Statements.
4. The Company makes presentations to Institutional Investors & Equity Analysts on the Company's performance on a quarterly basis.
5. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

h) Means of communication:

Financial Results	Quarterly & Annual Results are published in prominent daily newspapers viz. The Financial Express, The Hindu Business Line & Loksatta. The results are also posted on the Company's website: www.larsentoubro.com .
News Releases	Official news releases are sent to stock exchanges as well as displayed on the Company's website: www.larsentoubro.com .
Website	The Company's corporate website www.larsentoubro.com provides comprehensive information about its portfolio of businesses. Section on "Investors" serves to inform and service the Shareholders allowing them to access information at their convenience. Presentations made to Institutional Investors on a quarterly basis and the quarterly shareholding pattern of the Company is also displayed on the website. The entire Annual Report and Accounts of the Company and subsidiary are available in downloadable formats. It will also be made available on the websites of the Stock Exchanges.
Corpfilng	Information to Stock Exchanges is now being filed through corp-filing. Investors can view this information by visiting the website www.corpfiling.co.in .
Annual Report	Annual Report is circulated to all the members and all others like auditors, equity analysts, etc.
Management Discussion & Analysis	This forms a part of the Annual Report which is mailed to the shareholders of the Company.

H. UNCLAIMED SHARES

As required under Clause 5A of the Listing Agreement, the Company had sent 3 reminders to the shareholders whose shares were lying unclaimed/undelivered with

the Company. The Company has received a substantial number of requests to claim these share certificates which are released after a through due diligence. As on today, the Company has only 1.43% of the total shareholders whose shares are lying unclaimed/undelivered. These will be transferred to the Unclaimed Suspense Account as required under the Listing Agreement. The Company has already opened the "Unclaimed Suspense Account" and is in the process of completing the formalities for transferring the shares.

I. GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting:

The Annual General Meeting of the Company has been convened on Thursday, August 22, 2013 at Birla Matushri Sabhagar, Marine Lines, Mumbai – 400 020 at 3.00 p.m.

b) Financial calendar:

1. Annual Results of 2012-13	May 22, 2013
2. Mailing of Annual Reports	Third week of July, 2013
3. First Quarter Results	During the last week of July 2013 *
4. Annual General Meeting	August 22, 2013
5. Payment of Dividend	August 26, 2013
6. Second Quarter results	During last week of October, 2013 *
7. Third Quarter results	During last week of January, 2014 *

* Tentative

c) Book Closure:

The dates of Book Closure are from Friday, August 16, 2013 to Thursday, August 22, 2013 (both days inclusive) to determine the members entitled to the dividend for 2012-13.

d) Listing of equity shares/shares underlying GDRs on Stock Exchanges:

The shares of the Company are listed on The BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

GDRs are listed on Luxembourg Stock Exchange and London Stock Exchange.

e) Listing Fees to Stock Exchanges:

The Company has paid the Listing Fees for the year 2013-2014 to the above Stock Exchanges.

f) Custodial Fees to Depositories:

The Company has paid custodial fees for the year 2013-2014 to National Securities Depository

Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

g) Stock Code/Symbol:

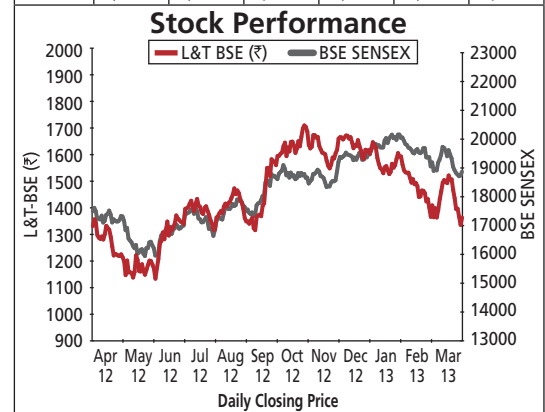
The Company's equity shares/GDRs are listed on the following Stock Exchanges and admitted for trading in London Stock Exchange:

Bombay Stock Exchange (BSE)	: Scrip Code-500510
National Stock Exchange (NSE)	: Scrip Code-LT
ISIN	: INE018A01030
Reuters RIC	: LART.BO
Luxembourg Exchange Stock Code	: 005428157
London Exchange Stock Code	: LTOD

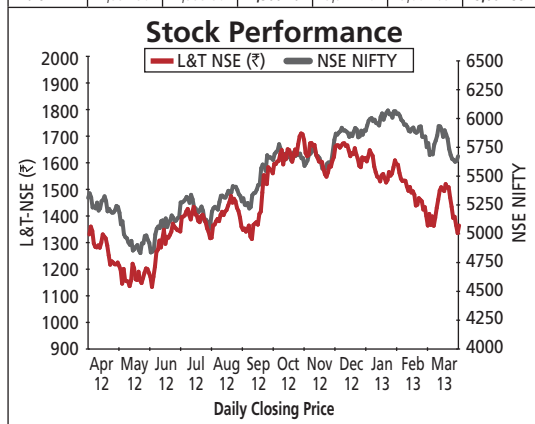
The Company's shares constitute a part of BSE 30 Index of the BSE Limited as well as NIFTY Index of the National Stock Exchange of India Limited.

h) Stock market data for the year 2012-13:

Month	L&T BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
2012						
April	1,364.80	1,192.55	1,226.30	17,664.10	17,010.16	17,318.81
May	1,237.00	1,111.00	1,172.30	17,432.33	15,809.71	16,218.53
June	1,400.00	1,106.40	1,397.35	17,448.48	15,748.98	17,429.98
July	1,441.85	1,308.00	1,369.65	17,631.19	16,598.48	17,236.18
August	1,481.20	1,324.10	1,341.40	17,972.54	17,026.97	17,429.56
September	1,619.00	1,310.00	1,596.75	18,869.94	17,250.80	18,762.74
October	1,719.50	1,581.50	1,624.75	19,137.29	18,393.42	18,505.38
November	1,691.60	1,537.20	1,667.10	19,372.70	18,255.69	19,339.90
December	1,699.00	1,572.50	1,605.85	19,612.18	19,149.03	19,426.71
2013						
January	1,661.00	1,500.00	1,542.90	20,203.66	19,508.93	19,894.98
February	1,556.35	1,352.00	1,365.80	19,966.69	18,793.97	18,861.54
March	1,531.30	1,331.00	1,364.90	19,754.66	18,568.43	18,835.77



Month	L&T NSE Price (₹)			NIFTY		
	High	Low	Month Close	High	Low	Month Close
2012						
April	1,367.20	1,192.00	1,226.85	5,378.75	5,154.30	5,248.15
May	1,237.00	1,109.45	1,172.60	5,279.60	4,788.95	4,924.25
June	1,401.00	1,106.05	1,397.80	5,286.25	4,770.35	5,278.90
July	1,442.00	1,307.90	1,369.40	5,348.55	5,032.40	5,229.00
August	1,481.70	1,324.35	1,342.90	5,448.60	5,164.65	5,258.50
September	1,619.80	1,309.05	1,596.80	5,735.15	5,215.70	5,703.30
October	1,720.00	1,307.25	1,626.85	5,815.35	4,888.20	5,619.70
November	1,690.00	1,536.10	1,667.90	5,885.25	5,548.35	5,879.85
December	1,699.00	1,572.60	1,607.15	5,965.15	5,823.15	5,905.10
2013						
January	1,661.30	1,499.00	1,541.85	6,111.80	5,935.20	6,034.75
February	1,555.45	1,351.25	1,367.80	6,052.95	5,671.90	5,693.05
March	1,532.30	1,333.50	1,366.20	5,971.20	5,604.85	5,682.55



i) Registrar and Share Transfer Agents (RTA):

Sharepro Services (India) Private Limited, Andheri, Mumbai.

j) Share Transfer System:

The share transfer activities under physical mode are carried out by the RTA. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time. The share related information is available online.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt. Bad deliveries are promptly returned to Depository Participants (DP's) under advice to the shareholders.

As required under Clause 47-C of the Listing Agreement, a certificate on half yearly basis confirming due compliance of share transfer

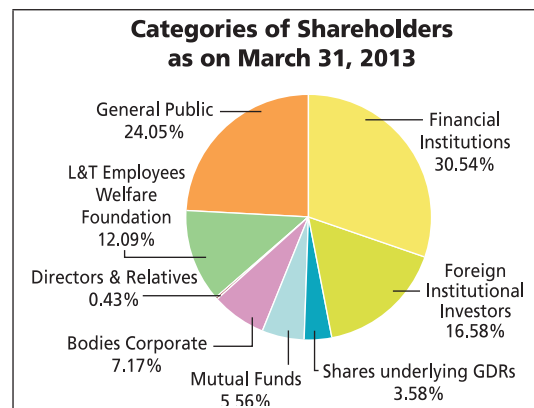
formalities by the Company from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

k) Distribution of Shareholding as on March 31, 2013:

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Upto 500	8,07,166	94.50	5,91,95,330	9.62
501 – 1000	25,466	2.98	1,86,38,938	3.03
1001 – 2000	7,473	0.87	92,50,728	1.50
2001 – 3000	4,178	0.49	74,29,147	1.21
3001 – 4000	2,080	0.24	47,01,462	0.76
4001 – 5000	4,059	0.48	1,42,65,079	2.32
5001 – 10000	1,876	0.22	1,31,83,323	2.14
10001 & ABOVE	1,853	0.22	48,87,21,974	79.42
TOTAL	8,54,151	100.00	61,53,85,981	100.00

l) Categories of Shareholders is as under:

Category	31.03.2013		31.03.2012	
	No. of Shares	%	No. of Shares	%
Financial Institutions	18,79,45,375	30.54	19,65,45,867	32.09
Foreign Institutional Investors	10,20,52,770	16.58	9,56,38,792	15.62
Shares underlying GDRs	220,48,741	3.58	1,90,99,263	3.12
Mutual Funds	3,42,05,671	5.56	2,64,30,606	4.32
Bodies Corporate	4,41,01,953	7.17	4,29,38,374	7.01
Directors & Relatives	26,57,738	0.43	28,36,544	0.46
L&T Employees Welfare Foundation	7,44,04,116	12.09	7,44,04,116	12.15
General Public	14,79,69,617	24.05	15,45,05,337	25.23
TOTAL	61,53,85,981	100.00	61,23,98,899	100.00

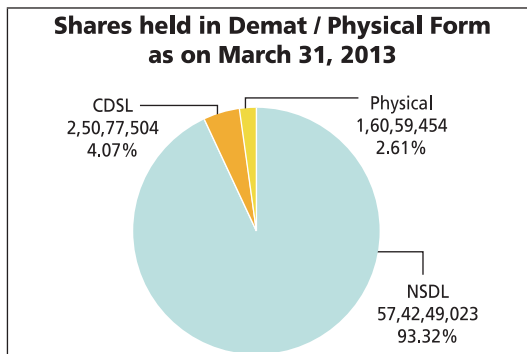


m) Dematerialization of shares:

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in dematerialized form. The Company had sent letters to shareholders holding shares in physical form emphasizing the benefits of dematerialization.

The number of shares held in dematerialized and physical mode is as under:

	No. of shares	% of total capital issued
Held in dematerialized form in NSDL	57,42,49,023	93.32
Held in dematerialized form in CDSL	2,50,77,504	4.07
Physical	1,60,59,454	2.61
Total	61,53,85,981	100.00



n) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:

The outstanding GDRs are backed up by underlying equity shares which are part of the existing paid-up capital.

The Company has the following Foreign Currency Convertible Bonds outstanding as on March 31, 2013:

3.50% USD 200 million Foreign Currency Convertible Bonds due 2014		
(i)	Principal Value of the Bonds issued	USD 200 million
(ii)	Principal Value of Bonds converted to GDRs since issue	NIL
(iii)	Principal Value of Bonds outstanding as at March 31, 2011	USD 200 million
(iv)	Underlying Equity Shares/GDR's issued pursuant to conversion as per (ii) above	NIL
(v)	Underlying Equity Shares/GDR's that may be issued pursuant to conversion notices in respect of (iii) above	49,07,243 shares

These Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited.

o) Listing of Debt Securities:

The redeemable Non-Convertible debentures issued by the Company are listed on the Wholesale Debt Market (WDM) of National Stock Exchange of India Limited (NSE) and/or BSE Limited (BSE).

p) Debenture Trustees (for privately placed debentures)

IDBI Trusteeship Services Limited
Ground Floor, Asian Building
17, R. Kamani Marg
Ballard Estate
Mumbai-400 001

q) Plant Locations:

The L&T Group's facilities for design, engineering, manufacture and modular fabrication are based at multiple locations within India including Ahmednagar, Bangalore, Chennai, Coimbatore, Faridabad, Hazira (Surat), Katupalli (Ennore), Raigad, Rourkela, Mumbai, Mysore, Pithampur, Puducherry, Talegaon and Vadodara. L&T's manufacturing footprint covers the Gulf (Oman, Saudi Arabia, Dubai), South East Asia (Malaysia, Indonesia) China and Australia. The L&T Group also has an extensive network of offices in India and around the globe.

r) Address for correspondence:

Larsen & Toubro Limited,
L&T House, Ballard Estate,
Mumbai 400 001.
Tel. No. (022) 67525 656,
Fax No. (022) 67525 893

Shareholder correspondence may be directed to the Company's Registrar and Share Transfer Agent, whose address is given below:

- Sharepro Services (India) Private Limited
Unit : Larsen & Toubro Limited
Samhita Warehousing Complex,
Bldg. No.13 A B, 2nd Floor
Off Sakinaka Telephone Exchange Lane,
Andheri – Kurla Road, Sakinaka
Mumbai – 400 072.
Tel No. : (022) 6772 0300/6772 0400
Fax No. (022) 2859 1568/2850 8927
E-Mail : Lnt@shareproservices.com;
Sharepro@shareproservices.com

2. Sharepro Services (India) Private Limited
Unit : Larsen & Toubro Limited
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai 400 021.
Tel : (022) 6613 4700
Fax : (022) 2282 5484

s) Investor Grievances:

The Company has designated an exclusive e-mail id viz. IGRC@LARSENTOUBRO.COM to enable investors to register their complaints, if any. The Company strives to reply to the complaints within a period of 3 working days.

t) Non-mandatory requirements on Corporate Governance recommended under the Clause 49 of the Listing Agreement:

The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under Clause 49 of the Listing Agreement:

1. A Nomination & Remuneration Committee is in place since 1999. The Committee comprises of five Non-Executive Directors and the Chairman & Managing Director of the Company.
2. Whistle Blower policy for L&T and its group companies is in place.
3. Access to the Audit committee of the Board is also available.

u) Securities Dealing Code:

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations 1992, a Securities Dealing Code for prevention of insider trading is in place. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Designated Persons (Directors, Advisors, Officers and other concerned employees/persons) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is also required. All the

Designated Employees are also required to disclose related information periodically as defined in the Code. Directors and designated employees who buy and sell shares of the Company are prohibited from entering into an opposite transaction i.e sell or buy any shares of the Company during the next six months following the prior transactions. Directors and designated employees are also prohibited from taking positions in the derivatives segment of the Company's shares.

Mr. N. Hariharan, Company Secretary has been designated as the Compliance Officer.

v) ISO 9001:2008 Certification:

The Company's Secretarial Department which provides secretarial services and investor services for the Company and its Subsidiary and Associate Companies is ISO 9001:2008 certified.

w) Secretarial Audit:

As stipulated by SEBI, a Qualified Practising Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

The secretarial department of the Company at Mumbai & Chennai (overseeing all companies in Infrastructure Development Projects), are manned by competent and experienced professionals. The Company has a system to review and audit its secretarial and other compliances by competent professionals, who are employees of the Company. Appropriate actions are taken to continuously improve the quality of compliance.

The Company also has adequate software and systems to monitor compliance.

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To the Board of Directors of Larsen & Toubro Limited

Dear Sirs,

**Sub: CEO/CFO Certificate
(Issue in accordance with provisions of Clause 49 of the Listing Agreement)**

We have reviewed the financial statements, read with the cash flow statement of Larsen & Toubro Limited for the year ended March 31, 2013 and that to the best of our knowledge and belief, we state that;

- (a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or propose to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in accounting policies made during the year ended 31st March 2013 and that the same have been disclosed suitably in the notes to the financial statements; and
 - (ii) that there were no instances of significant fraud of which we have become aware.

Yours sincerely,

R. Shankar Raman
Chief Financial Officer

K. Venkataramanan
Chief Executive Officer &
Managing Director

A. M. Naik
Group Executive Chairman

Place: Mumbai
Date: May 22, 2013

Auditors Certificate on Compliance of Conditions of Corporate Governance

To the members of Larsen & Toubro Limited

We have examined the compliance of conditions of corporate governance by Larsen & Toubro Limited for the year ended 31 March 2013 as stipulated in clause 49 of the Listing Agreement entered into by the Company with the stock exchanges. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

SHARP AND TANNAN
Chartered Accountants
Firm's Registration No.109982W

by the hand of
MILIND P. PHADKE
Partner
Membership No.33013

Mumbai, May 22, 2013

Notes

Management Discussion & Analysis 2012-13

Global Economic Condition :

In the year 2012-13, the global economy continued to be in the throes of challenges and uncertainties. There was a divergence in growth and prospects across geographies as both governments and central banks attempted to revive fledgling growth. To some extent growth was supported by aggressive monetary easing measures by the central banks of developed economies which also encouraged capital flows into emerging markets.

Not overlooking the old dangers and new turbulence in the global markets, the near-term risk picture however has improved as recent policy actions in Europe and US have addressed some of the serious short-term risks. Over the past six months, policymakers of advanced economies have successfully defused two of the biggest short-term threats to the global recovery viz. the threat of a Euro area breakup and a sharp fiscal contraction in the US caused by a plunge off the "fiscal cliff".

The year also witnessed a noticeable slowdown in the emerging economies, a reflection of slack demand in the advanced economies, domestic policy tightening amidst inflationary conditions and end of investment boom in some of the major emerging economies.

Economic performance across the Middle East and North Africa (MENA) was mixed in 2012. Political uncertainty continued to weigh on the economies of the MENA region. Growth in 2012 however increased to above the 2010 levels largely driven by recovery in the oil exporting countries. In 2013, while slower growth is projected in oil & gas production due to lower global oil demand, healthy growth is expected in non-oil sectors.

The Omani economy continued to grow at a rapid pace. The Government has entered into the second year of the Eighth Five-Year development plan (2011-2015) allocating USD 6.50 Billion a year for large public investment programs, particularly in infrastructure and social sectors. This is enabling the economy to sustain the domestic demand and strengthen the economic diversification program.

While the world economy is expected to grow at a better pace than the last few years with activity gradually

accelerating in major advanced economies, with US in the lead, the overall global economic environment still remains fragile although the balance of risk is now less skewed to the downside than in the recent years. The short-term risks are lower as hard landing of the key emerging economies has receded. Nonetheless, medium term risk still abounds due to very low growth or stagnation in the Euro area; probability of fiscal trouble in the US or Japan; risks related to unconventional monetary policy; and lower potential output in key emerging market economies.

Overview of Indian Economy :

The Indian economy in 2012-13, witnessed a decadal low growth in GDP of 5.0%. The country has seen economic expansion drop since the start of the 2011 to levels even below the crisis years of 2008-09. The slowdown which started in the industrial sector also extended to services sector which has been the mainstay of India's growth story.

The weakness in the economy is not only cyclical but also structural in nature. Domestic supply bottlenecks and policy obstacles have seen growth decelerate and investment and industrial output slump. Global uncertainties also adversely affected growth. The pipeline of new investment dried up and existing projects stalled due to bottlenecks and implementation gaps. Also, the country continued to face persistent challenges due to high inflation, tight monetary policy and the deteriorating external balance. Despite good capital inflows in 2012-13, the economy reported worrisome current account deficit.

A slowdown was witnessed in almost all the sectors of the economy in 2012-13. While the moderation in growth in agriculture (1.9%) was largely on account of the rainfall deficiency, the deceleration of industrial production growth to 1.2% in 2012-13 from 2.7% in 2011-12 was mainly due to contraction in mining and slowing growth in manufacturing and electricity sectors. Capital goods segment continued its dismal performance in 2012-13, indicating the lack of investment demand in the economy.

The services sector saw a further deceleration to a growth of 6.8% in 2012-13 as compared to 7.9% mainly on account of a slowdown in trade, transport, hospitality and financial services.

The spurt in the economic growth of the country in the past was led by the consumption story. However, along with investment slowdown, India now faces a challenge of a consumption led slowdown. Government expenditure growth decelerated from 8.6% in 2011-12 to 3.9% in 2012-13 due to the fiscal consolidation by the government to reduce the deficit. The impact on fiscal deficit hence was immediate as it fell to 4.8% of GDP compared to the target of 5.2%. The private final consumption expenditure which has the largest share in the GDP of 60% also slowed down to a growth of 4.0% in 2012-13 from 8.0% in the previous fiscal. The investments throughout the fiscal continued to remain in gloomy territory with growth in gross fixed capital formation being just at 1.7% in 2012-13 as against 4.4% in 2011-12.

Business Scenario :

Delayed policy measures, slow-down in industrial production, persistently high interest rates and liquidity concerns adversely impacted the investment climate in India in 2012-13. Consequently, the commitments on capital expenditure and fresh investments were deferred, impacting growth prospects of businesses of the Company operating in certain sectors such as Power, Minerals and Metals, Defence and Fertilizer. The sectoral bottlenecks also had an impact on progress on a few ongoing projects. Product businesses of the Company, recorded low sales performance on account of sluggish industrial demand.

The businesses of the Company faced intense competition from domestic as well as international players constraining the ability of the prices to absorb the cost increases.

Despite the economic challenges, the Company has managed to sustain its growth momentum during 2012-13 on the back of proven track record, presence in diverse sectors and forays in the select international markets.

The infrastructure development is an irreversible process for energising growth in India. The Government has reiterated its commitment to kick-start delayed projects in the infrastructure space. The Government has also taken measures to reduce fiscal deficit to provide stability and protect the credit standing. New investments are expected in Transport Infrastructure, Urban Infrastructure, Oil & Gas, Fertilizer, Renewable Energy sectors.

Speedy resolution of issues relating to mining, land acquisition, implementation of Power sector reforms,

private sector participation in indigenisation and defence manufacturing will boost the Company's prospects.

Growth Strategies and Thrust Areas :

- **Business Structure and Strategic Plan :**

The Company structure is well-crafted and is providing necessary focus to encash growth opportunities. Businesses have drawn strategic plan "Lakshya 2016" and are taking initiatives to enhance performance and long term value creation.

- **Strengthening Execution & Operational Efficiency :**

The businesses have taken up various initiatives for cost optimization and productivity enhancement. Operational excellence, smart contract management are key focus areas to improve margins on large sized, long cycle jobs under execution.

- **Capacity Augmentation :**

The Company has been investing in capacity ramp-up in emerging businesses as well as its core business to enhance execution capabilities. The Company has undertaken capital expenditure in 2012-13 mainly to acquire plant & machinery for its Engineering and Construction businesses.

During the year, the Shipbuilding cum port facilities at Kattupalli, Tamil Nadu, have commenced its commercial operations. The Special Steel & Heavy Forgings facility, being one of the longest forging facilities in the world, has also been commissioned.

- **International Business :**

On the international front, the countries in the Middle East, South Asia, select markets in CIS region, and Africa hold good prospects. The businesses are focusing on securing pre-qualifications and strengthening of international organization. Higher share of international business provide excellent de-risking opportunities and necessary impetus to the performance of the Company. The international business, however, poses various challenges in terms of stiff competition pressures on delivery time lines and margins, volatility in the exchange rates, compliance with the local laws, requirements of local sourcing etc.

- **Human Resource Development :**

The Company strives to be an Employer of Choice. High quality recruitment supports the talent management practices of the Company. To augment the journey of internationalisation of the Company and create a multicultural work force, strengthening leadership cadre with appropriate domain competencies has been done, particularly in the Middle East and for other growth areas.

High potential and high performing employees continue to be developed through a six-step leadership development module. The Company continues to foster a high performance culture by recognising good performers and providing them with career enhancing opportunities. Several HR initiatives have been taken

for the strategic alignment of the HR function with the business objectives. These initiatives encompass employee engagement, learning & development besides improved internal communication mechanism with employees. The Company's Project Management Institute in Baroda hosts several programs on project execution excellence to complete projects in time and within cost and is directly linked to the vision of the Company of being a global player in its project businesses.

Accordingly, the Company is positioned well for growth and to create value for all its stakeholders. It is in this background that the Company's various businesses present their operations review for the year 2012-13 as under :

Hydrocarbon Business



Mumbai High North Complex of ONGC, executed by L&T on an EPC basis. The massive complex comprises a process platform, a living quarters platform & control room, three process gas compression platforms, two flare platforms and two jackets including one weighing 13,500 tonnes.

Overview :

The Hydrocarbon business provides complete EPC solutions for the global Oil & Gas Industry. It possesses the capabilities to deliver end-to-end solutions for every phase of project – from front end design engineering through fabrication, project management, procurement, construction, installation right up to commissioning. Integrated strengths coupled with an experienced and highly skilled work force, are the key enablers in repeatedly delivering large, complex projects.

The capabilities of the Hydrocarbon business includes in-house engineering, R&D centre, engineering joint ventures with reputed international companies, offshore installation capabilities, world class modular fabrication facilities, an experienced & competent project execution team and a safe work culture. The key aspects of business philosophy are excellence in corporate governance, high quality standards, best in class HSE protocol, IT security practices, timely execution and cost competitiveness.

The business has major work centres in India at Powai (Mumbai), Vadodara, Chennai, Bengaluru, Faridabad, Hazira and Kattupalli. It has established its presence in Middle East and South East Asia. Internationally, it has a fabrication facility at Sohar (Oman), project execution capabilities in the UAE (Abu Dhabi and Sharjah), Muscat (Oman), Qatar (Doha), Al-Khobar (Kuwait and Saudi Arabia) and business development offices at Houston, London, Singapore, South Korea, Australia, Malaysia and Indonesia.

The Hydrocarbon business is structured into the following three Strategic Business Groups (SBGs) :

- Hydrocarbon Upstream
- Hydrocarbon Mid & Downstream (HMD)
- Hydrocarbon Construction & Pipelines (HCP)

Hydrocarbon Upstream :

The Hydrocarbon Upstream SBG provides turnkey solutions to the offshore Oil & Gas industry encompassing well-head platforms, process platforms & modules, subsea pipelines, brown field developments, floating systems & offshore drilling rigs. The SBG has successfully executed large offshore platforms and pipeline projects in east and west coast of India, Middle East, South East Asia and Africa for global companies such as ONGC, GSPC, Songas, Qatar Petroleum, Maersk Oil Qatar, PTTEP, Petronas and Bunduq. The SBG has also established experience in the Jack-up rig refurbishment and is qualified to build new Jack-up rigs, floating production storage & off-loading (FPSO) topsides and subsea projects.

The Upstream SBG has three state-of-the-art fabrication facilities at strategically important locations for modular structures, heavy jackets and oil rigs offering round-the-year delivery. Hazira, near Surat in Gujarat, caters to business opportunities in the West Coast of India (Mumbai High). Kattupalli near Chennai in Tamil Nadu caters to opportunities from East Coast (KG Basin) and South East Asia. Sohar at Oman caters to opportunities in the MENA region. These yards have a total fabrication capacity of about 150,000 MT per year.



L&T's heavy-lift-cum-pipelay vessel LTS 3000 installing a topside for Newfield Peninsula in Malaysia.

The SBG has business development offices at Abu Dhabi, Singapore, Houston and Perth to provide the necessary thrust for its international growth vision. Additionally, the SBG is exploring upcoming opportunities in the CIS region and East Africa.

The SBG through a joint venture (JV) with Sapura Crest Petroleum Bhd, Malaysia, owns and operates a Heavy

Lift Pipe Lay vessel, LTS3000, enhancing its offshore installation capabilities. The three engineering centres at Bengaluru, Chennai and Faridabad housed in its wholly owned subsidiary, L&T Valdel, along with a centralized procurement capability centre at Mumbai enable the SBG to offer integrated EPC services to E&P companies.

During the year, the SBG bagged two projects from ONGC to be executed in the West Coast of India. It also got a second order from Myanmar, this time for Petronas Carigali, Yetagun North field.

The SBG recently completed installation for PTTEPI & GSPC-PLQP project and also sail-out of refurbished rig (Sagar Uday) for ONGC. The largest order from ONGC for Mumbai High North Complex of USD 1.2 Billion, was successfully commissioned during the year.

Hydrocarbon Mid & Downstream (HMD) :

Hydrocarbon Mid & Downstream SBG provides a wide range of EPC solutions for hydrocarbon refining, petrochemical and fertilizer (ammonia & urea complexes) sectors.

Multiple large value projects can be executed simultaneously by HMD on a turnkey basis with detailed engineering support drawn from L&T-Chiyoda Limited – an associate company of L&T and in-house Engineering Resource Centers located at Mumbai, Faridabad and Vadodara, which house over 1500 experienced engineers catering to the complete spectrum of feed, process and detailed engineering.

HMD has rich experience of project execution with technologies from process licensors like UOP, Axens, Haldor Topsoe, CB&I Lummus, Black & Veatch, Ortloff, ExxonMobil, BOC Parsons, Du-Pont (Invista) & Davy Process Technologies. In addition, strategic alliances with internationally renowned companies has helped to be a strong contender for the Fertilizer projects.

Carrying forward the internationalization initiative, business development capabilities have also been established in CIS countries, South East Asia and Korea in addition to the existing ones at Sharjah and Al-Khobar. HMD is prequalified by major international Oil & Gas producers such as Saudi Aramco, ORPC, Petronas, Dragon Oil, Pertamina & KNPC, for their large value upcoming projects.

HMD has reinforced its foot prints in the Middle East by bagging repeat order from PDO Oman for Onshore Gas Processing project for Saih Rawl facilities. Additionally, HMD has successfully bagged a project for gas processing facility from Dolphin Energy, Qatar.

HMD achieved record commissioning of 7 projects during the year (MRPL DHT & HGU, NFL Panipat & Bhatinda, ONGC Uran, CPCL Toyo & GNFC) of which NFL Bhatinda and Panipat were commissioned ahead of time. The other major projects approaching completion are the world scale Aromatic Complex at ONGC Mangalore Petrochemicals Ltd (OMPL), Reactor Regenerator Package as part of FCC unit for IOCL Paradip & ONGC Uran gas processing facility.

Hydrocarbon Construction & Pipelines (HCP) :

Hydrocarbon Construction & Pipelines SBG undertakes lump-sum turnkey projects for cross-country pipelines for Oil & Gas and construction of refinery, petrochemicals, chemical plants, fertilizers, gas gathering stations, crude oil & gas terminals, underground cavern storage systems for LPG.

HCP has world class engineering capabilities undertaken through its JV with Gulf Interstate Engineering of USA for cross-country pipeline construction. Additionally, major capabilities include heavy lift competency, automatic welding and world class quality adherence. HCP has strategically invested in plant and machinery and key construction equipment such as All Terrain Cranes of various capacities, pipe layers and entire range of pipeline spreads, earth moving equipment and automatic welding machines.



Habshan-Ruwais-Shuweihat Pipeline being executed on an EPC basis in Abu Dhabi. L&T has constructed over 4,000 km of pipeline across some of the world's toughest terrain.

To cater to the needs of international market, especially in GCC, HCP has setup local partnership ventures of repute in Kingdom of Saudi Arabia, Kuwait and Oman.

Internationally, HCP has been executing various projects for key customers such as GASCO (UAE), ADCO (UAE), SADARA [Kingdom of Saudi Arabia (KSA)], KOC (Kuwait), Dolphin Energy (Qatar), Petroleum Development Oman (Oman), Oil Tanking Odfjell Terminal Company (Oman), either directly or through other EPC contractors. Domestic clientele include Cairn, HMEL, RIL and Indian PSU oil companies.

Business Environment :

The domestic business environment continues to remain uncertain. Though the government has initiated some policy decisions, its impact on investments is yet to be seen. Large value fertilizer orders and onshore gas processing orders have got repeatedly deferred. Due to limited opportunities available, competition tends to be aggressive. Operational excellence initiatives are helping the business to improve its competitiveness.

The international business segment continues to be very active and several projects are slated for tendering in the near term particularly in KSA, UAE and Oman. Also, new geographies identified offer growth opportunities, though the award of projects may take longer.

Significant Initiatives :

During the year, the business achieved several pre-qualifications for major upcoming projects in KSA, UAE, Kuwait and entered into strategic alliances with major EPC bidders for targetted projects. Operational excellence measures such as productivity monitoring, integrated project execution, knowledge management across projects, effective contract management, optimum inventory management are undertaken for projects under execution.

The business continued to engage key business development personnel and international business heads in select geographies. Also, the Company is in the process of establishing branch/representative offices in Turkmenistan and Indonesia. During the year, an In-Kingdom EPC Company was registered in Saudi Arabia in order to bid for projects reserved for In-Kingdom Company.

Health, Safety and Environment are core values for hydrocarbon business. The business strives for continuous improvement for the protection and development of

health, safety, and environmental assets of its employees and stakeholders. During the year, the business continued its thrust on the safety cultural transformation through various initiatives. Through its robust HSE Management System and dedicated organizational support led by committed leadership, the business continued to emphasize on the Zero Incident Credo. Despite working at peak, with 110 million man-hours being clocked, the business achieved zero fatality during the year. Eight projects were commissioned safely without any reportable incident during the year.

Various training programs were conducted at offices & project sites on key topics including safety in design. A world class Safety Innovation School was inaugurated at Hazira to enhance the safety competency of the personnel through experiential and innovative learning process. Various internal & external audits were conducted during the year to monitor the implementation of various safety systems at the project sites along with a close follow up for closure of the recommendations. Campaigns on various on-job and off-job safety issues such as Traffic Safety, Home Safety along with Environmental issues were conducted during the year. Environment protection remains a priority for the business and various initiatives adopted at office campuses and project sites have led to significant conservation of precious resources such as energy and water.

During the year, a number of international safety certifications were achieved, which are vital in view of the growing international operations. The business won several recognitions, accolades and appreciations on safety from clients and national and international agencies, which includes National Safety Council, American Society of Safety Engineers, British Safety Council & RoSPA. MFF Hazira & MFY Sohar Fabrication Yards have received the prestigious Green Banding & Amber Banding respectively for its sustainable safety systems from M/s. SHELL through OGP pre-qualification assessment methodology.

The Hydrocarbon business has a strong resource base of skilled and experienced people working in various disciplines. HR efforts are targeted to ensure that the right talent is sourced, selected, trained and deployed across the organisation. Special efforts are being put to identify high potential leaders and groom them through six stages of leadership development to take on higher responsibilities in the future.

As a part of its drive towards building international project management capabilities, several senior professionals have been recruited from top notch international EPC companies during the year. Today, one out of every 5 people working in the Gulf countries for the business is a foreign national.



900 tpd ammonia plant of National Fertilizers Limited, Panipat - one of the many downstream hydrocarbon projects executed by L&T, on a licence plus EPC basis



L&T's modular fabrication facility at Sohar in Oman has the capability to execute large scale fabrication up to 20,000 tonnes. Picture shows a jacket, a platform and a jack up rig.

Hydrocarbon business has set up an in-house training Centre at the Sohar Yard, Oman for training local people in trades such as Welders, Crane Operator, Riggers, Electricians and Safety Marshals. Since inception, 450 locals have been trained. In addition, L&T Sohar yard in collaboration with Ministry of Manpower, Oman plans to provide welder training to young people on a continuing basis.

The Hydrocarbon business has institutionalised risk management processes with clear policies and guidelines and usage of quantitative tools to enhance/protect operating margins. The Risk Management process is aimed at identification, assessment, mitigation and monitoring risks from pre-bid to execution stage and also capturing learnings after project close-out. Industry-wide tools like Palisade, @Risk, Primavera Risk Analysis are deployed for cost estimation and schedule risk analysis to

enhance quantitative risk management. The challenges in the form of growing competition, newer geographies, forex and commodity price fluctuations and manpower attrition are effectively mitigated through specific actions like operational excellence initiatives, appointing local representatives in target countries, proactive hedge management and employee engagement programmes. L&T is one of the sponsor members for Engineering and Construction Risk Institute (ECRI), USA-an initiative of World Economic Forum which has sponsor membership of 37 leading global companies from Engineering and Construction industry. Project Managers/Project team members of the business are undergoing certified Risk Induction Programme conducted by ECRI (Engineering & Construction Risk Institute) on a continuous basis to get acquainted with Global Best Practices in Engineering & Construction Risk Management.

Outlook :

With oil prices expected to be steady, rising demand for oil & gas from the developing world, the business believes that there will be a revival in Oil & Gas capex in FY14, resulting in expected increase in award activities. Also, the business observes a trend of increasing brown field jobs due to 'Enhanced Oil Recovery' requirements of existing fields. Gradual depletion of shallow water prospects makes it imperative to be ready for deepwater offerings.

The business has established a good presence in the Jack-up rig refurbishment market and is now looking at new build Jack-ups & FPSO Topsides collaborating with leading players in the field. Focused emphasis is being laid on developing sub-sea business segment, possibly through alliances.

Government has cleared the Urea Investment Policy 2012, which augurs well for investments in this sector. Accordingly, sustained investments in this sector through Brownfield Urea expansion projects in lump-sum turnkey mode is expected.

Good opportunities are also visible in onshore gas processing projects especially in India and refinery expansion projects both in India and Overseas.

Large investments are also expected in cross-country pipeline projects over the next three to five years. The business is confident of capturing the market given its strength in in-house engineering, key strategic equipments and experienced workforce.

Pipelines prospects are increasing in KSA, Oman and Iraq while such prospects have reduced in UAE and Qatar. New gas finds in Oman coupled with Government's keenness to develop more fields is an encouraging sign.

Major Subsidiary and Associate Companies
L&T-VALDEL ENGINEERING LIMITED (LTV) :**Subsidiary Company :**

LTV, wholly owned by Larsen & Toubro (L&T), is an engineering solutions arm specializing in upstream oil & gas. It is diversified along full value chain of engineering – Concept, FEED, Pre-bid support, Detailed Engineering, As-built, Yard support and installation support engineering – for a wide range of offshore facilities : Process Platforms, Well-heads, FPSO topsides, shallow and deep-water pipelines, Jack-up Rigs, and extensive brown-field projects.

During the year, LTV has succeeded in getting repeat orders from its major customers, while adding new customers.

L&T SAPURA SHIPPING PRIVATE LIMITED (LTSSPL) :
Subsidiary Company :

LTSSPL is a JV between L&T and Nautical Power Pte Ltd, Singapore, a wholly owned subsidiary of Sapura Crest Petroleum Bhd, Malaysia, formed in September 2010 with L&T holding 60% equity stake. This JV operates Heavy Lift cum Pipe Lay Vessel (HLPV), named LTS3000, for installation of offshore platforms and laying of sub-sea pipelines.

During the year, the vessel (LTS3000) has successfully installed 10 offshore structures (5 Jackets & 5 topsides) and laid over 56 kms of sub-sea pipeline at various oil fields in Malaysia and Myanmar, registering highest utilisation.

L&T MODULAR FABRICATION YARD LLC, OMAN
(LTMFYL) :**Subsidiary Company :**

LTMFYL is a JV between Zubair Corporation & L&T, established in the Sultanate of Oman. L&T, through its wholly owned subsidiary Larsen & Toubro International FZE, holds 65% in the company. Its core competencies include fabrication of large size Offshore Platforms, Jack-up Rigs, Floating Production Storage & Offloading (FPSO) Modules, Integrated Decks, Skid Mounted Equipment, Onshore Process Modules etc. LTMFYL is now a major fabrication service provider in the Middle East and international offshore oil & gas industry, comparable with the biggest fabrication yards in the region.

The yard was optimally utilised during the year with major fabrication work for PTTEP and ADMA OPCO projects as well as lay-up and repair work for Jack-up Rig for ONGC is underway.

LARSEN & TOUBRO ATCO SAUDIA LLC (L&T ATCO) :
Subsidiary Company :

L&T ATCO is a JV between L&T and Abdulrahman Ali Al-Turki Group of Companies (ATCO) Dammam, a renowned Saudi conglomerate. L&T ATCO was incorporated as an In-Kingdom Company in 2007 to take advantage of the electro-mechanical construction opportunities arising in the areas of Oil & Gas, Petrochemicals, Power and Water related projects in Saudi Arabia. L&T, through its wholly owned subsidiary Larsen & Toubro International FZE holds a 49% stake in the company.

The Company has achieved pre-qualifications for major upcoming projects of Saudi Aramco and SABIC. During the year, Company has bagged project for Wasit Gas Development from SK Engineering & Construction Co. Ltd.

The Company is currently executing the SADARA project, bagged in the previous year.

LARSEN & TOUBRO ELECTROMECH LLC (L&T Electromech) :

Subsidiary Company :

L&T Electromech is a JV between L&T and The Zubair Corporation, Oman (TZC). L&T, through its wholly owned subsidiary Larsen & Toubro International FZE holds 65% in the company.

The Company is a leading Civil, Mechanical and Electrical & Instrumentation Construction Company in Oman undertaking projects in Oil & Gas, Refineries, Petrochemicals, Power and Water Treatment sectors.

The Company achieved growth during the year mainly on account of good order book and a number of orders received. It is currently executing two major jobs, one from DALEEL Petroleum for Power Generation & Distribution Facility and another for PDO Lekhwair Gas Field development project, besides O&M jobs.

LARSEN & TOUBRO KUWAIT CONSTRUCTION GENERAL CONTRACTING COMPANY WLL (LTKC) :

Subsidiary Company :

LTKC is a JV between L&T and M/s Bader Almulla and Brothers Company WLL. L&T, through its wholly owned

subsidiary Larsen & Toubro International FZE, holds 49% in the Company. LTKC executes construction projects in Oil & Gas and Power sectors in the State of Kuwait.

During the year, LTKC has received an order from Kuwait Oil Company (KOC) for New GC 16 Cluster Development. Currently, it is also executing the construction portion in Effluent water Injection/Sea water injection job of KOC being executed by Petrofac.

L&T-CHIYODA LIMITED (LTC) :

Associate Company :

LTC is an internationally reputed Design & Engineering Consultancy catering to the Hydrocarbon Processing Industry. LTC was set up in the year 1994 as a JV between Chiyoda Corporation of Japan and L&T with an equal stake.

LTC offers total engineering solution to hydrocarbon related industries including Petroleum Refineries, Petrochemical Units, Oil and Gas Onshore Processing Facilities, LNG/LPG Plants, Fertilizer Plants and Chemical Plants. Engineering and Consultancy services offered by the Company include Feasibility Studies, Basic Engineering, Front End Design & Engineering (FEED), Detailed Engineering, Procurement Assistance, Construction Supervision, Commissioning Assistance and Project Management Consultancy, to many global and Indian Oil Companies.

Buildings and Factories Business



Crescent Bay - an elite residential project coming up in the heart of Mumbai, India's commercial capital.

Overview :

Buildings & Factories (B&F) business undertakes engineering design and construction of Airports, IT Parks, office spaces, educational institutions, stadiums, convention centers, metro stations, hospitals, hotels, residential buildings, factories, cement plants and warehouses.

The thrust is on focused development in various building segments and expanding customer base by providing "Concept to Commissioning" solutions. This helps in maintaining the leadership position, retaining key customers, entering new markets and securing major orders. Construction excellence coupled with technology, experience and expertise gained over several decades has established B&F business as one of the premium contractors in the industry.

Business Environment :

Despite a global economic slowdown and lower GDP growth in India, B&F business stood out in the market during 2012-13 with impressive growth in terms of revenue and order book.

The B&F business saw a considerable growth in the order book in residential segment due to the increased focus in affordable housing and real estate development in Tier II cities along with the metros. It leveraged upon the same by bagging a number of major orders and expanding its geographical presence. In IT space segment, the business was able to match the order inflow plans despite weak economic scenarios in US and Europe which adversely affected the expansion plans of IT companies. The year was challenging for some segments like factories and airports. In factories segment, companies preferred split up packages with low project value. For airport segment,

major domestic airport projects got delayed due to hurdles in land acquisition.

After strengthening itself in Mumbai, the residential business unit has marked a pan-India presence by bagging major orders from leading real estate developers across the country. In factories segment, B&F business received a major order to construct a defence facility. In airports segment, it bagged orders to construct the passenger terminal building in Chandigarh and Sindhudurg. In IT space, orders were bagged to construct IT Parks for major IT companies. In institutional segment, the business was successful in winning a bid to construct a new campus for the Indian Institute of Technology (IIT). B&F business also received orders to construct 5-star hotels for major hospitality companies. It strengthened its position in UAE by bagging a major order for construction of a specialty hospital in Abu Dhabi for NMC Healthcare, thereby increasing its international share.

Some of the key projects commissioned by B&F business during the year include ITC Grand Chola, a 5-star luxury hotel in Chennai, Elante mall in Chandigarh, ATC Tower and a single span hangar for Mumbai International Airport, IT Parks in Chennai and Gandhinagar, GIFT City in Gandhinagar, cement plants and river view apartments in Lucknow.

Significant Initiatives :

Apart from continuing its focus on emerging trends in technological enhancements, B&F business also targeted to sharpen its business strategy. Key moves were made in order to have a better picture on emerging markets, new businesses and strategic tie-up. Strategic initiatives had been planned and implemented by each business unit to spread across geographies, improve operational excellence and expand customer portfolio. In order to harness new opportunities in Africa and the Kingdom of Saudi Arabia (KSA), new offices were setup in Nairobi in Kenya and Riyadh in KSA.

With the thrust to bridge the gaps in the niche areas for business growth and enhance project execution capabilities through an integrated human resource approach, strong focus was laid on talent acquisition while hiring expats, professionals, and students from premier institutes. Customised programs were conducted for the employees in order to address the skill gaps through a number of

in-house training and development programs. Employee performance was also reviewed through a sophisticated performance management system. Various workmen management centers have been set up in order to improve their skills and increase work efficiency.

Institutionalising strong internal control mechanisms covering total operations has been the thrust areas of the business. Further, it has well documented policies and guidelines for evaluation and authorisation of tenders being submitted/work orders and purchase orders being placed. B&F business has constituted a separate cell to monitor various business processes at project locations for identifying and rectifying any weaknesses observed.

Outlook :

Some key decisions by the Government are expected to facilitate major prospects in the coming years. The Government has decided on increasing fund allocation to health sectors, setting up new educational institutions, allowing FDI in aviation and retail and relaxation in floor space index in high rise structures. All these decisions create favorable scenarios for sectors like IT space, hospitals, institutional space, aviation, mixed use development and residential space.

In the private sector, IT companies' plans to expand into non-metros and expansion plans by auto, pharmaceutical and cement companies will add to business prospects.

In order to capitalise on the positive outlook for 2013-14, B&F business has taken steps to strengthen its presence in UAE and Oman and also establish its footprint in other countries such as Africa, Kuwait, Bahrain, Qatar and KSA by forming strategic tie-ups and targeting major orders.

Major Subsidiary Company

LARSEN & TOUBRO OMAN LLC (LTO) :

Subsidiary Company :

LTO is a JV with Muscat Trading Company LLC (Zubair Corporation Group), providing engineering, construction and contracting services for over 15 years in Sultanate of Oman. The Company has an excellent track record in civil projects and continues to enjoy customer preference in the country. L&T, through its wholly owned subsidiary Larsen & Toubro International FZE holds 65% in the company. B&F business is one of the major business segments of LTO.

During the year 2012-13, LTO bagged major orders in Residential and Institutional segments from clients like GLOREI, Royal Court Affairs and Ministry of Defence. Some of the key projects commissioned in Oman are German University and Ministry of Manpower Head Quarters in Muscat.

The completion of major prestigious projects within stringent timelines, demonstrates B&F business' superior

project management and project execution capabilities in handling large design build and turnkey projects.

Prospects appear attractive in segments like Airports, Residential, Institutional space and commercial buildings as major orders are in pipeline in these segments. Based on positive economic scenario in Oman and its proven track record, LTO is well positioned for expanding the business portfolio in the region.



Scale and splendour at the new Elante Mall in Chandigarh



L&T Business Park at Powai, Mumbai

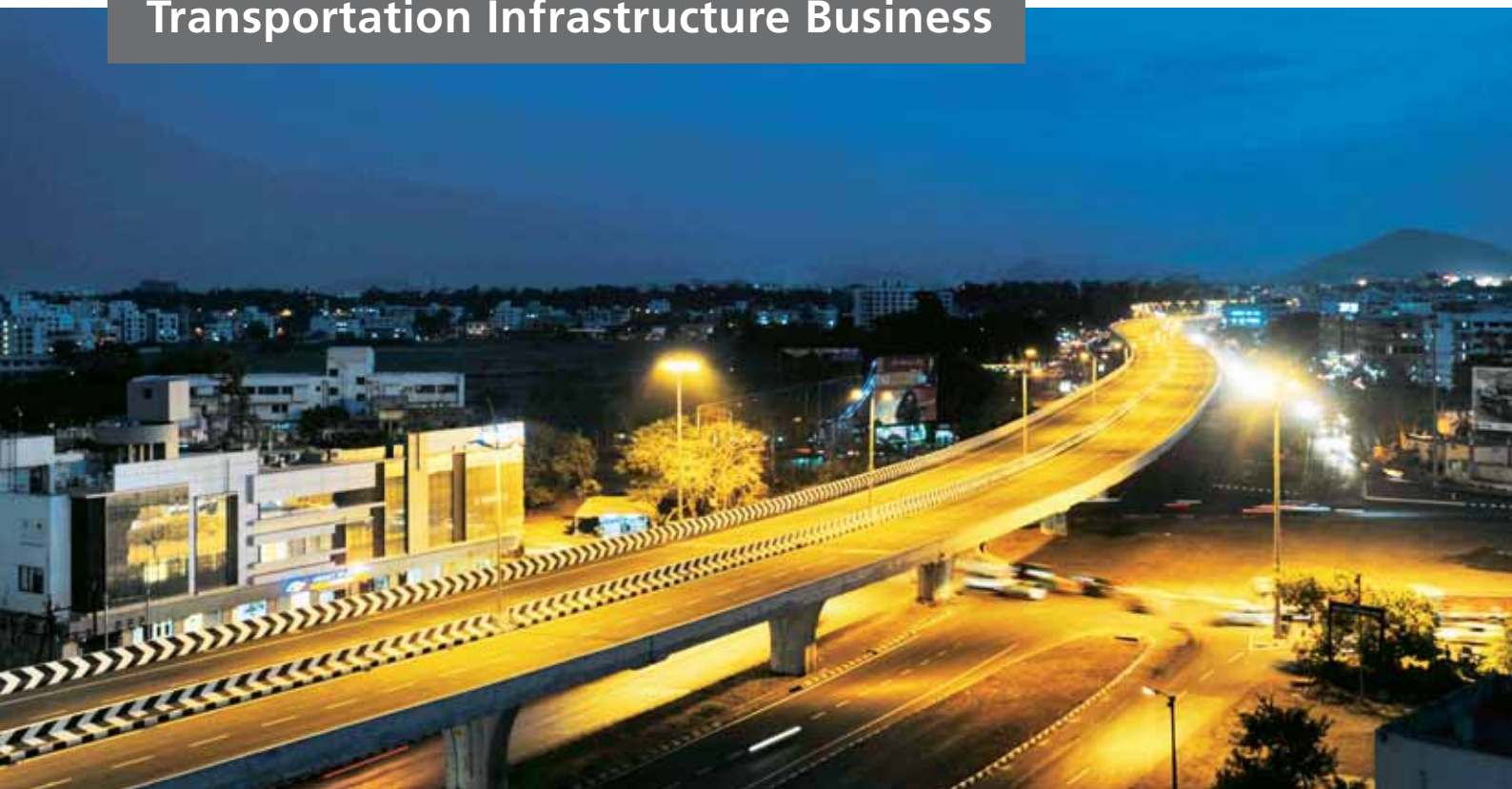


One of multiple high rise residential and commercial complexes being built by L&T that are changing the skyline of Mumbai



L&T offers a single point, design-to-build solution for the infrastructural needs of the entire manufacturing sector

Transportation Infrastructure Business



An elevated road corridor decongests the bustling metropolis of Nashik. L&T undertakes a wide range of critical infrastructure projects

Overview :

Transportation Infrastructure business comprises of four business units namely, Roads, Runways & Elevated Corridors, International Infrastructure, Railway Construction & Railway Systems. It maintains leadership as premier construction major in both the transportation infrastructure sectors of Road & Rail in India. Transportation Infrastructure business has consolidated its presence and made considerable inroads in the Gulf in the year 2012-13.

Business Environment :

Due to the continuing policy inaction and sluggish economic scenario in India, much of the mega projects have been delayed in recent past posing a challenge for new BOT orders in the domestic market. In smaller EPC projects and railway projects the competition remains intense due to a large number of players with aggressive bidding strategies. In international market a lot of local players with huge asset base are chasing new projects. Strategic tie-ups with local players appears imperative for achieving success.

Major orders bagged in 2012-13 include Delhi Agra Road Project-179.5 Km, Amravati Jalgaon Road Project, KMDA Project, Sindhudurg Airport, various Railway Construction Projects and Infra projects in UAE-ADAC. In Railway segment, the business captured 41% of Rail Vikas Nigam Limited (RVNL) Market in the year 2012-13. Dedicated Freight Corridor Corporation (DFCC) has come to a decisive phase of contract award for CTP 1 & 2.

Four Unincorporated Joint Ventures (UJVs) have been formed with Darwish, Sraiya, Delma & Hashemi in UAE and Qatar for Roadway Projects. Two JVs have been formed with Fujita and Ansaldo for Etihad Rail & Riyadh Metro for Railway Projects respectively.

Significant Initiatives :

The business has rolled out operational excellence measures for all domestic as well as international projects. Key operational excellence initiatives include cost reduction and productivity improvement in subcontracting, procurement, manpower cost reduction, improved equipment utilisation



L&T's capabilities in bridge-building include design and construction of many types of bridges of different span lengths using innovative techniques and construction methods.

and optimisation, deployment of better construction methodology & lean processes, enhancing efficiency in project management and contract management. For improved optimisation of resources the business has adopted the approach of cluster as an operational centre whereby each cluster of projects will be supported by strong sub-contractor base and smart mobilisation model for optimum utilisation of assets & manpower during preconstruction period.

Strengthening in-house design capabilities is one of the major thrust areas and the business has taken several steps in this regard.

Outlook :

The business sees good prospects in road, rail sector in the year 2013-14. A few large NHAI road projects and a major EPC package from DFCC are on anvil.

Further, the Cabinet Committee on Investment is set up, to resolve issues in infra projects greater than ₹ 1000 crore. This will expedite processes of granting environment and forest clearances for mega projects. NHAI has expressed willingness to compensate Developers/Contractors for delays in projects caused by the circumstances beyond their control, which will revive the BOT project space.

In addition, the 12th five year plan mentioned the formation of the master plan for expressways to be developed for both

the passenger and freight movements in the high traffic density corridors. Also National Expressway Authority of India expected to be formed to take up initiatives for both the land acquisition and to get the work executed under the BOT mode.

In Rail Sector, there is a thrust on doubling and electrification by Indian Railways. Large opportunities are expected out of expansion of Delhi Metro Phase III and other new upcoming metro projects such as MEGA, Ahmedabad and Kochi Metro.



Sheikh Khalifa Interchange - linking the emirates of Abu Dhabi and Dubai.

On the international front, thrust of the Governments in Gulf region on infrastructure projects both in Roadways and Railways is expected to open up more opportunities in UAE, Qatar, Oman & Kuwait. Several projects which have been tendered in the recent past in UAE and Oman and the thrust on infrastructure development is expected to continue at steady pace in these countries. Qatar projects are likely to kick start in later part of 2013-14.

With its top class engineering and execution the business is targeting growth in the order inflow and revenue in 2013-14.

Major Subsidiary Company
LARSEN & TOUBRO OMAN LLC (LTO) :
Subsidiary Company :

The economy in Oman continued its growth in a sustained manner during 2012-13. The Government of Oman has allocated funds for large public investment programs, particularly in infrastructure and social sectors. LTO is targeting large value road and expressway orders from upcoming projects in Oman. The company is expanding Plant & Machinery base considering the expected investments by Government of Oman in large infrastructure projects.

Heavy Civil Infrastructure Business



L&T is constructing India's first monorail network in Mumbai – India's commercial capital. The project involves design, construction, installation, testing and commissioning the 19.7-km corridor on a turnkey basis. This includes project management, civil work, DC traction systems, interface management, automatic fare collection system and E&M services.

Overview :

Heavy Civil Infrastructure business undertakes design, engineering and construction of projects in Metros, Ports, Tunnels, Special Bridges, Hydro Power, Nuclear Power and Defence infrastructure sectors.

Business Environment :

The year 2012-13 saw limited tenders in many of the business segments such as Ports, Hydrel and Nuclear due to delays in policy decisions and financing of large scale projects.

However, the business recorded good performance and succeeded in achieving most of its plan with its focussed approach. The operational and financial performance of the business reflected healthy growth in 2012-13. Some of the major orders secured during the year 2012-13 include various underground and elevated packages of Delhi Metro project, 171 MW Lata Tapovan Hydropower project in Uttarakhand, 850 MW Ratle Hydropower Project in Jammu & Kashmir, Natural Draught Cooling Tower

package of Kakrapar Nuclear Power Project 3 & 4, Design & Construction of C17 Beddown Infrastructure facilities, Taxiways, Aprons and other Buildings etc. at Hindan Air base, Ghaziabad.

Some of the key projects completed by the business include Kattupalli port cum shipyard facilities in Tamil Nadu, 520 MW Parbati HEP in Himachal Pradesh, etc. The business has also achieved substantial completion of works in 330 MW Srinagar HEP in Uttarakhand, Elevated Corridor at Nashik, Bangalore metro, Kudankulam Nuclear Power Project (unit 1&2) etc.

Significant Initiatives :

Heavy Civil Infrastructure business has undertaken several initiatives to improve the cost competitiveness with clear focus on supply chain management, operational excellence, value engineering and improved capacity utilisation. The other initiatives include thrust on project monitoring and operations by placing capable organisation structure and exclusive team building for contracts administration.



The Rajasthan Atomic Power Plant. L&T has supplied critical equipment and built almost every nuclear power plant in India.



Ports are part of the wide portfolio of major infrastructure projects built by L&T.

Heavy Civil Infrastructure business has also taken several steps to enter international markets especially in the Middle East. It has made project specific tie-ups for such international projects and it is participating in tenders for Qatar and Riyadh metros. Attracting and retaining talent with requisite competencies and focusing on training and development to enhance productivity are the key focus areas to support the business needs.

Outlook :

Given the huge gap between infrastructure demand and supply in a growing economy like India, all businesses relating to heavy civil infrastructure are likely to witness good growth over a sustained period.

With the specific and continuous thrust on business development, the business is looking at new opportunities

across various business segments in India as well as in the international markets. The healthy order book position of Heavy Civil Infrastructure business gives the confidence of registering a substantial growth in revenues during the year 2013-14.

**Major Subsidiary Company
L&T GEOSTRUCTURE LLP (LTGS) :
Subsidiary Company :**

LTGS was formed in 2012-13 under Heavy Civil Infrastructure business. The LLP is a joint venture (JV) with Transworld Infraprojects Private Limited with Larsen & Toubro (L&T) holding 74% stake. LTGS undertakes projects in the business areas of ground engineering namely soil investigation, deep excavation, earth retaining structures, piling, ground improvement, microtunneling, mine shafts and other related activities.

Metallurgical & Material Handling (MMH) Business



Coal handling plant executed by L&T at Koderma in Jharkhand. L&T is a single point solution provider for a comprehensive range of material handling systems.

Overview :

Metallurgical & Material Handling (MMH) business undertakes EPC (Engineering, Procurement & Construction) projects for ferrous (iron & steel making) and non-ferrous (aluminium, copper, lead & zinc) metal industries, bulk material & ash handling systems in power, port, steel and mining sector. It has a well-established Industrial Machinery & Foundry work shop at Kansbahal, Odisha and a fabrication shop at Kanchipuram, Tamil Nadu to cater to the specific requirements of the customer.

Business Environment :

Economic scenario has been generally challenging with the down-trend in investments during the year 2012-13, impacting fresh order intake by the business. Moreover, it is also experiencing keen competition from overseas players like China and other break-way countries of erstwhile USSR.

Braving the challenging business environment, the business has not only retained its market leadership but

also enhanced its market share during the year 2012-13. MMH business has been partnering various steel producers in their capacity expansions, which added another 10 Million Tons per annum domestic production capacity in the year 2012-13. Some of the major plants executed by MMH business and commissioned in FY 2012-13 are : Sinter Plant (2*204 sqm) for IISCO, Burnpur; Sinter Plant #3 (360 sqm) for SAIL, Rourkela; Blast Furnace (3813 cum) for RINL, Visakhapatnam; Pellet Plant (6 MTPA) for Tata Steel, Jamshedpur; 'I' Blast Furnace (3 MTPA) for Tata Steel, Jamshedpur; LD shop for Tata Steel, Jamshedpur; Sinter Plant (204 sqm) for Bhushan Steel, Angul and 4 MTPA Dry Circuit Material Processing (DCMP) Plant for Tata Steel, Joda. Material Handling Business Units of MMH business have also been supporting the major power producers commission their projects and the major ones commissioned in the year 2012-13 are Unit#1-Coal Handling Plant (6*150 MW) for Hindalco, Mahan; Unit # 1 to 3-Coal Handling Plant (5*660 MW) for Adani Power, Tiroda; Unit#1-Coal Handling Plant (5*270 MW) for Indiabulls Power, Amravati; Unit#4-Coal Handling Plant

(2*500 MW) for NTPC, Simhadri Stage-2 and Unit#2-Coal Handling Plant (2*500 MW) for DVC, Koderma.

MMH business managed to stay ahead of its competitors in the major bids in the year 2012-13 including Beneficiation & Pellet Plant, Coke Oven Rebuild for SAIL; Ore Handling Plant for OMC; secured orders for Coal & Ash Handling Plant for RRVUNL, Chhabra (L&T Power); Coal Handling Plant for BIDCO TPS, Lalitpur; Port Handling Facility for Adani.

MMH business is currently executing major metallurgical projects at Kalinganagar & Jamshedpur for Tata Steel, at Bhilai for SAIL, at Angul for Bhushan Steel, at Bellary for JSW, at Angul for JSPL, at Rayagada for Utkal Alumina and at Mahan for Hindalco.

Material Handling packages at Lalitpur for BIDCO, at Rajpura for Nabha Power Thermal Power Plant, at Anpara for UPRUVNL, at Raigarh for DB Power, at Tiroda for Adani Power Limited, at Joda & Noamundi for Tata Steel, at Tuticorin for NTPL and 10 other Material Handling Plants are being executed concurrently for various customers.

With the inclusion of Industrial Machinery & Foundry Business Unit, Kansbahal, MMH business has forayed into high end customised manufacturing needs of steel, power & other metallurgical sector customers. The primary products of Kansbahal includes Surface Miner, Crushing Systems, Paper Machinery, Apron Feeder and key equipment for coke oven, pellet and steel making segment. The business is now fully equipped for manufacturing of High end Equipment for metallurgical sector involving Heavy fabrication, intricate castings, precision machining and critical assembly. The fabrication shop at Kanchipuram continues to provide the support and strength of heavy fabrication and assembly of Material Handling Equipment like Stackers, Reclaimers and host of other mid precision level equipment catering to the steel and other process plants.

Key success factor for the business is high customer retention, operational efficiency and consistent performance.

It is establishing international organisation to tap the large business potential in the Middle East market in ferrous, non-ferrous and material handling sectors. The business has successfully secured orders in JSIS-Oman and EMAL-UAE in 2012-13. It intends to carry forward this initiative with impetus to explore newer geographical locations in Sub-Sahara Africa and South-East Asia.



Coke Oven Battery at one of India's major steel plants.



Limestone crusher manufactured by L&T



Blast furnace at Vizag Steel Plant. The company undertakes detailed engineering, procurement, manufacture, supply, construction, erection and commissioning of projects in the areas of ferrous and non-ferrous metals and mineral beneficiation.

Significant Initiatives :

MMH business has made strategic alliance with leading global technologist as a part of business line diversification in ferrous segment which include :

- Paul Wurth-For Blast Furnace, Coke Oven and By-Product Plant;
- Outotec-For Sinter plant and Pellet plant;
- Nippon Steel-For Coke-dry- quenching and Continuous Annealing & Proceeding line;
- METSO-For iron ore beneficiation.

To avail new concept & technology for increased capacity in material handling sector, MMH business has technology tie-ups with global technologists which include :

- Ashton Bulk, UK-for crescent type wagon tippers, high capacity side-arm-chargers and ducking tripper type stacker reclaimer;
- Norwest, US-for coal waheries;
- FLCE, France-for long belt conveyors;
- UCC, US-for ash handling system.

Efforts are on to strengthen the team of domain experts in the significant target business segments to build core competency and in-house technology capability. Further, after embarking on an operational excellence program

to enhance productivity and cut cost of operations, the roll out at various projects and departments have started bearing fruit.

Outlook :

Land and mining reforms and renewed investments in the field of Ferrous, Non-Ferrous, Ports and Power sector will be key drivers for Metallurgical & Material Handling business.

In spite of the current slowdown, Steel industry has been performing well in India and is expected to witness increase in demand in the year 2013-14. Government's initiatives to boost private investment in Power & Port sector likely to bring fresh inflow of capital. Investment allowance of 15%, coal block linkages, developing ports in PPP mode are precursor to revival of the sector.

The business has aligned itself towards providing solution on Value added/debottlenecking efforts of industry majors, focusing upon operation agility during this challenging scenario. With the opening order book and expected orders during the year, the business is confident of posting good performance in 2013-14.

Power Transmission & Distribution (PT&D) Business



L&T executes a wide variety of transmission line projects across some of the world's toughest terrain.

Overview :

The PT&D business is a leading EPC player in the field of Power Transmission and Distribution business offering integrated solutions and end-to-end services ranging from design, manufacture, supply installation and commissioning of transmission lines, substations, distribution networks, electrical & instrumentation works for power, process & infrastructure projects, communication systems in both domestic & international markets.

Industrial Electrification Business Unit provides turnkey electrical, Instrumentation & Communication (E&IC) solutions for major power plants including Thermal & Nuclear plants, Process plants, Hydro carbon & Pipeline Projects, IT Parks, Airports, Sea Ports, Metros, Intra City Power Transmission Network etc.

Substation Business Unit focuses on providing turnkey solutions for Power Evacuation schemes from Power

plants, Main Grid Substations for Utilities, Power Distribution & Power Quality Improvement works under Rural Electrification (R-APDRP, RGGVY schemes) Projects.

Transmission Line Business offers turnkey solutions in building Transmission lines for Power Evacuations Systems, boosted by its state-of-the-art tower manufacturing units at Pudukcherry and Pithampur with a total installed capacity of 1 lakh tpa & complemented by its tower testing facility at Kanchipuram.

PT&D's International Business Units in Gulf Countries namely UAE, Qatar, Kuwait, Oman & Saudi Arabia offer complete solutions in the field of High Voltage Substations, Power Transmission Lines, EHV Cabling, E&IC Works for Infrastructure Projects such as Airports, Oil & Gas Industries etc.

Business Environment :

During the year 2012-13, power scenario in India continued to be very challenging. Power generation sector plagued by many unresolved policy issues resulted in no major investments.

Fuel shortages, stringent land clearance & environmental norms & a host of other issues are affecting capacity additions in power generation while the financial performance of state utilities affected transmission sector, imposing constraints in order inflow.

Even in this challenging environment, the business managed to secure major orders from central utilities such as PGCIL, NPCIL, state utilities and other private players in Generation, EHV transmission & distribution segment.

The business also identified new and exciting opportunities in LV Power distribution Segments, which are funded by Central Government funding agencies. Utilities have embarked upon strengthening their respective distribution networks for better accountability. The focus on this segment has fetched good dividends by securing major orders from various state utilities & DISCOM's.

The business was also successful in tapping the potential available in electrification works of Process Plants & Urban Mass Transit (Metro) Projects.

Volatility in commodity prices, higher interest rates and inflation had an impact on the performance of PT&D business.

In the international arena the PT&D business bagged significant orders in UAE & Qatar. The business however was unable to realise the full potential due to deferred decision making and delayed award.

Major orders secured during 2012-13 include 765 kV Substations at Bara & Lalitpur for Jaypee & BIDCO respectively, 765/400 kV, 400/220 kV Substation at various locations across India for PGCIL & TNEB, Power Distribution & Quality improvement works under Rural Electrification schemes for various DISCOM's & State utilities such as Punjab, West Bengal, Karnataka etc.

Major Transmission Line projects include 800 kV HVDC Line from Champa to Kurukshetra, 400kV Line from Kurukshetra to Jalandhar, Barh to Gorakhpur & Biharsharif to Sasaram for PGCIL.

Industrial Projects include E&I Works for HSM, SMS & RMHS packages for Tata Steel & E&I Works for Blast Furnace for

NMDC, prestigious order for Field Instrumentation Works for NPCIL Kakrapar Atomic Plant, 11 kV & 22 kV Ring Main Distribution Network for TANGEDCO, Electrical & Mechanical Works for Bangalore Metro Network.

On the order inflow front in international market, PT&D business achieved a major breakthrough in 220 kV Segment in UAE by securing 220/33 kV Grid Station at Zakher & Ayn Al Faydha for AADC in addition to 132kV GIS substations for FEWA. The business also bagged a prestigious order to execute 11 kV Power Distribution Network for Emirates Palace.

A major breakthrough in Airport Segment in Gulf Market was attained by securing Special Airport System Package for Concourse 4 of Dubai International Airport and also E&I Works for Abu Dhabi Airport Airside works. International orders include 132 kV GIS Substation & 33 kV Power Distribution Network orders from Qatar Petroleum & 220/66 kV GIS substation and associated EHV Cabling Package from KAHRAMAA in Qatar.

The PT&D business also installed & commissioned first of its kind 1200kV National Test Station at Bina for PGCIL, 48 No's of 500MVA, 765/400kV transformers were commissioned at various substations of PGCIL across India, 400/132kV Bulk Power Receiving Station for TATA, the first of its kind 132kV Hybrid GIS substation for RRVPNL, 765kV Transmission Line from Agra to Jatikalan for PGCIL, 400kV Transmission Line from Korba to Bhillai for CSPTCL, 400kV Transmission Line from North Chennai to Almathy for TANTRANSCO, Electrical & Instrumentation works for Bhushan Steel plant, Rourkela Steel Plant for SAIL & Burnpur Steel Plant for ISP, Synchronized Unit-1 of 2x500MW Mauda TPP for NTPC, Unit -3 of 6x660MW Sasan TPP for Reliance.

In international operations, PT&D business commissioned a major electrical project comprising EHV & MV Power System Network for Qatar Petroleum and 132kV GIS substation for KAHRAMAA. The business also commissioned a 132kV Substation for DEWA, 7 No's 33/11kV Substations in Al Ain, 3 No's 33/11kV Substation for ADPC along with the first ever 220 kV Substation & overhead Line to a private consumer in Bahrain.

Significant Initiatives :

In its continuing efforts to improve operational excellence, PT&D business developed and launched many project management tools such as :

- EDMS (EIP Document Management System, an online tool for engineering process);

- SST (Supply Schedule Tracker, an online tool for Procurement monitoring);
- PRIME (Project Review & Information Management Enterprise, a progress monitoring tool) in the domestic BU's;
- Rolled out animation video on transmission line stringing procedure as a part of the endeavor for workmen skill development;
- Also, on a pilot basis EPPM (Enterprise Project Portfolio Management-Primavera) has been launched in our overseas operations.

The PT&D business is targeting to diversify its portfolio in GCC countries and is exploring opportunities in infra electrics segment and has been successful in bagging initial orders in this segment.

As part of PT&D business's internationalisation strategy to expand into new geographies, dedicated business development teams have been deployed across strategic locations in Africa & South East Asia to identify & strongly pursue emerging potential.

Outlook :

In domestic market, good business prospects exist as Government policies lay stress on Power System Grid Strengthening Schemes through Central & Multilateral funding agencies. Central & State Utilities are likely to

proceed with their Investment Plans. Debt Restructuring Plan of DISCOM's/State Utilities and power tariff revisions will also pave way for financial health revival & faster project implementation. Power Distribution & Power Quality Improvement Projects under Rural Electrification Schemes will drive the business in MV & LV Distribution Segment.

Key drivers for growth are likely to emerge from the opportunities in Steel, Cement and Oil & Gas Sector by way of various Greenfield and Brownfield projects, telecom & EHV Power Cabling Networks, Metros etc.



400 kV GIS Switchyard, NTECL Vallur of 3 x 500 MW Thermal Power Plant



Switchyards are part of L&T's capability in executing projects for power transmission and distribution

GCC investment plans on Grid Strengthening & infrastructural development continues to be in line with economic development, offering substantial potential. intensifying power demand in Africa & South East Asian countries unleashes significant potential and new opportunities.

Major Subsidiary Company :

LARSEN & TOUBRO OMAN LLC (LTO) :

Subsidiary Company :

LTO is a JV with Muscat Trading Company LLC (Zubair Corporation Group), providing engineering, construction

and contracting services for over 15 years in Sultanate of Oman. LTO has well established itself in the PT&D business in Oman. The Company has been awarded the prestigious "Infrastructure project of the year" award by Construction Week, Oman for the 220 kV Grid station & TL Jhaloot Project. This is a great achievement for PT&D business, given the technical challenges in execution of the project.

LTO is well positioned to harness the upcoming opportunities in Oman in PT&D segment supported by proven track record and strong construction capabilities.

Water & Renewable Energy Business



L&T has wide experience in design and construction services for water processing, transmission and distribution facilities.

Overview :

The Water & Renewable Energy business comprises Water & Effluent Treatment Strategic Business Group (SBG) and Renewable Energy Business Unit (BU). These two diverse lines of businesses provide services covering the entire value chain (Concept to Commissioning) and are playing important roles in creating a water-surplus, energy-secure and green future.

The Water & Effluent Treatment SBG caters to turnkey infrastructure projects in Water Supply & Distribution, Waste Water Collection, Treatment, Disposal, Re-Use and Industrial & Large Water Systems. Furthermore, the business also has presence in Gulf countries, where cutting-edge technologies are being deployed for Water and Waste Water Treatment projects.

The Renewable Energy BU provides turnkey EPC services for projects on Utility-scale Photovoltaic/Concentrated Solar Power Plants, Decentralized Solar PV Systems, Wind

Power Plants, Micro-grids, Smart-grids and Integrated Security Solutions. The BU has plans to expand to Gulf nations where substantial investments are envisaged in Solar industry.

Business Environment :

Recognizing the urgent need for building quality water infrastructure and tapping clean sources of energy, governments across the globe are coming out with policies encouraging investment in these sectors.

In India, major water infrastructure projects are being promoted by local governing bodies (State Governments and Municipalities) with support from the Central Government under innovative schemes like Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and funding from international agencies like Japan International Cooperation Agency (JICA).

The Water & Effluent Treatment SBG has affirmed its status as a leading player in Water Infrastructure projects in India in 2012-13. Major projects commissioned in 2012-13 include a 20 MGD Water Treatment Plant in Delhi for Delhi Jal Board (DJB), Barmer Water Supply Scheme in Rajasthan and Utkal Alumina Water Supply Scheme in Odisha. Also, fresh orders have been secured which include Cuttack Sewerage Scheme for Odisha Water Supply and Sewerage Board (which includes micro-tunneling of 10 km), 25 MGD and 50 MGD Water Supply Schemes for Gujarat Industrial Development Corporation (GIDC) at Dahej, Water Supply Schemes to five districts in Rajasthan for PHED, Sewerage Scheme in Bhatpara Town under National Ganga River Basin Authority (NGRBA) for Kolkata Municipal Development Authority in West Bengal, Hanamapur Lift-Irrigation Scheme for Krishna Bhagya Jala Nigam Ltd. (KJBNL) in Karnataka and 110 MGD Raw Water Pumping Station, Raw Water Transmission Main, 50 MGD Water Treatment Plant & Clear Water Pumping Station at Kolkata for Kolkata Municipal Corporation.

For Renewable Energy projects, some challenges are technology risk of solar module performance, weak compliance towards Renewable Purchase Obligations (RPOs), demand for crashed project timelines and operational and logistical hurdles due to remoteness of sites. Intense competition from emerging local and experienced international players is also a major challenge.

The Renewable Energy BU is executing a 125 MW Solar Thermal Power Project, the largest of its kind in Asia, based on Compact Linear Fresnel technology provided by Areva, for Reliance Power. Apart from the above, a 20 MW Solar Photovoltaic (PV) Plant has been commissioned for Kiran Energy at Phalodi, Rajasthan and a 17 MW Solar PV Plant has been commissioned for Malpani Group at Pokhran, Rajasthan. Also, new orders have been secured, which include a 55 MW Solar PV Plant for Kiran Energy in Tamil Nadu under REC mechanism and a 20 MW Solar PV Plant for another leading developer in Rajasthan. With over 300 MW of Solar projects executed/under-execution



Thermal desalination plants are part of L&T's capabilities in the water sector



India's largest solar plant built by L&T in Rajasthan.

till date, L&T is the first and only Indian company to enter the list of leading international Solar EPC players as per a report published by IMS Research.

Significant Initiatives :

The Water & Renewable Energy business has grown at a good pace in previous years and looks set to grow sustainably in the future. Some initiatives that have been taken to drive growth are :

1. Expansion of presence in India to new states by formation of new project clusters;
2. Targeting new geographies to tap emerging opportunities in water and renewable energy sectors;
3. Focus on emerging businesses like Desalination, Water Management and Solar Thermal Applications;
4. Deploying best-in-class technologies such as Micro-tunneling, Tracker-based projects, Micro-grids for achieving market differentiation.

The business is also differentiating from competition through its customer-oriented, quality-conscious and technology-driven approach towards business. Benchmarks are being created for operational excellence through efficient internal systems and processes.

Outlook :

Rapid urbanisation and industrialisation in India is providing impetus for creation of efficient and reliable Water infrastructure for supply of potable water and collection, treatment & re-use of waste water. Stringent

pollution control norms and their enforcement is also a major driver for investment in effective effluent-treatment systems. Also substantial investments are envisaged in lift-irrigation projects. It is encouraging to note that more than ₹ 15,000 crore have been earmarked for various water supply and sewerage projects in India in 2013-14.

The demand for clean and green sources of energy is on the rise. The National Action Plan on Climate Change (NAPCC) envisages a 15% mix of renewable energy in India by 2020. The 12th five year plan (2012-2017) has targeted a capacity addition of 15 GW in Wind sector. The Jawaharlal National Solar Mission has targeted a total installed capacity of 20 GW of grid-connected Solar plants by 2022. The year 2013-14 is going to see a large PV capacity of around 4000 MW being allocated in India. For Wind Power projects, the reinstatement of Generation-based Incentives (GBIs) is expected to give impetus to investments. With expected thrust on Renewable Purchase Obligation (RPO) compliance, restructuring of financials of state distribution companies and augmentation of transmission and distribution infrastructure, the renewable energy sector looks all set for a period of accelerated growth. Also, the business environment for Integrated Security Solutions looks bright with tenders being floated by various government authorities for city surveillance systems, intelligent traffic monitoring systems and security systems for critical infrastructure setups like nuclear power plants and airports.

Power Business



L&T's joint venture with Mitsubishi Heavy Industries introduced world-class supercritical technology to India. L&T is rapidly building a presence in India in pursuit of its mission to become the 'most preferred provider of equipment, services and turnkey solutions for fossil-fuel-based power plants in the Indian market'.

Overview :

Power business is an integrated concept-to-commissioning solution provider for thermal power plants engaged in setting up of coal and gas based power generation projects on a lump sum turnkey basis. With world class manufacturing facilities for supercritical boilers, steam turbines, generators, pressure piping, axial fans, air-preheaters and electrostatic precipitators, and an unparalleled experience in project management, engineering & construction management, the business has the capability to cater to 85% (by value) of the power generation value chain.

The business has an organization structure dovetailed for performance with focused business units supported by competency-based capability centers and service functions.

Geographically, the business has a pan-India presence with multiple project sites and project management centers at

Vadodara, Faridabad and Chennai. The manufacturing facilities for critical piping and electrostatic precipitators are located at Hazira. The facilities for boilers, turbines, generators, axial fans and air preheaters (housed in joint venture companies) are also located at Hazira. The business has set up establishments in various locations in India to assist business development, with procurement being supported by a China office.

The Company is a significant domestic player in the power market, with substantial investments in manufacturing capacity for supercritical power equipment. Multinational companies have also taken steps to create India facilities by tying up with or acquiring a local company. With these, the domestic supercritical manufacturing capacity is slated to cross 25,000 MW by 2014-15.

Business Environment :

The year 2012-13 witnessed weak environment with continuing problems of coal and gas supply, land acquisition hurdles and regulatory uncertainty. The inflation levels, which remained high for better part of the year, and the resulting high interest rates further contributed to the subdued sentiment. As a result, IPPs vanished from the market, leading to a slump in order prospects. Excluding NTPC Bulk orders which were announced in previous years, the total ordering in 2012-13 was a meager 6,600 MW.

In response to industry demand for duty imposition on imported power equipment, the government imposed 21% duty (5% basic customs duty + 12% countervailing duty + 4% special additional duty) on power equipment imports. Consequently, excise duty of 12% has also been levied on domestic suppliers, due to which the overall benefit of duty imposition has been diluted. To counter this duty imposition, foreign suppliers have started utilizing their competitive advantage of low interest rates to bundle low-cost financing as an additional offering to owners.

The gas output of the country reached all-time low in 2012-13. This has led to a near shutdown of the gas-based power market in the nation. The business has taken this weak domestic situation as an opportunity to explore tapping overseas markets, predominantly in South East Asia and Middle East.

The year 2012-13 also saw extremely aggressive competition with incumbents bidding low prices to bag awards in the shrunk market. The business has initiated aggressive cost saving measures to shield margins in an environment of price pressures.

For 2013-14, a slight improvement is expected in the market opportunities, with government tenders worth 9,000 MW on the anvil. Moreover, state electricity boards are now leaning towards EPC ordering mode which is positive for integrated EPC players like the Company's Power business.

Post the market downturn of 2011 and 2012, the second half of fiscal 2013 witnessed Power business revive itself with multiple order wins across business units. Two major awards bagged during the year came from RRVUNL for their 2x660 MW EPC project at Chhabra (Rajasthan) and NPCIL for the Balance of Turbine Island job at their 2x700 MW Rawatbhata (Rajasthan) project.

On the execution front, the year saw critical milestones like stator erection, hydro-test, turbine box-up being achieved in some of the projects. The business also successfully executed complicated multi-modal logistics plans for heavy equipment across long distances and difficult terrain.

The difficult interest rate regime for the better part of the year meant that the business had to keep a rigid focus on working capital management and ensure collection of customer outstandings. Despite some slowdown by lenders in disbursements to power sector, Power business could manage to collect the dues from its customers and ended the year with a healthy cash flow position.

Significant Initiatives :

The Power business introduced a slew of operational initiatives during the year to counter the market slowdown. The business also received critical recognition for its capabilities across various competencies. The state-of-the-art "Project Monitoring System" which allows real-time single-touch monitoring of all project sites of the business was recognized by NASSCOM which conferred the NASSCOM INNOVATION 3.0 award on the business for "best IT driven innovation in manufacturing vertical". The Quality Management Capability Center bagged the prestigious "Golden Peacock National Quality Award" for excellence in implementing quality initiatives and improving business practices. Safety is one of the most crucial factors that has upheld the execution excellence reputation of the business. Bolstering this reputation, Power business received the British Safety Council's Sword of Honour, which is the most coveted award in the area of Health and Safety worldwide.

The Power Training Institute, set up at Vadodara last year, to develop a pool of talented power professionals conducted training programs across the gamut of competencies during the year. Strong emphasis has been placed on engineering and technology services to bring in cutting-edge execution practices.

To insulate the business portfolio from the volatility of a single market, Power business has taken steps to expand operations beyond India. Since coal is not a permitted fuel in several countries, the potential for coal projects overseas is limited. Thus the focus is on opportunities for Gas Based Power Plants in the countries where the business is confident of being competitive as well as capable of successful execution. The focus is on Middle East where the business has set up two small power projects and South East Asia. The business is pursuing active leads in these regions and striving for a major breakthrough.

The Critical Piping unit which Manufactures High Pressure Piping Spools for Thermal Power Plants is seeking opportunities in Middle East. Steps have been taken to build a business development team at Abu Dhabi.

The Joint Ventures with Mitsubishi Heavy Industries for manufacture of Steam Turbines and Steam Generators

are seeking to supply components to MHI's third country projects.

Outlook :

While the year 2012-13 saw increased awareness and acknowledgement of problems plaguing the power sector with many announcements on reforms, it is important for these announcements to translate into action on the ground for the sector environment to improve. Government promises on fuel supply agreements, fuel price pooling are yet to fructify as also are the issues of standard bidding documents (SBD) and fuel pass-through for imported coal based plants. Though serious discussions are currently underway between industry and the government, it is likely that these deliberations will take 12 to 18 months to yield results. Thus the year 2013-14 is likely to remain subdued for the industry with continued pricing pressures as domestic players chase the few available opportunities.

With the IPP market having dried up, opportunities for the business during the year will come from PSUs like NTPC and State Electricity Boards. For gas-based opportunities in South East Asia and Middle East, we have made good progress on prequalification and significant efforts have been made to make a breakthrough in 2013-14.

Driven by its relentless focus on execution excellence, Power business is well placed to capitalize on the thermal power opportunities as they emerge and fortify its place as a credible integrated power EPC player in India.

**Major Subsidiary & Associate Companies :
L&T-MHI BOILERS PRIVATE LIMITED (LMB) :
Subsidiary Company :**

LMB is a joint venture between L&T and Mitsubishi Heavy Industries, Japan incorporated in India for the engineering, design, manufacture, erection and commissioning of super critical boilers in India. L&T has a 51% stake in the joint venture. The manufacturing hub of LMB is at Hazira, Gujarat while it has established design and engineering centers at Faridabad & Chennai. The Company has total installed capacity of 4000 MW for manufacture of boilers.

The Company is presently at an advanced stage of executing its various orders and is confident of meeting the market requirements with focused efforts to manufacture/deliver the products to become more cost competitive in the coming years. The Company is making efforts to introduce advance ultra-supercritical Steam Generators for the Indian market to remain ahead of competition by providing energy efficient and environment friendly products.

The export market thrust which is an integral part of the company's business strategy got impetus as the company bagged a prestigious order from MHI to supply pressure

parts for Rabigh Arabian Water Electricity Company, Saudi Arabia. Company is also trying to make inroads in the Indian market for operational spares for pressure parts and coal pulverisers.

L&T-MHI TURBINE GENERATORS PRIVATE LIMITED (LMTG) :

Subsidiary Company :

LMTG is a joint venture between L&T and Mitsubishi Group, Japan comprising of MHI and Mitsubishi Electric Corp. (MELCO). The Company is engaged in the engineering, design, manufacture, erection and commissioning of super critical turbines and generators in India. L&T has a 51% stake in the joint venture. The Company has a state of the art manufacturing facility at Hazira, Gujarat for manufacture of STG equipment of capacity ranging from 500 MW to 1000MW.

During the past year, the competition has further intensified with many international players setting up or in the process of setting up manufacturing facility in India and competing intensely for the few orders that are being tendered. The aggressive pricing and delivery terms from competitors has put severe pressure on the prices.

To face the twin challenges of weak business environment and intense competition, the Company is focusing on Cost competitiveness, better supply chain management, control over working capital and efficient utilization of resources. The Company is confident of meeting the market requirements to manufacture & deliver cost competitive products in the coming years.

**L&T HOWDEN PRIVATE LIMITED (LTH) :
Subsidiary Company :**

LTH is a joint venture between L&T and Howden Group, UK. The Company was formed in 2010 with the objective of supplying high end fans and air pre-heaters for super critical power plants being set up in India. L&T has a stake of 50.10% in the joint venture. The Company has a state of the art manufacturing facility for manufacture of fans and air preheaters at Hazira, Gujarat along with a Fan Testing facility. It also has a design and engineering centre at Faridabad near New Delhi.

During the past year, the Company won a major order for supply of fans and air preheaters for one of NTPC Limited's super critical power plants under construction in South India. The coming year holds a new set of challenges due to subdued market apart from continued threat of import of power equipment from Chinese manufacturers.

With several existing power plants in India being quite old, the Aftermarket segment is expected to have a huge potential which the Company is poised to exploit.

**L&T-SARGENT & LUNDY LIMITED (LTSL) :
Subsidiary Company :**

LTSL is an equal joint venture between L&T and Sargent & Lundy, USA. LTSL offers complete gamut of Power Plant Engineering & Consultancy services-from concept to commissioning. Its experience list includes overseas projects in USA, Saudi Arabia, Oman, UAE, Jordan, China, Thailand, Malaysia, Sri Lanka, Bangladesh, Nigeria, Panama, Kuwait, Morocco and Kenya. Besides having considerable expertise in gas based and sub-critical coal based power projects, LTSL is also involved in engineering of super-critical coal based projects and forms the engineering base for L&T's thrust into turnkey execution of super-critical technology. As of now, it has engineered around 19,000 MW of generation capacity of gas-turbine based power plants and around 17,000 MW of generation capacity of coal-based power plants across the globe.

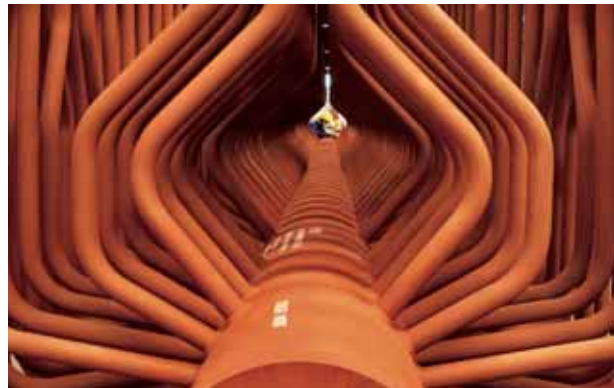
LTSL's prospects will be coming from L&T, S&L and Third party domestic and international customers.

Though the domestic market does not seem encouraging, the projects stalled for long are expected to be awarded in this FY.

The international market provides opportunity to bid for projects in the emerging nations. Apart from established contacts in Middle East and S.Korea, LTSL intends to build business relationships with clients located in other identified countries such as Turkey, Brazil, South Africa, Indonesia and Malaysia. LTSL will continue its thrust on new areas of business viz. Project and Construction management services at site, Transmission and Distribution and Solar projects



Supercritical turbine being assembled at L&T's Hazira Campus.



Supercritical boiler manufactured at L&T's state-of-the-art manufacturing facilities at Hazira.



Natural gas-fired combined cycle power plant built by L&T at Vemagiri in Andhra Pradesh, India

Heavy Engineering (HE) Business



World's largest vacuum distillation column - weighing 975 MT - fabricated by L&T for Paradip refinery (Orissa, India).

Overview :

The Heavy Engineering (HE) business manufactures and supplies custom designed, engineered critical equipment & systems to core sector industries like Fertiliser, Refinery, Petrochemical, Chemical, Oil & Gas, Thermal & Nuclear Power, Aerospace and equipment & systems for Defence applications.

HE business has manufacturing & fabrication facilities at Mumbai in Maharashtra, at Vadodara & Hazira in Gujarat, at Visakhapatnam in Andhra Pradesh and at Sohar in Oman. At Talegaon in Maharashtra; it has a Strategic Systems Complex for integration and testing of Weapons Systems, Sensors & Engineering Systems. A Precision Manufacturing Facility has been set up at Coimbatore in Tamil Nadu to manufacture precision machined components & assemblies. A Military Communications

and Avionics facility is set up at Bangalore in Karnataka. This center is integrated with a development center and small scale production facility for Defence Electronics and Embedded software in these domains.

Project management teams at each location are supported by detailed design and engineering centres. Manufacturing teams are backed by production engineering and manufacturing process development centres at each location. The business has "Technology and Product Development Centres" in Mumbai – for new product development in process plant equipment and for equipment & systems (including electronic systems/sub-systems) for strategic sector. Strategic Submarine Design Centre is also located in Mumbai.



Reactors sail out from L&T's manufacturing facility at Hazira for coal gasification plants in Vietnam.

Business Environment :

Despite the weak global economic scenario and pending policy decisions on the domestic front the business booked higher Order Inflow & Sales during 2012-13 with successes in the overseas markets. Lack of level playing field due to Free Trade Agreements signed by the Government of India has increased competition in the domestic market.

The process plant equipment business faces aggressive pricing, deliveries and payment terms offered by European, Korean and Japanese fabricators. Localization policies of certain countries and preference to local suppliers by certain EPC companies due to socio-political conditions have also impacted the HE business. The business's competitiveness is also influenced by the absence of competitively priced, long tenor financing from Indian export credit agencies for exported engineering products.

The defence business was impacted by delay in decision making on ordering and long bid to award cycle. While numerous new programs were initiated through the issue of request of information (RFIs) and request for proposals (RFPs), the procurement process has not picked pace given the controversies in defence procurement and budget cuts enforced in the last quarter of the financial year. Defence offset opportunities have not fructified in significant value terms due to delayed procurement and dilution in offset related guidelines viz.; inclusion of homeland security & civil aviation (as eligible for offset credits) and introduction of multipliers for small & medium enterprises.

Significant Initiatives :

In the pursuit of manufacturing excellence and productivity, the business is committed and continues to invest in its campaign titled 'UDAAN' which signifies flight or breaking free from existing mindsets to scale new heights. UDAAN was initiated with the objective of achieving an exclusive position in the global process plant equipment and to fortify our lead position as supplier of defence equipment & systems from the private sector.

Some of the initiatives under "UDAAN" are :

- Implementation of Theory of Constraints
- Lakshya
- Enterprise-wide Collaboration for Alignment with Strategy (ECAS)
- Employee Engagement
- Innovation
- Sustainability

'Theory of Constraints' based 'Critical Chain Project Management' targets improving execution and delivery performance. The business undertook a mid-term review of its 'Lakshya' – a five year strategic plan for identifying strategies and action plans that are expected to drive growth during the plan period.

ECAS seeks to enhance Organizational Excellence through a strategy of promoting Customer Intimacy and promoting a culture of Collaboration.

Employee engagement, feedback and ideation workshops are conducted with the objective of creating an innovative, involved and committed work force.

Technology & Product Development Centers are focused on process technologies, manufacturing technologies, mechanical systems technologies, defence electronics technologies, embedded software solutions and submarine designs. These centers provide specific emphasis on welding & metallurgy, composite materials, heat transfer, hydrodynamics, computational fluid dynamics, stress analysis, microwave & RF technologies, embedded systems, high availability systems, military communication and drives technologies.

Outlook :

In the hydrocarbon sector, business prospects are promising in the medium term to long term with expected investments in greenfield, upgradation and revamp projects in the USA, Middle East, CIS and South East Asian markets. Increased shale gas availability in USA and Australia could result in announcement of LNG and GTL projects. The new urea investment policy is expected to incentivize domestic investments in fertilizer plants. In the nuclear equipment business, the civil nuclear liability implementation rules have been tabled in Parliament but ambiguity in respect of the extent of liability remains. For domestic nuclear power plants procurement process for long lead items is expected to commence.

The Ministry of Defence has announced a decision to give impetus to indigenization as a thrust area. Under this new policy Defence procurement programs are expected to follow hierarchical categorization process by preference to Buy (Indian), Buy & Make (Indian), Make categories ahead of Buy & Make (Global) and Buy (Global) categories. This would benefit the Indian industry with proven track record over the medium to long term. The business is also leveraging its product portfolio of multiple engineering systems to tap overseas market opportunities in the defence segment.

With superior technology, a lot of it home grown, state of the art manufacturing facilities and a committed work force, the HE business is well poised to tap upcoming business opportunities.

**Major Subsidiary Companies
L&T SPECIAL STEELS AND HEAVY FORGINGS PRIVATE LIMITED (LTSHF) :**

Subsidiary Company :
LTSHF is a joint venture (JV) between Larsen & Toubro (L&T) and Nuclear Power Corporation of India Limited (NPCIL)



The photograph is for representation purposes only, and does not purport to be a photograph of the actual nuclear-powered submarine built by L&T.

L&T made a critical contribution to India's first nuclear-powered submarine – INS Arihant. L&T offers a wide range of equipment and systems for defence - army, navy and airforce



L&T will build the cryostat for the prestigious ITER alternative energy project that will help meet growing global energy needs..



India's PSLV C-19 takes off from SHAR, Sriharikota. L&T is closely associated with programmes of the Indian Space Research Organisation (ISRO). (Photo : Courtesy ISRO).

with L&T holding 74% equity stake. The JV Company has set up a fully integrated manufacturing facility at Hazira to produce ingots and finished forgings required for critical equipment in nuclear power and hydrocarbon industry, rotors in power industry, rolls in steel plants and other heavy forgings for general engineering applications. The JV is a major strategic step towards achieving India's independence from imports of heavy forgings and ensuring timely supply of heavy forgings for nuclear power plants. LTSHF commenced commercial operations from October 1, 2012 with a capacity to produce a single piece ingot up to 300 MT and forgings up to 125 MT in the first phase. During the year, the Company has successfully made large size ingots and heavy forgings required for critical equipment in refineries, fertilizers, nuclear and other segments.

SPECTRUM INFOTECH PRIVATE LIMITED (SIPL) :

Subsidiary Company :

SIPL, a wholly owned subsidiary of L&T, possesses capabilities in defence electronics and avionics systems. SIPL concentrates largely on product development in embedded solutions, control and signal processing for defence sector and undertakes technology development

and manufacture of avionics LRUs for military applications. SIPL is certified by Centre for Military Airworthiness and Certification (CEMILAC) of the Ministry of Defence, India. SIPL has obtained AS9100 Rev C, ISO 9001 and ISO 27001 certifications.

LARSEN & TOUBRO HEAVY ENGINEERING LLC:

Subsidiary Company :

Larsen & Toubro Heavy Engineering LLC is a Joint Venture between Zubair Corporation and L&T, established in Sultanate of Oman. L&T, through its wholly owned subsidiary Larsen and Toubro International FZE, holds 70% in the Company. The heavy engineering facility was commissioned in October 2009 and is based at Sohar in Oman. The Company focuses on business in the Middle East, mainly GCC countries and supplements manufacturing and fabrication facilities located in India.

With more than USD 100 billion worth of investment plans in oil, gas and petrochemical projects in the Middle East and Oman planning to invest USD 50 billion in the hydrocarbon sector in the next 10 years, the JV Company sees good prospects in the region.

Electrical & Automation (E&A) Business



India's widest range of switchgear, offered by L&T. Switchgear is part of L&T's broad range of electrical and electronic systems, widely used in industrial, agricultural, building and commercial sectors.

Overview :

Electrical & Automation (E&A) is one of the core businesses of the Company. Its suite of offerings include low and medium voltage Switchgear, Electrical Systems, Marine Switchgear, Industrial and Building Automation Solutions, Surveillance Systems, Energy Meters & Relays. Its products and solutions cater to a variety of segments like industries, utilities, infrastructure, buildings and agriculture.

A major strength of the E&A business is its in-house design and development capability for its products and solutions. It also has state of the art high precision tool manufacturing facilities, a pre-requisite for high quality products. It runs four Switchgear Training Centres (STCs) across India that imparts training to engineers, consultants, technicians and electricians.

The manufacturing facilities are located at Mumbai (Powai), Navi Mumbai (Mahape & Rabale), Ahmednagar, Vadodara, Coimbatore and Mysore in India as well as in Saudi Arabia, UAE, Malaysia, Indonesia, Australia and the UK.

The E&A business comprises two Strategic Business Groups (SBGs) and designated subsidiaries. Further, there are business units that operate under each SBG. The Products SBG includes Electrical Standard Products (ESP) and Metering & Protection System (MPS) while Projects SBG has Electrical Systems & Equipment (ESE) and Control & Automation (C&A).

Business Environment :

The E&A business witnessed sluggish economic conditions, affected by factors such as tight liquidity, delayed policy decisions and deferments in projects finalization, Rupee weakening against US Dollar, volatility in commodity prices and rise in input costs.

The E&A business, however, sees better business prospects in Middle East evidenced by increase in enquiries/ order inflow. Business performance in sectors such as solar, telecom, oil & gas and agriculture were better in comparison to the traditional sectors like infrastructure, power, utilities etc.

ESP focuses on Tier II/III cities/towns in India, in-line with their growth strategy. The MPS business, that is primarily restricted to institutional clients like state-owned distribution companies, remained flat amidst fierce competition. ESE continued its focus to strengthen its position in Medium Voltage. C&A is putting continuous efforts on adding higher value through own IP based solutions and strengthening the delivery process.

Despite these odds, the E&A business registered a growth in order inflow and revenue in the year 2012-13.

Significant Initiatives :

Notwithstanding the economic slowdown, E&A was on course to improving its performance in a variety of ways that comprised restructuring business, acquisitions, new capacity creation, launch of new products and numerous process improvement initiatives.

E&A business set up common sales teams for Low & Medium voltage and automation projects for identified international territories broken into five clusters. During FY 2012-13, E&A acquired UK-based Servowatch Limited, one of the leading suppliers of advanced integrated ship control systems for offering cutting edge technology in control & automation space not only for marine application but also for other emerging segments like Security Surveillance System.

To expand and strengthen its scope of offerings, E&A business acquired a leading Malaysia-based busduct systems manufacturer, Henikwon Corporation in July 2012.

The year also saw new capacity creation for ramping up production of MCCBs (Moulded Case Circuit Breaker) and start of U-POWER ACB (Air Circuit Breaker) production by opening a switchgear factory at Vadodara, for modular devices at Ahmednagar and addition of new module

for LV Switchgear at Coimbatore. The Vadodara facility is supported by a well-equipped centre for research, development and engineering of circuit breakers.

The E&A business also made history by implementing for the first time in India Product Lifecycle Management (PLM) 7.01 version for CAD data integration with SAP to speed up introduction of new projects.

Another major initiative taken during the year was securing ISO 27001 certification for tightening Information Security Systems for BU functions across all manufacturing locations.

The Precision Machining Centre (PMC) of Engineered Tooling Solutions was awarded the 'Gold Certificate of Merit-2012' in India Manufacturing Excellence Award (IMEA) instituted by Economic Times in association with Frost & Sullivan. PMC was also certified for the tough aerospace standards AS 9100 Rev. C and is well poised to cater to global clients in aerospace markets. MPS participated in the prestigious Indian Merchant Chambers Ramakrishna Bajaj National Quality (IMC-RBNQ) Award and got the commendation certificate in 2012 in the manufacturing category.

Initiatives on spreading a culture of operational excellence through ongoing improvement initiatives continued under the banner of 'ELITE', an acronym for E&A's Lean Initiative Towards Excellence. These were Lean-5S, VSM (Value Stream mapping), Value Engineering, Six Sigma, TPM-JH (Total Productive Maintenance -JishuHozen) and PFMEA (Process Failure Mode Effect Analysis).

As in the previous years, the E&A business was successful in achieving significant savings on account of Value Engineering (VE) and majority of the projects were focused on reduction in material consumption.

Two initiatives, started recently-TPM for machines and PFMEA for identifying potential defects in a process and addressing them well before they surface-have started yielding results.

MPS business unit embarked on technology up-grade for integration of radio modules for facilitating collection of data over mesh network and development of pre-paid meter and smart meter.

A number of new products/variants were launched during the year that comprised Mpower GSM Module for controllers for the agriculture segment, Contactors, premium range of Miniature Circuit Breakers (EXORA),

improved range of standard duty capacitors and new protection relay (Mcomp). A solar lantern – Diva-was launched by ESP BU, a cost effective solution for the power deficit areas of the country and symbolizing the use of clean energy.

The C&A business unit introduced new solutions for solar plants. Its i-Visionmax solar package is a cost effective and efficient tool that continuously controls and monitors the plant thereby resulting in lower downtime and enhanced improvement of the plant's overall profitability.

E&A's in-house R&D has design & development capabilities for its products and solutions that are among the best in the industry. The in-house R&D facilities located as Powai–Mumbai ,Ahmednager, Mysore and Coimbatore are approved by Department of Scientific & Industrial Research, Ministry of Science & Technology.

The R&D centre networks with international labs, testing centres and academic institutions to keep abreast of new technology trends and introduce those for customers in different segments. Focused R&D activities have enabled ESP to have a healthy New Product Intensity (NPI) index of >30%-an index which measures the sales of products introduced in the market in last five years to the total sales in the financial year.

During the year, the E&A business filed 159 Patent applications, 29 Trademark applications, 36 Design

registrations and 2 Copyrights as well as 10 international Patent applications including 6 Patent Cooperation Treaty (PCT) and 4 Gulf Cooperation Council (GCC) Patent applications. This was the 6th consecutive year of filing more than 100 patent applications.

Continuous efforts on IP creation and its management earned the E&A business the highest awards in patents filing and design registration, instituted by the Indian Patents Office, viz. 'The Top Indian Private Company (Large Scale) in Patents 2012' and 'The Top Indian Organisation in Designs 2012'

Outlook :

It is expected that business sentiments in 2013-14 will see an improvement over the current year and, therefore, will offer better opportunities. The Government's focus on developing infrastructure sector holds promise and that the industry could see investments and good growth.

There are indications of good growth in certain sectors and the retail segment supported largely by Tier II/III cities and towns in India. The country will witness higher growth in energy efficient products as well as focus on development of alternate energy sources would gain ground. Water is another segment where investment is foreseen.

In projects business, EPC awards in major projects may pick-up during FY 2013-14. Local content /value addition/ presence is fast becoming a crucial factor in GCC



Medium Voltage Switchboard Panels of Tamco, an L&T subsidiary.

countries such as Oman and Qatar and also CIS (especially Kazakhstan). Political uncertainty will still be a factor in some countries.

The C&A BU is optimistic about the Terminal Automation projects from oil refining companies which are coming up in a phased manner – 60 locations in next 2 years. The meter market is poised for healthy growth. MPS BU expects large procurements expected from state utilities like Rajasthan, West Bengal, Kerala, UP, Tamil Nadu and Andhra Pradesh.

Major Subsidiary and Associate Companies :

TAMCO GROUP OF COMPANIES :

Subsidiary Companies :

TAMCO Group of companies operating from Malaysia, Indonesia and Australia are the wholly owned subsidiaries of Larsen & Toubro International FZE.

TAMCO is a leading medium voltage switchgear manufacturer in South East Asia and exports more than 50% of its produce to Middle East, Africa & UK. Its products are widely used in power, oil & gas, mining, heavy industries and construction. TAMCO spends more than 3% of its revenue in R&D and has over the years designed and developed the complete range of medium voltage products in line with international standards. TAMCO's strength has been its quality and flexibility to meet customers' complex needs and has a significant market share in Malaysia, Qatar, Dubai and Oman.

Outside of Malaysia, there are excellent prospects in Qatar due to FIFA 2022. There are large tenders for AIS (air insulated switchgear) and RMU (ring main Unit) in which



Supervisory Control and Data Acquisition system - SCADA

TAMCO is favourably placed. The approval by electricity companies of UAE has opened good prospects for the company and in the coming year, the company is hopeful of getting good orders from them.

TAMCO's new factory in Indonesia is a world class manufacturing facility for Low and Medium Voltage Switchgears. TAMCO Indonesia showed a significant improvement in orders and revenue.

TAMCO group aims to continue making new product developments in-line with "Lakshya 2016" Strategic plan. The new products would facilitate in-roads in markets like Kingdom of Saudi Arabia (KSA), United Kingdom (UK) in the coming year. Besides this, TAMCO plans to build a new manufacturing facility nearer to its customers. It is also developing new OEM's to expand its global reach.

L&T ELECTRICAL & AUTOMATION FZE (LTEAFZE) :

Subsidiary Company :

LTEAFZE, established in 2008 and operating from its own Integration Centre, at Jebel Ali Free Zone in United Arab Emirates (UAE), is a wholly owned subsidiary of Larsen & Toubro International FZE.

The Company provides integrated control solutions to industry verticals like Oil & Gas, Water & Waste Water, Power and Infrastructure in the Middle East, Africa and CIS markets with expertise in automation, telecommunication, electrical & instrumentation segments.

With major customer approvals in place, this business is focusing to provide solutions and services to Engineering Procurement & Construction (EPC) companies and to end



A section of L&T's range of electronic meters and relays.

users for both new and brown field projects. The company has further strengthened its position in infrastructure and telecom segments and expects to grow in these areas during the coming years.

L&T ELECTRICALS AND AUTOMATION SAUDI ARABIA COMPANY LIMITED, LLC (LTEASA) :

Subsidiary Company :

LTEASA is a joint venture between L&T, India and Yusuf Bin Ahmed Kanoo Group, KSA with a state-of-the-art integrated manufacturing facility in Dammam, mainly to cater to the customers in and around Saudi Arabia. The Company offers complete range of electrical systems and switchgear components in Low and Medium Voltage categories, Pre-Fabricated/Packaged Substations, Variable Frequency Drive panels and Automation systems etc.

The Kingdom of Saudi Arabia has increased its spend in sectors like healthcare, education, housing, water and transportation infrastructure. Major projects like Riyadh Metro, King Abdulaziz International Airport etc., have been tendered and are expected to be awarded during 2013-14. The Company expects to get the Saudi Electric Company approval for its products during 2013-14, thus paving the way for access to the huge SEC and

government/ministries market. All these developments augur well for the company.

HENIKWON CORPORATION SDN BHD, MALAYSIA : Subsidiary Company :

Established in 1982, Henikwon Corporation is a leading manufacturer of Low Voltage (LV) & Medium Voltage (MV) bus duct systems. Henikwon is globally well recognized and its offerings include high quality products compliant with international quality standards.

The Henikwon acquisition brought strong customer base of large corporations to E&A's business and complemented its portfolio and has enabled offering of comprehensive solutions for the building & infrastructure segments. It further enhances our presence in South East Asia and in catering to Indian and Middle East markets.

Henikwon products include wide range of LV & MV bus-ducts with contemporary features & reliable quality that are now part of L&T offerings in India. This is complemented by Henikwon's own brand equity and customer loyalty in various other regions. Henikwon has a strong market presence in most of the ASEAN countries.

Machinery and Industrial Products (MIP) Business



L&T's flow-control solutions for the hydrocarbon and power sectors are used worldwide. High-pressure valves for supercritical and nuclear power plants are a vital part of its product portfolio.

Overview :

Machinery and Industrial Products (MIP) comprises two Strategic Business Groups (SBGs) – Machinery and Industrial Products.

Machinery SBG :

Machinery SBG consists of Construction & Mining Machinery, Rubber Processing Machinery and Foundry Business Units.

Construction and Mining Machinery Business Unit (CMB) markets equipment manufactured by L&T-Komatsu Limited and the entire range of Equipment available from Komatsu worldwide. CMB also represents Scania, Sweden for their Mining Tipper Trucks. CMB also provides product support for all the equipment distributed by them. L&T-Komatsu Limited manufactures Hydraulic Excavators and Hydraulic Components, all of which are distributed in India by CMB.

Rubber Processing Machinery Business Unit (RPM BU) manufactures and markets Rubber Processing Machinery for the tyre industry. Currently, the Unit has manufacturing facilities at Manapakkam, Chennai and Kancheepuram near Chennai.

The Foundry Business Unit manufactures large sized SG Iron and special Iron casting for Wind Power and other Engineering sectors at its state-of-the-art Casting Manufacturing Unit at Coimbatore that has an annual capacity of 30,000T. The foundry can produce castings in the weight range of 3T to 28T.

MIP has set up manufacturing facility for its Rubber Processing Machinery business through the joint venture, L&T Kobelco Machinery Private Limited, Karai, Kancheepuram that manufactures Internal Mixers and Twin Screw Roller Head Extruders.

Industrial Products SBG :

Industrial Products (IP) SBG consists of businesses related to industrial valves, welding equipment & products and cutting tools.

Valves Business Unit (VBU) markets valves and allied products manufactured by Audco India Limited and a few Indian and Overseas manufacturers. VBU is one of the few select suppliers of valves for global oil majors.

L&T's Valves Manufacturing Unit (VMU) in Coimbatore is responsible for manufacturing of Valves for Power Sector and providing the technology support for new product development of Valves.

L&T's wholly owned subsidiary EWAC Alloys Limited (EWAC) having its facility at Ankleshwar, Gujarat manufactures and sells welding products. The principal products and services comprise welding consumables for maintenance and repair (M&R) segment, specification grade electrodes, flux cored welding wires, wear plates, welding and cutting equipment, tero cote lab services etc.

Industrial Cutting Tools (INP) business provides metal cutting solutions to the Indian manufacturing industry covering automobile, engineering and machine tools segments through marketing of Industrial cutting tools manufactured by ISCAR Limited, Israel.

Product Development Center (PDC) of MIP business based at Coimbatore renders Engineering and Product Development support across all the businesses of MIP.

Business Environment :

The Construction and Mining Machinery BU was affected as Construction equipment industry shrank by 15% over 2011-12 largely on account of the lower demand from road sector and general construction activities while the Mining Equipment demand was affected by lack of legislative action and pro-active legal impediments though long-term prospects remain bright. In last few years competition in Construction Equipment has increased with existing manufacturers adding new capacity and entry of new players who have also taken to aggressive pricing eyeing market share. Consequently, pricing continued to remain under pressure.

The year 2012-13 saw several Indian tyre majors postponing investments due to sluggish automobile demand. However, the Global tyre companies continued their investments in India and in other emerging economies such as, South East Asia, Brazil, Russia and China. RPM has been successful in

tapping some of these opportunities from the Global Tyre companies and was able to double its order inflow from overseas business.

The Foundry Business Unit (FBU) suffered a substantial decline during the year 2012-13 and this coupled with cheaper imports of castings from China resulted in FBU being under great strain for most part of the year. Expected re-introduction of Generation-based Incentive and consolidation of market amongst key players will enhance opportunity for FBU. WTG market is repositioning itself with multi-megawatt Units (against fractional mega-watt units) which require larger size castings. This will ideally suit the FBU facility. The forecast appreciation of Chinese currency (*vis-à-vis* INR) and the rising costs in China are expected to help Indian suppliers to the WTG industry becoming more competitive. Grid connectivity and performance of State Electricity Boards continue to impact WTG installations.

In the case of Industrial Products SBG, Industrial Valves segment continued to face challenging environment. The targeted projects in international oil & gas sector were on schedule. The Domestic Power Projects have not taken off due to various issues resulting in lower domestic orders and this is reflected in the order inflows being stagnant in the domestic segments. Project investments in North America and Europe continue to be sluggish. Overall project costs are coming down due to competitive bids from EPCs in South Korea & China. This has caused all major EPCs trying to put valve package proposals under significant price pressures. In the Indian market, project activity – including in de-bottlenecking projects-in domestic oil & gas segment was low, resulting in lower off-take from both Projects and Distributors. On power sector, this has been a disappointing year with all major projects hitting road blocks. In addition, due to delays in payments, order execution was also delayed by many customers resulting in lower sales. Expecting to cater to the once promising Power Industry, many international valve manufacturers have set up shop in India. With this additional capacity among valve manufacturers in India the intensity of competition is likely to increase in power projects.

For Welding Product business, the year gone by has been a difficult and challenging one in terms of the external operating business environment. Poor investment climate and high interest rates resulted in weak sentiments in the Capital goods sector which had direct impact on our equipment business. Tight liquidity conditions and low economic activity affected sales of consumables. With

continuing rise in prices of fuel, electricity and other input costs coupled with additional cost of shifting of operations during the year there was pressure on bottomline.

For INP business, overall, there was lower demand through the year 2012-13 from key business segments led by the automobile industry though there was increased buying from government sectors such as railways and defence. The rupee depreciation in forex market also affected profitability, leading to higher cost of imports.

All the SBUs in the MIP business have faced challenging business environment throughout the year.

Significant Initiatives :

CMB have expanded the company's after-sales support capability through long-term full-maintenance contracts and site support agreements to improve machine uptime and capping operating costs.

RPM took several initiatives in terms of product range expansion and customer base expansion and service offerings, significant among them is the development of high-end radial Truck & Bus Tyre building machines (first time in India), application of specialty coatings on critical parts, PVD on special materials to enhance life and functional improvements on the machines. Introduction of new products helped the unit to manage the downturn in the industry. Apart from newer sizes of presses, the Company was also successful in getting approvals of hydraulic press and Tyre building machines from a few Global Tyre majors based in Europe and USA, which is likely to open up opportunities in the Indian and International market in the year 2013-14. RPM successfully implemented Operational Excellence (OPEX) initiatives in the area of Supply Chain Management resulting in appreciable reductions in material cost as well as inventory levels apart from creating capacities for critical processes. A certification program in Tyre Machinery operation and maintenance has been started at the facility in Kancheepuram and has received good reviews from the couple of batches that have attended the program. This certification program is targeted towards engineering and maintenance personnel in the Tyre Industry.

FBU established itself as the most preferred source to some of its key customers. FBU was awarded TN Government's "GREEN AWARD" for environment friendly processes amidst participation across industries. FBU continues to maintain the standards and be a benchmark foundry in terms of safety and environment management. FBU also

has implemented successfully a number of initiatives aimed at cost reduction during the year.

Valves Business Unit has expanded the approvals from key oil companies and Power customers in the international market. International network has been strengthened with senior personnel posted in key markets such as the Middle East and South Africa. A Global Valves Sales Head has now been positioned in Jebel-Ali. Market coverage of domestic channel business has been strengthened with a number of Market development activities and product promotions.

Valves Business unit has been focusing on Oil & Gas in the international market, both downstream and upstream segments. Sustained oil & gas project activity in the Middle East and Asia Pacific provided good opportunity for valves. Long-term relationships with key end-users and EPCs in these regions were leveraged to enhance our market presence and exceed the order inflow targets for the year. New products addressing the upstream and tannage segments were well received in the international market. During the year a beginning was made in the International power segment with orders from major Power customers for power projects across the globe.

INP business, over the last year successfully launched many new products in drilling, milling and turning in the market under 'High IQ' theme. These new introductions are expected to enhance the competitive position and build market share for the business.

Outlook :

The market demand for Hydraulic Excavators is expected to improve on account of the increase in spending in the urban infrastructure, roads, general construction sectors and spending by the Government on various infrastructure projects. Coal Sector will continue to be the main demand driver for the Mining Equipment Business. The projected Gap between domestic coal demand and supply of around 200 million tonnes during FY 2013-14 portends opportunity subject to political actions leading to investments. CMB is well placed to take advantage of these opportunities through supply of large size Mining Equipment both to the public and private coal producing companies. Environmental & land acquisition issues continue to be areas of concern and may cause near term difficulties in mining equipment demands translating to orders.

Escalating cost of conventional energy, continued dependence on fuel imports and envisaged regulations

on commitment to proportional use of renewable energy, makes it attractive for the growth of core segment – Wind Turbine Generators. A 30% growth over FY 2012-13 in terms of MW installation is expected in FY 2013-14. This will help FBU position itself as the premium supplier to the major WTG players.

Major oil and gas sector investments are planned in Middle East, Australia and SE Asia. In India a large Petrochemical project is being set up offering good business prospects. NTPC's expansion plans are on stream and offer a good opportunity for our power Valves. Similarly the proposed NPCIL expansion plans offer scope for specialty valves.

For INP, the growth is expected to resume from second half of 2013-14 due to anticipated recovery in automotive and exports by key business segments and also better liquidity coming from lower interest rates.

Overall, business outlook for 2013-14 continues to remain challenging for most businesses of MIP and performance improvement is expected with the turnaround in GDP, impetus in Infrastructure investments and increased government expenditure.

Major Subsidiary and Associate Companies

EWAC ALLOYS LIMITED (EWAC) :

Subsidiary Company :

EWAC is a market leader in the business of maintenance & repairs welding & welding solutions for conservation

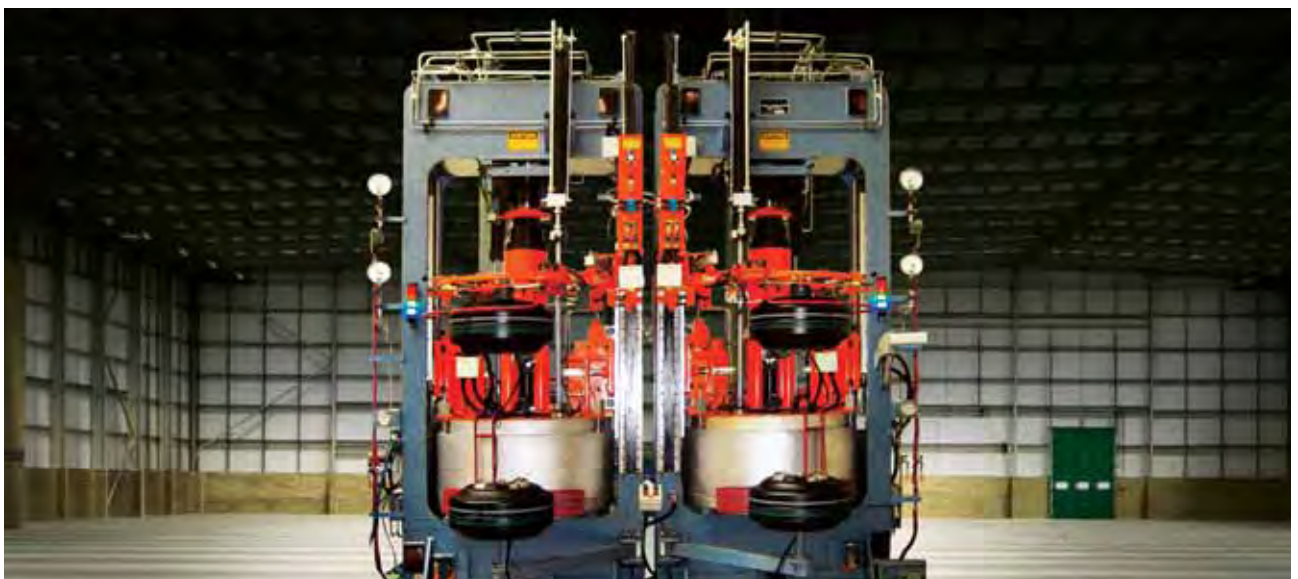
of metal resources. The principal products and services comprise Maintenance & Repair (M&R) consumables, specification grade electrodes, flux-cored welding wires, wear plates/parts, welding and cutting equipment, Tero Cote Lab services etc. In the current year, EWAC completed expansion of its facilities at Ankleshwar consolidating all its manufacturing operations at one place.

The year gone by has been a challenging one in terms of the external operating business environment. Poor investment climate and high interest rates resulted in weak sentiments in the capital goods sector which had direct impact on equipment and consumables business.

However, EWAC expects the situation to improve in the year 2013-14 and has planned major initiatives for addressing export markets and providing integrated solutions to customers in welding and cutting spheres.

L&T KOBELCO MACHINERY PRIVATE LIMITED (LTKM) : Subsidiary Company :

LTKM is a joint venture (JV) of Larsen & Toubro (L&T) and Kobe Steel Ltd, Japan to manufacture Internal Mixers and Twin Screw Roller-head Extruders for the tyre industry. This venture has been successfully complementing the business of L&T's Rubber Processing Machinery Business Unit by providing world-class Internal Mixers and Twin Screw Extruders to the customers.



Hydraulic tyre-curing press – part of L&T's wide range, manufactured and supplied to tyre manufacturers globally.

During the year, LTKM had set up the state-of-the-art factory at Karai Village, Kanchipuram to manufacture Internal Mixers and Twin Screw Roller head Extruders for the tyre industry and commenced its commercial operations. LTKM also successfully completed the commercial production of Extruders during the year and delivered to customer in India and Italy/Russia.

L&T-KOMATSU LIMITED (LTK) :

Associate Company :

LTK is a JV between L&T and Komatsu Asia Pacific Pte. Ltd., Singapore, a wholly owned subsidiary of Komatsu Limited, Japan. L&T-Komatsu Limited has been engaged in the manufacture of Hydraulic Excavators and other associated hydraulic components, marketed by L&T. The company was able to maintain its market share in its addressable premium market segment, but saw its overall share dropping due to shift in market demand towards low-priced non-premium excavators.

AUDCO INDIA LIMITED (AIL) :

Subsidiary Company :

AIL is a 100% subsidiary of L&T. AIL is a leading manufacturer of Industrial Valves. AIL manufactures various types of valves such as Gate, Globe, Check, Trunnion Mounted Ball, Butterfly, catering to all major industries viz Refineries & Pipelines, Power, Offshore Platforms, Petro Chemicals, Chemicals, Fertilizers, etc.

AIL Valves are approved by international Oil majors such as Shell, Chevron, EXXON, Aramco, PDO, ADCO, KOC which helps in participating in their worldwide projects. AIL also has a unique advantage of Indian Nuclear Industry approval. AIL products are distributed globally by L&T's Valves Business Unit.



L&T 9020 Wheel Loader-part of the wide range of machines for the construction and mining sector



EWAC Alloys - a subsidiary of L&T - offers a wide range of welding alloys and processes that extend machine life and help in the conservation of resources.



Valve testing in progress.



L&T Komatsu PC 210 LC at work.

Integrated Engineering Services (IES)



Knowledge City, Vadodara. The campus houses the global headquarters of Integrated Engineering Services.

Overview :

Integrated Engineering Services (IES) is today acknowledged as one of the emerging leaders in the Indian Engineering Research and Development (ER&D) service segment.

The Zinnov 2012 Global Service Provider Ranking, (GSPR) has placed IES's Industrial Products Domain in the Leadership Zone for the second time in a row. This is a true reflection of the commitment to be on the fast track of being the "BEST" in engineering outsourcing service industry.

IES is head-quartered at Vadodara, India with design centers located in cities of Vadodara, Bengaluru, Chennai, Mysore and Mumbai with global footprints and offices in the US, Europe, Middle East and Asia Pacific.

IES's service offerings include product design, analysis, prototyping, testing, embedded system design,

manufacturing engineering, plant engineering & construction management and asset information management using cutting-edge Computer Aided Design/Computer Aided Manufacturing/ Computer Aided Engineering technology in various domains. IES has supported innovation through co-authoring of over 70 patents.

IES also has alliances and partnerships with AUTOSAR (Automotive Open System Architecture), National Instruments, Intel, GENIVI and maintains high quality and data security standards. IES was the first in the world which received ISO/IEC 27001 : 2005 certification for IT Security Management Systems. IES is an ISO 9001 : 2008 and a CMMI level 5 certified organization.

Business Environment :

The year 2012-13 has seen outsourcing trends closely tied to how the world economy has rapidly changed. The financial uncertainty being created in some markets drove corporates to reposition themselves through new transformational initiatives. If the business climate continues to suffer, companies will look to outsourcing – particularly of non-core functions – as a means to save costs.

On the other hand, if the economy improves and business needs increase, outsourcing remains attractive because it offers a way for companies to keep up with increased demand and workflow. Regardless of the economic outcome, market expects cost-cutting to remain a top priority for global companies for the indefinite future. As a result, engineering services industry will likely see vendor-managed services on the rise, as companies see the benefits and flexibility of using variable staffing models. Large outsourcing providers would create business opportunities in emerging economies, which may provide more onshore outsourcing options.

Engineering Research & Development (ER&D) outsourcing to India has shown remarkable growth from \$8.3Bn in 2009 to \$15 Bn in 2012. Based on the economic conditions in Americas and Europe, analysts have revised growth projections for 2013 to 10% from 16%.

Mega trends impacting the outsourcing industry are convergence of Technologies/Industries :

- Products and Solutions with multiple functionalities are emerging especially in industries such as Consumer Electronics, Medical Devices, Automotive and Mobile Devices with cross-industry collaborations
- Open standards driven innovation
- Electronics and software emerging as a key value differentiator
- Adoption of cloud computing, big data, and software driven infrastructure is opening new opportunities for cost savings and innovation across many industries including Telecom, Consumer, Healthcare, Utilities and Manufacturing

Significant Initiatives :

IES has taken significant initiatives towards overcoming the challenges posed by the market and to grow significantly in comparison with its peers.

- Apart from expanding its global footprints, a key initiative for IES is focusing on global account management
- Significant investments in the solutioning space with emphasis on setting up Test Labs, Tear down studios

and onboarding of solution architects & domain experts to build new service offerings and industry specific solutions that can be taken to the market

- To foster an innovative culture and to ensure inclusive growth, IES has invested in setting up of the Technology Solutions and Innovation center (TSIC). The Tech Panorama was an output of the TSIC which was conducted across all of IES' locations to encourage employee participation and bring out the creativity and innovation within the organization
- To be best-in-class, IES has embarked on a journey of bringing in operational efficiencies and standardization and process consistency across the organization. Significant investments have been made in this space-the Project Management tool, CRM tool, Productivity improvement & financial systems are some of the initiatives that will be rolled out in the new fiscal year

Majority of the revenue for IES is dependent on North America and Europe regions. The market conditions prevalent in these regions have high impact on the business. To minimize this risk as well as to focus on newer geographies, IES has increased its business focus on Rest of the World (ROW) and Asia-Pacific (APAC) markets. IES is also focusing on farming the current clientele and hiring local talent to meet client expectations.

IES is actively working towards increasing its business share through outcome based model from Resourcing-based models. It is focusing more on Solution-based customer engagement, which helps partner with a customer in his NPD programs. The significant long term contracts won during the year are a testimony to these endeavors.

Recruiting people of different skills, domains and experience is a major challenge for the ER&D service industry. IES has been able to minimize this to some extent by setting up a



Engineering talent is drawn from India's premier academic institutes.

vertical oriented recruitment organization and by initiating various training and capability development programs to fulfill the ever changing customer needs.

Being a service provider to all major industry segments, the projects executed by IES are varied in nature and require different kinds of project management (PM) techniques. In this regard, IES have initiated various training programs in collaboration with L&T Institute of Project Management and is also in the process of implementing "PULSE"-a Project Management Tool to monitor and control project performance parameters.

Outlook :

Global trends in the economy today motivate the people in general to invest in businesses which have been growing significantly over the years. Engineering Services is one such industry. IES added 40 new clients during the year and has been serving 35 fortune 500 companies. With the initiatives taken in 2012-13, actions planned in the next year and addition of new geographies, IES is confident of achieving impressive growth in 2013-14.

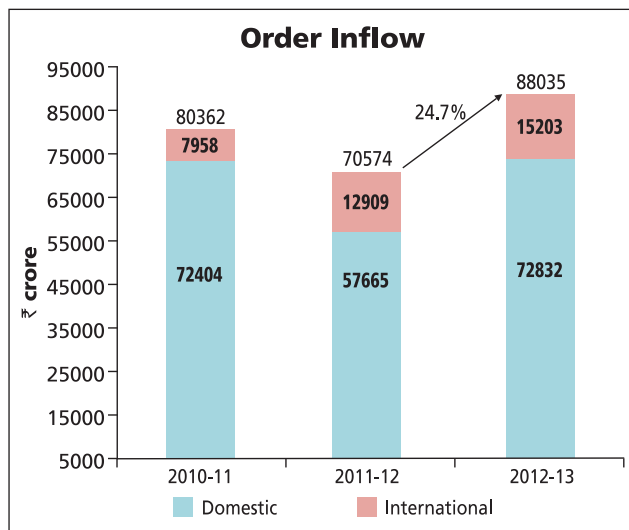
Financial Review 2012-13

I. GROWTH AMIDST CHALLENGES

A. L&T STANDALONE

Braving challenging business conditions, the Company has registered impressive increase in order inflow, growth in the revenue and closed the year 2012-13 with strong order book and healthy balance sheet.

The Company successfully secured new orders worth ₹ 88035 crore during the year 2012-13, registering a robust growth of 24.7% over the previous year. The order intake was notable against the backdrop of subdued investment climate, lower GDP growth and delays in policy decisions in India. Buildings and Factories, Power Transmission & Distribution, Transportation Infrastructure and Power EPC businesses contributed significantly to the order inflows during the year. Despite global uncertainties and stiff competition, the Company recorded a growth of 18% in the international order inflow over 2011-12 aided by focused efforts to develop the international markets for its offerings.

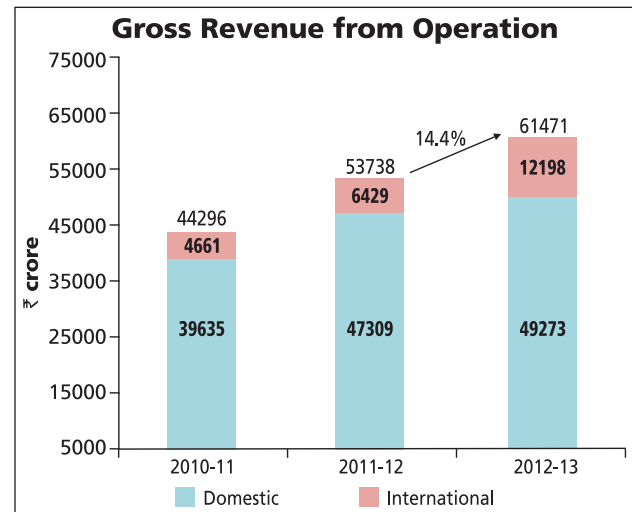


The Order Book as at the year end stood at ₹ 153604 crore providing revenue visibility for the next few years. 49% of the order book represents orders received from the infrastructure sector.

Revenue from Operations

Gross revenue for the year 2012-13 at ₹ 61471 crore grew by 14.4% over the previous year. Certain businesses viz. Buildings and Factories, Transportation Infrastructure, Water and Solar projects registered good increase in the revenue on the back of healthy order pipeline. The sales of the product businesses, however, were impacted due to low industrial demand.

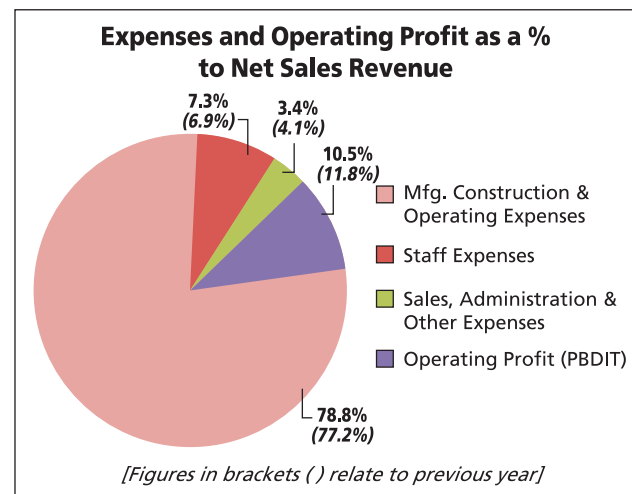
International revenue at ₹ 12198 crore doubled during the year 2012-13 over that of the previous year. The international revenue is mainly contributed by execution of airport, other infrastructure development projects, Oil & Gas EPC contracts in GCC countries and by growth in revenue of Integrated Engineering Services.



The Company relies on its good execution capabilities to achieve revenue growth.

Operating Cost

Manufacturing, Construction and Operating expenses at ₹ 47952 crore for the year 2012-13 increased by 17%. These expenses mainly comprise cost of construction & other materials and subcontracting expenses. As compared to the previous year, these costs have increased, reflecting inflationary pressures and the mix of jobs under execution during the year 2012-13.



The Staff Expenses for the year 2012-13 at ₹ 4436 crore increased by 21% as compared to the previous year. There was a net addition of 5338 employees during the year, taking the Company's manpower strength to 54092 as at March 31, 2013.

Sales and administration expenses for 2012-13 at ₹ 2077 crore decreased to 3.4% of net sales revenue due to reversal of warranty/receivables provisions on successful close out of jobs and recovery of dues.

Depreciation & Amortisation charge

Depreciation and amortisation charge for the year 2012-13 at ₹ 818 crore increased by 17% over the previous year. Increase in the depreciation charge for the year reflects the impact of the depreciation on the additions made to the fixed assets.

Other Income

Other income for the year 2012-13 amounted to ₹ 1851 crore as against ₹ 1338 crore for the previous year. It includes profit of ₹ 219 crore on sale of certain surplus properties. Dividends from Group companies during the year 2012-13 amounted to ₹ 585 crore. The short term investments made in low risk securities yielded income at ₹ 575 crore for the year.

The Company as a part of its portfolio management, divested its stake in L&T Plastics Machinery Limited at an exceptional gain of ₹ 214 crore. The Company paid compensation to employees pursuant to Voluntary Retirement Scheme (VRS) amounting to ₹ 38 crore. The exceptional gains, net of VRS expenses and on post-tax basis, amounted to ₹ 144 crore for the year 2012-13.

Finance cost

The interest expenses for the year 2012-13 at ₹ 982 crore were higher vis-à-vis ₹ 666 crore for the previous year. The increase is due to higher average borrowing incurred by the Company for financing the capex/working capital needs and investments in the Group companies. The loan portfolio of the Company comprises a blend of domestic and suitably hedged foreign currency loans. The average borrowing cost for the year 2012-13 was at 8.8% p.a., despite the elevated interest rate scenario and tight liquidity conditions.

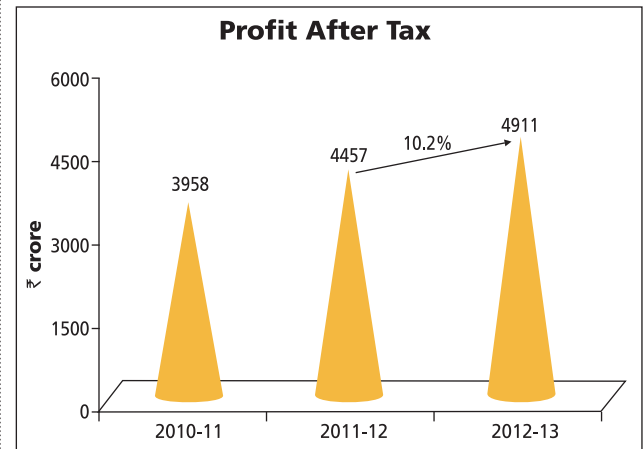
Profit after tax and EPS

Besides exceptional gains (net of tax) of ₹ 144 crore earned during the year, the Company also earned an extraordinary gain (net of tax) of ₹ 72 crore. The said gain represents reversal of provision made for the diminution in the value of investment in Satyam Computer Services Limited and gain of ₹ 19 crore on sale of Medical business.

Excluding extraordinary and exceptional items, the Profit after Tax (PAT) at ₹ 4695 crore recorded a growth of 6.4%

over the previous year. Overall PAT including extraordinary and exceptional items, for the year was ₹ 4911 crore vis-à-vis ₹ 4457 crore for the year 2011-12, recording an increase of 10.2%.

The Earnings per Share (EPS) including exceptional and extraordinary items, for the year 2012-13 at ₹ 79.99 showed an improvement of 9.7% over the previous year.



Funds Employed and Returns

The overall Funds Employed by the Company at ₹ 38219 crore as at March 31, 2013 increased by ₹ 2967 crore as compared to the year end position as on March 31, 2012.

The Company incurred ₹ 1505 crore towards capital expenditure during the year. The major expenditure was incurred on acquisition of various plant and equipment for the businesses in Engineering and Construction segment.

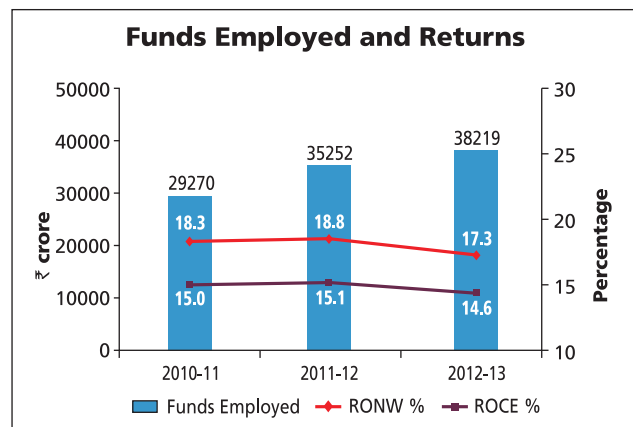
Gross Working capital as at March 31, 2013 was ₹ 43422 crore, representing 70.6% of sales vis-à-vis 72.9% for the previous year. Net customer receivables as at the end of the year stood at ₹ 22613 crore, which include ₹ 15532 crore of receivables contractually not yet due as on March 31, 2013. The balance customer receivables which were contractually due as on March 31, 2013 at 42 days' sales have decreased by 1 day's sales over the previous year.

Net Working capital as at March 31, 2013 at ₹ 10255 crore, however, increased to 16.7% of sales due to relatively lower advances from customers.

During the year, investments and loans to subsidiary and associate companies increased by ₹ 1593 crore. Major investments have been made in Power Development, Shipbuilding, Machinery and Industrial Products and Realty business.

Balance sheet lightening and divestment of non-core businesses are among the key focus areas. During the year

2012-13, the Company has carried out certain divestments at remunerative prices with a view to free up the resources to meet the increasing requirement of funds for core as well as emerging businesses. Major divestitures during the year 2012-13 comprise sale of Medical Equipment business, divestment from Plastics Machinery business, sale of certain surplus properties and exit from its investment in the Satyam Computer Services Limited.



Return on Net Worth (RONW) including the gains on divestitures for the year 2012-13 is at 17.3% as against 18.8% for the previous year. Return on Capital Employed (ROCE) for the year 2012-13 is at 14.6% as against 15.1% for the previous year. The relative reduction in the return on net worth is attributable to the investments through Group companies in the emerging businesses and expansion of facilities that are yet to start yielding returns.

Economic Value Added (EVA) from normal operations for the year 2012-13 is at ₹ 219 crore. Increase in funds employed, contraction of margins and higher funding cost have contributed to a reduction in the EVA for 2012-13 as compared to the previous year.

Liquidity & Gearing

Tight liquidity position prevailed through the year 2012-13 increasing pressure on the funds employed. The Company strived to achieve the balance between generation of funds at economical rates and their deployment for meeting the increasing business requirements.

Cash accruals from the operations were higher at ₹ 2115 crore as compared to the previous year mainly due to tight working capital management. Proceeds from sale of short term investments, divestitures, dividend and interest income aided cash generation during the year 2012-13.

Apart from deployment of cash for capital expenditure and investments in the Group companies, the Company repaid some of its long term loans amounting to ₹ 2300 crore

during the year 2012-13. Consequently, there was net cash outflow of ₹ 411 crore for the year 2012-13.

Cash Flow Statement	₹ crore	
	2012-13	2011-12
Cash & bank balance at the start of year	1905	1730
Cash generated by:		
Operating activities	2115	1082
Other investing activities (Mainly dividend and interest income)	1728	1191
Proceeds from sale of short term investments	1447	629
Divestment proceeds	388	126
Cash used by:		
Capital expenditure	(1505)	(1730)
Investments in Group companies	(1593)	(2139)
Financing Activities (Mainly refund of loans, interest & dividend payments)	(2990)	1016
Cash & bank balance at the end of year	1495	1905

With a significant increase in Net Worth and reduction in borrowings, the gross Debt Equity ratio improved to 0.30:1 as at March 31, 2013 from 0.39:1 as at March 31, 2012. Net of investment in liquid funds, the Company has a low net debt equity ratio of 0.07:1 as at March 31, 2013.

B. L&T GROUP PERFORMANCE

As at March 31, 2013, L&T Group consists of 139 subsidiaries, 14 associates and 14 joint venture companies. Apart from extension of the Company's core businesses in the group companies, certain businesses such as Information Technology, Financial Services and Developmental Projects form part of the Group through investments in subsidiary and associate (S&A) companies.

The Group Revenue at ₹ 75195 crore for the year 2012-13 registered a growth of 15.8% over the previous year. S&A companies operating in Financial Services, Information Technology, Hydrocarbon, Electrical & Electronics businesses have registered a healthy growth during the year 2012-13.

The state of the art heavy forgings facilities at Hazira in Gujarat, ship yard & port facilities in Kattupalli, Tamil Nadu were successfully commissioned during the year 2012-13. The construction work of major developmental projects viz. Thermal Power Development plant at Rajpura in Punjab, Seawoods project in Navi Mumbai, Hyderabad Metro Rail project at Hyderabad progressed during the year.

The Group exited from two loss making ventures in China and divested from certain real estate projects during the year 2012-13. The Group also divested its stake in Federal Bank Limited during the year.

The Company has changed its accounting policy on goodwill on consolidation for more appropriate presentation of financial statements. As per the revised accounting policy, the goodwill will not be amortised but the same will be tested for impairment. Pursuant to the aforesaid policy change, the consolidated PAT for 2012-13 is higher by ₹ 526 crore.

The overall Group Profit after tax at ₹ 5206 crore for 2012-13 registered a y-o-y increase of 10.9%. The Financial Services and Infotech businesses contributed significantly to the increase in the consolidated PAT.

The investments in the road concessions forming part of developmental project business are incurring book losses, as the newly commissioned projects are yet to reach the optimum traffic levels. Moreover, the newly commissioned forgings facilities, ship yard and port with lower initial business volume but higher interest and depreciation charge, have adversely impacted the PAT at the Group level.

The Earnings per Share (EPS) including exceptional and extraordinary items for the year 2012-13 at ₹ 84.79 showed an improvement of 10.4% over the previous year.

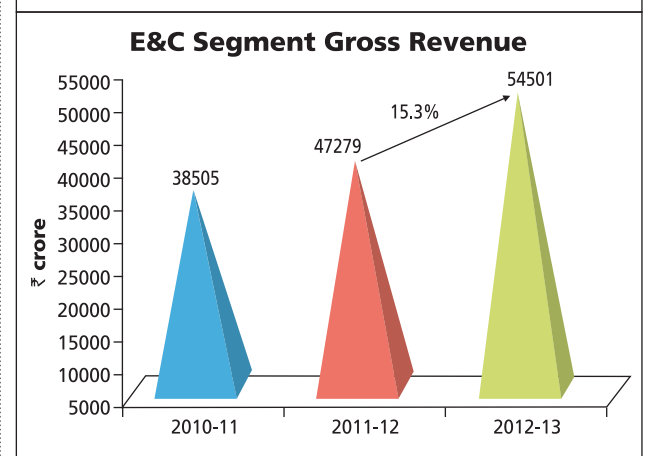
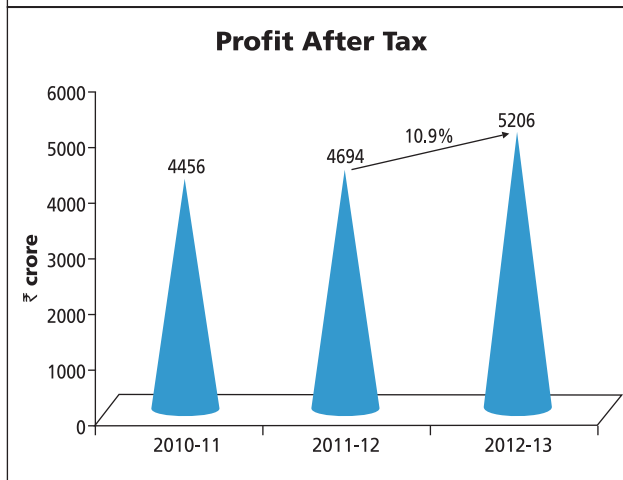
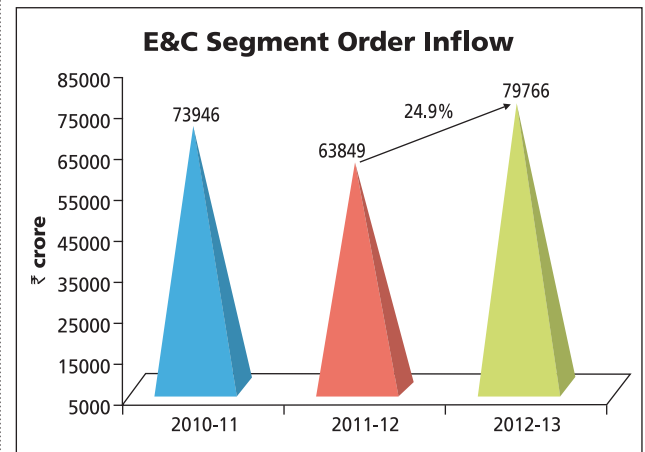
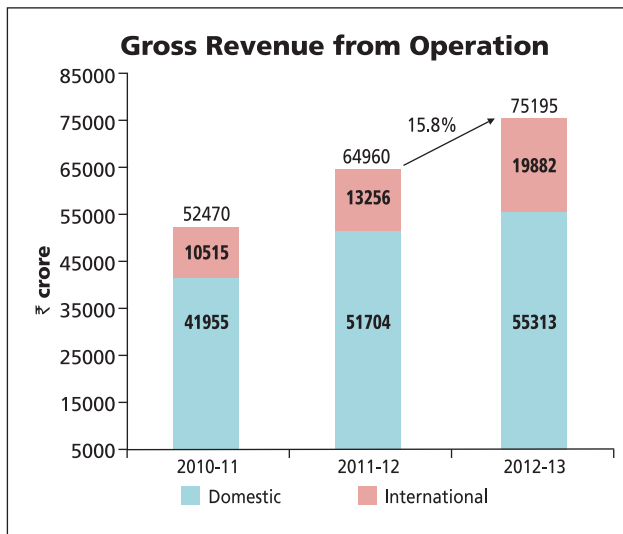
C. SEGMENT WISE PERFORMANCE

1. Engineering & Construction Segment (E&C)

1.1. L&T Standalone:

Order inflow of the segment during the year at ₹ 79766 crore registered a healthy growth of 25% over the previous year. Orders were mainly procured by Buildings & Factories, Transportation and Heavy Civil Infrastructure, and Power businesses.

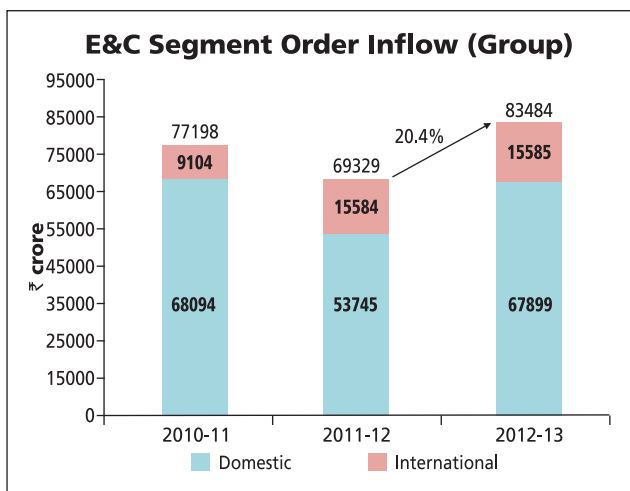
The segment revenue for the year at ₹ 54501 crore grew by 15% over the previous year, mainly driven by Buildings & Factories and Transportation Infrastructure businesses. This revenue growth was achieved despite of delays in obtaining clearances in a few projects under execution. International sales revenue during 2012-13 at ₹ 10124 crore doubled as compared to ₹ 4826 crore for 2011-12 propelled by execution progress on Hydrocarbon, Airport and Infrastructure jobs.



The composition of jobs under execution during 2012-13 was dominated by international jobs with relatively lower margins. The slow progress on certain jobs especially in the power, minerals & metals sectors impacted margins. The segment recorded EBITDA margin of 11.5% for 2012-13 vis-a-vis 12.7% earned in the previous year.

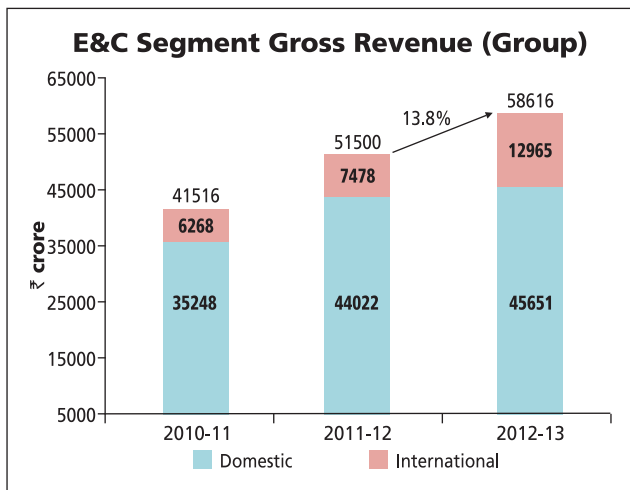
1.2. L&T Group:

Group level order inflows in the E&C segment grew by 20.4% to ₹ 83484 crore for the year ended



March 31, 2013. The growth was driven by subsidiary companies operating in the Heavy Engineering and Infrastructure sectors.

At Group level, E&C segment recorded gross segment revenue of ₹ 58,616 crore for the year ended March 31, 2013 registering 13.8% growth over the previous



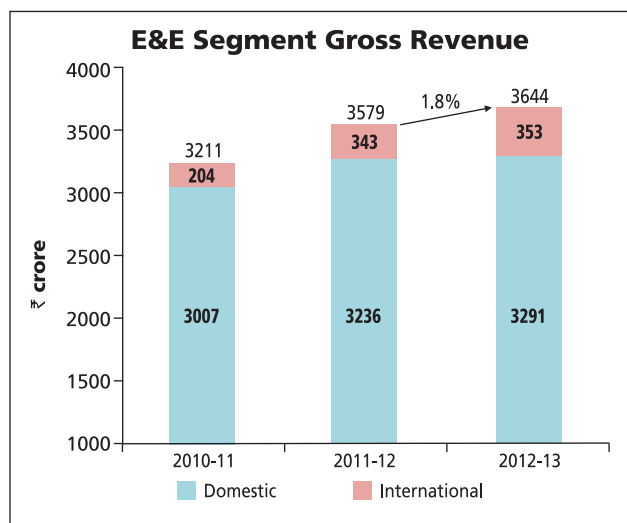
year driven by subsidiaries operating in Hydrocarbon, Buildings & Factories and Infrastructure sectors. The subsidiary companies operating in the Power, Power distribution and Transmission businesses however recorded decline in sales reflecting adverse business environment and slow pace of execution.

The Group Segment recorded EBITDA Margin of 12.3% during the year ended March 31, 2013 vis-à-vis 13.1% in 2011-12.

2. Electrical & Electronics Segment (E&E)

2.1. L&T Standalone:

The segment revenue of E&E business stood at ₹ 3,644 crore for 2012-13, recording a marginal increase over the previous year. Intense competition and sluggish market conditions posed considerable challenges for the segment during the year.

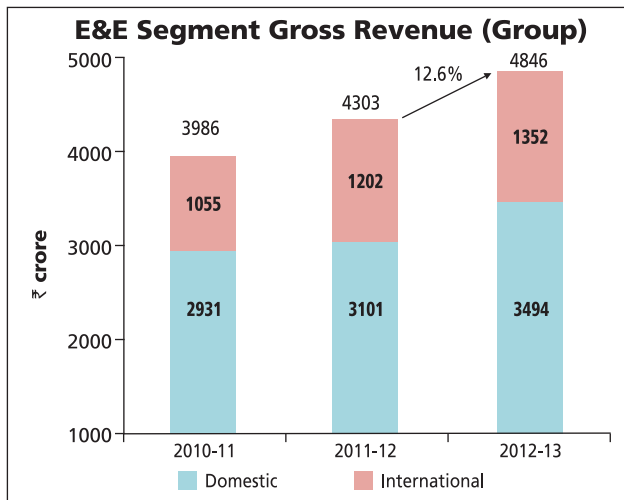


The EBITDA margin for the year improved by 90 basis points to 13.6% mainly contributed by Electrical Standard Products and Electrical Systems and Equipment businesses.

2.2. L&T Group

At Group level, E&E segment recorded gross segment revenue of ₹ 4,846 crore for the year ended March 31, 2013 registering 12.6% growth over the previous year. The revenue growth at the group level was driven by the Tamco Group of subsidiary companies.

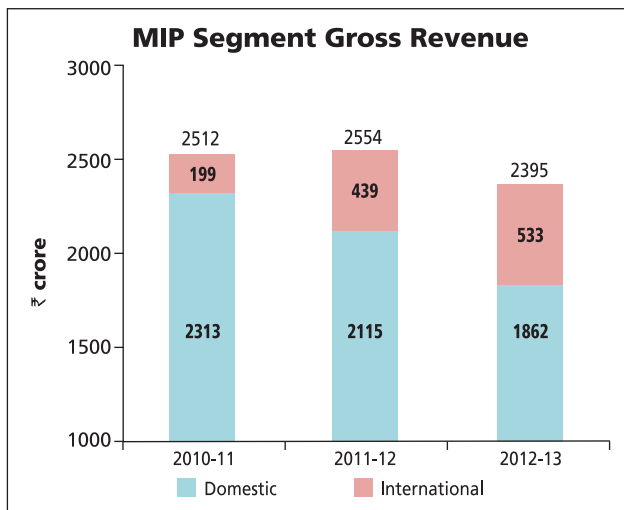
The Group Segment recorded EBITDA Margin of 16.5% during the year ended March 31, 2013 vis-à-vis 13.3% in 2011-12.



3. Machinery & Industrial Products Segment (MIP)

3.1. L&T Standalone:

The Segment revenue declined in the year 2012-13 to ₹ 2395 crore due to sluggish industrial demand. Revenue from International sales during 2012-13 at ₹ 533 crore, however, registered 21% growth over the previous year.



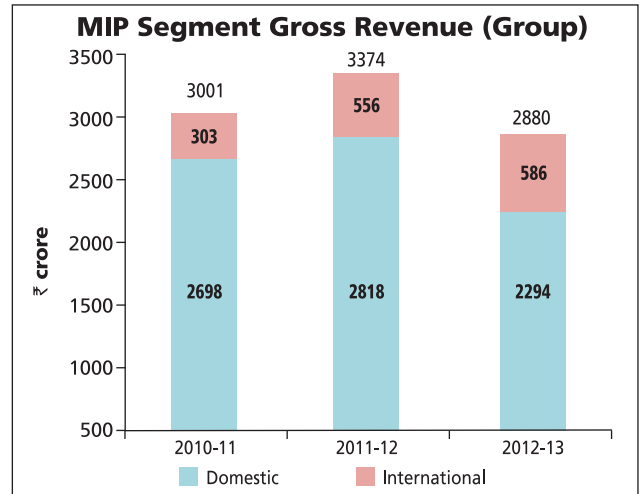
The EBITDA margin of the segment declined during 2012-13 largely due to lower sales volume and unfavorable sales mix.

3.2. L&T Group:

MIP Group segment recorded gross segment revenue of ₹ 2880 crore, lower as compared to ₹ 3374 crore for 2011-12. At the Group level the performance was

adversely impacted due to slow-down in manufacturing and mining sectors in India and divestment of stake from L&T Plastics Machinery Limited.

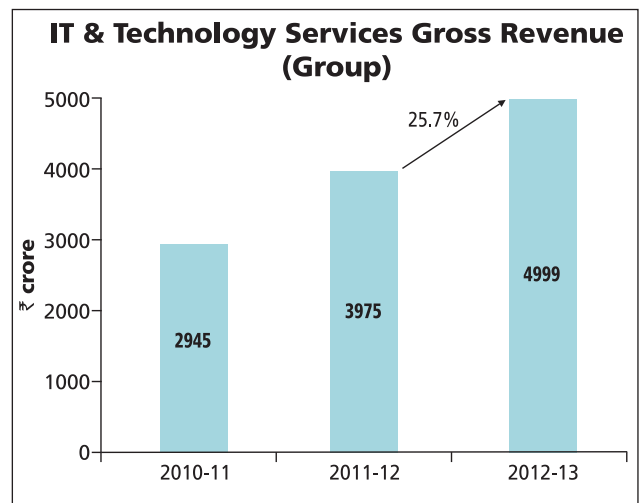
Amongst the group companies, EWAC Alloys Limited registered a y-o-y increase of 9% in revenue at ₹ 400 crore.



The MIP Segment recorded an EBITDA Margin of 16.7% during the year 2012-13 as against 18.3% during the previous year.

4. IT & Technology Services (IT&TS)

At Group level, IT&TS segment recorded segment gross revenue of ₹ 4999 crore for the year ended March 31, 2013 registering an impressive 25.7% growth over the previous year. Most of its revenue is from international customers.



Integrated Engineering Services business, a SBU at L&T showed a robust growth of 43.6% in revenue for 2012-13 at ₹ 1253 crore. Enhanced business volumes coupled with favourable foreign currency rates enabled the segment to post growth in its revenue. In USD terms, IES registered a healthy 24.9% growth in its revenue over the previous year. There was a net addition of 1097 employees by IES during 2012-13.

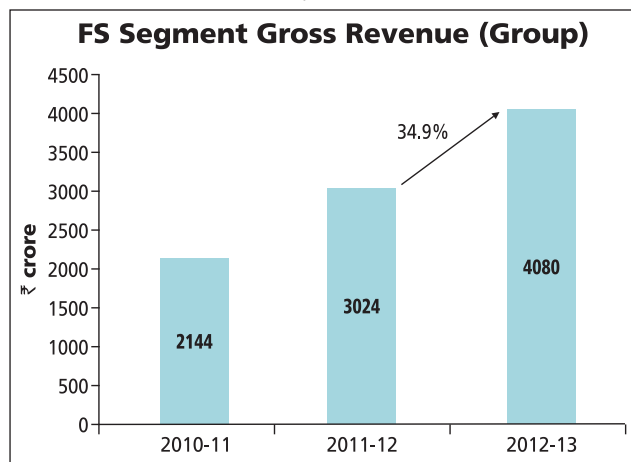
L&T Infotech group recorded total income of ₹ 3862 crore during the year ended March 31, 2013, registering 22% growth over the previous year. There was a net addition of around 1270 employees by L&T Infotech Group during 2012-13.

The segment recorded a healthy EBITDA margin of 25.1% during the year ended March 31, 2013 as against 21% during the previous year.

5. Financial Services (FS)

FS Segment continued its growth momentum during the year ended March 31, 2013 with an impressive 34.9% growth in its revenue at ₹ 4080 crore. The segment recorded net interest margin of 5.44% as against 5.51% in the previous year. The loan book of the segment at ₹ 33310 crore as at March 31, 2013, registered a healthy growth of 29.8% over the previous year with increased focus on project and long maturity term loans.

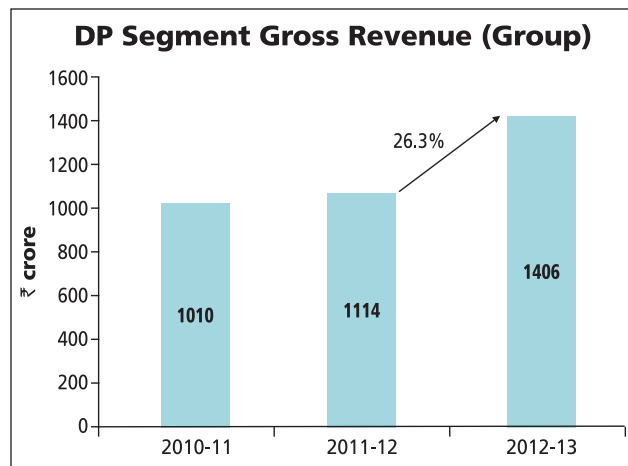
The FS segment disbursed fresh loans and advances of ₹ 22995 crore during the year 2012-13, recording moderate growth of 6.1% over the previous year. Net Non-performing Assets (NPA) of the segment stood at 1.26% of loan assets as at March 31, 2013 as against 1.17% as on March 31, 2012.



6. Development Projects (DP)

The Company has diversified Infrastructure development business portfolio with a mix of projects under development across various sectors such as roads and bridges, ports and metro. The Company owns 22 concessions in transportation infrastructure development space under its fold out of which 18 are roads and bridges, 3 are ports and 1 is a metro project with total estimated project cost of ₹ 43711 crore. As on March 31, 2013, 3 projects are under development, 6 projects are under construction while 13 projects are completed and commissioned. In addition, the Company has 5 power projects under development/implementation, of which 1 is thermal power project and 4 are hydel power projects with total estimated project cost of ₹ 21934 crore.

DP Segment recorded gross segment revenue of ₹ 1406 crore for the year ended March 31, 2013,



registered a growth of 26.2% over the previous year. The segment recorded EBITDA of ₹ 979 crore for the year 2012-13 vis-à-vis ₹ 536 crore for the corresponding period of the previous year.

II. RISK MANAGEMENT

The Company's primary activity of engineering and construction business has a lot of uncertainty and associated risks and opportunities. Enterprise Risk Management (ERM) is an important function for sustainability of the Company's businesses. The ability to anticipate risks and respond effectively is critical for achieving the Company's objectives and provide value to stakeholders. The slowdown in the economy has impacted the overall business prospects. The Company has been doing its part to improve the efficiency by undertaking quality jobs, reducing costs, improving productivity and managing the risks better.

Increased competition for available opportunities in domestic markets has steered the Company to explore opportunities globally with focus on markets in the Middle East, South-East Asia, Africa and CIS countries. With this, the overall risk universe of the organisation has expanded. Country risk and client risk are the key risks to be evaluated in addition to execution challenges, political and local issues, changing regulatory laws, taxation and economic conditions of the country. The commercial terms are important for managing risks relating to the cash flow and performance liability.

All projects undergo a well-structured pre-bid risk review process by risk management committee at business and corporate level with well-defined authorisation levels. The process involves a detailed assessment of risks and deliberation on mitigation measures by the risk management committee. In case of first time entry to a new country or geography, a country clearance process is carried out by evaluating the risks and opportunities. The Company strongly believes in ensuring certainty of the project outcome and follows a system of on-going projects risk review at regular intervals. Suitable strategies are discussed to mitigate the changing complexion of active risks and periodical execution risk reviews continue till the completion of the project.

International large value projects are mainly characterised by technological challenges, interface and logistics issues, claims management, resource mobilisation and EHS compliance amongst others. The large size of the project, execution complexities, new technology, new geography at times make it necessary to bid in consortium with one or more partners on technology or construction front. The challenge of selecting a suitable partner for seamless execution needs due consideration on scope clarity, financial strength, commercial arrangement regarding non-performance or delay, revenue and profit sharing mechanism, liability sharing, legal & dispute settlement.

On the domestic front, the Company is executing large power projects in which apart from technological challenges and tight delivery schedules, other important risk factors include client creditworthiness, financial closure, fuel linkage, power availability and environment clearances. Similarly, some of the critical risk factors in infrastructure and construction projects are land availability, various statutory and local body approvals and redressal mechanism on default of client obligations. The on-going slowdown witnessed over last one year in domestic economy and the challenging liquidity conditions, the Company has made suitable progress in the area of improving the receivables management. The global slump and unfavourable Government policies have impacted the performance of a few subsidiaries operating in areas of nuclear, forging and shipbuilding. The Company is actively engaging with its subsidiaries to address these concerns. While on one side the economic slowdown and severe

competition has put pressure on margins, the ERM strategy of structured risk review process and the culture built over the years has helped in effective management of all risks and creation of value for the organisation.

The risk management process also addresses long term strategic and operational planning, talent acquisition and retention, treasury management, financial reporting and controls, information technology and security, environment health and safety compliance, legal, taxation, communication, regulatory compliance and code of conduct for employees. The Company believes that risk is an integral part of every business and promotes a culture of building ability to anticipate and manage the risks effectively and converting them into opportunities.

The Company's risk management practices ensure that the Company accepts risks within defined parameters for which it is adequately compensated and thereby managing the risk portfolio of the organisation. The Audit Committee of the Board oversees the effectiveness of the risk management process. Every independent business segment has its risk management policy and procedure within the overall ERM framework of the Company. The process followed by the Company is in compliance with the International Risk Management Standard ISO 31000:2009. The Company is also a member of the Engineering & Construction Risk Institute (ECRI), USA and actively participates in training and knowledge sharing.

Internal Controls

The Company believes that a strong internal control mechanism is an important pillar of Corporate Governance. It has established internal control mechanism commensurate with the size and complexity of its business. Changing business structure and increased focus on international operations require continuous review of internal control efficacy in all business segments of the Company

A corporate policy on internal control is in place which provides structured framework for identification, rectification, monitoring and reporting of internal control weaknesses in the Company. The Company regularly issues accounting guidelines to ensure uniformity and reliability of financial statements and also has financial authorisation guidelines covering purchasing, selling, authorising of expenses, etc. which is followed throughout the Company. Individual businesses of the Company have well documented standard operating procedures (SOPs) for various processes which they review from time to time for any changes required due to change in business needs.

The Company has an internal audit department staffed adequately with qualified professionals in both technical and financial field. The department conducts audit of all

units of the Company and its major S&A companies at regular intervals. Based on observations of internal audit department, respective process owners carry out necessary process/system improvements and thereby strengthen overall control mechanism. All significant observations and corrective actions taken are reviewed by the Management and Audit Committee of the Board. There is also an internal control department in the Company which helps in formulation of internal control policy and guidelines for areas of weakness identified during internal audit or by process owners or by management.

Apart from the internal mechanism to review and monitor internal controls, the Company also periodically engages independent professional firms to carry out review of the effectiveness of various control processes in businesses and support functions. Their observations and suggestions on good practices are reviewed by the Management and the Audit Committee of the Board for implementation and strengthening of the controls.

III. FINANCIAL RISKS

1. Capital Structure, Liquidity and Interest Rate Risks

The Company continues its policy of maintaining a conservative capital structure which has ensured that it retains the highest credit rating amidst an adverse economic environment. Low gearing levels also equip the Company with the ability to navigate business stresses on one hand and raise growth capital on the other. This policy also provides flexibility of fund-raising options for future, which is especially important in times of global economic volatility.

The Company holds necessary levels of liquidity, judiciously deployed in short term investments in line with the corporate treasury policy. The Company constantly assesses liquidity levels in view of business, economic and capital market conditions and maintains access to the lowest cost means of sourcing liquidity including banking lines, trade finance and capital markets.

The Company dynamically manages interest rate risks through a mix of fund-raising products, investment products and derivative products across maturity profiles and currencies within a robust risk management framework.

2. Foreign Exchange and Commodity Price Risks

The various businesses of the Company are exposed to fluctuations in foreign exchange rates and commodity prices. Additionally, it has exposures to foreign currency denominated financial assets and liabilities.

While the business related financial risks, especially involving commodity prices are to a reasonable extent,

managed contractually by inclusion of price pass through or variations clauses, the Company's loan portfolio is managed by an appropriate choice of loan currency and also by contracting appropriate treasury products, with a view to balancing risks and at the same time optimising the borrowing costs. Hedging actions are carried out under the framework of a Board approved Risk Management Policy. Financial risks in each business portfolio are measured and managed centrally within the Company. These risks are reviewed periodically and managed in line with the objective laid out in the Risk Management Policy of the Company. The process is also subject to an annual review by the Audit Committee.

IV. INFORMATION TECHNOLOGY

The Company views Information Technology (IT) as a key enabler for efficiency and providing competitive advantage. IT is accordingly managed through a robust governance process that covers value delivery, cost optimisation, technology management, support and education.

The Information Technology systems in the Company form the backbone for carrying out all the business processes, for communication, collaboration and for providing information for effective decision making, monitoring and management control.

The Information Systems at Company, implemented over many years are maintained systematically to enhance capability with new features and also to remain current on technology with upgrades. These systems are improving productivity and efficiency of all our operations. Over the years, the newer systems help us to connect with customers, provide better products and services and enable better execution of large projects.

The Information Technology initiatives completed during the year 2012-13 have been a healthy mix of introduction of new technology, extending technology applications to new areas and businesses and maintenance and enhancements of existing systems.

Mobile technology has been implemented for a number of applications. One of them was for the Company Board. An Application on iPad now enables all board papers to be made securely available on the iPads of all the directors with features for directors to make annotations before and during the meetings. The Board has thus become paperless and the board members have access to the required information while they are on the move thus increasing their efficiency. The Secretarial Department's efficiency has also been increased because the processes of printing, compiling and couriering the papers have been eliminated.

To improve efficiencies in procurement of material and services and to enable access to new suppliers and new markets,

an advanced sourcing system has been implemented and integrated with the ERP and is proving to be very beneficial.

A state of the art Project Management Center system has been established that brings together project completion information, a live visual status and communication with project team all in a single instance to facilitate better monitoring and review of projects by senior management.

On the manufacturing side, a Product Lifecycle Management system has been implemented to facilitate new product introduction and to tighten the integration between design, procurement and manufacturing processes.

An innovation portal was launched to spur innovation, tracking ideas from generation through the funnel to fruition. Solutions for increased collaboration and knowledge management are finding more traction with users. The popularity of our eLearning solutions is increasing with more users using the courses thereat.

While every business has been equipped with an ERP solution, the year saw many enhancements, standardisations, roll outs of the ERPs to overseas and new locations thereby enabling seamless workflows between national and international sites.

IT Infrastructure is being continuously enhanced and improved with the commissioning of a new data center, new computer and storage solutions, increased bandwidth, video conferencing and telepresence systems for communications.

IT Risk Management is addressed holistically covering all aspects of Information Security and Business Continuity Planning. Many of the IT centers have been certified under the ISO 27001 standard after due implementation of all the processes.

V. CORPORATE SOCIAL RESPONSIBILITY

The sustainability journey of the Company has been rewarding with recognition at the national as well as global levels. The Company was ranked as the 4th Greenest Company in the industrial segment in the World by Newsweek Magazine. The Company has also been included in Dow-Jones Sustainability Index – 2012 (emerging markets) and ranked as the sector leader in construction & material section.

Social responsibility at the Company is born out of heightened social consciousness. The Company and the individual L&T-ite have always considered themselves as integral parts of the larger social mosaic. The Company identifies growing aspirations of communities, eagerly participates in the collaborative quest for answers to society's myriad problems and ensures that its actions and operations do not impinge on the collective good.

There has been no radical change in the way the Company expresses the social concern after the concept of 'mandated

responsibility' entered the public lexicon. The Company disclosed environmental, social and economic performance based on GRI framework in 2008, and since then have been publishing the Sustainability Report on an annual basis. A robust sustainability structure, commitment from top management and innovation at the core gives strength to sustainability reporting. All sustainability reports are 'GRI Checked Application Level A+' signifying the highest levels of disclosures.

After successful completion of first short term sustainability targets (2009-12), the Company released its Sustainability Roadmap for the period 2012-15. The roadmap emphasises on energy conservation & GHG mitigation through innovation, inducting a 'safety culture' and actively propagating the concepts of water conservation, material management and enhancing the health index of the organisation.

The Company believes that focused activities will lead to a sustained impact. The Company has therefore enunciated three distinct 'Thrust Areas'. These are:

- Mother & child
- Education
- Skill building

Company's strategies are in harmony with National Action Plan on Climate Change released by Government of India. Some of the highlights from the Company's sustainability journey are carbon sequestration study at key campuses, large scale tree plantation across manufacturing units and project locations, increasing energy conservation by more than 15% y-o-y and developing a talent pool of energy auditors. L&T's green product portfolio identified from existing businesses helps customers to reduce their carbon footprint during the operations and help them to move towards low carbon growth economy.

Company's water conservation initiatives are not only limited to reducing water consumption at its manufacturing units but also creating alternative water source to communities by creating water bodies (check dams) in tribal areas. In addition to 18 campuses which became 'Zero wastewater discharge units', the Company's Powai Campus at Mumbai achieved water neutral status. L&T Public Charitable Trust completed construction of the 100th check dam in the tribal belt of Talasari in Thane district, Maharashtra.

The Company responds positively to emerging societal expectations and helps to catalyse the harmonised growth of society. Programs undertaken have grown in terms of reach across Company's locations and affirmative progress has been made by strengthening the interventions in education, health and skill building.

Many seemingly complex social problems have down-to-earth solutions - but these solutions need to be found, and

then implemented. The Company stepped in by augmenting sanitation facilities in schools. It was the first step in a chain reaction to improve education standards and reduce gender disparity. More girl children have chosen to continue their studies and education has received a boost.

The spread of Company's community health care centers was further widened with the addition of two new health centers at Chennai and Coimbatore. Several health camps and outreach programs were carried out in locations and project sites across India in collaboration with local NGO's and hospitals, benefitting larger sections of society.

The skill building activities for rural and urban youth under the Construction Skills Training Institutes covers 8 locations

and reach out to an increasing number of beneficiaries. The model is being further scaled-up through partnerships with ITI's and NGO's to extend training closer to rural population. Other initiatives taken up include vocational training for computer education, beautician and nursing assistant courses. Training is also provided to empower self-help groups of underprivileged women for income generation opportunities.

Through Working on Wellness (WoW) initiatives, the Company is working towards enhancing the employee well-being by conducting programs such as power yoga, stress management, health talks and preventive health care.

Independent Auditors' Report

To the Members of Larsen & Toubro Limited

Report on the financial statements

We have audited the accompanying financial statements of Larsen & Toubro 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 required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the central government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards referred to in sub-section (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, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No. 33013

Mumbai, May 22, 2013

Annexure to the Auditors' report

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

- 1
 - (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.
 - (b) We are informed that the Company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.

- 2 (a) As explained to us, inventories have been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.
- (b) As per the information given to us, the procedures of physical verification of inventory followed by management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3 (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b), (c) and (d) of the Order are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(f) and (g) of the Order are not applicable.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
- 5 According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956; accordingly paragraph 4(v) (b) of the Order is not applicable.
- 6 The Company had accepted deposits from the public and in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA and the relevant provisions of the Companies Act, 1956 and rules framed thereunder, where applicable, have been complied with. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal. As of the date of the balance sheet, the Company has no fixed deposits other than unclaimed matured deposits.
- 7 In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- 8 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 all its manufacturing and construction activities and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- 9 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues outstanding as at March 31, 2013 for a period of more than six months from the date they became payable except for tax deducted at source on works contract aggregating to ₹ 0.02 crore which has since been paid.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of sales tax, excise duty, service tax, customs duty and income tax as at March 31, 2013 which have not been deposited on account of a dispute pending are as under:

Name of the statute	Nature of the disputed dues	Amount ₹ crore*	Period to which the amount relates	Forum where disputes are pending
Central Sales Tax Act, Local Sales Tax Acts and Works Contract Tax Act	Non-submission of forms and other matters	0.87	1991-92, 1992-93, 1996-97 to 2000-01, 2005-06 to 2008-09	Commercial Tax Officer
	Non-submission of forms, dispute related to sales-in-transit, rejection of exemption certificates, rate of tax dispute and other matters	6.10	1991-92, 1992-93, 1996-97, 1997-98, 1999-00 to 2008-09, 2010-11 and 2011-12	Assistant Commissioner (Appeals)
	Non-submission of forms, additional demand for pending forms, rate of tax dispute, disallowance of branch transfer, sub-contractor's turnover, interest demand on road permit, disallowance of exemptions on sale of assets, transit sale and other matters	956.03	1989-90, 1991-92 to 2011-12	Deputy Commissioner (Appeals)
	Non-submission of forms, disallowance of transit sales, high seas sales, classification dispute and other matters	143.19	1993-94, 1996-97, 1997-98, 2001-02 to 2009-10	Joint Commissioner (Appeals)
	Non-submission of forms and disallowance of exemption certificates	12.81	2001-02, 2003-04 to 2008-09, 2010-11 and 2011-12	Additional Commissioner (Appeals)
	Non-submission of forms, dispute related to sales-in-transit and other matters	0.99	1994-95, 2001-02, 2002-03 and 2005-06 to 2008-09	Commissioner (Appeals)
	Non-submission of forms, labour and service charges, sub-contractors turnover, pumping and freight charges, inter-state sales turnover, arbitrary demand raised, TDS disallowed, rate dispute, classification dispute, disallowance of works contract tax and other matters	290.62	1987-88, 1989-90 to 2011-12	Sales Tax Tribunal
	Inter-state sales, classification dispute and disallowance of deemed sales in course of imports and taxability of sub-contractors turnover	298.38	1986-87, 1987-88, 1998-99 to 2011-12	High Court
	Taxability of sub-contractor turnover, rate of tax for declared goods, inter-state sales, non-submission of forms and high seas sales	197.89	1991-92, 1995-96, 1997-98 and 1999-00 to 2006-07	Supreme Court

Name of the statute	Nature of the disputed dues	Amount ₹ crore*	Period to which the amount relates	Forum where disputes are pending
The Central Excise Act, 1944, Service Tax under Finance Act, 1994 and Customs Act, 1962	Demand of excise duty on steel price variation claims, changes in assessable value due to reduction in billing schedule quantity and demand on fabrication of tanks, platforms and ladders	0.86	1989-90 to 2011-12	Additional Commissioner
	Interest on excise duty demand for duty paid on trading registration in place of manufacturing registration and demand for custom duty on software	0.02	2006-07 and 2012-13	Commissioner (Appeals)
	Demand of excise duty on site fabricated steel structure, export rebate disallowance, valuation dispute, excise duty on concrete mix made at site, non-maintenance of proper records, demand of service tax on various services and other matters	131.76	1991-92, 2001-02, 2003-04 to 2009-10, and 2011-12	CESTAT
	Dispute on site mix concrete and PSC grinder	0.27	1997-98	Supreme Court
	Demand of service tax on lumpsum turnkey jobs and other matters	220.02	2003-04 to 2011-12	Commissioner (Appeals)
	Demand of service tax including penalty and interest on lumpsum turnkey jobs and demand of penalty on late payment of service tax	151.59	1991-92, 2001-02, 2003-04 to 2009-10 and 2011-12	CESTAT
	Export rebate claim and service tax on commercial construction service	7.00	2003-04, 2006-07 to 2008-09	High Court
Income-tax Act, 1961	Dispute regarding tax not deducted on bank guarantee charges, interest charges and purchase of software	2.20	2010-11 and 2011-12	Assessing Officer
	Dispute regarding tax deducted at source at lower rate on maintenance charges	0.03	2005-06	Commissioner (Appeals)
	Difference in rate of tax deducted at source	2.23	2007-08 and 2008-09	Director of Income Tax (International Taxation)

*Net of pre-deposit paid in getting the stay/appeal admitted

- 10 The Company has no accumulated losses as at March 31, 2013 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- 12 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.
- 13 The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- 14 In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. The Company has invested surplus funds in marketable securities and mutual funds. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The investments in marketable securities and mutual funds have been held by the Company in its own name.
- 15 In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by subsidiary companies from banks or financial institutions are not prima facie prejudicial to the interests of the Company.
- 16 In our opinion and according to the information and explanations given to us, on an overall basis the term loans have been applied for the purposes for which they were obtained.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
- 18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- 19 According to the information and explanations given to us and the records examined by us, security or charge has been created in respect of the debentures issued.
- 20 The Company has not raised any money by public issues during the year.
- 21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No.33013

Mumbai, May 22, 2013

Balance Sheet as at March 31, 2013

	Note	As at 31-3-2013		As at 31-3-2012	
		₹ crore	₹ crore	₹ crore	₹ crore
EQUITY AND LIABILITIES:					
Shareholders' Funds					
Share capital	A	123.08		122.48	
Reserves and surplus	B	29019.64		25100.54	
			29142.72		25223.02
Non-current liabilities					
Long term borrowings	C(I)	7271.03		5330.06	
Deferred tax liabilities (net)	Q(13)	242.22		133.01	
Other long term liabilities	C(II)	502.03		376.35	
Long term provisions	C(III)	285.92		275.05	
			8301.20		6114.47
Current liabilities					
Short term borrowings	D(I)	734.53		2936.72	
Current maturities of long term borrowings	D(II)	828.65		1628.99	
Trade payables	D(III)	16730.65		15607.76	
Other current liabilities	D(IV)	14352.65		14009.40	
Short term provisions	D(V)	2083.81		2112.04	
			34730.29		36294.91
TOTAL			<u>72174.21</u>		<u>67632.40</u>
ASSETS:					
Non-current assets					
Fixed Assets					
Tangible assets	E(I)	8219.00		7528.00	
Intangible assets	E(II)	86.14		76.98	
Capital-work-in-progress	E(I)	491.05		697.53	
Intangible assets under development	E(II)	105.79		61.15	
			8901.98		8363.66
Non-current investments	F		10522.70		9084.71
Long term loans and advances	G(I)		3664.17		4055.97
Cash and bank balances	G(II)		39.02		127.14
Other non-current assets	G(III)		43.30		14.07
Current assets					
Current investments	H(I)	5580.69		6787.19	
Inventories	H(II)	2064.18		1776.62	
Trade receivables	H(III)	22613.01		18716.94	
Cash and bank balances	H(IV)	1455.66		1778.12	
Short term loans and advances	H(V)	5498.84		5005.62	
Other current assets	H(VI)	11790.66		11922.36	
			49003.04		45986.85
TOTAL			<u>72174.21</u>		<u>67632.40</u>
CONTINGENT LIABILITIES					
COMMITMENTS (Capital and others)					
OTHER NOTES FORMING PART OF THE ACCOUNTS					
SIGNIFICANT ACCOUNTING POLICIES					
	I				
	J				
	Q				
	R				

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No.33013

Mumbai, May 22, 2013

N. HARIHARAN
Company Secretary

A. M. NAIK
Group Executive Chairman

K. VENKATARAMANAN
Chief Executive Officer &
Managing Director

S. RAJGOPAL

N. MOHAN RAJ

M. DAMODARAN

R. SHANKAR RAMAN
Chief Financial Officer &
Whole-time Director

M. M. CHITALE

A. K. JAIN

SUSHOBHAN SARKER

Directors

Mumbai, May 22, 2013

Statement of Profit and Loss for the year ended March 31, 2013

	Note	2012-13		2011-12	
		₹ crore	₹ crore	₹ crore	₹ crore
REVENUE:					
Revenue from operations (gross)	K	61470.86		53737.78	
Less: Excise duty		597.60		567.26	
Revenue from operations (net)			60873.26		53170.52
Other income	L		1850.90		1338.28
Total revenue			62724.16		54508.80
EXPENSES:					
Manufacturing, construction and operating expenses:	M				
Cost of raw materials, components consumed		10892.29		10092.12	
Construction materials consumed		14581.12		12527.42	
Purchase of stock-in-trade		2063.23		2369.40	
Stores, spares and tools consumed		2288.10		1622.83	
Sub-contracting charges		14472.06		10747.27	
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(1132.03)		(539.77)	
Other manufacturing, construction and operating expenses		4787.63		4203.12	
			47952.40		41022.39
Employee benefits expense	N		4436.32		3666.09
Sales, administration and other expenses	O		2091.08		2218.18
Finance costs	P		982.40		666.10
Depreciation, amortisation and obsolescence		819.42		700.45	
Less: Transfer from revaluation reserve		0.95		0.99	
			818.47		699.46
			56280.67		48272.22
Less: Overheads charged to fixed assets			13.60		18.75
Total expenses			56267.07		48253.47
Profit before exceptional and extraordinary items and tax			6457.09		6255.33
Exceptional items	Q(3)(a)		175.95		55.00
Profit before extraordinary items and tax			6633.04		6310.33
Extraordinary items	Q(3)(b)		78.11		-
Profit before tax			6711.15		6310.33
Tax expenses					
Current tax	Q(5)	1664.71		1814.13	
Deferred tax	Q(13)	135.79		39.70	
			1800.50		1853.83
Profit after tax carried to Balance Sheet			4910.65		4456.50
Basic earnings per equity share before extraordinary items (₹)	}		78.82		72.92
Diluted earnings per equity share before extraordinary items (₹)			78.18		72.23
Basic earnings per equity share after extraordinary items (₹)		Q(12)	79.99		72.92
Diluted earnings per equity share after extraordinary items (₹)			79.33		72.23
Face value per equity share (₹)			2.00		2.00
OTHER NOTES FORMING PART OF ACCOUNTS	Q				
SIGNIFICANT ACCOUNTING POLICIES	R				

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No.33013

Mumbai, May 22, 2013

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M. DAMODARAN

SUSHOBHAN SARKER

Directors

Mumbai, May 22, 2013

Cash Flow Statement for the year ended March 31, 2013

	2012-13	2011-12
	₹ crore	₹ crore
A. Cash flow from operating activities:		
Profit before tax (excluding extraordinary and exceptional items)	6457.09	6255.33
Adjustments for:		
Dividend received	(589.66)	(464.19)
Depreciation, amortisation and obsolescence	818.47	699.46
Exchange difference on items grouped under financing/investing activities	347.89	172.51
Expenditure on voluntary retirement scheme	(38.34)	-
Interest expense	982.40	666.10
Interest income	(532.69)	(568.94)
Profit on sale of fixed assets (net)	(226.29)	(13.24)
Profit on sale of investments (net)	(248.92)	(122.64)
Employee stock option-discount forming part of staff expenses	85.41	156.73
Provision/(reversal) for diminution in value of investments	(17.24)	(6.44)
Operating profit before working capital changes	7038.12	6774.68
Adjustments for:		
(Increase)/decrease in trade and other receivables	(4118.15)	(7300.21)
(Increase)/decrease in inventories	(302.81)	(214.80)
Increase/(decrease) in trade payables and customer advances	1365.37	4007.28
Cash (used in)/generated from operations	3982.53	3266.95
Direct taxes refund/(paid)-net	(1867.78)	(2185.37)
Net cash (used in)/from operating activities	2114.75	1081.58
B. Cash flow from investing activities:		
Purchase of fixed assets	(1505.14)	(1729.50)
Sale of fixed assets (including advance received)	313.10	132.36
Investment in subsidiaries, associates and joint ventures	(907.74)	(1753.23)
Divestment of stake in subsidiaries, associates and joint ventures	388.21	126.40
Purchase of long term investments	(35.99)	-
Sale of long term investments	218.26	17.94
(Purchase)/Sale of current investments (net)	1446.55	629.03
Deposits/Loans (given)/repaid (net)-subsidiaries, associates, joint venture companies and third parties (net)	57.79	512.58
Advance towards equity commitment (net)	(743.00)	(898.74)
Interest received	590.87	576.69
Dividend received from subsidiaries	583.21	385.13
Dividend received from other investments	6.45	79.06
Cash (used in)/from investing activities (before extraordinary items)	412.57	(1922.28)
Extraordinary item		
Cash received (net of expenses) on sale of Medical Business	52.36	-
Net cash (used in)/from investing activities (after extraordinary items)	464.93	(1922.28)
C. Cash flow from financing activities:		
Proceeds from fresh issue of share capital	163.14	192.63
Proceeds from long term borrowings	3494.96	1979.70
Repayment of long term borrowings	(2300.14)	(1543.10)
(Repayments)/Proceeds from other borrowings (net)	(2377.22)	1950.33
Dividends paid	(1,012.79)	(886.19)
Additional tax on dividend	(101.82)	(113.36)
Interest paid (including cash flows from interest rate swaps)	(856.39)	(564.40)
Net cash (used in)/from financing activities	(2990.26)	1015.61
Net (decrease)/increase in cash and cash equivalents (A + B + C)	(410.58)	174.91
Cash and cash equivalents at beginning of the period	1905.26	1730.35
Cash and cash equivalents at end of the period	1494.68	1905.26

Notes:

- 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.
- Purchase of fixed assets includes movement of capital work-in-progress during the year.
- Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised loss of ₹ 1.68 crore (previous year : unrealised loss of ₹ 0.76 crore) on account of translation of foreign currency bank balances.
- For cash and cash equivalents not available for immediate use as on the Balance Sheet date, see [Note G(II)(a)].
- Cash and cash equivalents are reflected in the Balance Sheet as follows:

	2012-13	2011-12
	₹ crore	₹ crore
(a) Cash and cash equivalents disclosed under current assets [Note H(IV)]	1455.66	1778.12
(b) Cash and cash equivalents disclosed under non-current assets [Note G(II)]	39.02	127.14
Total cash and cash equivalents as per Cash Flow Statement	1494.68	1905.26

- Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No. 33013

Mumbai, May 22, 2013

N. HARIHARAN
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Directors

Mumbai, May 22, 2013

Notes forming part of the Accounts

NOTE [A]

Share capital

A(I) Share capital authorised, issued, subscribed and paid up:

Particulars	As at 31-3-2013		As at 31-3-2012	
	Number of shares	₹ crore	Number of shares	₹ crore
Authorised:				
Equity shares of ₹ 2 each	1,62,50,00,000	325.00	1,62,50,00,000	325.00
Issued, subscribed and fully paid up:				
Equity shares of ₹ 2 each	61,53,85,981	123.08	61,23,98,899	122.48

A(II) Reconciliation of the number of equity shares and share capital:

Particulars	As at 31-3-2013		As at 31-3-2012	
	Number of shares	₹ crore	Number of shares	₹ crore
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	61,23,98,899	122.48	60,88,52,126	121.77
Add: Shares issued on exercise of employee stock options during the year	29,87,082	0.60	35,46,773	0.71
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	61,53,85,981	123.08	61,23,98,899	122.48

A(III) Terms/rights attached to equity shares:

The Company has only one class of share capital, i.e. equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

A(IV) Shareholder holding more than 5% of equity shares as at the end of the year:

Name of the shareholder	As at 31-3-2013		As at 31-3-2012	
	Number of shares	Shareholding %	Number of shares	Shareholding %
Life Insurance Corporation of India	10,12,52,038	16.45	11,04,05,734	18.03
L&T Employees Welfare Foundation	7,44,04,116	12.09	7,44,04,116	12.15
Administrator of the Specified Undertaking of the Unit Trust of India	5,06,17,308	8.23	5,05,72,216	8.26

A(V) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

Particulars	As at 31-3-2013		As at 31-3-2012	
	Number of equity shares to be issued as fully paid	₹ crore (At face value)	Number of equity shares to be issued as fully paid	₹ crore (At face value)
Employee stock options granted and outstanding #	87,45,451@	1.75 *	1,14,28,854@	2.29 *
3.5% 5 years & 1 day US\$ denominated foreign currency convertible bonds (FCCB) ##	49,07,243	0.98 **	49,07,243	0.98 **

* The equity shares will be issued at a premium of ₹ 491.96 crore (previous year: ₹ 640.32 crore)

** The equity shares will be issued at a premium of ₹ 935.42 crore (previous year: ₹ 935.42 crore) on the exercise of options by the bond holders

Note A(VIII) for terms of employee stock option schemes

Note C(I)(b) for terms of foreign currency convertible bonds

@ The number of options have been adjusted consequent to bonus issue wherever applicable

Notes forming part of the Accounts (contd.)

A(VI) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31, 2013 are 29,25,92,054 (*previous period of five years ended March 31, 2012: 29,25,92,054 shares*)

A(VII) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding five years ended March 31, 2013 – Nil (*previous period of five years ended March 31, 2012: Nil*)

A(VIII) Stock option schemes

a) Terms:

- i. The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested equally over a period of 4 years [5 years in the case of series 2006(A)], subject to the discretion of the management and fulfillment of certain conditions.
- ii. Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. Management has discretion to modify the exercise period.

b) The details of the grants under the aforesaid schemes under various series are summarised below:

Sr. No.	Series reference	2000		2002 (A)		2002 (B)		2003 (A)		2003(B)		2006		2006(A)	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1	Grant price - ₹	3.50	3.50	3.50	3.50	3.50	3.50	17.50	17.50	17.50	17.50	601.00	601.00	601.00	601.00
2	Grant dates	1-6-2000		19-4-2002		19-4-2002		23-5-2003 onwards		23-5-2003 onwards		1-9-2006 onwards		1-7-2007 onwards	
3	Vesting commences on	1-6-2001		19-4-2003		19-4-2003		23-5-2004 onwards		23-5-2004 onwards		1-9-2007 onwards		1-7-2008 onwards	
4	Options granted and outstanding at the beginning of the year	16800	16800	21500	21500	39700	39700	31452	31452	647302	932880	2026751	3974443	8645349	8936534
5	Options lapsed during the year	-	-	-	-	-	-	-	-	62150	56711	42513	89849	781908	817452
6	Options granted during the year	-	-	-	-	-	-	-	-	118000	118400	-	-	1072250	1867930
7	Options exercised during the year	-	-	-	-	-	-	-	-	267950	347267	1072770	1857843	1646362	1341663
8	Options granted and outstanding at the end of the year	16800	16800	21500	21500	39700	39700	31452	31452	435202	647302	911468	2026751	7289329	8645349
	of which –														
	Options vested	16800	16800	21500	21500	39700	39700	31452	31452	109802	104202	911468	2011951	2135578	1751546
	Options yet to vest	-	-	-	-	-	-	-	-	325400	543100	-	14800	5153751	6893803
9	Weighted average remaining contractual life of options (in years)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5.12	4.87	1.51	1.51	4.39	4.85

c) The number and weighted average exercise price of stock options for the following group of options are as follows:

Particulars	2012-13		2011-12	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
(i) Options granted and outstanding at the beginning of the year	1,14,28,854	562.27	1,39,53,309	557.33
(ii) Options granted during the year	11,90,250	543.15	19,86,330	566.22
(iii) Options allotted during the year	29,87,082	548.66	35,46,773	543.87
(iv) Options lapsed during the year	8,86,571	560.10	9,64,012	566.67
(v) Options granted and outstanding at the end of the year	87,45,451	564.54	1,14,28,854	562.27
(vi) Options exercisable at the end of the period out of (v) <i>supra</i>	32,66,300	561.50	39,77,151	569.38

Notes forming part of the Accounts (contd.)

- d) Weighted average share price at the date of exercise for stock options exercised during the period is ₹ 1452.14 (*previous year: ₹ 1540.11*) per share.
- e) (i) In respect of stock options granted pursuant to the Company's stock options schemes, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation over the vesting period.
- (ii) Expense on Employee Stock Option Schemes debited to the Statement of Profit and Loss during 2012-13 is ₹ 85.41 crore (*previous year: ₹ 156.73 crore*) net of recoveries of ₹ 6.18 crore (*previous year: ₹ 10.52 crore*) from its group companies towards the stock options granted to deputed employees, pursuant to the employee stock option schemes. (Note N). The entire amount pertains to equity-settled employee share-based payment plans.
- f) During the year, the Company has recovered ₹ 12.44 crore (*previous year: ₹ 31.51 crore*) from its subsidiary companies towards the stock options granted to their employees, pursuant to the employee stock option schemes.
- g) Had fair value method been adopted for expensing the compensation arising from employee share-based payment plans:
- The employee compensation charge debited to the Statement of Profit and Loss for the year 2012-13 would have been higher by ₹ 29.85 crore (*previous year: ₹ 25.99 crore*) [excluding ₹ 2.30 crore (*previous year: ₹ 4.79 crore*) on account of grants to employees of subsidiary companies]
 - Basic EPS before extraordinary items would have decreased from ₹ 78.82 per share to ₹ 78.33 per share
 - Basic EPS after extraordinary items would have decreased from ₹ 79.99 per share to ₹ 79.50 per share
 - Diluted EPS before extraordinary items would have decreased from ₹ 78.18 per share to ₹ 77.70 per share
 - Diluted EPS after extraordinary items would have decreased from ₹ 79.33 per share to ₹ 78.85 per share
- h) Weighted average fair values of options granted during the year is ₹ 909.35 (*previous year: ₹ 745.94*) per option
- i) The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. no.	Particulars	2012-13	2011-12
(i)	Weighted average risk-free interest rate	8.05%	8.28%
(ii)	Weighted average expected life of options	4.26 years	4.33 years
(iii)	Weighted average expected volatility	39.38%	41.09%
(iv)	Weighted average expected dividends over the life of the option	₹ 70.24 per option	₹ 62.84 per option
(v)	Weighted average share price	₹ 1317.81 per option	₹ 1146.53 per option
(vi)	Weighted average exercise price	₹ 543.15 per share	₹ 566.22 per share
(vii)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.	

- j) The balance in share option outstanding account as on March 31, 2013 is ₹ 393.96 crore (net) (*previous year: ₹ 431.94 crore*), including ₹ 154.32 crore (*previous year: ₹ 134.00 crore*) for which the options have been vested to employees as on March 31, 2013.

A(IX) The Directors recommend payment of final dividend of ₹ 18.50 per equity share of ₹ 2 each on the number of shares outstanding as on the record date. Provision for final dividend has been made in the books of account for 61,53,85,981 equity shares outstanding as at March 31, 2013 amounting to ₹ 1138.47 crore.

Notes forming part of the Accounts (contd.)

NOTE [B]

Reserves and surplus

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Capital reserve		10.52		10.52
Securities premium account: [Note Q(5)(b)]				
As per last Balance Sheet	7206.35		6879.37	
Addition during the year	309.05		327.31	
	7515.40		7206.68	
Less: Share/bond issue expenses (net of tax)	0.57		0.33	
Reversal of recoveries credited in previous years	2.72		–	
		7512.11		7206.35
Debenture redemption reserve:				
As per last Balance Sheet	118.01		136.51	
Add: Transferred from Surplus Statement of Profit and Loss	50.25		44.00	
Less: Transferred to general reserve	–		62.50	
		168.26		118.01
Revaluation reserve:				
As per last Balance Sheet	21.14		22.13	
Less: Transferred to Statement of Profit and Loss	0.95		0.99	
		20.19		21.14
Share options outstanding account:				
Employee stock options outstanding:				
As per last Balance Sheet	709.00		805.82	
Addition during the year	92.20		115.27	
Deduction during the year	215.31		212.09	
		585.89		709.00
Deferred employee compensation expense:				
As per last Balance Sheet	(277.06)		(437.51)	
Addition during the year	(92.20)		(115.27)	
Deduction during the year	177.33		275.72	
		(191.93)		(277.06)
Hedging reserve (net of tax): [Note Q(13)]				
As per last Balance Sheet	(301.53)		52.75	
Addition/(deduction) during the year (net)	(31.34)		(354.28)	
		(332.87)		(301.53)
General reserve:				
As per last Balance Sheet	17461.72		14149.22	
Add: Transferred from Surplus Statement of Profit and Loss	3500.00		3250.00	
Add: Transferred from debenture redemption reserve	–		62.50	
		20961.72		17461.72
Carried forward		28733.89		24948.15

Notes forming part of the Accounts (contd.)

NOTE [B]

Reserves and surplus (contd.)

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward		28733.89		24948.15
Surplus Statement of Profit and Loss				
As per last Balance Sheet	152.39		105.68	
Profit for the year	4910.65		4456.50	
	5063.04		4562.18	
Less: Dividends paid for previous year	2.33		3.35	
Additional tax on dividend paid for previous year	0.38		0.54	
Transfer to general reserve	3500.00		3250.00	
Transfer to debenture redemption reserve	50.25		44.00	
Proposed dividend [Note A (IX)]	1138.47		1010.46	
Additional tax on dividend	85.86		101.44	
	4777.29	285.75	4409.79	152.39
		29019.64		25100.54

NOTE [C(I)]

Long term borrowings

Particulars	Note	As at 31-3-2013			As at 31-3-2012		
		Secured	Unsecured	Total *	Secured	Unsecured	Total *
		₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Redeemable non-convertible fixed rate debentures	C(I)(a)	900.00	1050.00	1950.00	900.00	800.00	1700.00
3.50% Foreign currency convertible bonds	C(I)(b)	–	1085.70	1085.70	–	1017.50	1017.50
Term loans from banks	C(I)(c)	–	4227.08	4227.08	–	2557.85	2557.85
Sales tax deferment loan	C(I)(d)	–	8.25	8.25	–	15.54	15.54
Long term maturities of finance lease obligations [Note Q(11)(ii)(b)]	C(I)(e)	–	–	–	–	39.17	39.17
		900.00	6371.03	7271.03	900.00	4430.06	5330.06

*Loans guaranteed by directors ₹ Nil (previous year: ₹ Nil)

C(I)(a) i) Secured redeemable non-convertible fixed rate debentures (privately placed):

Sr. no.	Face value per debenture (₹)	Date of allotment	31-3-2013 ₹ crore	31-3-2012 ₹ crore	Interest for the year 2012-13	Terms of repayment for debentures outstanding as on 31-3-2013
1	10,00,000	January 5, 2009	400	400	9.15% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
2	10,00,000	December 5, 2008	500	500	11.45% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment. The Company has call option to redeem debentures at the end of 5th year from the date of allotment.
Total			900	900		

Security: The debentures are secured by way of a first charge having pari passu rights on the immovable property at certain locations and part of a movable property of a business division, both present and future.

Notes forming part of the Accounts (contd.)

C(I)(a) (contd.)

ii) Unsecured redeemable non-convertible fixed rate debentures (privately placed):

Sr. no.	Face value per debenture (₹)	Date of allotment	31-3-2013 ₹ crore	31-3-2012 ₹ crore	Interest for the year 2012-13	Terms of repayment for debentures outstanding as on 31-3-2013
1	10,00,000	April 10, 2012	250	–	9.75% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
2	10,00,000	May 26, 2010	300	300	8.95% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
3	10,00,000	May 11, 2010	300	300	9.15% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
4	10,00,000	April 13, 2010	200	200	8.80% p.a. payable annually	Redeemable at face value at the end of 10th year from the date of allotment.
Total			1050	800		

C(I)(b) Foreign Currency Convertible Bonds:

3.50% US\$ denominated 5 years & 1 day Foreign Currency Convertible Bonds (FCCB) carried at ₹ 1085.70 crore as on March 31, 2013 (₹ 1017.50 crore as on March 31, 2012) represent 2000 bonds of US\$ 1,00,000 each. The bonds are convertible into the Company's fully paid equity shares of ₹ 2 each at a conversion price of ₹ 1908.20 per share at the option of the bond holders at any time on and after December 1, 2009 up to October 15, 2014. The bonds are redeemable, subject to fulfillment of certain conditions, in whole but not in part, at the option of the Company, on or at any time after October 21, 2012 but not less than seven business days prior to the maturity date, at the principal amount together with accrued interest (calculated upto but excluding the date of redemption) on the date fixed for redemption, unless the bonds have been previously redeemed, converted or purchased and cancelled.

C(I)(c) Term loans (unsecured): External Commercial Borrowings (ECBs)

Sr. no.	31-3-2013 ₹ crore	31-3-2012 ₹ crore	Rate of interest	Terms of repayment of term loan outstanding as on 31-3-2013
1	1085.70	–	USD LIBOR + Spread	Repayable in 5 equal quarterly installments commencing from January 17, 2019 and ending on January 17, 2020
2	542.85	–	USD LIBOR + Spread	Repayment due on January 01, 2018
3	108.57	–	USD LIBOR + Spread	Repayment due on September 27, 2017
4	542.85	–	USD LIBOR + Spread	Repayable in 3 equal annual installments on September 02, 2016, September 05, 2017 and September 04, 2018
5	352.01	129.25	JPY LIBOR + Spread	Repayable in 3 equal annual installments on April 25, 2016, April 24, 2017 and April 24, 2018
6	323.01	247.85	JPY LIBOR + Spread	Repayable in 3 equal annual installments commencing from March 12, 2016 and ending on March 12, 2018
7	255.11	274.05	JPY LIBOR + Spread	Repayable in 4 equal annual installments commencing from December 24, 2015 and ending on December 24, 2018
8	858.65	922.40	JPY LIBOR + Spread	Repayment due on July 26, 2014
9	168.04	180.52	JPY LIBOR + Spread	Repayment due on November 21, 2013
10	190.00	178.06	USD LIBOR + Spread	Repayable in 6 equal installments payable annually from September 18, 2013 to September 18, 2017 with the final installment due on June 18, 2018
11	582.48	625.73	JPY LIBOR + Spread	Repayment due on April 15, 2013
12	–	486.06	JPY LIBOR + Spread	
13	–	112.09	JPY LIBOR + Spread	
14	–	101.75	USD LIBOR + Spread	
15	–	872.77	JPY LIBOR + Spread	
	5009.27	4130.53		
Less:	782.19	1572.68	Current portion of long term borrowings [Note D(II)]	
	4227.08	2557.85	Long term borrowings as disclosed in Note C(I)	

Notes forming part of the Accounts (contd.)

C(I)(d) Sales tax deferment loan (Unsecured):

Sr. No.	As at 31-3-2013 ₹ crore	As at 31-3-2012 ₹ crore	Rate of Interest	Terms of repayment as on March 31, 2013
1	0.39	0.39	Interest Free	Repayable in 5 equal annual installment of ₹ 0.08 crore ending April 26, 2018
2	0.60	0.60		Repayable in 5 equal annual installment of ₹ 0.12 crore ending April 26, 2017
3	0.58	0.72		Repayable in 4 equal annual installment of ₹ 0.14 crore ending April 26, 2016
4	0.31	0.42		Repayable in 3 equal annual installment of ₹ 0.10 crore ending April 26, 2015
5	0.15	0.22		Repayable in 2 equal annual installment of ₹ 0.07 crore ending April 26, 2014
6	0.05	0.10		Repayable on April 26, 2013
7	13.46	20.26		Repayable on April 1, 2013 : ₹ 6.80 crore, Repayable on April 1, 2014: ₹ 6.66 crore
8	–	15.73		
Total	15.54	38.44		
<i>Less:</i>	7.29	22.90	Current portion of long term borrowings [Note D(II)]	
	8.25	15.54	Long term borrowings as disclosed in [Note C(I)]	

C(I)(e) Long term maturities of finance lease obligations:

Sr. No.	As at 31-3-2013 ₹ crore	As at 31-3-2012 ₹ crore	Rate of interest for the year 2012-13	Terms of repayment as on March 31, 2013
1	39.17	72.58	16.02 %	Repayable in equal monthly installments by March 2014
Total	39.17	72.58		
<i>Less:</i>	39.17	33.41	Current portion of long term borrowings [Note D(II)]	
	Nil	39.17	Long term borrowings as disclosed in [Note C(I)]	

NOTE [C(II)]

Other long term liabilities

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
Forward contract payable	485.44	347.24
Others	16.59	29.11
	<u>502.03</u>	<u>376.35</u>

Notes forming part of the Accounts (contd.)

NOTE [C(III)]

Long term provisions

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
Provision for employee benefits		
Employee pension scheme [Note Q(8)(ii)(a)]	186.38	174.19
Post-retirement medical benefits plan [Note Q(8)(ii)(a)]	99.54	82.18
Interest rate guarantee-provident fund [Note Q(8)(ii)(a)]	–	18.68
	<u>285.92</u>	<u>275.05</u>

NOTE [D(I)]

Short term borrowings

Particulars	As at 31-3-2013			As at 31-3-2012		
	Secured	Unsecured	Total*	Secured	Unsecured	Total*
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Loans repayable on demand from banks [Note D(I)(a)], [Note H(IV)(a)]	209.26	8.94	218.20	132.58	8.94	141.52
Short term loans and advances from banks [Note D(I)(a)(b)]	124.75	391.58	516.33	420.76	2041.44	2462.20
Intercorporate borrowings :						
Loans from related parties (subsidiary companies)	–	–	–	–	333.00	333.00
	<u>334.01</u>	<u>400.52</u>	<u>734.53</u>	<u>553.34</u>	<u>2383.38</u>	<u>2936.72</u>

* Loans guaranteed by directors ₹ Nil (previous year: ₹ Nil)

D(I) (a) Loans repayable on demand from banks include fund based working capital facilities viz. cash credits and demand loans. The secured portion of loans repayable on demand from banks of ₹ 209.26 crore (previous year: ₹ 132.58 crore), short term loans and advances from banks of ₹ 124.75 crore (previous year: ₹ 420.76 crore), working capital facilities and other non-fund based facilities viz. bank guarantees and letters of credit, are secured by hypothecation of inventories, book debts and receivables.

D(I) (b) Short term loans and advances from banks includes loans amounting to ₹ 10.21 crore (previous year: ₹ 254.88 crore) availed under bill discounting facility and are secured against specific receivables.

NOTE [D(II)]

Current maturities of long term borrowings

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
Unsecured		
Term loan from banks [Note C(I)(c)]	782.19	1572.68
Sales tax deferment loan [Note C(I)(d)]	7.29	22.90
Finance lease obligation [Note C(I)(e)]	39.17	33.41
	<u>828.65</u>	<u>1628.99</u>

Loans guaranteed by directors ₹ Nil (previous year: ₹ Nil)

Notes forming part of the Accounts (contd.)

NOTE [D(III)]

Trade payables

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore		₹ crore	
Acceptances	607.23		142.10	
Due to related parties:				
Subsidiary companies	2288.05		1659.85	
Associate companies	44.39		199.61	
Joint venture companies	30.32		6.34	
Micro and small enterprises [Note Q(22)]	68.40		62.37	
Due to others	13692.26		13537.49	
	<u>16730.65</u>		<u>15607.76</u>	

NOTE [D(IV)]

Other current liabilities

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore		₹ crore	
Interest accrued but not due on borrowings	116.42		113.99	
Interest accrued and due on borrowings	0.02		-	
Unclaimed dividend	23.85		19.52	
Unclaimed matured deposits	-		0.01	
Due to customers (Construction & project related activity)	4369.41		2911.75	
Advances from customers	8723.26		9812.57	
Other payables (including sales tax, service tax, excise duty and others) [Note D(IV)(a)]	1119.69		1151.56	
	<u>14352.65</u>		<u>14009.40</u>	

D(IV) (a) Other payables includes due to directors ₹ 40.80 crore (previous year: ₹ 42.08 crore) being provision for commission to directors.

NOTE [D(V)]

Short term provisions

Particulars	As at 31-03-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Provision for employee benefits:				
Gratuity [Note Q(8)(ii)(a)]	1.11		0.85	
Compensated absences	416.54		369.18	
Employee pension scheme [Note Q(8)(ii)(a)]	11.98		9.84	
Post-retirement medical benefits plan [Note Q(8)(ii)(a)]	5.77		4.83	
Bonus provision	10.79		12.17	
	446.19		396.87	
Others:				
Current tax [Net of payments made ₹ 1658.05 crore]	3.74		-	
Proposed dividend [Note A(IX)]	1138.47		1010.46	
Additional tax on dividend	85.86		101.44	
Other provisions (AS 29 Related) [Note Q(15)]	409.55		603.27	
	<u>1637.62</u>		<u>1715.17</u>	
	<u>2083.81</u>		<u>2112.04</u>	

Notes forming part of the Accounts (contd.)

NOTE [E(I)]

Tangible assets

₹ crore

Class of assets	Cost/valuation				Depreciation				Impairment	Book value	
	As at 1-4-2012	Additions	Deductions	As at 31-3-2013	Up to 31-3-2012	For the year	Deductions	Up to 31-3-2013	As at 31-3-2013	As at 31-3-2013	As at 31-3-2012
Land											
Freehold	412.93	30.11	40.57	402.47	-	-	-	-	-	402.47	412.93
Leashold	127.05	11.13	-	138.18	5.88	1.34	-	7.22	-	130.96	121.17
Sub total - Land	539.98	41.24	40.57	540.65	5.88	1.34	-	7.22	-	533.43	534.10
Buildings											
Owned	2244.94	332.76	32.55	2545.15	307.30	56.44	7.22	356.52	-	2188.63	1937.64
Leased out	144.28	24.76	-	169.04	4.13	2.76	-	6.89	-	162.15	140.15
Sub total - Buildings	2389.22	357.52	32.55	2714.19	311.43	59.20	7.22	363.41	-	2350.78	2077.79
Plant and equipment											
Owned	6138.05	995.97	38.73	7095.29	1964.54	561.42	29.92	2496.04	-	4599.25	4173.51
Leased out	37.53	-	-	37.53	11.24	1.08	-	12.32	6.93 #	18.28	19.36
Taken on lease	142.10	-	-	142.10	40.86	13.88	-	54.74	-	87.36	101.24
Sub total - Plant & equipment	6317.68	995.97	38.73	7274.92	2016.64	576.38	29.92	2563.10	6.93	4704.89	4294.11
Computers											
Owned	418.55	93.07	15.38	496.24	216.58	73.17	14.07	275.68	-	220.56	201.97
Taken on lease	0.47	-	0.37	0.10	0.45	-	0.36	0.09	-	0.01	0.02
Sub total - Computers	419.02	93.07	15.75	496.34	217.03	73.17	14.43	275.77	-	220.57	201.99
Office equipment											
Owned	183.18	27.45	4.45	206.18	81.01	24.64	3.66	101.99	-	104.19	102.17
Sub total - Office equipment	183.18	27.45	4.45	206.18	81.01	24.64	3.66	101.99	-	104.19	102.17
Furniture and fixtures											
Owned	216.92	31.02	10.25	237.69	101.40	22.00	7.59	115.81	-	121.88	115.52
Sub total - Furniture & fixture	216.92	31.02	10.25	237.69	101.40	22.00	7.59	115.81	-	121.88	115.52
Vehicles											
Owned	206.75	44.13	15.08	235.80	80.58	26.18	7.92	98.84	-	136.96	126.17
Taken on lease	2.02	-	0.91	1.11	1.56	0.17	0.90	0.83	-	0.28	0.46
Sub total - Vehicles	208.77	44.13	15.99	236.91	82.14	26.35	8.82	99.67	-	137.24	126.63
Other assets											
Owned											
Railway sidings	0.25	-	-	0.25	0.25	-	-	0.25	-	-	-
Aircraft	10.62	-	10.62	-	6.97	0.18	7.15	-	-	-	3.65
Ships	71.46	-	-	71.46	17.50	4.97	-	22.47	-	48.99	53.96
Sub total - Other assets	82.33	-	10.62	71.71	24.72	5.15	7.15	22.72	-	48.99	57.61
Lease adjustment	-	-	-	-	-	-	-	-	-	(3.07)	(3.07)
Total	10357.10	1590.40	168.91	11778.59	2840.25	788.23	78.79	3549.69	6.93	8218.90	7506.85
<i>previous year</i>	<i>8797.58</i>	<i>1717.13</i>	<i>157.61</i>	<i>10357.10</i>	<i>2218.52</i>	<i>673.52</i>	<i>51.79</i>	<i>2840.25</i>	<i>6.93</i>		
Add : Asset held for sale										0.10	21.15
Add : Capital work-in-progress										8219.00	7528.00
										491.05	697.53
										8710.05	8225.53

Impairment up to 31-3-2013 ₹ 6.93 crore. During the year ₹ Nil

- Cost/valuation of freehold land includes ₹ 0.14 crore for which conveyance is yet to be completed.
- Cost/valuation of buildings includes ownership accommodation:
 - (a) in various co-operative societies and apartments and shop-owners' associations: ₹ 82.58 crore, including 2340 shares of ₹ 50 each, 232 shares of ₹ 100 each and 2 shares of ₹ 250 each.

Notes forming part of the Accounts (contd.)

NOTE [E(I)] (contd.)

- (b) in various co-operative societies and apartments and shop-owners' associations : ₹ 20.92 crore for which share certificates are yet to be issued.
- (c) in proposed co-operative societies ₹ 12.80 crore.
- (ii) of ₹ 4.39 crore in respect of which the deed of conveyance is yet to be executed.
- (iii) of ₹ 8.45 crore representing undivided share in properties at various locations.
3. Additions during the year and capital work-in-progress include ₹ 10.54 crore (*previous year: ₹ 19.79 crore*) being borrowing cost capitalised in accordance with Accounting Standard (AS)16 on "Borrowing Costs" as specified in the Companies (Accounting Standards) Rules,2006. Asset wise break-up of borrowing costs capitalised is as follows:

Asset class	₹ crore	
	2012-13	2011-12
Building owned	17.06	6.07
Plant and equipment owned	6.61	0.25
Computer owned	1.06	0.16
Office equipment owned	–	0.22
Owned Building Leased Out	3.17	–
Capital Work-in-Progress	(17.36)	13.09
Total	10.54	19.79

4. Depreciation for the year as per Statement of Profit and Loss include obsolescence ₹ 8.26 crore (*previous year: ₹ 8.53 crore*)
5. The Company had revalued as at October 1,1984 some of its land, buildings, plant and equipment and railway sidings at replacement/ market value which resulted in a net increase of ₹ 108.05 crore.
6. The Company had taken land for ₹ 2.63 crore in Mysore from KIADB based on lease and sale agreement. The aforesaid land got converted into freehold land w.e.f June 4, 2012.
7. Own assets given on operating lease have been presented separately as leased out in the note as per Accounting Standard (AS) 19 "Leases".
8. Cost/valuation as at April 1, 2012 of individual assets has been reclassified wherever necessary.
9. Out of its lease hold land at Hazira, the Company has given certain portion of land for the use of its subsidiary companies. The lease deeds in respect of leasehold land given to the subsidiary companies are under execution.

NOTE [E(II)]

Intangible assets

Particulars	Cost/valuation				Amortisation				Book value	
	As at 1-4-2012	Additions	Deductions	As at 31-3-2013	Up to 31-3-2012	For the year	Deductions	Up to 31-3-2013	As at 31-3-2013	As at 31-3-2012
	Specialised softwares	163.13	25.74	6.24	182.63	89.67	20.35	4.39	105.63	77.00
Technical knowhow	16.21	1.42	–	17.63	12.69	1.22	–	13.91	3.72	3.52
New product design and development	–	6.78	–	6.78	–	1.36	–	1.36	5.42	–
Total	179.34	33.94	6.24	207.04	102.36	22.93	4.39	120.90	86.14	76.98
<i>previous year</i>	<i>159.09</i>	<i>20.25</i>	<i>–</i>	<i>179.34</i>	<i>83.96</i>	<i>18.40</i>	<i>–</i>	<i>102.36</i>		
<i>Add: Intangible assets under development</i>									<i>105.79</i>	<i>61.15</i>
									<i>191.93</i>	<i>138.13</i>

Notes forming part of the Accounts (contd.)

NOTE [F]

Non-current investments (at cost unless otherwise specified)

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Long term investments				
(1) Trade Investments				
(i) Investments in fully paid equity instruments				
(a) Subsidiaries companies		10221.23		8687.19
(b) Associate companies	92.46		66.91	
Less: Provision for diminution in value	0.56		0.56	
		91.90		66.35
(c) Other companies	42.90		19.90	
Less: Provision for diminution in value	15.90		15.90	
		27.00		4.00
(ii) Other investments				
Investment in integrated joint ventures		182.57		140.88
		10522.70		8898.42
(2) Other Investments				
Other fully paid equity shares		–		186.29
		10522.70		9084.71

Non-current Investments (at cost unless otherwise specified)

Particulars	Face value per unit	Number of units	As at	As at
		As at 31-3-2013	31-3-2013	31-3-2012
	₹		₹ crore	₹ crore
(1) Trade Investments				
(i) Investments in fully paid equity instruments				
(a) Subsidiary companies:				
Audco India Limited * (prior to March 28, 2013, associate company)	100	15,63,260	201.54	–
Bhilai Power Supply Company Limited	10	49,950	0.05	0.05
EWAC Alloys Limited	100	8,29,440	150.24	150.24
Hi-Tech Rock Products & Aggregates Limited	10	50,000	0.05	0.05
Kesun Iron & Steel Company Private Limited	10	9,500	0.01	0.01
Larsen & Toubro Consultoria E Projeto Ltda	R\$ 1	96,819	0.27	0.27
L&T-Gulf Private Limited	10	40,00,016	4.00	4.00
L&T Ahmedabad-Maliya Tollway Limited [₹ 1000 (previous year ₹ 1000)]	10	100	–	–
L&T Aviation Services Private Limited	10	4,56,00,000	45.60	24.00
L&T Capital Company Limited	10	2,20,00,000	22.00	22.00
L&T Cassidian Limited	10	37,000	0.04	0.04
L&T Finance Holdings Limited (quoted)	10	1,41,70,24,221	1778.59	1778.59
L&T Chennai-Tada Tollway Limited [₹ 1000 (previous year ₹ 1000)]	10	100	–	–
L&T Devihalli Hassan Tollway Limited [₹ 1000 (previous year ₹ 1000)]	10	100	–	–
L&T General Insurance Company Limited	10	41,50,00,000	415.00	325.00
L&T Halol-Shamlaji Tollway Limited [₹ 1000 (previous year ₹ 1000)]	10	100	–	–
L&T Howden Private Limited	10	1,50,30,000	15.03	15.03
L&T Infocity Limited	10	2,40,30,000	16.02	16.02
L&T Metro Rail (Hyderabad) Limited	10	53,00,000	5.30	4.37
Carried forward			2653.74	2339.67

Notes forming part of the Accounts (contd.)

NOTE [F]

Non-current investments (at cost unless otherwise specified) (contd.)

Particulars	Face value per unit	Number of units		As at 31-3-2013	As at 31-3-2012
		As at 31-3-2013	As at 31-3-2013		
	₹			₹ crore	₹ crore
(a) Subsidiary companies: (contd.)					
Brought forward				2653.74	2339.67
L&T Infrastructure Development Projects Limited	10	31,28,59,096		2696.47	2696.47
L&T Kobelco Machinery Private Limited	10	2,55,00,000		25.50	25.50
L&T Krishnagiri Walajahpet Tollway Limited [₹ 26000 (previous year ₹ 26000)]	10	2,600		–	–
L&T-MHI Boilers Private Limited	10	11,93,91,000		119.39	112.25
L&T-MHI Turbine Generators Private Limited	10	17,37,06,000		173.71	127.55
L&T Natural Resources Limited	10	50,000		0.05	0.05
L&T Power Development Limited	10	1,79,90,00,000		1799.00	1362.00
L&T Power Limited (Face value reduced from ₹ 30000 to ₹ 10 each)	10	51,157		0.05	153.47
L&T PowerGen Limited	10	50,000		0.05	0.05
L&T Rajkot-Vadinar Tollway Limited [₹ 1000 (previous year ₹ 1000)]	10	100		–	–
L&T Realty Limited	10	4,71,60,700		47.16	47.16
L&T Samakhiali Gandhidham Tollway Limited	10	13,000		0.01	0.01
L&T Sapura Offshore Private Limited	10	6,000		0.01	0.01
L&T Sapura Shipping Private Limited	10	9,53,11,850		95.31	95.31
L&T Seawoods Private Limited	10	10,000		0.01	0.01
L&T Shipbuilding Limited	10	81,86,80,000		818.68	0.05
L&T Solar Limited	10	50,000		0.05	0.05
L&T Special Steels and Heavy Forgings Private Limited	10	39,96,00,000		399.60	333.00
L&T Electricals and Automation Limited	10	50,000		0.05	0.05
L&T Transportation Infrastructure Limited	10	1,08,64,000		10.86	10.86
L&T Plastics Machinery Limited	–	–		–	13.00
L&T-Sargent & Lundy Limited	10	27,82,736		0.82	1.09
(Buyback of 625,001 shares @ ₹ 80 per share and Buyback of 284,091 shares @ ₹ 88 per share)					
L&T Technologies Limited	10	50,000		0.05	0.05
L&T Technology Services Limited	10	50,000		0.05	–
L&T-Valdel Engineering Limited	10	11,79,000		23.89	23.89
Larsen & Toubro Infotech Limited	5	3,22,50,000		134.25	134.25
Larsen & Toubro International FZE	Dhs 550500	1,829		1147.40	1147.40
Larsen Toubro Arabia LLC	Saudi Riyals 1000	7,500		11.08	–
Larsen & Toubro LLC	USD 1	50,000		0.23	0.23
Narmada Infrastructure Construction Enterprise Limited	10	1,26,48,507		12.65	12.65
PNG Tollway Limited	10	4,39,66,000		43.97	43.97
Raykal Aluminum Company Private Limited	10	37,750		0.04	0.04
Spectrum Infotech Private Limited	10	4,40,000		6.80	6.80
Tractor Engineers Limited	1,000	68,000		0.30	0.30
Total [1]-(i) (a)				10221.23	8687.19
(b) Associate companies:					
AIC Structural Steel Construction (India) Private Limited	10	26,000		0.03	–
Audco India Limited (subsidiary company w.e.f. March 28, 2013)	100	7,81,630		–	0.05
Gujarat Leather Industries Limited	10	7,35,000		0.56	0.56
JSK Electricals Private Limited	10	21,20,040		2.12	–
L&T-Chiyoda Limited	10	45,00,000		4.50	4.50
L&T-Komatsu Limited	10	6,00,00,000		60.00	60.00
L&T-Ramboll Consulting Engineers Limited	10	18,00,000		1.80	1.80
Magtorq Private Limited	100	9,000		4.42	–
Carried forward				73.43	66.91

Notes forming part of the Accounts (contd.)

NOTE [F]

Non-current investments (at cost unless otherwise specified) (contd.)

Particulars	Face value per unit	Number of units		As at	As at
		As at 31-3-2013	As at 31-3-2012	31-3-2013	31-3-2012
	₹			₹ crore	₹ crore
(b) Associate companies: (contd.)					
Brought forward				73.43	66.91
Rishi Consfab Private Limited	10	27,04,000		2.70	–
Salzer Electronics Limited (quoted)	10	26,79,808		16.33	–
				92.46	66.91
Less: Provision for diminution in value				0.56	0.56
Total [1]-(i) (b)				91.90	66.35
(c) Other companies:					
International Seaport Dredging Limited	10,000	15,899		15.90	15.90
Tidel Park Limited	10	40,00,000		4.00	4.00
Astra Microwave Products Limited (quoted)	2	79,50,045		23.00	–
				42.90	19.90
Less: Provision for diminution in value				15.90	15.90
Total [1]-(i) (c)				27.00	4.00
(ii) Other investments					
Integrated joint venture					
Desbuild-L&T Joint Venture				0.05	0.05
HCC-L&T Purulia Joint Venture				0.06	0.37
International Metro Civil Contractors Joint Venture				8.39	9.21
L&T-Eastern Joint Venture				4.06	11.50
L&T-AM Tapovan Joint Venture				83.03	71.33
L&T-Hochtief Seabird Joint Venture				19.20	19.36
L&T Shanghai Urban Corporation Group Joint Venture				12.73	12.53
Metro Tunneling Group				14.65	13.02
Metro Tunneling Delhi - L&T SUCG Joint Venture				6.32	3.03
Metro Tunneling Chennai - L&T SUCG Joint Venture				28.89	0.48
L&T-Shapoorji Pallonji & Co. Ltd. Joint Venture -TCS				5.19	–
Total				182.57	140.88
Trade Investments-Total (1)				10,522.70	8898.42
(2) Other Investments					
Investments in fully paid equity Instruments					
Other companies:					
Satyam Computer Services Limited (quoted)	–	–		–	186.29
Utmal Multi purpose Service Co-operative Society Limited (B Class) [₹ 30,000 (previous year ₹ 30,000)]	100	300		–	–
Other Investments-Total (2)				–	186.29
Total non current investments (1+2)				10522.70	9084.71

* Net of ₹ 50.02 crore being dividend received out of pre-acquisition profits.

Details of quoted/unquoted investments:

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
(a) Aggregate amount of quoted investments and market value thereof;		
Book Value	1817.92	1964.88
Market Value	10503.90	6965.91
(b) Aggregate amount of unquoted investments;		
Book Value	8704.78	7119.83
(c) Aggregate provision for diminution in value of investments: ₹ 16.46 crore (previous year ₹ 16.46 crore)		

Notes forming part of the Accounts (contd.)

NOTE [G(I)]

Long term loans and advances

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
Secured considered good:		
Loans against mortgage of house property	5.60	8.93
Rent deposit (KMP's)	0.01	0.01
Capital advances	1.69	3.28
Unsecured considered good		
Capital advances	122.36	107.13
Loans and advances to related parties:		
Subsidiary companies		
Loans [Note Q(2)(a)]	–	241.50
Advances towards equity commitment	2264.85	2382.08
Inter-corporate deposits including interest accrued [Note Q(2)(a)]	294.01	633.64
Joint venture companies:		
Loans	453.37	283.63
Other loans and advances		
Security deposits	107.92	75.16
Earnest money deposits	0.51	0.60
Advances recoverable in cash or in kind	413.47	319.27
Balances with customs, port trust etc.	0.32	0.32
Lease receivable	0.06	0.42
	<u>3664.17</u>	<u>4055.97</u>

NOTE [G(II)]

Cash and bank balances

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
Cash and bank balances not available for immediate use [Note G(II)(a)]	39.02	127.14
	<u>39.02</u>	<u>127.14</u>

G (II)(a) Particulars of cash and bank balances not available for immediate use

Particulars	₹ crore	
	As at 31-3-2013	As at 31-3-2012
1 Amount deposited under credit support arrangement which is refundable only on cessation of exposure to a Bank	104.77	125.25
2 Amount received including interest accrued thereon from customers of property development business – to be handed over to housing society on its formation	18.65	17.64
3 Contingency deposit (including interest accrued thereon) received from customers of property development business towards their sales tax liability - to be refunded/adjusted depending on the outcome of the legal case	12.81	10.28
4 Other bank balances not available for immediate use being in the nature of security offered for bids submitted, loans availed, guarantees issued by bank on behalf of the company, collaterals, earmarked grants etc.	38.49	7.28
Total	174.72	160.45
Less: Amount reflected under current assets [Note H-IV]	135.70	33.31
Amount reflected under non-current assets [Note G-II]	39.02	127.14

Notes forming part of the Accounts (contd.)

NOTE [G(III)]

Other Non Current Asset

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore		₹ crore	
Unamortised expenses	43.30		14.07	
	<u>43.30</u>		<u>14.07</u>	

NOTE [H(I)]

Current Investments

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
(a) Current investments				
Government and trust securities	112.87		371.28	
Less: Provision for diminution in value	<u>0.86</u>		<u>7.89</u>	
		112.01		363.39
Debentures & Bonds	1101.08		605.02	
Less: Provision for diminution in value	<u>0.56</u>		<u>4.61</u>	
		1100.52		600.41
Mutual funds	2102.56		920.63	
Less: Provision for diminution in value	<u>—</u>		<u>0.02</u>	
		2102.56		920.61
Other current investments	2265.83		4907.76	
Less: Provision for diminution in value	<u>0.23</u>		<u>6.37</u>	
		2265.60		4901.39
(b) Current portion of long term investments		—		1.39
		<u>5580.69</u>		<u>6787.19</u>

Other particulars in respect of current investment mentioned in H(1) are as follows:

Particulars	Face value per unit	Number of Units		As at	
		As at 31-3-2013	As at 31-3-2013	As at 31-3-2013	As at 31-3-2012
	₹			₹ crore	₹ crore
(a) Current investments:					
(1) Government and trust securities:					
6.35% Government of India Bonds 2020 (quoted)	100	—		—	40.48
8.28% Government of India Bonds 2032 (quoted)	100	5,00,000		4.91	4.99
8.79% Government of India Bonds 2021 (quoted)	100	—		—	325.81
8.15% Government of India Bonds 2022 (quoted)	100	5,00,000		5.09	—
8.33% Government of India Bonds 2026 (quoted)	100	1,00,00,000		102.87	—
				112.87	371.28
Less: Provision for diminution in value				<u>0.86</u>	<u>7.89</u>
Government and trust securities-Total				112.01	363.39
(2) Debentures and Bonds					
(i) Subsidiary companies:					
L&T Finance Limited-10.24% Secured Redeemable Non-Convertible Debentures, 2019 (quoted)	1,000	3,69,770		36.98	36.98
L&T Infrastructure Finance Company Limited-8.91% Non-Convertible Debentures, 16-Apr-2012 (quoted)	10,00,000	—		—	24.98
Carried forward				36.98	61.96

Notes forming part of the Accounts (contd.)

Note [H(I)]

Current investments (contd.)

Particulars	Face value per unit	Number of Units		As at	As at
		As at 31-3-2013	As at 31-3-2013	31-3-2013	31-3-2012
	₹			₹ crore	₹ crore
(i) Subsidiary companies: (contd.)					
Brought forward				36.98	61.96
L&T Infrastructure Finance Company Limited - 8.91% Non-Convertible Debentures, 16-Apr-2013 (quoted)	10,00,000	250		24.95	24.98
L&T Infrastructure Finance Company Limited - 8.91% Non-Convertible Debentures, 16-Apr-2014 (quoted)	10,00,000	250		24.95	24.98
L&T Infrastructure Finance Company Limited - 8.91% Non-Convertible Debentures, 16-Apr-2015 (quoted)	10,00,000	250		24.95	24.98
L&T Infrastructure Finance Company Limited - 8.91% Non-Convertible Debentures, 15-Apr-2016 (quoted)	10,00,000	–		–	24.98
L&T Infrastructure Finance Company Limited - 8.91% Non-Convertible Debentures, 14-Apr-2017 (quoted)	10,00,000	–		–	24.98
L&T Infrastructure Finance Company Limited - 8.91% Non-Convertible Debentures, 16-Apr-2018 (quoted)	10,00,000	–		–	24.97
				111.83	211.83
Less: Provision for diminution in value				0.30	3.06
Subsidiary companies-Total				111.53	208.77
(ii) Other Debentures and Bonds					
Citi Corporation Non-Convertible Debentures - Series 409 - 2014 (quoted)	1,00,000	–		–	50.13
HDFC Limited 9.95% Non-Convertible Debentures 2012 (quoted)	10,00,000	–		–	5.00
ICICI Bank Ltd. Non-Convertible Debentures 9.15% - 31 December 2022 (quoted)	10,00,000	50		5.00	–
Tata Steel Limited 11.8% Non-Convertible Debentures, Perpetual (quoted)	10,00,000	–		–	101.75
9.05% HDFC Ltd. Non-Convertible Debentures 29 January 2014 (quoted)	10,00,000	1,500		149.74	–
9.62% HDFC Ltd. Non-Convertible Debentures 27 February 2014 (quoted)	10,00,000	1,000		100.34	–
9.62% HDFC Ltd. Non-Convertible Debentures 26 February 2014 (quoted)	10,00,000	750		75.29	–
9.18% HDFC Ltd. Non-Convertible Debentures 22 October 2014 (quoted)	10,00,000	150		14.99	–
6.86% IIFCL 26 March 2023 (quoted)	1,000	2,50,000		25.00	–
7.18% IRFC Ltd. 19 February 2023 (quoted)	1,000	30,00,000		300.00	–
10.75% The Tata Power Co. Ltd. Non-Convertible Debentures 21 August 2072 (quoted)	10,00,000	1,000		101.05	–
8.00% Indian Overseas Bank 2016 Bonds (quoted)	10,00,000	50		4.90	4.90
8.20% Power Finance Corporation 2022 (quoted)	1,000	8,54,355		89.23	85.44
9.32% National Bank for Agricultural and Rural Development 2015 (quoted)	10,00,000	100		10.00	10.00
9.40% National Bank for Agricultural and Rural Development 2015 (quoted)	10,00,000	–		–	25.00
9.46% Power Finance Corporation 2026 (quoted)	10,00,000	200		19.99	19.99
9.61% Power Finance Corporation 2021 (quoted)	10,00,000	16		1.60	1.60
9.70% Power Finance Corporation 2021 (quoted)	10,00,000	100		10.03	10.03
9.75% Rural Electrification Corporation Limited 2021 (quoted)	10,00,000	50		5.18	5.18
8.20% National Highway Authority of India 2022 (quoted)	1,000	7,41,713		76.91	74.17
				989.25	393.19
Less: Provision for diminution in value				0.26	1.55
Other Debentures and Bonds-Total				988.99	391.64
Debentures-Total				1100.52	600.41

Notes forming part of the Accounts (contd.)

Note [H(I)]

Current investments (contd.)

Particulars	Face value per unit	Number of Units		As at 31-3-2013	As at 31-3-2012
		As at 31-3-2013	As at 31-3-2013		
	₹			₹ crore	₹ crore
(3) Mutual funds:					
Baroda Pioneer Liquid Fund-Plan A-Growth	1,000	7,44,632	100.00	–	–
Birla Sun Life Fixed Term Plan-Series CY-Growth (quoted)	10	–	–	53.19	–
Birla Sun Life Fixed Term Plan-Series DB (369 Days) Growth (quoted)	10	–	–	10.60	–
DSP Blackrock Liquidity Fund-IP-Growth	1,000	2,98,155	50.00	–	–
DWS Fixed Term-Series 80-Growth (quoted)	10	–	–	37.22	–
DWS Insta Cash Plus Fund-Regular Bonus-Growth	10	–	–	8.71	–
DWS Insta Cash Plus Fund-Super Institutional Plan-Bonus	100	13,95,466	13.92	–	–
DWS Money Plus Fund-Regular Plan-Bonus	10	5,70,81,186	55.79	–	–
DWS Treasury Fund-Cash-Reg-Bonus	10	15,12,022	14.79	–	–
DWS Ultra Short Term Fund-Regular Bonus Option	10	–	–	88.81	–
HDFC Liquid Fund-Growth	10	2,16,45,022	50.00	–	–
ICICI Prudential FMP Series 56-1Year Plan E-Growth (quoted)	10	–	–	26.60	–
IDBI Liquid Fund-Growth	1,000	1,98,809	25.00	–	–
IDFC Cash Fund-Reg-Growth	1,000	3,50,958	50.00	–	–
JM High Liquidity Fund-Bonus Option-Bonus Units	10	45,49,23,434	446.91	–	–
JP Morgan India Liquid Fund-Super IP-Growth	10	3,29,12,709	50.00	–	–
JP Morgan India Treasury Fund-Direct Plan-Bonus	10	6,57,31,094	100.00	–	–
L&T Cash Fund-Growth	1,000	28,24,285	450.00	–	–
L&T FMP-II (Jan 15M A)-Growth (quoted)	10	–	–	10.87	–
L&T FMP-III (June 366D A)-Growth (quoted)	10	–	–	7.36	–
L&T FMP-V (December 366D A)-Growth (quoted)	10	–	–	5.00	–
L&T FMP-V (December 368D A)-Growth (quoted)	10	–	–	8.03	–
L&T FMP-V (February 368D A)-Growth (quoted)	10	–	–	12.00	–
L&T FMP-VII (January 507D A)-Growth (quoted)	10	2,00,00,000	20.00	–	–
L&T FMP-VII (March 13M A)-Growth (quoted)	10	1,00,00,000	10.00	–	–
L&T FMP-VII (March 367D A)-Growth (quoted)	10	1,00,00,000	10.00	–	–
L&T FMP-VII (March 367D B)-Growth (quoted)	10	50,00,000	5.00	–	–
L&T FMP-VII (March 381D A)-Growth (quoted)	10	1,00,00,000	10.00	–	–
L&T FMP-IV (September 367D A)-Growth (quoted)	10	–	–	2.50	–
L&T Income Opportunities Fund-Growth	10	–	–	30.46	–
L&T Liquid Fund-Growth	1,000	21,77,844	350.00	–	–
L&T Liquid Fund-Institutional Plus Plan-Daily Dividend Reinvest	1,000	–	–	250.11	–
L&T Short Term Opportunities Fund-Growth	10	2,23,49,962	25.09	–	–
LIC Nomura FMP Series 48 Growth (quoted)	10	–	–	10.39	–
Principal Cash Management Fund-Growth-Bonus	1,000	3,36,795	37.50	–	–
Reliance Fixed Horizon Fund XIX-Series 4-Growth (quoted)	10	–	–	21.26	–
Religare FMP Series IX Plan D (370 Days) Growth (quoted)	10	–	–	4.00	–
Religare FMP Series VII-Plan C (369 Days) Growth (quoted)	10	–	–	15.92	–
Religare FMP-Series XI-Plan E (371 Days)-Growth (quoted)	10	–	–	10.00	–
Religare Liquid Fund-Growth	1,000	6,20,694	100.00	–	–
SBI Premier Liquid Fund-Growth	1,000	5,42,948	100.00	–	–
SBI Premier Liquid Fund-Super Institutional Plan - Daily Dividend Reinvestment	1,000	–	–	260.12	–
UTI Fixed Term Income Fund-Series IX-II (369 Days)-Dividend (quoted)	10	–	–	32.35	–
UTI Fixed Term Income Fund-Series IX-(367 Days)-Growth (quoted)	10	–	–	15.13	–
UTI Treasury Advantage Fund IP-Bonus	1,000	2,32,098	28.56	–	–
				2102.56	920.63
Less: Provision for diminution in value				–	0.02
Mutual funds-Total				2102.56	920.61
(4) Other Current investments:					
(i) Collateralized borrowing and lending obligation (CBLO)	NA	NA	–	–	71.96
CBLO-Total				–	71.96
(ii) Commercial paper:					
10.25% IDFC Limited 22 October 2012	5,00,000	–	–	–	93.64
				–	93.64
Less: Provision for diminution in value				–	0.45
Commercial paper-Total				–	93.19

Notes forming part of the Accounts (contd.)

Note [H(I)]

Current investments (contd.)

Particulars	Face value per unit	Number of Units	As at	As at
		As at 31-3-2013	31-3-2013	31-3-2012
	₹		₹ crore	₹ crore
(iii) Certificate of deposits:				
Allahabad Bank 10 June 2013	1,00,000	22,500	220.86	–
Allahabad Bank 31 May 2012	1,00,000	–	–	98.13
Andhra Bank 14 June 2012	1,00,000	–	–	48.86
Axis Bank 06 June 2013	1,00,000	20,000	196.61	–
Axis Bank 31 January 2013	1,00,000	–	–	181.76
Axis Bank 21 February 2013	1,00,000	–	–	45.38
Axis Bank 22 November 2012	1,00,000	–	–	22.80
Axis Bank 29 June 2012	1,00,000	–	–	96.41
Bank of Baroda 06 December 2013	1,00,000	2,500	23.55	–
Bank of India 15 March 2013	1,00,000	–	–	91.15
Canara Bank 01 March 2013	1,00,000	–	–	294.95
Canara Bank 07 March 2013	1,00,000	–	–	90.49
Canara Bank 13 December 2012	1,00,000	–	–	46.58
Canara Bank 14 December 2012	1,00,000	–	–	69.21
Canara Bank 14 March 2013	1,00,000	–	–	113.98
Canara Bank 18 March 2013	1,00,000	–	–	45.22
Canara Bank 20 February 2013	1,00,000	–	–	90.84
Canara Bank 24 February 2014	1,00,000	5,000	46.20	–
Canara Bank 26 December 2012	1,00,000	–	–	160.75
Canara Bank 26 February 2013	1,00,000	–	–	136.31
Central Bank of India 15 February 2013	1,00,000	–	–	22.85
Central Bank of India 15 June 2012	1,00,000	–	–	48.84
Central Bank of India 17 December 2012	1,00,000	–	–	69.28
Central Bank of India 18 February 2013	1,00,000	–	–	160.09
Corporation Bank 05 December 2013	1,00,000	7,500	70.67	–
Corporation Bank 06 March 2014	1,00,000	10,000	92.17	–
Corporation Bank 10 December 2013	1,00,000	5,000	47.06	–
Corporation Bank 17 February 2014	1,00,000	15,000	138.79	–
Corporation Bank 19 June 2012	1,00,000	–	–	48.80
Corporation Bank 22 November 2013	1,00,000	5,000	47.25	–
IDBI Bank 12 July 2012	1,00,000	–	–	22.77
IDBI Bank 05 December 2013	1,00,000	2,500	23.54	–
IDBI Bank 10 February 2014	1,00,000	2,500	23.18	–
IDBI Bank 24 December 2012	1,00,000	–	–	23.01
IDBI Bank 26 June 2012	1,00,000	–	–	72.61
Indian Overseas Bank 06 July 2012	1,00,000	–	–	22.90
Indian Overseas Bank 22 January 2013	1,00,000	–	–	45.66
Indian Overseas Bank 14 March 2014	1,00,000	5,000	46.04	–
Oriental Bank of Commerce 03 January 2014	1,00,000	5,000	46.76	–
Oriental Bank of Commerce 05 March 2014	1,00,000	2,500	23.08	–
Oriental Bank of Commerce 06 December 2012	1,00,000	–	–	68.80
Oriental Bank of Commerce 07 August 2012	1,00,000	–	–	46.56
Oriental Bank of Commerce 07 December 2012	1,00,000	–	–	68.98
Oriental Bank of Commerce 12 December 2012	1,00,000	–	–	91.26
Oriental Bank of Commerce 13 December 2012	1,00,000	–	–	23.08
Oriental Bank of Commerce 20 June 2012	1,00,000	–	–	48.79
Oriental Bank of Commerce 21 January 2013	1,00,000	–	–	136.63
Oriental Bank of Commerce 30 May 2013	1,00,000	10,000	98.48	–
Oriental Bank of Commerce 30 November 2012	1,00,000	–	–	92.28
Punjab and Sind Bank 21 June 2012	1,00,000	–	–	48.78
Punjab National Bank 03 July 2012	1,00,000	–	–	23.89
Punjab National Bank 05 March 2014	1,00,000	25,000	230.86	–
Punjab National Bank 06 Decemehr 2012	1,00,000	–	–	23.12
Punjab National Bank 10 March 2014	1,00,000	20,000	184.48	–
Punjab National Bank 12 July 2012	1,00,000	–	–	22.89
Punjab National Bank 14 June 2012	1,00,000	–	–	48.87
Carried forward			1559.58	2913.56

Notes forming part of the Accounts (contd.)

Note [H(I)]

Current investments (contd.)

Particulars	Face value per unit	Number of Units		As at 31-3-2013	As at 31-3-2012
		As at 31-3-2013	As at 31-3-2013		
	₹			₹ crore	₹ crore
(iii) Certificate of deposits: (contd.)					
Brought forward				1559.58	2913.56
Punjab National Bank 15 March 2013	1,00,000	–	–	–	91.12
Punjab National Bank 18 December 2012	1,00,000	–	–	–	138.81
Punjab National Bank 25 February 2013	1,00,000	–	–	–	90.85
Punjab National Bank 25 March 2014	1,00,000	10,000	91.60	–	–
Punjab National Bank 29 November 2012	1,00,000	–	–	–	46.40
Punjab National Bank 31 January 2013	1,00,000	–	–	–	182.36
State Bank of Bikaner & Jaipur 10 September 2012	1,00,000	–	–	–	94.67
State Bank of Bikaner & Jaipur 19 December 2012	1,00,000	–	–	–	92.51
State Bank of Bikaner & Jaipur 24 December 2012	1,00,000	–	–	–	23.22
State Bank of Hyderabad 03 December 2012	1,00,000	–	–	–	46.31
State Bank of Hyderabad 06 December 2012	1,00,000	–	–	–	22.93
State Bank of Hyderabad 06 September 2013	1,00,000	5,000	48.12	–	–
State Bank of Hyderabad 07 November 2012	1,00,000	–	–	–	23.34
State Bank of Hyderabad 13 March 2014	1,00,000	5,000	46.08	–	–
State Bank of Hyderabad 23 January 2013	1,00,000	–	–	–	68.72
State Bank of Hyderabad 26 December 2012	1,00,000	–	–	–	22.81
State Bank of Mysore 29 November 2013	1,00,000	25,000	235.79	–	–
State Bank of Mysore 24 May 2012	1,00,000	–	–	–	24.02
State Bank of Patiala 03 June 2013	1,00,000	2,500	23.66	–	–
State Bank of Patiala 03 August 2012	1,00,000	–	–	–	46.00
State Bank of Patiala 03 September 2012	1,00,000	–	–	–	92.03
State Bank of Patiala 12 December 2012	1,00,000	–	–	–	138.82
State Bank of Travancore 13 August 2012	1,00,000	–	–	–	22.85
State Bank of Travancore 22 November 2013	1,00,000	5,000	47.25	–	–
Syndicate Bank 06 August 2012	1,00,000	–	–	–	46.58
Syndicate Bank 15 June 2012	1,00,000	–	–	–	73.32
Syndicate Bank 18 December 2012	1,00,000	–	–	–	23.05
Syndicate Bank 26 December 2012	1,00,000	–	–	–	45.96
Syndicate Bank 28 September 2012	1,00,000	–	–	–	94.20
Syndicate Bank 21 January 2013	1,00,000	–	–	–	91.07
Syndicate Bank 30 July 2012	1,00,000	–	–	–	46.41
UCO Bank 03 April 2012	1,00,000	–	–	–	44.95
UCO Bank 05 June 2012	1,00,000	–	–	–	48.99
UCO Bank 05 March 2014	1,00,000	2,500	23.08	–	–
UCO Bank 10 March 2014	1,00,000	5,000	46.08	–	–
UCO Bank 14 March 2014	1,00,000	5,000	46.08	–	–
Union Bank of India 03 December 2012	1,00,000	–	–	–	46.30
United Bank of India 24 May 2013	1,00,000	10,000	98.51	–	–
				2265.83	4742.16
Less: Provision for diminution in value				0.23	5.92
Certificate of deposits-Total				2265.60	4736.24
Other Current investments-Total (5) (i+ii+iii)				2265.60	4901.39
(b) Current portion of long term investments: H(1)(b)					
Bonds					
Nakheel Anka Sukuk Limited	AED 10,000			–	1.39
Bonds-Total				–	1.39
Total current investments-(a+b)				5580.69	6787.19

Details of quoted/unquoted investments:

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
(a) Aggregate amount of quoted current investments and market value thereof;		
Book Value	1268.94	1246.20
Market Value	1324.54	1275.22
(b) Aggregate amount of unquoted current investments;		
Book Value	4311.75	5540.99
(c) Aggregate provision for diminution in value of current investments: ₹ 1.65 crore (previous year ₹ 18.89 crore)		

Notes forming part of the Accounts (contd.)

NOTE [H(II)]

Inventories (at cost or net realisable value whichever is lower)

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore		₹ crore	
Raw Materials [Includes goods-in-transit ₹ 34.75 crore (previous year ₹ 16.93 crore)]	451.07		418.58	
Components [Includes goods-in-transit ₹ 77.64 crore (previous year ₹ 52.72 crore)]	348.08		330.94	
Construction material [Includes goods-in-transit ₹ 0.31 crore (previous year ₹ 1.99 crore)]	0.74		2.02	
Manufacturing work-in-progress [Note Q(25)(d)]	646.59		466.29	
Finished goods	209.11		237.88	
Stock in trade (in respect of goods acquired for trading) [Includes goods-in-transit ₹ 31.82 crore (previous year ₹ 50.99 crore)]	169.19		196.33	
Stores and spares [Includes goods-in-transit ₹ 4.14 crore (previous year ₹ 2.43 crore)]	84.62		80.05	
Loose tools	5.02		4.51	
Property development related work-in-progress [Note Q(6)(b)]	149.76		40.02	
	<u>2064.18</u>		<u>1776.62</u>	

NOTE [H(III)]

Trade receivables

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Secured:				
Other debts (Debts outstanding for less than 6 months) Considered good	0.77		—	
			0.77	
Unsecured:				
Debts outstanding for more than 6 months				
Considered good	1978.70		1633.70	
Considered doubtful	514.40		603.16	
	2493.10		2236.86	
Other debts: [Note H(III)(a)]				
Considered good	20633.54		17083.24	
Considered doubtful	0.34		—	
	23126.98		19320.10	
Less: Allowance for doubtful debts	514.74		603.16	
	<u>22612.24</u>		<u>18716.94</u>	
	<u>22613.01</u>		<u>18716.94</u>	

H(III)(a) Unsecured-other debts includes ₹ 15531.50 crore (previous year: ₹ 12393.15 crore) contractually not due.

Notes forming part of the Accounts (contd.)

NOTE [H(IV)]

Cash and bank balances

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Cash and cash equivalent				
Balance with banks	708.93		555.71	
Cheques and drafts on hand	337.20		272.60	
Cash on hand	3.23		2.87	
Fixed deposits with banks (maturity less than 3 months)	230.16		856.93	
		1279.52		1688.11
Other bank balances				
Fixed deposits with banks including interest accrued thereon [including ₹ Nil crore of bank deposits with more than 12 months maturity (previous year: ₹ 0.02 crore)]	2.58		13.09	
Earmarked balances with banks-unclaimed dividend	23.85		19.52	
Margin money deposits	5.07		15.15	
Cash and bank balances not available for immediate use [Note G(II)(a)]	135.70		33.31	
Bank balances subject to restriction on repatriation [Note H(IV)(a)]	8.94		8.94	
		176.14		90.01
		1455.66		1778.12

NOTE H(IV)(a)

₹ crore

Particulars	31-3-2013	31-3-2012
Rafidian Bank	8.25	8.25
Mashreq Bank	0.69	0.69
Total	8.94	8.94

The balance represents fixed deposit/call deposit against loan taken from Rafidian Bank. The deposit with Mashreq Bank is subject to an escrow arrangement duly approved by the Reserve Bank of India. The proceeds of both deposits, together with interest thereon, would be applied towards full and final settlement of loan taken from Rafidian Bank, Iraq which is disclosed as loan repayable on demand vide Note (D)(I) for an equivalent amount of ₹ 8.94 crore.

NOTE [H(V)]

Short term loans and advances

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Secured considered good:				
Loans against mortgage of house property:				
Key management personnel		–		0.28
Others		1.72		1.76
Unsecured				
Considered good:				
Subsidiary companies				
Loans [Note Q(2)(a)]		200.00		318.20
Inter-corporate deposits including interest accrued [Note Q(2)(a)]		605.35		49.51
Others		841.00		1116.77
Carried forward		1648.07		1486.52

Notes forming part of the Accounts (contd.)

NOTE [H(V)]

Short term loans and advances (contd.)

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore		₹ crore	
Brought forward	1648.07		1486.52	
Associate companies				
Advance recoverable	6.69		11.47	
Joint ventures companies				
Loans	–		84.04	
Advance recoverable	0.04		–	
Advances to suppliers	20.48		10.18	
Others				
Considered good:				
Security deposits	167.50		132.64	
Earnest money deposits	72.40		36.16	
Advances recoverable in cash or kind	3528.78		3078.60	
Income tax receivable of current year <i>[net of provision of ₹ 1814.10 crore in previous year]</i>	–		95.22	
Balance with customs, port trust etc.	54.44		70.34	
Lease receivable	0.44		0.45	
Considered doubtful:				
Deferred credit against sale of ships	22.58		21.16	
Security deposits	1.40		0.47	
Other loans and advances	131.79		130.80	
	<u>5654.61</u>		<u>5158.05</u>	
Less: Allowance for doubtful loans and advances	155.77		152.43	
	<u>5498.84</u>		<u>5005.62</u>	

NOTE [H(VI)]

Other current asset

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Other current assets:				
Due from customers (construction and project related activity)	11692.89		11781.47	
Due from customers (property development activity) [Note (Q)(6)(b)]	1.83		–	
Interest accrued on investments	35.66		93.84	
Unbilled revenue	48.63		42.33	
Unamortised expenses	11.65		4.72	
	<u>11790.66</u>		<u>11922.36</u>	
	<u>11790.66</u>		<u>11922.36</u>	

Notes forming part of the Accounts (contd.)

NOTE [I]

Contingent liabilities

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
(a) Claims against the Company not acknowledged as debts	177.97	198.15
(b) Sales-tax liability that may arise in respect of matters in appeal	112.60	107.04
(c) Excise duty/Service tax liability that may arise in respect of matters in appeal/challenged by the Company in WRIT	41.21	28.59
(d) Income-tax liability (including penalty) that may arise in respect of which the Company is in appeal	390.39	198.38
(e) Corporate guarantees given on behalf of subsidiary companies	4422.32	1570.47

Notes:

- The Company does not expect any reimbursements in respect of the above contingent liabilities.
- It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above, pending resolution of the arbitration/appellate proceedings.
- In respect of matters at (e), the cash outflows, if any, could generally occur up to eight years, being the period over which the validity of the guarantees extends except in a few cases where the cash outflows, if any, could occur any time during the subsistence of the borrowing to which the guarantees relate.

NOTE [J]

Commitments

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances)	390.48	397.30
(b) Estimated amount of committed funding by way of equity/loans to subsidiary and associate companies	7453.00	7809.00

NOTE [K]

Revenue from operations

Particulars	Note	2012-13		2011-12	
		₹ crore	₹ crore	₹ crore	₹ crore
Sales & service:					
Manufacturing and trading activity	Q (25)(a) (i)	6375.70		6367.59	
Property development activity	Q(25)(a)(ii), Q(6)(b)	73.79		21.70	
Construction and project related activity	Q(6)(a), Q(25)(a)(iii)	52618.63		45356.71	
Servicing	Q(25)(a)(iv)	406.08		285.63	
Commission	Q(25)(a)(v)	158.77		205.01	
Engineering and service fees	Q(25)(a)(vi)	1215.03		875.74	
			60848.00		53112.38
Other operational revenue:					
Income from hire of plant and equipment		9.63		9.95	
Technical fees		53.80		62.58	
Company's share in profit of Integrated joint ventures	Q14(b)	10.10		5.13	
Lease rentals		49.73		40.72	
Income from services to the Group companies		95.62		67.44	
Premium earned (net) on related forward exchange contract		245.91		254.72	
Miscellaneous income		158.07		184.86	
			622.86		625.40
			61470.86		53737.78

Notes forming part of the Accounts (contd.)

K(I) Revenue from sales & service include:

- (a) ₹ 691.63 crore (*previous year: ₹ 298.88 crore*) for price variations net of liquidated damages in terms of contracts with the customers.
- (b) Shipbuilding subsidy ₹ 10.02 crore (*previous year : ₹ 2.09 crore*) and reversal of shipbuilding subsidy of ₹ 7.22 crore (*previous year : ₹ 18.24 crore*).

Note [L]

Other Income

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Interest income:				
Interest income on long term investments	0.40		0.35	
Interest income on current investments	310.92		407.20	
Interest income on others:				
Subsidiary and associate companies	181.27		126.97	
Others	40.10		34.42	
		532.69		568.94
Dividend income:				
From long term investments:				
Subsidiary companies	583.21		385.13	
Associate companies	1.80		22.58	
Other trade investments	–		7.50	
Other investments	1.20		1.20	
	586.21		416.41	
From current investments	3.45		47.78	
		589.66		464.19
Net gain/(loss) on sale of investment:				
Long term investments (net)	24.71		(1.75)	
Current investments (net)	224.21		124.39	
		248.92		122.64
Net gain/(loss) on sale of fixed assets (net)		226.29		13.24
Lease rental		43.68		18.98
Miscellaneous income (net of expenses) [Note L(I)]		209.66		150.29
		1850.90		1338.28

[L(I)] Miscellaneous income includes recoveries from subsidiary, joint venture and associate companies towards directly attributable expenses incurred on employees deputed to these companies. Such expenses, the details of which are given hereunder, have been netted off from miscellaneous income.

Expenses	2012-13	2011-12
	₹ crore	₹ crore
Salaries	81.06	74.07
Contribution to Provident Fund	1.94	1.84
Compensation for Employee Stock Option Plan (ESOP)	6.18	10.52
Welfare expenses	1.02	2.93
Other expenses	2.31	2.46
Total	92.51	91.82

Notes forming part of the Accounts (contd.)

NOTE [M]

Manufacturing, construction and operating expenses

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Materials consumed:				
Raw materials and components [Note Q(25)(b)]	11039.28		10203.82	
Less: Scrap sales	<u>146.99</u>		<u>111.70</u>	
		10892.29		10092.12
Construction materials		14581.12		12527.42
Purchase of stock in trade [Note Q(25)(c)]	2078.47		2384.73	
Value of stock in trade transferred on sale of business	<u>(15.24)</u>		<u>(15.33)</u>	
		2063.23		2369.40
Stores, spares and tools consumed		2288.10		1622.83
Sub-contracting charges		14472.06		10747.27
Changes in inventories of finished goods, work-in-progress and stock-in-trade and property development:				
Closing stock:				
Finished goods	209.11		237.88	
Stock in trade	169.19		196.33	
Work-in-progress	<u>3199.91</u>		<u>2011.97</u>	
	<u>3578.21</u>		<u>2446.18</u>	
Less: Opening stock:				
Finished goods	237.88		233.37	
Stock in trade	196.33		200.66	
Work-in-progress	<u>2011.97</u>		<u>1472.38</u>	
	<u>2446.18</u>		<u>1906.41</u>	
		(1132.03)		(539.77)
Other manufacturing, construction and operating expenses:				
Excise duty	(6.27)		16.27	
Power and fuel [Note O(I)]	758.99		638.79	
Royalty and technical know-how fees	7.07		18.07	
Packing and forwarding [Note O(I)]	240.33		210.75	
Hire charges-plant & equipment and others	1031.57		879.63	
Engineering, technical and consultancy fees	690.66		786.48	
Insurance [Note O(I)]	137.34		121.00	
Rent [Note O(I)]	282.76		209.24	
Rates and taxes [Note O(I)]	180.97		186.21	
Travelling and conveyance [Note O(I)]	720.41		530.37	
Repairs to plant and equipment	47.80		51.24	
Repairs to buildings [Note O(I)]	13.41		12.68	
General repairs and maintenance [Note O(I)]	208.89		177.91	
Bank guarantee charges	77.74		66.46	
Miscellaneous expenses [Note O(I)]	<u>395.96</u>		<u>298.02</u>	
		4787.63		4203.12
		<u>47952.40</u>		<u>41022.39</u>

Notes forming part of the Accounts (contd.)

NOTE [N]

Employee benefits expense

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Salaries, wages and bonus		3602.34		2863.47
Contribution to and provision for:				
Provident funds and pension fund	120.89		102.39	
Superannuation/employee pension schemes [Including provision ₹ 10.53 crore (previous year: ₹ 17.97 crore)]	31.69		28.79	
Gratuity funds [Note Q(8)(b)] [Including provision ₹ 0.26 crore (previous year: ₹ 0.01 crore)]	44.97		53.38	
		197.55		184.56
Expenses on Employee Stock Option Schemes [Note A(VIII)(e)(ii)]		85.41		156.73
Insurance expenses-Medical and others [Note O(l)]		53.01		40.10
Staff welfare expenses		498.01		421.23
		4436.32		3666.09

[Note L(l) for employee benefits expense netted off]

NOTE [O]

Sales, administration and other expenses

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Power and fuel [Note O(l)]		59.08		49.10
Packing and forwarding [Note O(l)]		204.93		103.70
Professional fees		157.98		170.50
Audit fees [Note Q(17)]		3.44		2.44
Insurance [Note O(l)]		15.35		9.75
Rent [Note O(l)]		109.01		95.02
Rates and taxes [Note O(l)]		55.57		38.65
Travelling and conveyance [Note O(l)]		222.12		178.03
Repairs to buildings [Note O(l)]		13.43		21.14
General repairs and maintenance [Note O(l)]		207.57		168.91
Directors' fees		0.28		0.30
Telephone, postage and telegrams		99.25		83.04
Advertising and publicity		81.46		76.86
Stationery and printing		45.09		37.85
Commission:				
Distributors and agents	29.24		29.21	
Others	3.41		17.00	
		32.65		46.21
Bank charges		42.31		34.75
Carried Forward		1349.52		1116.25

Notes forming part of the Accounts (contd.)

NOTE [O]

Sales, administration and other expenses (contd.)

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought Forward		1349.52		1116.25
Miscellaneous expenses [Note O(l)]		299.06		288.61
Bad debts and advances written off	101.57		41.40	
Less: Allowance for doubtful debts and advances written back	78.58		31.30	
		22.99		10.10
Company's share in loss of integrated joint ventures [Note Q(14)(b)]		22.62		23.99
Discount on sales		72.17		58.43
Allowance for doubtful debts and advances (net)		(5.83)		180.11
Provision/(reversal) for foreseeable losses on construction contracts		44.89		42.86
Provision/(reversal) for diminution in value of investments(net)		(17.24)		(6.44)
Exchange (gain)/loss (net)		396.02		458.55
Other provisions [Note Q(15)(a)]		(93.12)		45.72
		2091.08		2218.18

O(l) Aggregation of expenses disclosed vide notes M, N and O in respect of specific items are as follows:

₹ crore

Sr No.	Nature of expenses	2012-13				2011-12			
		Note M	Note N	Note O	Total	Note M	Note N	Note O	Total
1	Power and fuel	758.99	–	59.08	818.07	638.79	–	49.10	687.89
2	Packing & forwarding	240.33	–	204.93	445.26	210.75	–	103.70	314.45
3	Insurance	137.34	53.01	15.35	205.70	121.00	40.10	9.75	170.85
4	Rent	282.76	–	109.01	391.77	209.24	–	95.02	304.26
5	Rates & taxes	180.97	–	55.57	236.54	186.21	–	38.65	224.86
6	Travelling and conveyance	720.41	–	222.12	942.53	530.37	–	178.03	708.40
7	Repairs to buildings	13.41	–	13.43	26.84	12.68	–	21.14	33.82
8	General repairs and maintenance	208.89	–	207.57	416.46	177.91	–	168.91	346.82
9	Miscellaneous expenses	395.96	–	299.06	695.02	298.02	–	288.61	586.63

NOTE [P]

Finance costs

Particulars	2012-13	2011-12
	₹ crore	₹ crore
Interest expenses	916.30	604.11
Other borrowing costs	7.83	6.14
Exchange loss (attributable to finance costs)	58.27	55.85
	982.40	666.10

Notes forming part of the Accounts (contd.)

NOTE [Q]

Q(1) The Balance Sheet as on March 31, 2013 and the Statement of Profit and Loss for the year ended March 31, 2013 are drawn and presented as per the new Schedule VI to the Companies Act, 1956.

Q(2) Particulars in respect of loans and advances in the nature of loans as required by the listing agreement:

₹ crore

Name of the company	Balance as at		Maximum outstanding during	
	31-3-2013	31-3-2012	2012-13	2011-12
(a) Loans and advances in the nature of loans given to subsidiaries:				
1 Larsen & Toubro Infotech Limited	-	-	5.00	101.48
2 Tractor Engineers Limited	-	24.25	24.37	49.00
3 L&T Finance Limited	-	-	-	100.05
4 L&T Capital Company Limited	-	103.50	103.50	103.50
5 L&T Seawoods Private Limited	-	256.20	265.20	256.20
6 L&T Infrastructure Development Projects Limited	-	-	-	253.29
7 L&T Infrastructure Finance Company Limited	-	-	-	231.32
8 L&T Realty Limited	751.47	465.00	809.93	1002.08
9 L&T Chennai Projects Private Limited (Formally known as L&T Arun Excello IT SEZ Private Limited)	177.01	159.92	177.01	159.93
10 L&T Commercial Projects Private Limited (Formally known as L&T Arun Excello Commercial Projects Private Limited)	-	27.57	29.07	27.57
11 L&T Finance Holdings Limited	-	-	-	470.37
12 L&T Shipbuilding Limited	-	168.01	169.19	182.46
13 L&T Special Steels & Heavy Forgings Private Limited	46.09	-	46.09	-
14 L&T Uttaranchal Hydropower Limited	-	-	-	264.90
15 L&T Sapura Offshore Private Limited	4.12	25.26	26.25	25.26
16 L&T Rajkot-Vadinar Tollway Limited	-	-	-	39.02
17 PNG Tollway Limited	47.84	13.14	47.84	13.14
18 L&T Urban Infrastructure Limited	36.83	-	338.81	-
19 L&T Infocity Limited	36.00	-	135.23	-
20 EWAC Alloys Limited	-	-	11.98	-
Total	1099.36*	1242.85*		
(b) Loans and advances in the nature of loans where repayment schedule is not specified/is beyond 7 years:				
1 L&T Shipbuilding Limited	-	168.00	169.19	182.46
2 PNG Tollway Limited	47.84	13.14	47.84	13.14
Total	47.84	181.14		
(c) Loans and advances in the nature of loans where interest is not charged or charged below bank rate:				
1 L&T Capital Company Limited	-	103.50	103.50	103.50
2 L&T Realty Limited	200.00	200.00	200.00	796.00
3 L&T Seawoods Private Limited	-	256.20	265.20	256.20
4 Tractor Engineers Limited	-	-	18.00	-
Total	200.00	559.70		

* Long term loans and advances [Note G(I)] - ₹ 294.01 crore (previous year: ₹ 875.14 crore)

Short term loans and advances [Note H(V)] - ₹ 805.35 crore (previous year: ₹ 367.71 crore)

Note: Loans to employees (including directors) under various schemes of the Company (such as housing loan, furniture loan, education loan, etc) have been considered to be outside the purview of disclosure requirements.

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Q(3) Extraordinary and Exceptional Items [Note R(4)]:

- (a) Exceptional items for the year ended March 31, 2013 include the following:
- (i) Expenses incurred amounting to ₹ 38.34 crore on voluntary retirement scheme;
 - (ii) Gain of ₹ 214.29 crore on sale of the Company's stake in L&T Plastics Machinery Private Limited, a subsidiary company.
- Exceptional items for the year ended March 31, 2012 included profit of ₹ 55.00 crore on sale of the Company's part stake in Raykal Aluminium Company Private Limited, a subsidiary company.
- (b) Extraordinary items during the year ended March 31, 2013 represent the following:
- (i) Reversal of ₹ 52.89 crore (*previous year: ₹ Nil*) being provision made in earlier years in respect of the Company's Investment in shares of Satyam Computer Services Limited (SCSL);
 - (ii) Gain of ₹ 25.22 crore (net of tax ₹ 18.72 crore) on sale of the Company's Medical Equipment Business unit. Tax of ₹ 6.50 crore included under current tax.

Q(4) The expenditure on research and development activities recognised as expense in the Statement of Profit and Loss is ₹ 98.17 crore (*previous year: ₹ 83.33 crore*). Further, the Company has incurred capital expenditure on research and development activities as follows:

- (a) on tangible assets of ₹ 12.45 crore (*previous year: ₹ 17.17 crore*);
- (b) on intangible assets being expenditure on new product development of ₹ 43.76 crore (*previous year: ₹ 38.58 crore*) [Note 5(b)]; and
- (c) on other intangible assets of ₹ 0.96 crore (*previous year: ₹ 1.11 crore*).

In addition, the Company has carried out work of a developmental nature of ₹ 21.27 crore (*previous year: ₹ 13.06 crore*) which is partially/fully paid for by the customers.

- Q(5) (a) Provision for current tax includes ₹ 20.25 crore in respect of income tax payable outside India (*previous year : ₹ 8.32 crore*)
- (b) Tax effect of ₹ 0.17 crore (*previous year : ₹ 0.03 crore*) on account of debenture issue expenses has been credited to securities premium account.

Q(6) (a) Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts":

Particulars	2012-13	2011-12
	₹ crore	₹ crore
i) Contract revenue recognised for the financial year [Note (K)]	52618.63	45356.71
ii) Aggregate amount of contract costs incurred and recognised profits (<i>Less recognised losses</i>) as at end of the financial year for all contracts in progress as at that date	153205.39	118453.74
iii) Amount of customer advances outstanding for contracts in progress as at end of the financial year	7985.16	9250.11
iv) Retention amounts by customers for contracts in progress as at end of the financial year	6974.96	4973.43

b) Disclosures pursuant to Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, adopted by the Company with effect from April 1, 2012.

Particulars	2012-13
	₹ crore
i) Amount of project revenue recognised for the financial year [Note (K)]	73.79
ii) Aggregate amount of costs incurred and profits recognised (<i>Less recognised losses</i>) as at the end of the financial year	70.24
iii) Amount of advances received	158.32
iv) Amount of work in progress and the value of inventories [Note H(II)]	149.76
v) Excess of revenue recognised over actual bills raised (unbilled revenue) [Note H(VI)]	1.83

Q(7) Disclosures pursuant to Accounting Standard (AS) 13 "Accounting for Investments"

1. The Company has given, *inter alia*, the following undertakings in respect of its investments:
 - a. Jointly with L&T Infrastructure Development Projects Limited (a subsidiary of the Company), to the term lenders of its subsidiary company L&T Transportation Infrastructure Limited (LTTIL):
 - i. not to reduce their joint shareholding in LTTIL below 51% until the financial assistance received from the term lenders is repaid in full by LTTIL; and

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

- ii. to jointly meet the shortfall in the working capital requirements of LTTIL until the financial assistance received from the term lenders is repaid in full by LTTIL .
- b. To the lenders of L&T Krishnagiri Thopur Toll Road Limited, not to dilute Company's shareholding in L&T Infrastructure Development Projects Limited below 51%.
- c. To Gujarat State Road Development Corporation Limited:
 - i. to hold in L&T Ahmedabad-Maliya Tollway Limited, L&T Halol-Shamlaji Tollway Limited and L&T Rajkot-Vadinar Tollway Limited along with L&T Infrastructure Development Projects Limited:
 - 100% stake during the construction period;
 - 51% stake for 5 years from the date of commercial operation or end of construction of the project, whichever is later; and
 - 51% stake during operational period.
 - ii. not to divest the stake in L&T Infrastructure Development Projects Limited until the aforesaid undertakings are valid.
- d. To National Highway Authority of India, to hold together with its associates in L&T Samakhiali Gandhidham Tollway Limited minimum 51% stake for a period of 2 years after the construction period.
- e. To National Highway Authority of India, to hold minimum 26% stake in PNG Tollway Limited till the commercial operations date.
- f. To National Highway Authority of India, to hold together with its associates, in L&T Devihalli Hassan Tollway Limited, minimum 51% stake for a period of 2 years after construction period.
- g. To National Highway Authority of India, to hold together with its associates in L&T Krishnagiri Walajahpet Tollway Limited:
 - i. minimum 51% stake during the construction period
 - ii. minimum 33% stake for 3 years from project completion date and
 - iii. Minimum 26% or such lower stake as may be permitted by National Highway Authority of India during remaining concession period.
- h. To the lenders of PNG Tollway Limited, to hold together with L&T Infrastructure Development Projects Limited and Ashoka Buildcon Limited, minimum 51% stake in PNG Tollway Limited, until final settlement date.
- i. To the Security Trustee of the lenders of L&T Metro Rail (Hyderabad) Limited, to hold and maintain along with L&T Infrastructure Development Projects Limited (a subsidiary of the Company) at least 51% stake till final settlement date.
- j. To the Government of Andhra Pradesh (GoA) with respect to shareholding in L&T Metro Rail (Hyderabad) Limited, to hold and maintain along with L&T Infrastructure Development Projects Limited –
 - i. 51% stake till the second anniversary of the commercial operation date (COD) of the project;
 - ii. 33% stake till the third anniversary of the commercial operation date of the project;
 - iii. 26% stake (or such lower proportion as may be permitted by the GoA), till the remaining concession period.
- k. Jointly with L&T-MHI Turbine Generators Private Limited (a subsidiary of the Company) and Mitsubishi Heavy Industries Limited (joint venture partners in L&T-MHI Turbine Generators Private Limited), to Andhra Pradesh Power Development Company Limited (APPDCL) to render unconditional and irrevocable financial support for the successful execution of APPDCL 2x800 MW Power Project – Steam Turbine Generator Package Tender, near Krishnapatnam, Nellore District, Andhra Pradesh.
- l. To hold certain minimum stake in its subsidiary companies namely, L&T–MHI Boilers Private Limited and L&T–MHI Turbine Generators Private Limited. These undertakings have been given to the customers/potential customers of the Company, as also those of L&T–MHI Boilers Private Limited. The undertakings will remain valid till the end of defect liability period or till such period as prescribed in the related bid documents/contracts.
- m. To the Security Trustee of the lenders of L&T Sapura Shipping Private Limited, not to sell or transfer equity stake without prior approval.
- n. To hold 15,899 shares comprising 9.85% of the issued capital of International Seaport Dredging Limited till January 24, 2016.
- o. To the Security Trustee of L&T Aviation Services Private Limited, to hold at least 51% stake, directly or indirectly, in L&T Aviation Services Private Limited, until any amount is outstanding under the Credit Facility Agreement.
- p. To City and Industrial Development Corporation of Maharashtra Limited (CIDCO) that it shall continue to hold not less than 51% stake in L&T Seawoods Private Limited (LTSPL) until CIDCO executes the lease deed for land in favour of LTSPL.

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

- q. To the lenders of L&T Seawoods Private Limited, to maintain a minimum 51% stake in L&T Seawoods Private Limited, until any amount is outstanding under banking credit facilities.
- r. To the debenture trustee of L&T Shipbuilding Limited, to maintain at least 26% stake in L&T Shipbuilding Limited, until any amount is outstanding under the debentures.

Q(8) Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits".

- i. Defined contribution plans: [Note R(6)(b)(i)] Amount of ₹ 103.80 crore [including ₹ 17.17 crore in respect of earlier years] (*previous year: ₹ 74.52 crore*) is recognised as an expense and included in "employee benefits expense" (Note N) in the Statement of Profit and Loss.
- ii. Defined benefit plans: [Note R(6)(b)(ii)]
- a) The amounts recognised in Balance Sheet are as follows:

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
A) Present value of defined benefit obligation								
Wholly funded	363.34	340.22	-	-	-	-	1665.13	1526.04
Wholly unfunded	1.11	0.85	106.56	88.44	198.89	184.67	10.81	18.68
	364.45	341.07	106.56	88.44	198.89	184.67	1675.94	1544.72
Less: Fair value of plan assets	311.80	291.66	-	-	-	-	1648.23	1507.47
Less: Unrecognised past service costs	-	-	1.25	1.43	0.53	0.64	-	-
Amount to be recognised as liability or (asset)	52.65	49.41	105.31	87.01	198.36	184.03	27.71	37.25
B) Amounts reflected in the Balance Sheet								
Liabilities	52.65	49.41	105.31	87.01	198.36	184.03	27.72	37.32
Assets	-	-	-	-	-	-	-	-
Net liability/(asset)	52.65	49.41	105.31	87.01	198.36	184.03	27.72	37.32
Net liability/(asset) - current	52.65	49.41	5.77	4.83	11.98	9.84	27.72#	18.64#
Net liability/(asset) - non-current	-	-	99.54	82.18	186.38	174.19	-	18.68

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1 Current service cost	19.36	24.25	6.07	5.95	0.98	5.12	102.80\$	79.67\$
2 Interest cost	28.57	24.90	7.91	7.75	15.45	13.27	114.60	110.70
3 Expected (return) on plan assets	(21.13)	(20.80)	-	-	-	-	(114.60)	(110.70)
4 Actuarial losses/(gains)	25.43	21.08	9.33	(13.26)	9.14	12.54	(15.99)	11.57
5 Past service cost	-	-	0.18	0.18	0.11	0.11	-	-
6 Actuarial gain/(loss) not recognised in books	-	-	-	-	-	-	(0.08)	7.11
Total (1 to 6)	52.23	49.43	23.49	0.62	25.68	31.04	86.73	98.35
I Amount included in "employee benefits expense"	44.97	53.38	7.82	0.06	0.82	27.12	102.80	79.67
II Amount included as part of finance costs	6.61	(5.56)	15.67	0.56	25.95	2.59	(16.07)	18.68
III Amount capitalised on new product development	0.08	-	-	-	-	-	-	-
IV Amount recovered from S&A Companies	0.57	1.61	-	-	(1.09)	1.33	-	-
Total (I + II+III+IV)	52.23	49.43	23.49	0.62	25.68	31.04	86.73	98.35
Actual return on plan assets	34.55	20.70	-	-	-	-	122.72	117.81

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at	As at	As at	As at	As at	As at	As at	As at
	31-3-2013	31-3-2012	31-3-2013	31-3-2012	31-3-2013	31-3-2012	31-3-2013	31-3-2012
Opening balance of the present value of defined benefit obligation	341.07	336.33	88.44	92.92	184.67	162.89	1544.72	1396.21
Add: Current service cost	19.36	24.25	6.07	5.95	0.98	5.12	102.80	79.67
Add: Interest cost	28.57	24.90	7.91	7.75	15.45	13.27	114.60	110.70
Add: Contribution by plan participants								
i) Employer	-	-	-	-	-	-	-	-
ii) Employee	-	-	-	-	-	-	175.46	150.63
iii) Transfer-in/(out)~	-	(2.03)	-	-	-	-	-	-
Add/(less): Actuarial losses/(gains)	38.85	20.98	9.33	(13.26)	9.14	12.54	(7.87)	18.68
Less: Benefits paid	(63.40)	(63.36)	(5.19)	(4.92)	(11.35)	(9.15)	(253.77)	(211.17)
Add: Past service cost	-	-	-	-	-	-	-	-
Closing balance of the present value of defined benefit obligation	364.45	341.07	106.56	88.44	198.89	184.67	1675.94	1544.72

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

₹ crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at	As at	As at	As at
	31-3-2013	31-3-2012	31-3-2013	31-3-2012
Opening balance of the fair value of the plan assets	291.66	308.38	1507.47	1369.08
Add: Expected Return on Plan Assets*	21.13	20.80	114.60	110.70
Add/(Less): Actuarial gains/(losses)	13.42	(0.10)	8.12	7.11
Add: Contribution by the employer	48.99	25.94	97.12	83.29
Add: Contribution by Plan participants	-	-	174.69	148.46
Less: Benefits paid	(63.40)	(63.36)	(253.77)	(211.17)
Closing balance of the plan assets	311.80	291.66	1648.23	1507.47

Notes: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

- * Basis used to determine the overall expected return:

The trust formed by the Company manages the investments of provident funds and gratuity funds. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year. Note Q(8)(ii)(f)(7).

The Company expects to fund ₹ 51.53 crore (previous year: ₹ 48.56 crore) towards its gratuity plan and ₹ 108.96 crore (previous year: ₹ 84.45 crore) towards its trust-managed provident fund plan during the year 2013-14.

- # Employer's and employees' contribution (net) for March is paid in April.

\$ Employer's contribution to provident fund

- ~ Amount transferred (to)/from subsidiary & associate companies and transferred out on sale of business undertakings (net) ₹ Nil crore [previous year ₹ (2.03) crore]

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

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

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
Government of India securities	29%	35%	24%	24%
State government securities	15%	10%	13%	12%
Corporate bonds	26%	16%	7%	7%
Equity shares of listed companies	2%	3%	–	–
Fixed deposits under special deposit scheme framed by central government for provident funds	–	–	14%	17%
Insurer managed funds	1%	1%	–	–
Public sector unit bonds	20%	29%	42%	40%
Others	7%	6%	–	–

f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	As at 31-3-2013	As at 31-3-2012
1 Discount rate:		
a) Gratuity plan	8.09%	8.59%
b) Company pension plan	8.09%	8.59%
c) Post-retirement medical benefit plan	8.09%	8.59%
2 Expected return on plan assets	7.50%	7.50%
3 Annual increase in healthcare costs (see note below)	5.00%	5.00%
4 Salary growth rate:		
a) Gratuity plan	5.00%	5.00%
b) Company pension plan	6.00%	6.00%

5 Attrition rate:

a) For post-retirement medical benefit plan & Company pension plan, the attrition rate varies from 2% to 8% (*previous year: 2% to 8%*) for various age groups.

b) For gratuity plan, the attrition rate varies from 1% to 6% (*previous year: 1% to 6%*) for various age groups.

6 The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

7 The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the Statement of Profit and Loss as actuarial losses.

8 The obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5% p.a.

9 A one percentage point change in assumed healthcare cost trend rates would have the following effects on the aggregate of the service cost and interest cost and defined benefit obligation:

₹ crore

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2012-13	2011-12	2012-13	2011-12
Effect on the aggregate of the service cost and interest cost	2.73	2.15	(2.10)	(1.67)
Effect on defined benefit obligation	11.11	8.74	(8.84)	(7.02)

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

g) The amounts pertaining to defined benefit plans are as follows:

₹ crore

Particulars	As at 31-3-2013	As at 31-3-2012	As at 31-3-2011	As at 31-3-2010	As at 31-3-2009
1 Post-retirement medical benefit plan (unfunded)					
Defined benefit obligation	105.31	87.01	91.31	78.99	70.97
Experience adjustment plan liabilities	1.62	(6.60)	7.91	5.73	1.13
2 Gratuity plan (funded/unfunded)					
Defined benefit obligation	364.45	341.07	336.33	320.41	272.93
Plan assets	311.80	291.66	308.38	279.30	244.71
Surplus/(deficit)	(52.65)	(49.41)	(27.95)	(41.11)	(28.22)
Experience adjustment plan liabilities	26.26	30.52	30.00	30.67	8.38
Experience adjustment plan assets	13.01	(0.45)	4.48	2.21	13.13
3 Post-retirement pension plan (unfunded)					
Defined benefit obligation	198.36	184.03	162.14	135.61	151.80
Experience adjustment plan liabilities	(2.79)	23.21	17.46	(4.11)	(6.89)
4 Trust managed provident fund plan (funded/unfunded)					
Defined benefit obligation	1675.94	1544.72	1396.21	1199.77	1001.10
Plan assets	1648.23	1507.47	1369.08	1186.01	1017.06
Surplus/(deficit)	(27.71)	(37.25)	(27.13)	(13.76)	15.96

h) General descriptions of defined benefit plans:

1. Gratuity plan:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A small part of the gratuity plan, which is not material, is unfunded and managed within the Company.

2. Post-retirement medical benefit plan:

The Post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement.

3. Company's pension plan:

In addition to contribution to state-managed pension plan (EPS scheme), the Company operates a post retirement pension scheme, which is discretionary in nature for certain cadres of employees. The quantum of pension depends on the cadre of the employee at the time of retirement.

4. Trust managed provident fund plan:

The Company manages provident fund plan through a provident fund trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement, whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the Statement of Profit and Loss as actuarial loss. Any loss/gain arising out of the investment

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

risk and actuarial risk associated with the plan is also recognised as expense or income in the period in which such loss/gain occurs. Further, the provision of ₹ 18.68 crore, which was created in 2011-12 based on actuarial valuation towards the future obligation arising out of interest rate guarantee associated with the plan, has been reversed in the current year, because the balance in surplus account of the fund is higher than the interest obligation of ₹ 10.81 crore as on March 31, 2013.

Q(9) Disclosures pursuant to Accounting Standard (AS) 17 "Segment Reporting"

a) Information about business segments (information provided in respect of revenue items for the year ended March 31, 2013 and in respect of assets/liabilities as at March 31, 2013 denoted as "CY" below, previous year denoted as "PY")

i) Primary segments (business segments):

₹ crore

Particulars	Engineering & construction		Electrical & electronics		Machinery & industrial products		Others		Elimination		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Revenue – including excise duty												
External	54378.29	47067.97	3403.12	3250.54	2302.72	2474.72	1386.73	944.55	-	-	61470.86	53737.78
Inter-segment	122.68	210.73	240.83	328.89	92.47	79.22	27.12	18.47	(483.10)	(637.31)	-	-
Total revenue	54500.97	47278.70	3643.95	3579.43	2395.19	2553.94	1413.85	963.02	(483.10)	(637.31)	61470.86	53737.78
Result												
Segment result	5598.17	5440.78	358.00	364.21	403.35	443.42	422.62	190.33	-	-	6782.14	6438.74
Inter-segment margins on capital jobs											(17.52)	(25.42)
											6764.62	6413.32
Unallocated corporate income/ (expenditure) (net)											318.13	(5.83)
Operating profit (PBIT)											7082.75	6407.49
Interest expense											(982.40)	(666.10)
Interest income											532.69	568.94
Profit before tax (PBT)											6633.04	6310.33
Provision for current tax											(1658.21)	(1814.13)
Provision for deferred tax											(135.79)	(39.70)
Profit after tax (before extraordinary items)											4839.04	4456.50
Profit from extraordinary items											71.61	-
Profit after tax (after extraordinary items)											4910.65	4456.50
Other information												
Segment assets	44159.07	39287.44	2434.57	2460.91	1355.09	1312.58	1301.10	897.19			49249.83	43958.12
Unallocable corporate assets											22924.38	23674.28
Total assets											72174.21	67632.40
Segment liabilities	29187.69	28307.30	1153.48	1097.46	759.08	784.45	450.90	297.24			31551.15	30486.45
Unallocable corporate liabilities											11480.34	11922.93
Total liabilities											43031.49	42409.38
Capital expenditure	845.67	1213.31	184.06	170.45	49.07	24.51	142.60	101.88				
Depreciation, amortisation and obsolescence (included in segment expense)	628.29	538.60	74.68	65.91	27.73	26.24	32.60	20.81				
Non-cash expenses other than depreciation included in segment expense	105.76	156.98	5.63	8.41	1.96	5.97	8.33	12.88				

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

- ii) Secondary segments (geographical segments):

₹ crore

Particulars	Domestic		Overseas		Total	
	CY	PY	CY	PY	CY	PY
External revenue by location of customers	49272.75	47308.33	12198.11	6429.45	61470.86	53737.78
Carrying amount of segment assets by location of assets	42965.17	39931.64	6284.66	4026.48	49249.83	43958.12
Cost incurred on acquisition of tangible and intangible fixed assets	1082.20	1447.34	139.20	62.81	1221.40	1510.15

- b) Segment reporting: segment identification, reportable segments and definition of each reportable segment:

- i) Primary/secondary segment reporting format:

- [a] The risk-return profile of the Company's business is determined predominantly by the nature of its products and services. Accordingly, the business segments constitute the primary segments for disclosure of segment information.
- [b] In respect of secondary segment information, the Company has identified its geographical segments as (i) domestic and (ii) overseas. The secondary segment information has been disclosed accordingly.

- ii) Segment identification:

Business segments have been identified on the basis of the nature of products/services, the risk-return profile of individual businesses, the organisational structure and the internal reporting system of the Company.

- iii) Reportable segments:

Reportable segments have been identified as per the criteria specified in Accounting Standard (AS) 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

- iv) Segment composition:

- **Engineering & construction segment** comprises execution of engineering and construction projects in India/abroad to provide solutions in civil, mechanical, electrical and instrumentation engineering (on turnkey basis or otherwise) to core/infrastructure sectors including railways, shipbuilding and supply of complex plant and equipment to core sectors. The segment capabilities include basic/detailed engineering, equipment fabrication/supply, erection & commissioning, procurement/construction and project management.
- **Electrical & electronics segment** comprises manufacture and sale of low and medium voltage switchgear components, custom built low and medium voltage switchboards, electronic energy meters/protection (relays) systems, control & automation products and medical equipment (upto the date of sale).
- **Machinery & industrial products segment** comprises manufacture and sale of rubber processing machinery and castings, manufacture and marketing of industrial valves, construction equipment and industrial products. Machinery & Industrial Products also include marketing of welding products in the previous year.
- **Others** include property development and integrated engineering services.

Q(10) Disclosure of related parties/related party transactions pursuant to Accounting Standard (AS) 18 "Related Party Disclosures"

- i. List of related parties over which control exists and status of transactions entered during the year

Sr. No.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
1	Tractor Engineers Limited	Wholly owned Subsidiary	Yes
2	Bhilai Power Supply Company Limited	Subsidiary*	Yes
3	L&T-Sargent & Lundy Limited	Subsidiary*	Yes
4	Spectrum Infotech Private Limited	Wholly owned Subsidiary	Yes
5	L&T-Valdel Engineering Limited	Wholly owned Subsidiary	Yes
6	L&T Shipbuilding Limited	Subsidiary*	Yes
7	L&T Electricals and Automation Limited	Wholly owned Subsidiary	Yes
8	Hi-Tech Rock Products & Aggregates Limited	Wholly owned Subsidiary	Yes
9	L&T Seawoods Private Limited	Wholly owned Subsidiary	Yes
10	L&T-Gulf Private Limited	Subsidiary*	Yes
11	L&T-MHI Boilers Private Limited	Subsidiary*	Yes
12	L&T-MHI Turbine Generators Private Limited	Subsidiary*	Yes

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Sr. No.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
13	Raykal Aluminium Company Private Limited	Subsidiary*	Yes
14	L&T Natural Resources Limited	Wholly owned Subsidiary	Yes
15	L&T Plastics Machinery Limited @	Wholly owned Subsidiary	Yes
16	L&T Technologies Limited	Wholly owned Subsidiary	Yes
17	L&T Special Steels and Heavy Forgings Private Limited	Subsidiary*	Yes
18	PNG Tollway Limited	Subsidiary***	Yes
19	L&T Rajkot-Vadinar Tollway Limited	Subsidiary of L&T Infrastructure Development Projects Limited #	Yes
20	Kesun Iron & Steel Company Private Limited	Subsidiary*	Yes
21	L&T Howden Private Limited	Subsidiary*	Yes
22	L&T Solar Limited	Wholly owned Subsidiary	Yes
23	L&T Sapura Shipping Private Limited	Subsidiary*	Yes
24	L&T Sapura Offshore Private Limited	Subsidiary*	Yes
25	L&T PowerGen Limited	Wholly owned Subsidiary	Yes
26	Ewac Alloys Limited	Wholly owned Subsidiary	Yes
27	L&T Kobelco Machinery Private Limited	Subsidiary*	Yes
28	L&T Realty Limited	Wholly owned Subsidiary	Yes
29	L&T Asian Realty Project LLP	Subsidiary of L&T Realty Limited #	Yes
30	L&T Parel Project LLP	Subsidiary of L&T Realty Limited	Yes
31	Chennai Vision Developers Private Limited	Wholly owned Subsidiary of L&T Realty Limited	Yes
32	L&T Urban Infrastructure Limited	Wholly owned Subsidiary of L&T Realty Limited	Yes
33	L&T South City Projects Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
34	L&T Siruseri Property Developers Limited	Wholly owned Subsidiary of L&T South City Projects Limited	No
35	L&T Vision Ventures Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
36	L&T Tech Park Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
37	L&T Bangalore Airport Hotel Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
38	CSJ Infrastructure Private Limited	Subsidiary of L&T Urban Infrastructure Limited #	Yes
39	L&T Commercial Projects Private Limited (formerly known as L&T Arun Excello Commercial Projects Private Limited) @@	Wholly owned Subsidiary of L&T Urban Infrastructure Limited	Yes
40	L&T Chennai Projects Private Limited (formerly known as L&T Arun Excello IT SEZ Private Limited)	Wholly owned Subsidiary of L&T Urban Infrastructure Limited	Yes
41	L&T Power Limited	Subsidiary*	Yes
42	L&T Cassidian Limited	Subsidiary*	Yes
43	L&T General Insurance Company Limited	Wholly owned Subsidiary	Yes
44	L&T Aviation Services Private Limited	Wholly owned Subsidiary	Yes
45	L&T Infocity Limited	Subsidiary*	Yes
46	L&T Hitech City Limited	Subsidiary of L&T Infocity Limited #	No
47	Hyderabad International Trade Expositions Limited	Subsidiary of L&T Infocity Limited #	Yes
48	Larsen & Toubro Infotech Limited	Wholly owned Subsidiary	Yes
49	GDA Technologies Limited	Subsidiary of GDA Technologies Inc.#	No
50	L&T Finance Holdings Limited	Subsidiary*	Yes
51	L&T Finance Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	Yes
52	L&T Investment Management Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	Yes
53	L&T Mutual Fund Trustee Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	No
54	L&T FinCorp Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	Yes
55	L&T Infrastructure Finance Company Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	Yes
56	L&T Infra Investment Partners Advisory Private Limited	Wholly owned Subsidiary of L&T Infrastructure Finance Company Limited	Yes
57	L&T Infra Investment Partners Trustee Private Limited	Wholly owned Subsidiary of L&T Infrastructure Finance Company Limited	Yes
58	L&T Unnati Finance Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	No
59	L&T Access Financial Advisory Services Limited (formerly known as L&T Access Financial Advisory Services Private Limited)	Wholly owned Subsidiary of L&T Finance Holdings Limited	Yes
60	L&T Capital Company Limited	Wholly owned Subsidiary	Yes
61	L&T Trustee Company Private Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Sr. No.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
62	L&T Power Development Limited	Wholly owned Subsidiary	Yes
63	L&T Uttaranchal Hydropower Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
64	L&T Arunachal Hydropower Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
65	L&T Himachal Hydropower Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
66	Nabha Power Limited	Wholly owned Subsidiary of L&T Power Development Limited	Yes
67	L&T Infrastructure Development Projects Limited	Subsidiary*	Yes
68	L&T Panipat Elevated Corridor Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
69	Narmada Infrastructure Construction Enterprise Limited	Subsidiary of L&T Western India Tollbridge Limited	Yes
70	L&T Krishnagiri Thopur Toll Road Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
71	L&T Western Andhra Tollways Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
72	L&T Vadodara Bharuch Tollway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
73	L&T Transportation Infrastructure Limited	Subsidiary of L&T Infrastructure Development Projects Limited	Yes
74	L&T Western India Tollbridge Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
75	L&T Interstate Road Corridor Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
76	International Seaports (India) Private Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
77	L&T Port Kachchigarh Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	No
78	L&T Ahmedabad-Maliya Tollway Limited	Subsidiary of L&T Infrastructure Development Projects Limited	Yes
79	L&T Halol-Shamlaji Tollway Limited	Subsidiary of L&T Infrastructure Development Projects Limited	Yes
80	L&T Krishnagiri Walajahpet Tollway Limited	Subsidiary of L&T Infrastructure Development Projects Limited	Yes
81	L&T Devihalli Hassan Tollway Limited	Subsidiary of L&T Infrastructure Development Projects Limited	Yes
82	L&T Metro Rail (Hyderabad) Limited	Subsidiary of L&T Infrastructure Development Projects Limited	Yes
83	L&T Transco Private Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	No
84	L&T Chennai-Tada Tollway Limited	Subsidiary of L&T Infrastructure Development Projects Limited	Yes
85	L&T BPP Tollway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
86	L&T Deccan Tollways Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
87	L&T Samakhiali Gandhidham Tollway Limited	Subsidiary of L&T Infrastructure Development Projects Limited#	Yes
88	Larsen & Toubro LLC	Subsidiary*	Yes
89	Larsen & Toubro Infotech GmbH	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	Yes
90	Larsen & Toubro Infotech Canada Limited	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	No
91	Larsen & Toubro Infotech LLC	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	No
92	L&T Infotech Financial Services Technologies Inc.	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	No
93	GDA Technologies Inc.	Wholly owned Subsidiary of Larsen & Toubro Infotech Limited	Yes
94	L&T Infrastructure Development Projects Lanka (Private) Limited	Subsidiary of L&T Infrastructure Development Projects Limited #	No
95	Peacock Investments Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
96	Mango Investments Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
97	Lotus Infrastructure Investments Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
98	L&T Diversified India Equity Fund (formerly known as L&T Real Estate India Fund)	Wholly owned Subsidiary of L&T Capital Company Limited	No
99	L&T Asset Management Company Limited	Wholly owned Subsidiary of L&T Capital Company Limited	No
100	L&T Realty FZE	Wholly owned Subsidiary of L&T Realty Limited	No
101	Larsen & Toubro International FZE	Wholly owned Subsidiary	Yes
102	Larsen & Toubro (Oman) LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
103	Larsen & Toubro Electromech LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
104	L&T Modular Fabrication Yard LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
105	Larsen & Toubro (East Asia) SDN.BHD	Subsidiary of Larsen & Toubro International FZE ##	Yes
106	Larsen & Toubro Qatar LLC	Subsidiary of Larsen & Toubro International FZE ##	No
107	L&T Overseas Projects Nigeria Limited	Subsidiary of Larsen & Toubro International FZE#	Yes
108	L&T Electricals & Automation Saudi Arabia Company LLC (formerly known as L&T Electricals Saudi Arabia Company LLC)	Subsidiary of Larsen & Toubro International FZE #	Yes
109	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Subsidiary of Larsen & Toubro International FZE ##	Yes

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Sr. No.	Name of the related party	Relationship	Transaction entered during the year (Yes/No)
110	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
111	Qingdao Larsen & Toubro Trading Company Limited	Wholly owned Subsidiary of Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	No
112	Jiangsu Shengye Valve Co., Ltd. (formerly known as Larsen & Toubro (Jiangsu) Valve Company Limited) @@@	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
113	Larsen & Toubro Readymix Concrete Industries LLC	Subsidiary of Larsen & Toubro International FZE ##	Yes
114	Larsen & Toubro Saudi Arabia LLC	Subsidiary of Larsen & Toubro International FZE#	Yes
115	Larsen & Toubro (Wuxi) Electric Company Limited @@@@	Wholly owned Subsidiary of Larsen & Toubro International FZE	No
116	Larsen & Toubro ATCO Saudia LLC	Subsidiary of Larsen & Toubro International FZE ##	Yes
117	Tamco Switchgear (Malaysia) SDN. BHD	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
118	Tamco Electrical Industries Australia Pty Ltd	Wholly owned Subsidiary of Larsen & Toubro International FZE	No
119	PT Tamco Indonesia	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
120	Larsen & Toubro Heavy Engineering LLC	Subsidiary of Larsen & Toubro International FZE #	Yes
121	L&T Electrical & Automation FZE	Wholly owned Subsidiary of Larsen & Toubro International FZE	Yes
122	Larsen & Toubro Consultoria E Projeto Ltda	Subsidiary of Larsen & Toubro International FZE	No
123	Larsen & Toubro T&D SA (Proprietary) Limited	Subsidiary of Larsen & Toubro International FZE #	Yes
124	L&T East-West Tollway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
125	L&T Great Eastern Highway Limited	Wholly owned Subsidiary of L&T Infrastructure Development Projects Limited	Yes
126	Servowatch Inc \$	Wholly owned Subsidiary of Thalest Limited	Yes
127	Servowatch Systems Limited	Wholly owned Subsidiary of Thalest Limited	Yes
128	L&T Geostructure LLP	Subsidiary*	Yes
129	Larsen Toubro Arabia LLC	Subsidiary*	Yes
130	Henikwon Corporation SDN.BHD	Wholly owned Subsidiary of Tamco Switchgear (Malaysia) SDN. BHD	Yes
131	L&T Housing Finance Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	Yes
132	L&T Tejomaya Limited	Wholly owned subsidiary of L&T Tech Park Limited	Yes
133	Audco India Limited **	Wholly owned Subsidiary	Yes
134	L&T Technology Services Limited (originally formed as L&T Technology And Engineering Services Company Limited and name changed subsequently)	Wholly owned Subsidiary	Yes
135	CSJ Hotels Private Limited	Wholly owned Subsidiary of CSJ Infrastructure Private Limited	No
136	Consumer Financial Services Limited	Wholly owned Subsidiary of L&T Housing Finance Limited	No
137	Family Credit Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	No
138	L&T Capital Markets Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	No
139	L&T Infra Debt Fund Limited	Wholly owned Subsidiary of L&T Finance Holdings Limited	No
140	L&T Trustee Services Private Limited (formerly known as FIL Trustee Company Private Limited)	Wholly owned Subsidiary of L&T Mutual Fund Trustee Limited	No
141	L&T Fund Management Private Limited (formerly known as FIL Fund Management Private Limited)	Wholly owned Subsidiary of L&T Investment Management Limited	No
142	Larsen & Toubro Infotech South Africa (PTY) Limited	Subsidiary of Larsen & Toubro Infotech Limited#	No
143	Thalest Limited	Wholly owned Subsidiary of Larsen & Toubro International FZE	No
144	Bond Instrumentation & Process Control Limited	Wholly owned Subsidiary of Thalest Limited	No
*	The Company holds more than one-half in nominal value of the equity share capital		
@	The Company has sold its stake on September 28, 2012		
#	The Company's subsidiary/wholly owned subsidiary holds more than one-half in nominal value of the equity share capital		
**	Associate became a wholly owned subsidiary w.e.f. March 28, 2013		
***	The Company, together with its subsidiaries holds more than one-half in nominal value of the equity share capital		
@@	The Company's subsidiary has sold its stake on November 26, 2012		
##	The Company, together with its subsidiaries controls the composition of the Board of Directors.		
@@@	The Company's subsidiary has sold 75% stake on September 4, 2012		
@@@@	The Company's subsidiary has sold its stake on July 18, 2012		
\$	The Company was acquired during the year and has been dissolved w.e.f. February 28, 2013		

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

- ii (a) Names of the associates and joint ventures with whom transactions were carried out during the year:

Associate companies:			
1	Audco India Limited ***	2	Salzer Electronics Limited
3	L&T-Chiyoda Limited	4	L&T-Komatsu Limited
5	L&T-Ramboll Consulting Engineers Limited	6	Magtorq Private Limited
7	JSK Electricals Private Limited	8	AIC Structural Steel Construction (India) Private Limited
Joint ventures (other than associates):			
1	Metro Tunneling Group	2	L&T Hochtief Seabird Joint Venture
3	Desbuild L&T Joint Venture	4	L&T-Shanghai Urban Construction (Group) Corporation Joint Venture
5	L&T-AM Tapovan Joint Venture	6	HCC-L&T Purulia Joint Venture
7	The Dhamra Port Company Limited	8	Metro Tunneling Delhi-L&T SUCG Joint Venture
9	Metro Tunneling Chennai L&T SUCG Joint Venture	10	L&T-Eastern Joint Venture
11	L&T-Shapoorji Pallonji & Co. Ltd. Joint Venture-TCS	12	L&T-Shanghai Urban Construction (Group) Joint Venture CC27 Delhi ****
13	International Metro Civil Contractors		

*** Associate became wholly owned subsidiary w.e.f. March 28, 2013

**** The joint venture has been entered into on November 5, 2012. Funds yet to be infused in the joint venture.

- ii (b) Names of the Key management personnel and their relatives with whom transactions were carried out during the year:

Key management personnel & their relatives:			
1	Mr. A.M. Naik (Group Executive Chairman)	2	Mr. K. Venkataramanan (CEO & Managing Director) Mrs. Jyothi Venkataramanan (wife)
3	Mr. V. K. Magapu (Whole-time director)*	4	Mr. M. V. Kotwal (Whole-time director)
5	Mr. S. N. Subrahmanyam (Whole-time Director)	6	Mr. R. Shankar Raman (CFO & Whole-time Director)
7	Mr. S. N. Roy (Whole-time Director)	8	Mr. Ravi Uppal (Whole-time director)**

* Retired w.e.f. the close of working hours of September 30, 2012

** Ceased to be director w.e.f the close of working hours of September 15, 2012

- iii. Disclosure of related party transactions:

Sr. no.	Nature of transaction/relationship/major parties	2012-13		2011-12	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	Purchase of goods & services (including commission paid)				
	Subsidiaries, including:	4961.52		3384.26	
	L&T-MHI Boilers Private Limited		2023.78		1438.86
	L&T-MHI Turbine Generators Private Limited		1205.39		1224.75
	Associates & joint ventures, including:	830.56		746.39	
	Audco India Limited		587.68		493.83
	Salzer Electronics Limited		118.75		106.44
	Total	5792.08		4130.65	

₹ crore

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Sr. no.	Nature of transaction/relationship/major parties	2012-13		2011-12	
		Amount	Amounts for major parties	Amount	Amounts for major parties
					₹ crore
2	Sale of goods/contract revenue & services				
	Subsidiaries, including:	7112.83		5928.13	
	L&T Shipbuilding Limited		–		692.60
	Nabha Power Limited		2390.13		2069.94
	Associates & joint ventures, including:	45.84		100.68	
	The Dhamra Port Company Limited		43.17		99.97
	Total	7158.67		6028.81	
3	Purchase/lease of fixed assets				
	Subsidiaries, including:	34.65		41.20	
	L&T Shipbuilding Limited		14.83		24.68
	Larsen & Toubro International FZE		11.55		–
	Ewac Alloys Limited		7.57		10.38
	Associate:	3.76		1.74	
	L&T-Komatsu Limited		3.76		1.74
	Total	38.41		42.94	
4	Sale of fixed assets				
	Subsidiaries, including:	0.54		65.59	
	L&T Special Steels and Heavy Forgings Private Limited				26.41
	L&T-MHI Turbine Generators Private Limited				19.61
	L&T-MHI Boilers Private Limited				13.45
	PT Tamco Indonesia		0.40		–
	L&T Plastics Machinery Limited		0.13		–
	Total	0.54		65.59	
5	Subscription to equity and preference shares (including application money paid and Investment in joint ventures)				
	Subsidiaries, including:	1486.19		1651.29	
	L&T Infrastructure Development Projects Limited				1339.66
	L&T Power Development Limited		437.00		–
	L&T Shipbuilding Limited		818.63		–
	Associates & joint ventures, including:	41.72		86.00	
	L&T-AM Tapovan Joint Venture		11.69		71.33
	Metro Tunneling Chennai L&T SUCG Joint Venture		28.41		–
	Total	1527.91		1737.29	
6	Purchase of investments from				
	Subsidiaries:	25.57		906.19	
	L&T Infrastructure Development Projects Limited		–		16.02
	L&T Capital Company Limited		25.57		890.17
	Total	25.57		906.19	

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

		₹ crore			
		2012-13		2011-12	
Sr. no.	Nature of transaction/relationship/major parties	Amount	Amounts for major parties	Amount	Amounts for major parties
7	Sale of investments to				
	Subsidiaries:	–		958.71	
	L&T Infrastructure Development Projects Limited		–		68.97
	L&T Capital Company Limited		–		889.74
	Total	–		958.71	
8	Buy back of shares by				
	Subsidiary:	7.50		2.40	
	L&T-Sargent & Lundy Limited		7.50		2.40
	Total	7.50		2.40	
9	Capital reduction by				
	Subsidiary:	153.42		–	
	L&T Power Limited		153.42		–
	Total	153.42		–	
10	Receiving of services from:				
	Subsidiaries, including:	89.35		71.16	
	Larsen & Toubro Infotech Limited		33.10		39.55
	L&T Aviation Services Private Limited		27.14		18.15
	Associates & joint ventures, including:	6.65		3.57	
	L&T-Chiyoda Limited		6.48		3.57
	Total	96.00		74.73	
11	Rent paid, including lease rentals under leasing/hire purchase arrangements				
	Subsidiaries, including:	2.48		4.29	
	L&T Finance Limited		–		2.84
	L&T Infocity Limited		1.29		1.26
	Larsen & Toubro Infotech Limited		0.57		–
	Larsen and Toubro Kuwait Construction General Contracting Company, WLL		0.36		–
	Associates:	2.01		0.86	
	Audco India Limited		0.66		–
	L&T-Komatsu Limited		1.35		0.86
	Key management personnel	0.01		0.02	
	Total	4.50		5.17	
12	Charges for deputation of employees to related parties				
	Subsidiaries, including:	57.18		58.83	
	L&T Power Development Limited		10.19		10.30
	L&T-Valdel Engineering Limited		11.66		9.44
	L&T Parel Project LLP		8.52		–
	Associates & joint ventures, including:	58.21		54.83	
	L&T-Chiyoda Limited		35.24		29.61
	Audco India Limited		16.31		13.86
	L&T-Komatsu Limited		5.93		7.52
	Total	115.39		113.66	

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Sr. no.	Nature of transaction/relationship/major parties	2012-13		2011-12	
		Amount	Amounts for major parties	Amount	Amounts for major parties
13	Dividend received ^^				
	Subsidiaries, including:	583.21		385.13	
	Larsen & Toubro Infotech Limited		303.15		254.78
	L&T Infocity Limited		134.57		115.34
	Ewac Alloys Limited		59.64		–
	Audco India Limited		50.03^^		–
	Associates:	1.80		22.58	
	L&T-Komatsu Limited		–		13.20
	L&T- Ramboll Consulting Engineers Limited		1.80		–
	Audco India Limited		–		9.38
	Total	585.01		407.71	
	^^ Out of total dividend of ₹ 100.05 crore declared, ₹ 50.02 crore has been credited to investment account being in the nature of dividend out of pre-acquisition profits.				
14	Commission received, including those under agency arrangements				
	Subsidiaries:	0.96		2.23	
	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited		0.38		2.23
	L&T Kobelco Machinery Private Limited		0.48		–
	Tractor Engineers Limited		0.10		–
	Associate:	138.68		187.96	
	L&T-Komatsu Limited		138.68		187.96
	Total	139.64		190.19	
15	Rent received, overheads recovered and miscellaneous income				
	Subsidiaries, including:	310.96		275.82	
	Larsen & Toubro Infotech Limited		80.31		74.60
	Larsen & Toubro (Oman) LLC		40.87		43.01
	L&T-MHI Boilers Private Limited		52.18		48.59
	Associates & joint ventures, including:	6.01		5.61	
	Audco India Limited		–		0.70
	L&T-Chiyoda Limited		3.55		4.23
	Total	316.97		281.43	
16	Interest received from				
	Subsidiaries, including:	139.65		131.41	
	L&T Chennai Projects Private Limited (formerly L&T Arun Excello IT SEZ Private Limited)		18.99		16.58
	L&T Realty Limited		64.31		–
	L&T Urban Infrastructure Limited		25.40		–
	L&T Infrastructure Finance Company Limited		–		36.09
	L&T Infrastructure Development Projects Limited		–		13.29
	L&T Uttaranchal Hydropower Limited		–		14.95
	L&T Shipbuilding Limited		–		14.46
	L&T Finance Holdings Limited		–		14.37
	Joint venture:	41.62		26.99	
	The Dhamra Port Company Limited		41.62		26.99
	Key management personnel	–		0.01	
	Total	181.27		158.41	

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

		₹ crore			
Sr. no.	Nature of transaction/relationship/major parties	2012-13		2011-12	
		Amount	Amounts for major parties	Amount	Amounts for major parties
17	Interest paid to				
	Subsidiaries, including:	27.35		18.48	
	L&T Finance Limited		9.25		14.20
	L&T-MHI Boilers Private Limited		–		2.27
	L&T Transportation Infrastructure Limited		13.73		–
	L&T Infrastructure Development Projects Limited		3.20		–
	Associate:	–		4.24	
	Audco India Limited		–		4.24
	Total	27.35		22.72	
18	Transfer of Business to:				
	Subsidiary:	–		16.39	
	Ewac Alloys Limited		–		16.39
	Total	–		16.39	
19	Payment of salaries/perquisites (Other than commission)	21.72		20.91	
	Key management personnel:				
	A. M. Naik		3.61		2.68
	Y. M. Deosthalee ^{^^^}		–		7.24
	K. Venkataramanan		2.58		1.59
	K. V. Rangaswami		–		3.75
	V. K. Magapu * ^{^^^}		7.40		1.32
	M. V. Kotwal		1.89		1.42
	Ravi Uppal ^{***}		2.05		1.33
	S. N. Subrahmanyam		1.52		0.93
	R. Shankar Raman		1.37		0.62
	S. N. Roy		1.30		0.03
	Total	21.72		20.91	
20	Commission to directors @				
	Key management personnel :	51.82		49.33\$	
	A. M. Naik		17.45		15.06
	Y. M. Deosthalee		–		2.96
	K. Venkataramanan		10.47		6.53
	K. V. Rangaswami		–		1.36
	V. K. Magapu *		2.82		5.44
	M. V. Kotwal		3.64		5.05
	Ravi Uppal **		1.71		5.28
	S. N. Subrahmanyam		7.01		4.66
	R. Shankar Raman		5.53		2.71
	S. N. Roy		3.19		0.28
	Total	51.82		49.33	

* Retired w.e.f. the close of working hours of September 30, 2012

** Ceased to be director w.e.f. the close of working hours of September 15, 2012

^^ Includes leave encashment payment ₹ 1.25 crore

^^^ Includes leave encashment payment ₹ 6.67 crore

^^^ Includes leave encashment payment ₹ 6.54 crore

\$ Out of total provision of ₹ 53.45 crore made during 2011-12, an amount of ₹ 4.12 crore was reversed during 2012-13.

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

@ Commission to directors comprises

		₹ crore	
Sr. no.	Particulars	2012-13	2011-12
1	Commission	40.80	38.84
2	Contribution to provident fund on commission	4.90	4.66
3	Contribution to superannuation fund on commission	6.12	5.83
	Total	<u>51.82</u>	<u>49.33</u>

"Major parties" denote entities accounting for 10% or more of the aggregate for that category of transaction during respective period.

iv. Amount due to/from related parties:

		₹ crore			
Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2013		As at 31-3-2012	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	Accounts receivable				
	Subsidiaries, including:	2563.66		1418.24	
	Nabha Power Limited		1345.20		363.70
	L&T Ahmedabad-Maliya Tollway Limited		-		224.03
	L&T Rajkot-Vadinar Tollway Limited		-		172.02
	Associates & joint ventures, including:	70.81		79.43	
	The Dhamra Port Company Limited		70.81		73.56
	Total	<u>2634.47</u>		<u>1497.67</u>	
2	Accounts payable (including acceptance & interest accrued)				
	Subsidiaries, including:	2970.21		1675.49	
	L&T-MHI Boilers Private Limited		1274.69		874.44
	L&T-MHI Turbine Generators Private Limited		974.45		587.74
	Associates & joint ventures, including:	74.71		205.95	
	Audco India Limited		-		134.69
	Metro Tunneling Chennai L&T SUCG Joint Venture		18.99		
	L&T-Chiyoda Limited		15.23		27.70
	Salzer Electronics Limited		18.87		20.80
	Total	<u>3044.92</u>		<u>1881.44</u>	
3	Investment in Debt Securities				
	Subsidiaries:	111.83		211.83	
	L&T Infrastructure Finance Company Limited		74.85		174.85
	L&T Finance Limited		36.98		36.98
	Total	<u>111.83</u>		<u>211.83</u>	
4	Loans & advances recoverable				
	Subsidiaries, including:	1980.01		2456.20	
	L&T Seawoods Private Limited		-		257.01
	L&T-MHI Boilers Private Limited		-		468.43
	L&T Realty Limited		751.37		466.11
	L&T-MHI Turbine Generators Private Limited		-		359.05
	Associates & joint ventures, including:	480.57		389.28	
	The Dhamra Port Company Limited		453.41		367.67
	Key management personnel	0.01		0.29	
	Total	<u>2460.59</u>		<u>2845.77</u>	

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

		₹ crore			
Sr. no.	Nature of transaction/relationship/major parties	As at 31-3-2013		As at 31-3-2012	
		Amount	Amounts for major parties	Amount	Amounts for major parties
5	Advances against equity contribution				
	Subsidiaries, including:	2264.85		2382.08	
	L&T Shipbuilding Limited		421.86		852.49
	L&T Seawoods Private Limited		1143.99		781.99
	L&T Realty Limited		699.00		706.00
	Total	2264.85		2382.08	
6	Unsecured loans (including lease finance)				
	Subsidiaries:	39.17		405.58	
	L&T Infrastructure Development Projects Limited		–		178.00
	L&T Transportation Infrastructure Limited		–		155.00
	L&T Finance Limited		39.17		72.58
	Total	39.17		405.58	
7	Advances received in the capacity of supplier of goods/services classified as “advances from customers” in the Balance Sheet				
	Subsidiaries, including:	1289.74		1603.34	
	Nabha Power Limited		369.32		890.18
	L&T Metro Rail (Hyderabad) Limited		445.70		168.16
	L&T Seawoods Private Limited		151.70		–
	L&T BPP Tollway Limited		159.66		–
	Total	1289.74		1603.34	
8	Due to whole time directors				
	Key management personnel :	40.80		38.84\$	
	A. M. Naik		13.74		11.86
	Y. M. Deosthalee		–		2.33
	K. Venkataramanan		8.24		5.14
	K. V. Rangaswami		–		1.07
	V. K. Magapu *		2.22		4.28
	M. V. Kotwal		2.87		3.98
	Ravi Uppal **		1.35		4.16
	S. N. Subrahmanyam		5.52		3.67
	R. Shankar Raman		4.35		2.13
	S. N. Roy		2.51		0.22
	Total	40.80		38.84	

* Retired w.e.f. the close of working hours of September 30, 2012

** Ceased to be director w.e.f. the close of working hours of September 15, 2012

\$ Out of total commission due to whole time directors of ₹ 42.08 crore during 2011-12, an amount of ₹ 3.24 crore was reversed during 2012-13.

“Major parties” denote entities accounting for 10% or more of the aggregate for that category of transaction during respective period.

v. Notes to related party transactions:

- a) The Company has a sole selling agreement with L&T-Komatsu Limited (LTK), an associate company, valid for the period of 5 years from October 16, 2011 in line with Government of India (GOI) approval letter ref no. 12/3/2011-CL-VI dated November 17, 2011. The appointment shall be in effect as long as the joint venture agreement between the parent Company and M/s Komatsu Asia Pacific Pte. Limited, Singapore (which is a subsidiary of Komatsu Limited, Japan) remains in force, subject to approval of GOI, under section 294 AA of the Companies Act, 1956. As per the terms of the agreement, the Company

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

is the exclusive agent of LTK to market Hydraulic Excavators and products manufactured by LTK and to provide after sales product support. Pursuant to the aforesaid agreement, LTK is required to pay commission to the Company at specified rates on the sales effected by the Company.

The financial impact of the aforesaid agreement has been included in/disclosed vide Note Q(10)(iii) *supra*.

Q(11) Disclosure in respect of Leases pursuant to Accounting Standard (AS 19) "Leases"

(i) Where the Company is a Lessor:

- a. The Company has given on finance leases certain items of plant and equipment. The leases have a primary period that is fixed and non-cancellable. The leases are cancellable upon payment by the lessee of an additional amount such that, at inception, continuation of the lease is reasonably certain. There are no exceptional/restrictive covenants in the lease agreement.
- b. The total gross investment in these leases as on March 31, 2013 and the present value of minimum lease payments receivable as on March 31, 2013 is as under:

Particulars	₹ crore	
	31-3-2013	31-3-2012
1. Receivable not later than 1 year	0.51	0.45
2. Receivable later than 1 year and not later than 5 years	0.06	0.90
Gross investment in lease (1+2+3)	0.57	1.35
Less: Unearned finance income	0.07	0.48
Present value of receivables	0.50	0.87

(ii) Where the Company is a lessee:

a) Finance leases:

- i. [a] Assets acquired on finance lease mainly comprise plant and equipment, vehicles and personal computers. The leases have a primary period, which is fixed and non-cancellable. In the case of vehicles, the Company has an option to renew the lease for a secondary period. The agreements provide for revision of lease rentals in the event of changes in (a) taxes, if any, leviable on the lease rentals (b) rates of depreciation under the Income Tax Act, 1961 and (c) change in the lessor's cost of borrowings. There are no exceptional/restrictive covenants in the lease agreements.
- [b] The minimum lease rentals and the present value of minimum lease payments in respect of assets acquired under finance leases are as follows:

Particulars	Minimum lease payments		Present value of minimum lease payments	
	As at	As at	As at	As at
	31-3-2013	31-3-2012	31-3-2013	31-3-2012
1. Payable not later than 1 year [Note (d) (II)]	42.66	42.66	39.17	33.41
2. Payable later than 1 year and not later than 5 years [Note (c)(I)(e)]	-	42.66	-	39.17
Total	42.66	85.32	39.17	72.58
Less: Future finance charges	3.49	12.74		
Present value of minimum lease payments [Note (c)(I)(e)]	39.17	72.58		

- ii. Contingent rent recognised/(adjusted) in the Statement of Profit and Loss in respect of finance leases: ₹ Nil (*previous year: ₹ Nil*)

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

b) Operating leases:

- i. The Company has taken various commercial premises and plant and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.
- ii. [a] The Company has taken certain assets like cars, technology assets, etc. on non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

₹ crore

Particulars	Minimum lease payments	
	As at 31-3-2013	As at 31-3-2012
1. Payable not later than 1 year	1.75	1.73
2. Payable later than 1 year and not later than 5 years	0.17	1.63
Total	1.92	3.36

- [b] The lease agreements provide for an option to the Company to renew the lease period at the end of the non-cancellable period. There are no exceptional/restrictive covenants in the lease agreements.

- iii. Lease rental expense in respect of operating leases: ₹ 86.78 crore (*previous year: ₹ 89.37 crore*).
- iv. Contingent rent recognised in the Statement of Profit and Loss: ₹ Nil (*previous year: ₹ 0.03 crore*).

Q(12) Basic and diluted earnings per share [EPS] computed in accordance with pursuant to Accounting Standard (AS) 20 "Earnings per Share".

Particulars		Before extraordinary items		After extraordinary items	
		2012-13	2011-12	2012-13	2011-12
Basic					
Profit after tax as per accounts (₹ crore)	A	4839.04	4456.50	4910.65	4456.50
Weighted average number of shares outstanding	B	61,39,26,551	61,11,08,916	61,39,26,551	61,11,08,916
Basic EPS (₹)	A/B	78.82	72.92	79.99	72.92
Diluted					
Profit after tax as per accounts (₹ crore)	A	4839.04	4456.50	4910.65	4456.50
Weighted average number of shares outstanding	B	61,39,26,551	61,11,08,916	61,39,26,551	61,11,08,916
Add: Weighted average number of potential equity shares on account of employee stock options	C	50,50,853	58,66,093	50,50,853	58,66,093
Weighted average number of shares outstanding for diluted EPS	D=B+C	61,89,77,404	61,69,75,009	61,89,77,404	61,69,75,009
Diluted EPS (₹)	A/D	78.18	72.23	79.33	72.23
Face value per share (₹)		2	2	2	2

Note: Potential equity shares that could arise on conversion of FCCBs are not resulting into dilution of EPS. Hence, they have not been considered in working of diluted EPS in accordance with Accounting Standard (AS) 20.

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Q(13) Major components of deferred tax liabilities and deferred tax assets: pursuant to Accounting Standard (AS 22) "Accounting for Taxes on Income"

₹ crore

Particulars	Deferred tax liabilities/ (assets) As at 31-3-2012	Charge/ (credit) to Statement of Profit and Loss	Charge/ (credit) to Hedging reserve*	Deferred tax liabilities/ (assets) As at 31-3-2013
Deferred tax liabilities:				
Difference between book and tax depreciation	557.58	85.39	–	642.97
Gain on derivative transactions to be offered for tax purposes in the year of transfer to the Statement of Profit and Loss	1.76	–	21.82	23.58
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to the Statement of Profit and Loss	55.65	26.67	–	82.32
Other items giving rise to timing differences	28.47	65.62	–	94.09
Total	643.46	177.68	21.82	842.96
Deferred tax (assets):				
Provision for doubtful debts and advances debited to the Statement of Profit and Loss	(238.28)	16.45	–	(221.83)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to the Statement of Profit and Loss	(146.57)	–	(48.40)	(194.97)
Unpaid statutory liabilities/provision for compensated absences debited to the Statement of Profit and Loss	(111.74)	(20.25)	–	(131.99)
Other items giving rise to timing differences	(13.86)	(38.09)	–	(51.95)
Total	(510.45)	(41.89)	(48.40)	(600.74)
Net deferred tax liability/(assets)	133.01	135.79	(26.58)	242.22
<i>previous year</i>	<i>263.47</i>	<i>39.70</i>	<i>(170.16)</i>	<i>133.01</i>

* The amount of ₹ (332.87 crore) [*previous year* : ₹ (301.53 crore)] represents net gains/(losses) on effective hedges recognised in hedge reserve, applying the principles of hedge accounting set out in the Accounting Standard (AS) – 30 "Financial Instruments: Recognition and Measurement". The amount is after considering the net deferred tax asset of ₹ 26.58 crore (*previous year* : ₹ 170.16 crore).

Q(14) Disclosures in respect of joint ventures pursuant to Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"

a) List of joint ventures

Sr. no.	Name of joint venture	Description of interest/(description of job)	Proportion of ownership interest (%)	Country of residence
1	L&T-Hochtief Seabird Joint Venture	Jointly controlled entity (Construction of breakwater at Karwar)	90	India
2	International Metro Civil Contractors	Jointly controlled entity (Construction of Delhi metro corridor phase I tunnel project)	26	India

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Sr. no.	Name of joint venture	Description of interest/(description of job)	Proportion of ownership interest (%)	Country of residence
3	HCC-L&T Purulia Joint Venture	Jointly controlled entity (Construction of pumped storage project)	43	India
4	Desbuild-L&T Joint Venture	Jointly controlled entity (Renovation of US consulate, Chennai)	49	India
5	Metro Tunnelling Group	Jointly controlled entity (Construction of Delhi metro corridor-phase II tunnel project)	26	India
6	L&T-AM Tapovan Joint Venture	Jointly controlled entity (Construction of head race tunnel for Tapovan Vishnugad hydroelectric project at Chamoli, Uttaranchal)	65	India
7	L&T-Shanghai Urban Corporation Group Joint Venture	Jointly controlled entity (Construction of twin tunnel between IGI airport and sector 21 for DMRC)	51	India
8	L&T-Eastern Joint Venture	Jointly controlled entity (Construction and maintenance of 295 residential units at Dubai)	65	UAE
9	Metro Tunnelling Chennai L&T-SUCG Joint Venture	Jointly controlled entity (Construction of UG Station at Nehru Park, KMC and Pachiyappas College and associated tunnels for Chennai Metro Rail Limited)	75	India
10	Metro Tunneling Delhi-L&T SUCG Joint Venture	Jointly controlled entity (Construction of Delhi metro corridor tunnel project phase – CC5)	60	India
11	L&T-Shapoorji Pallonji & Co. Ltd. Joint Venture -TCS	Jointly controlled entity [Design & build work for construction of TCS SEZ at Kolkata, West Bengal (JV with Shapoorji Pallonji & Co. Ltd)]	50	India
12	L&T-Shanghai Urban Construction (Group) Joint Venture CC27 Delhi	Jointly Controlled Entity (Design and Construction of Tunnel for Delhi MRTS Project for Phase-III)	68	India
13	L&T-KBL (UJV) Hyderabad	Jointly controlled operations (Investigation, design, supply and erection of lift irrigation system)	-	India
14	L&T-HCC Joint Venture	Jointly controlled operations (Four laning and strengthening of existing two lane sections from 240 Km to 320 Km on NH2)	-	India
15	Patel-L&T Consortium	Jointly controlled operations (Hydroelectric project)	-	India
16	L&T-SVEC Joint Venture	Jointly controlled operations (Lift irrigation project at Hyderabad)	-	India
17	L&T-KBL-MAYTAS UJV	Jointly controlled operations (Transmission of 735 mld treated water associated with all civil, electrical & mechanical work at Hyderabad)	-	India
18	Consortium of Toyo Engineering Company and L&T	Jointly controlled operations (Execution of naphtha cracker associated unit for IOCL, Panipat)	-	India
19	L&T and Scomi Engineering BHD. Joint Venture	Jointly controlled operations (Implementation of monorail system in Mumbai)	-	India

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

b) Financial interest in jointly controlled entities (to the extent of the Company's share)

₹ crore

Sr. no.	Name of Integrated joint ventures/jointly controlled entities	Company's share						
		As at March 31, 2013		For the Year 2012-13				
		Assets	Liabilities	Income	Expenses	Tax	Net profit (Note K)	Net loss (Note O)
1	L&T-Hochtief Seabird Joint Venture	66.09 (66.49)	46.89 (47.13)	- # (-)	0.01 (0.01)	- (-)	- (-)	- ₹ (0.01)
2	International Metro Civil Contractors	12.23 (13.70)	3.84 (4.49)	0.02 (0.01)	0.36 (0.05)	- (0.48)	- (-)	0.34 (0.52)
3	Metro Tunnelling Group	21.68 (21.16)	7.03 (8.14)	3.00 (1.72)	-1.63 (0.36)	0.69 (-0.52)	1.48 (1.88)	- (-)
4	L&T-Shanghai Urban Corporation Group Joint Venture	17.82 (17.59)	5.08 (5.06)	0.77 (2.62)	0.47 (0.30)	0.09 (0.74)	0.21 (1.58)	- (-)
5	HCC-L&T Purulia Joint Venture	2.98 (3.33)	2.91 (2.96)	- \$ (0.20)	- % (0.01)	- ^ (0.03)	- (0.16)	- ‡ (-)
6	L&T-AM Tapovan JV	141.00 (131.51)	57.98 (60.19)	30.08 (91.31)	44.73 (114.77)	- (-)	- (-)	14.65 (23.46)
7	Desbuild-L&T Joint Venture	0.04 (0.34)	-0.01 (0.28)	- Ω (-) ##	- € (-) @@	- (-)	- (-)	- † (-) ΩΩ
8	L&T – Eastern Joint Venture	36.63 (44.20)	32.57 (32.70)	0.41 (2.17)	8.04 (1.15)	- (-)	- (1.02)	7.63 (-)
9	Metro Tunnelling Chennai L&T-SUCG JV-CMRL	170.65 (144.26)	141.76 (143.78)	181.09 (109.24)	170.57 (108.51)	3.41 (0.24)	7.11 (0.49)	- (-)
10	DMRC– CC 05 JV	123.54 (10.01)	117.23 (6.98)	110.12 (3.13)	108.51 (3.13)	0.50 (-)	1.11 (-)	- (-)
11	L&T–Shapoorji Pallonji & Co. Ltd. Joint Venture-TCS	57.43 (-)	52.24 (-)	92.51 (-)	92.24 (-)	0.08 (-)	0.19 (-)	- (-)
12	L&T–SUCG JV – CC27- Delhi	103.65 (-)	103.65 (-)	18.57 (-)	18.57 (-)	- (-)	- (-)	- (-)
	Total	753.74 (452.59)	571.17 (311.71)	436.57 (210.40)	441.87 (228.29)	4.77 (0.97)	10.10 (5.13)	22.62 (23.99)
	Share of net assets in jointly controlled entities	182.57 (140.88)						

Amounts less than ₹ 0.01 crore:

Current Year: # ₹ 39313, ¥ ₹ 11925, \$ ₹ 46549, % ₹ 47781, ^ ₹ 7326, ‡ ₹ 8558, Ω ₹ 520, € ₹ 8289, † ₹ 7769

previous Year: ## (₹ 1213), @@ (₹ 8258), Ω Ω (₹ 7045)

Notes:

- Figures in brackets () relate to previous year.
- Contingent liabilities, if any, incurred in relation to interests in joint ventures as at March 31, 2013: ₹ Nil (previous year: ₹ Nil); and share in contingent liabilities incurred jointly with other ventures as at March 31, 2013: ₹ Nil (previous year: ₹ Nil).
- Share in contingent liabilities of joint ventures themselves for which the Company is contingently liable as at March 31, 2013: ₹ 65.95 crore (previous year: ₹ 61.43 crore).
- Contingent liabilities in respect of liabilities of other ventures of joint ventures as at March 31, 2013: ₹ Nil (previous year: ₹ Nil).
- Capital commitments, if any, in relation to interests in joint ventures as at March 31, 2013: ₹ 37.18 crore (previous year: ₹ 28.56 crore)

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Q(15) Disclosures required by pursuant to Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions:

₹ crore

Sr. no.	Particulars	Class of Provisions					Total
		Product warranties	Expected tax liability in respect of indirect taxes	Litigation related obligations	Contractual rectification cost-construction contracts	Others	
1	Balance as at 1-4-2012	10.84	59.13	9.05	471.36	52.89	603.27
2	Additional provision during the year	6.71	21.05	8.21	141.54	–	177.51
3	Provision used/reversed during the year	(8.12)	(2.65)	(8.21)	(299.29)	(52.89) #	(371.16) ##
4	Provision transferred due to transfer of business	(0.07)	–	–	–	–	(0.07)
5	Balance as at 31-3-2013 (5=1+2-3-4)	9.36	77.53	9.05	313.61	–	409.55

being reversal of an extraordinary item included in opening provision [Note 3(b) *supra*]

includes provision used during the year ₹ 47.64 crore (*previous year: ₹ 2.43 crore*)

b) Nature of provisions:

- Product warranties: The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31, 2013 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of two years from the date of Balance Sheet.
- Expected tax liability in respect of indirect taxes represents mainly the differential sales tax liability on account of non-collection of declaration forms for the period prior to 5 years.
- Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.
- Contractual rectification cost represents the estimated cost the Company is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under AS 7 (Revised) "Construction Contracts".
- Others represent residual provision in respect of Company's investment in shares of Satyam Computer Services Limited.

c) Disclosure in respect of contingent liabilities is given as part of Note (l) to the Balance Sheet.

Q(16) In line with the Company's risk management policy, the various financial risks mainly relating to changes in the exchange rates, interest rates and commodity prices are hedged by using a combination of forward contracts, swaps and other derivative contracts, besides the natural hedges.

a) The particulars of derivative contracts entered into for hedging purposes outstanding as at March 31, 2013 are as under:

₹ crore

Category of derivative instruments	Amount of exposures hedged	
	As at 31-3-2013	As at 31-3-2012
i For hedging foreign currency risks:		
a) Forward contracts for receivables including firm commitments and highly probable forecasted transactions	7940.24	10540.83
b) Forward contracts for payables including firm commitments and highly probable forecasted transactions	10046.71	8692.37
c) Currency Swaps	4051.11	5003.17
d) Option Contracts	21.99	39.35
e) Currency futures	–	330.69
ii For hedging commodity price risks:		
Commodity futures	242.59	171.67

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

b) Un-hedged foreign currency exposures as at March 31, 2013 are as under:

₹ crore

Un-hedged foreign currency exposures	As at 31-3-2013	As at 31-3-2012
i Receivables, including firm commitments and highly probable forecasted transactions	28042.53	24678.23
ii Payables, including firm commitments and highly probable forecasted transactions	24924.49	26301.62

Q(17) Auditors' remuneration (excluding service tax) and expenses charged to the accounts:

₹ crore

Particulars	2012-13	2011-12
As auditor	1.08	0.90
For Taxation matters	0.26	0.22
For Other services	2.03	1.22
For reimbursement of expenses	0.07	0.10

Q(18) Value of imports (on C.I.F. basis):

₹ crore

Particulars	2012-13	2011-12
Raw materials	1961.34	1273.10
Components and spare parts	3051.19	4027.24
Capital goods	377.93	714.61

Q(19) Expenditure in foreign currency:

₹ crore

Particulars	2012-13	2011-12
On overseas contracts	8254.18	3103.88
Royalty and technical know-how fees	7.03	16.14
Interest	161.43	103.11
Professional/consultation fees	242.46	130.94
Other matters	1124.86	1571.65

Q(20) Dividends remitted in foreign currency:

₹ crore

Particulars	2012-13	2011-12
Dividend for the year ended March 31, 2012 remitted to:		
i. 12 non-resident shareholders on 15,700 shares held by them (previous year: 15,700 shares) on 28-8-2012	0.03	0.02
ii. Custodian of global depository receipts on 1,96,66,240 shares (previous year: 2,50,91,514 shares) on 28-8-2012	32.45	36.38

Q(21) Earnings in foreign exchange:

₹ crore

Particulars	2012-13	2011-12
Export of goods [including ₹ 978.53 crore on FOB basis (previous year: ₹ 825.78 crore)]	1016.03	852.97
Construction and project related activities	10693.89	6173.43
Export of services	1319.77	884.49
Commission	19.08	27.19
Interest received	0.05	0.04
Other receipts	74.87	99.93

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Q(22) The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2013. The disclosure pursuant to the said Act is as under:

Particulars	₹ crore	
	2012-13	2011-12
Principal amount due to suppliers under MSMED Act, 2006	67.17	60.53
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	0.05	0.05
Payment made to suppliers (other than interest) beyond the appointed day during the year	8.65	39.85
Interest paid to suppliers under MSMED Act (other than Section 16)	–	–
Interest paid to suppliers under MSMED Act (Section 16)	0.02	0.22
Interest due and payable towards suppliers under MSMED Act for payments already made	0.08	0.37
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.32	0.37

Q(23) (a) The Company has adopted a new accounting policy [Note R(18)(f)] for separate accounting of embedded derivatives with effect from April 1, 2012, for more appropriate presentation of the financial statements. The profit before tax is lower by ₹ 55.36 crore pursuant to adoption of the new accounting policy for separate accounting of embedded derivatives.

(b) The Company has changed the accounting policy for recognition of revenue from real estate development transactions pursuant to the guidance note on accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India [Note R(3)(A)(a)(iii)]. The profit before tax of the Company is higher by ₹ 2.39 crore pursuant to change in the accounting policy of revenue recognition for real estate development transactions.

Q(24) There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2013.

Q(25) Details of sales, raw materials and components consumed, manufacturing work-in-progress and purchase of stock in trade:

a) Sales:

Class of goods	₹ crore	
	2012-13	2011-12
(i) Manufacturing and trading activity:		
Switchgear, all types	1987.02	1531.17
Valves and accessories	852.19	777.36
Earthmoving and agriculture machinery and spares	656.96	616.91
Industrial Machinery	473.69	560.24
Electricity meters	311.14	371.37
Rubber processing machinery and accessories	293.05	324.92
Parts and accessories for Prime movers, Boilers, Steam Generating Plants and Nuclear reactors	0.19	88.90
Welding alloys and accessories	–	71.46
Industrial electronic control panels	91.30	68.08
Patient monitoring system and accessories	38.42	62.02
Defence equipment, all types	35.99	56.60
Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystallizer plants and pollution control equipment in aggregate	45.12	53.34
Transmission line tower	39.06	38.82
Steel structural fabrication	25.72	14.48
Plant & equipment and modules for nuclear power projects, heavy water projects, nuclear and space research and allied projects, including items for Chemical, Oil & Gas, etc. industries.	140.50	12.46

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

Class of goods	2012-13	2011-12
	₹ crore	₹ crore
Electro surgical unit and accessories	2.61	5.36
Nuclear purpose equipment, de-aerators, ultra high pressure vessels including multiwall vessels, high pressure heat exchangers and high pressure heaters in aggregate	–	4.69
Design, development and manufacturing of airborne assemblies, system and equipment for Aircrafts, Helicopters & unmanned aerial vehicles and equipment for the aviation sector	1.67	1.48
Ultrasound equipment and accessories	–	0.92
Ship auxiliaries and components of mechanised sailing vessels	0.71	0.62
Others	1380.36	1706.39
Total	6375.70	6367.59
(ii) Property development activity	73.79	21.70
(iii) Construction and project related activity:		
Civil / Infrastructure / Mechanical / Electrical Construction	32699.95	26633.56
Thermal/Hydro/Gas power plants	8023.74	7239.73
Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystallizer plants and pollution control equipment in aggregate	3592.03	4871.31
Plant & equipment and modules for nuclear power projects, heavy water projects, nuclear and space research and allied projects, including items for Chemical, Oil & Gas, etc. industries.	5143.41	4673.12
Defence equipment, all types	445.77	371.27
Nuclear purpose equipment, de-aerators, ultra high pressure vessels including multiwall vessels, high pressure heat exchangers and high pressure heaters in aggregate	117.91	30.73
Ship auxiliaries and components of mechanised sailing vessels	1.65	22.24
Parts and accessories for Prime movers, Boilers, Steam generating plants and Nuclear reactors	9.34	14.24
Design, development and manufacturing of airborne assemblies, system and equipment for Aircrafts, Helicopters & unmanned aerial vehicles and equipment for the aviation sector	14.13	8.43
Commercial ships	(71.26)	6.41
Others	2641.96	1485.67
Total	52618.63	45356.71
(iv) Servicing	406.08	285.63
(v) Commission	158.77	205.01
(vi) Engineering and service fees	1215.03	875.74
Total Sales & service (i) to (vi)-[Note K]	60848.00	53112.38

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

b) Raw materials and components consumed:

i) Class of goods:

Class of goods	2012-13	2011-12
	₹ crore	₹ crore
Power plant & machinery components	4431.24	3747.86
Chemical plant components	1759.20	2575.95
Nuclear equipment components, including items for oil & gas industries, etc. in aggregate	1778.01	1169.08
Steel	694.89	656.49
Switchgear components	857.39	669.04
Electronic devices, test & measuring instruments and industrial electronic control panel components	46.57	138.84
Non-ferrous metals	132.17	129.09
Metering & protection systems and medical equipment and components	35.16	33.17
Industrial machinery components	11.54	11.05
Bakelite	–	4.75
Others	1293.11	1068.50
Sub-total	11039.28	10203.82
Less: Sale value of scrap	146.99	111.70
Total [Note M]	10892.29	10092.12

ii) Classification of goods:

Classification of goods	2012-13		2011-12	
	% to total consumption	₹ crore	% to total consumption	₹ crore
Imported (including through canalising agencies)	42	4574.84	39	3943.31
Indigenous	58	6317.45	61	6148.81
Total	100	10892.29	100	10092.12

c) Purchases of stock in trade

Class of goods	2012-13	2011-12
	₹ crore	₹ crore
Electronic, medical & other instruments, accessories and spares	772.62	872.23
Valves and accessories	519.80	520.10
Earthmoving and agricultural machinery and spares	302.13	385.62
Industrial Machinery	105.39	120.86
Welding alloys and accessories	–	49.66
Others	363.29	420.93
Total [Note M]	2063.23	2369.40

Notes forming part of the Accounts (contd.)

NOTE [Q] (contd.)

d) Details of Work-in-progress:

Class of goods	2012-13	2011-12
	₹ crore	₹ crore
Industrial Machinery	59.79	68.01
Defence equipment, all types	63.97	63.53
Steel structural fabrication	37.86	53.16
Switchgear, all types	49.13	46.97
Transmission line tower	60.64	46.36
Chemical plant & machinery, including pharmaceutical, dyestuff, distillery, brewery and solvent extraction plants, evaporator and crystallizer plants and pollution control equipment in aggregate	49.09	43.43
Low voltage and Medium voltage switchboards and panels	61.44	35.41
Plant & equipment and modules for nuclear power projects, heavy water projects, nuclear and space research and allied projects, including items for Chemical, Oil & Gas, etc. industries	35.04	23.81
Casting products	20.38	20.09
Rubber processing machinery and accessories	19.34	16.49
Nuclear purpose equipment, de-aerators, ultra high pressure vessels including multiwall vessels, high pressure heat exchangers and high pressure heaters in aggregate	5.67	4.56
Ship auxiliaries and components of mechanised sailing vessels	93.39	4.12
Parts for aircraft	–	2.26
Valves and accessories	1.89	2.06
Servicing of construction machinery	10.58	1.60
AC drives, DC drives, programmable logic controllers	2.06	1.18
Meters and protection systems	0.58	0.29
Patient monitoring system and accessories	–	0.02
Others	75.74	32.94
Total [Note H(II)]	646.59	466.29

Q(26) Figures for the previous year have been regrouped/reclassified wherever necessary.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention [except for the revaluation of certain fixed assets], 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 viz. SEBI guidelines 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 and intangible fixed 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 recognised in the period in which the results are known.

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 and the Listing Agreement.

Amounts in the financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off to two decimal places in line with the requirements of Schedule VI. Per share data are presented in Indian Rupees to two decimals places.

3. Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

A. Revenue from operations

- a. Sales & Service
 - i. Sales and service include excise duty and adjustments made towards liquidated damages and price variation, wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.
 - ii. Revenue from sale of manufactured and traded goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.
 - iii. 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 [Note no.Q23(b)] which have the same economic substance as that of a 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 all the following conditions:

- 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 i.e. contract costs for work performed bears a reasonable proportion to the estimated total contract costs. For this purpose, a reasonable level of development is treated as achieved only if the cost incurred (excluding cost of land/developmental rights and borrowing cost) is atleast 25% of the total of such cost;
- 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.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

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 recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

- iv. Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:
 - a. Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer.
 - b. Fixed price contracts: Contract revenue is recognized only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Government grants in the nature of subsidy related to customer contracts is recognised as revenue from operations in the Statement of Profit and Loss, on a prudent basis, in proportion to work completed when there is reasonable assurance that the conditions for the grant of subsidy will be fulfilled.

Expected loss, if any, on the construction/project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration.

- v. Revenue from contracts for the rendering of services which are directly related to the construction of an asset is recognised on similar basis as stated in (iv) above.
 - vi. Revenue from construction/project related activity and contracts executed in joint ventures under work-sharing arrangement [being jointly controlled operations, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"], are recognised on the same basis as similar contracts independently executed by the Company.
 - vii. Revenue from service related activities is recognised using the proportionate completion method.
 - viii. Commission income is recognised as and when the terms of the contract are fulfilled.
 - ix. Revenue from engineering and service fees is recognised as per the terms of the contract.
 - x. Profit/loss on contracts executed by Integrated Joint Ventures under profit-sharing arrangement [being Jointly Controlled Entities, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"] is accounted as and when the same is determined by the joint venture. Revenue from services rendered to such joint ventures is accounted on accrual basis.
- b. Other operational revenue
Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

B. Other Income

- i. Interest income is accrued at applicable interest rate.
- ii. Dividend income is accounted in the period in which the right to receive the same is established.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

- iii. Other Government grants, which are revenue in nature and are towards compensation for the related costs, are recognised as income in the Statement of Profit and Loss in the period in which the matching costs are incurred.
- iv. Other items of income are accounted as and when the right to receive arises.

4. Extraordinary and exceptional Items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

5. Research and development

- a. Revenue expenditure on research is expensed under respective heads of account in the period in which it is incurred.
- b. Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:
 - i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
 - ii. The Company has intention to complete the intangible asset and use or sell it
 - iii. The Company has ability to use or sell the intangible asset
 - iv. The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets
 - v. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
 - vi. The Company has ability to measure the expenditure attributable to the intangible asset during its development reliably

The development expenditure capitalised as intangible asset is amortised over its useful life.

Other development costs that do not meet above criteria are expensed in the period in which they are incurred.

6. Employee benefits

- a. Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service 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.
- b. Post-employment benefits:
 - i. Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.
 - ii. Defined benefit plans: The employees' gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme 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 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.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

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

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

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, long service award etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) above.

d. Termination benefits:

Termination benefits such as compensation under voluntary retirement cum pension scheme are recognised as expense in the period in which they are incurred.

7. Tangible Fixed assets

Tangible fixed assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment and those which were revalued as on October 1, 1984 are stated at the values determined by the valuers less accumulated depreciation and cumulative impairment. Assets acquired on hire purchase basis are stated at their cash values. Specific know-how fees paid, if any, relating to plant and equipment is treated as part of cost thereof.

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 fixed assets.

Own manufactured assets are capitalised at cost including an appropriate share of overheads.

Tangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

(Also refer to policy on leases, borrowing costs, impairment of assets and foreign currency transactions *infra*.)

8. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

a. Lease transactions entered into prior to April 1, 2001:

Assets leased out are stated at original cost. Lease equalisation adjustment is the difference between capital recovery included in the lease rentals and depreciation provided in the books.

Lease rentals in respect of assets acquired under leases are charged to Statement of Profit and Loss.

b. Lease transactions entered into on or after April 1, 2001:

Finance leases:

i. Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

ii. Assets given under Leases where the Company has transferred substantially all the risks and rewards of ownership to lessee, are classified as finance leases. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

iii. Initial direct costs relating to assets given on finance leases are charged to Statement of Profit and Loss.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

Operating leases:

- i) Assets acquired on leases where a significant portion of the 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.
- ii) Assets leased out under operating leases are capitalised. Rental income is recognised on accrual basis over the lease term.
(Also refer to policy on depreciation *infra*).

9. Depreciation

a. Owned assets

i. Revalued assets:

Depreciation is provided on straight line method on the values and at the rates given by the valuers. The difference between depreciation provided on revalued amount and on historical cost is transferred from revaluation reserve to Statement of Profit and Loss.

ii. Assets carried at historical cost:

Depreciation on assets carried at historical cost is provided on the written down value basis on assets acquired up to March 31, 1968 (at the rates prescribed under Schedule XIV to the Companies Act, 1956) and on straight line method on assets acquired subsequently (at the rates prevailing at the time of their acquisition on assets acquired up to September 30, 1987 and at the rates prescribed under Schedule XIV to the Companies Act, 1956 on assets acquired after that date). 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.)
i) Furniture and fixtures	10.00
ii) Office Equipment	
Multifunctional devices (fax machine/scanner/printers), inkjet/laserjet printers, switches (audio/video) and projectors	25.00
Others	6.67
iii) Computers	
Desktop, Server & related components	16.67
iv) Plant and Equipment general	
a) Cranes below 100 ton capacity used for construction activity	6.67
b) Minor plant & equipment of construction activity	20.00
c) Heavy lift equipment of construction activity	5.00
d) Equipment for tunnelling & laying electrical transmission lines (other than those employed in heavy construction work)	10.00
e) Equipment used in construction industry for concreting, road making, crushing, piling, pipeline laying, welding etc.	8.33
f) DG sets above 30 kva	8.33
g) Erection winches above 2 tons	8.33
h) Strand Jack system, theodolite, total station etc. used in construction industry	8.33
i) Specialised machine tools, dies, jigs, fixtures, gauges for electrical business	20.00
j) Desktops and laptops given to employees under the Company's scheme	33.33
k) Other laptops	25.00
l) Tunnel Boring Machine	50.00
v) Air conditioning and refrigeration equipment	8.33
vi) Laboratory and canteen equipment	12.50
vii) Motor cars	14.14

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

- iii. Depreciation for additions to/deductions from, owned assets is calculated pro rata from/to the month of additions/deductions. Extra shift depreciation is provided on a location basis.
 - iv. 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.
- b. Leased assets:
- i. Lease transactions entered into prior to April 1, 2001:
Lease charge comprising statutory depreciation and lease equalisation charge is provided for assets given on lease over the primary period of the lease equal to recovery of net investment in the lease. Accordingly, while the statutory depreciation on such assets is provided for on straight line method as per Schedule XIV to the Companies Act, 1956, the difference is adjusted through lease equalisation and lease adjustment account.
 - ii. Lease transactions entered into on or after April 1, 2001:
Assets acquired under finance leases are depreciated on a straight line method over the lease term. Where there is reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated at the rates prescribed under Schedule XIV to the Companies Act, 1956 or at the higher rates adopted by the Company for similar assets.
 - iii. Leasehold land:
Land acquired under long term lease is classified under "tangible assets" and is depreciated over the period of lease.

10. Intangible assets and amortisation

Intangible assets are stated at original cost net of tax/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 are amortised as follows:

- a. Specialised software: over a period of six years
- b. Technical know-how: over a period of six years in case of foreign technology and three years in the case of indigenous technology
- c. Development costs for new products: over a period of five years

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

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

Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

11. Impairment of assets

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

- a. the provision for impairment loss, if any; and
- b. 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.

Recoverable amount is determined:

- a. in the case of an individual asset, at the higher of the net selling price and the value in use;
- b. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the 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 estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

12. Investment:

Trade investments comprise investments in subsidiary companies, joint ventures, associate companies and in the entities in which the Company has strategic business interest.

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 any diminution in value, if such diminution is other than temporary in nature. Investments in integrated joint ventures are carried at cost net of adjustments for Company's share in profits or losses as recognised.

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.

Purchase and sale of investments are recognised based on the trade date accounting.

13. Inventories

Inventories are valued after providing for obsolescence, as under:

- a. Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value
- b. Manufacturing work-in-progress at lower of cost including related overheads or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs
- c. Finished goods and stock in trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods
- d. Completed property/Work-in-progress (including land) in respect of property development activity at lower of cost or net realisable value

14. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. 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.

15. Securities premium account

- a. Securities premium includes:
 - i. The difference between the market value and the consideration received in respect of shares issued pursuant to Stock Appreciation Rights Scheme
 - ii. The discount allowed, if any, in respect of shares allotted pursuant to Stock Options Scheme
- b. The following expenses are written off against securities premium account:
 - i. Expenses incurred on issue of shares
 - ii. Expenses (net of tax) incurred on issue of debentures/bonds
 - iii. Premium (net of tax) on redemption of debentures/bonds

16. Borrowing Costs:

Borrowing costs include interest, commitment charges, amortisation of ancillary costs, amortisation of discounts/premium related to borrowings, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/inventorised as part of cost of such asset till such time 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 recognised as an expense in the period in which they are incurred.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

17. Employee stock ownership schemes

In respect of stock options granted pursuant to the Company's Stock Options Scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

18. Foreign currency transactions, foreign operations, forward contracts and derivatives

- a. The reporting currency of the Company is Indian rupee.
- b. 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 at the date of the transaction.

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:

- i. adjusted in the cost of fixed assets specifically financed by the borrowings contracted up to March 31, 2004 to which the exchange differences relate
 - ii. adjusted in the cost of fixed assets specifically financed by borrowings contracted between the period April 1, 2004 to March 31, 2007 and to which the exchange differences relate, provided the assets are acquired from outside India
 - iii. recognised as income or expense in the period in which they arise, in cases other than (i) and (ii) above
- c. Financial statements of foreign operations comprising jobs contracted prior to April 1, 2004, are translated as follows:
 - i. Closing inventories at rates prevailing at the end of the year
 - ii. Fixed assets as at April 1, 1991 at rates prevailing at the end of the year in which the additions were made. Subsequent additions are at rates prevailing on the dates of the additions. Depreciation is accounted at the same rate at which the assets are translated
 - iii. Other assets and liabilities at rates prevailing at the end of the year
 - iv. Net revenues at the average rate for the year
 - d. Financial statements of foreign operations comprising jobs contracted on or after April 1, 2004, are treated as integral operations and translated as in the same manner as foreign currency transactions, as described above. Exchange differences arising on such translation are recognized as income or expense of the period in which they arise.
 - e. Forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates". Exchange differences arising on such contracts are recognised in the period in which they arise.

Gains and losses arising on account of roll over/cancellation of forward contracts are recognised as income/expense of the period in which such roll over/cancellation takes place.

- f. All the other derivative contracts, including forward contracts entered into to hedge foreign currency risks on unexecuted firm commitments and highly probable forecast transactions, are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the ICAI dated March 29, 2008 on accounting of derivatives. In addition, the derivative arrangements embedded in the contracts entered in the course of business are accounted separately if the economic characteristics and risks of the embedded derivatives are not closely related to economic characteristics and risks of the host contract [Note Q23(a)].

The Company has adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" for accounting of such derivative contracts, not covered under Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates", as mandated by the ICAI in the aforesaid announcement.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

Accordingly, the resultant gains or losses on fair valuation/settlement of the derivative contracts (including embedded derivatives) covered under Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" are recognised in the Statement of Profit and Loss or Balance Sheet as the case may be after applying the test of hedge effectiveness. Where the hedge in respect of off-balance sheet items is effective, the gains or losses are recognised in the "hedging reserve" which forms part of "reserves and surplus" in the Balance Sheet. The amount recognised in the "hedging reserve" is transferred to the Statement of Profit and Loss in the period in which the underlying hedged item affects the Statement of Profit and Loss. Gains or losses in respect of ineffective hedges are recognised in the Statement of Profit and Loss in the period in which such gains or losses are incurred.

- g. The premium paid/received on a foreign currency forward contract is accounted as expense/income over the life of the contract.

19. Segment accounting

- a. Segment accounting policies

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

- i. Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment revenue
- ii. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under "unallocable corporate expenditure
- iii. Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income"
- iv. Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Company
- v. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment

- b. Inter-segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

20. 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 the expected outcome of assessments/appeals.

Deferred tax is recognised on timing differences between the income accounted in financial statements 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 recognised 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.

21. Accounting for interests in Joint Ventures

Interests in joint ventures are accounted as follows:

Type of joint venture	Accounting treatment
Jointly controlled operations	Company's share of revenues, common expenses, assets and liabilities are included in revenues, expenses, assets and liabilities respectively.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

Type of joint venture	Accounting treatment
Jointly controlled assets	Share of the assets, according to nature of the assets, and share of the Liabilities are shown as part of gross block and liabilities respectively. Share of expenses incurred on maintenance of the assets is accounted as expense. Monetary benefits, if any, from use of the assets are reflected as income.
Jointly controlled entities	<p>(a) integrated joint ventures:</p> <p>(i) Company's share in profits or losses of integrated joint ventures is accounted on determination of the profits or losses by the joint ventures.</p> <p>(ii) Investments in integrated joint ventures are carried at cost net of Company's share in recognised profits or losses.</p> <p>(b) Incorporated jointly controlled entities:</p> <p>(i) Income on investments in incorporated jointly controlled entities is recognised when the right to receive the same is established.</p> <p>(ii) Investment in such joint ventures is carried at cost after providing for any diminution in value which is other than temporary in nature.</p>

Joint venture interests accounted as above, other than investments in incorporated jointly controlled entities, are included in the segments to which they relate.

22. 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 recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in 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 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

Contingent assets are neither recognised, nor disclosed.

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

23. 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. Funding related commitment to subsidiary, associate and joint venture companies and
- d. 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.

Notes forming part of the Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

24. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

25. 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 Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No.33013

Mumbai, May 22, 2013

N. HARIHARAN
Company Secretary

A. M. NAIK
Group Executive Chairman

K. VENKATARAMANAN
Chief Executive Officer &
Managing Director

S. RAJGOPAL

N. MOHAN RAJ

M. DAMODARAN

R. SHANKAR RAMAN
Chief Financial Officer &
Whole-time Director

M. M. CHITALE

A. K. JAIN

SUSHOBHAN SARKER

Directors Mumbai, May 22, 2013

Consolidated Financial Statements 2012-13

Independent Auditors' Report

To the Board of Directors of Larsen & Toubro Limited

We have audited the accompanying consolidated financial statements of Larsen & Toubro Limited ("the Company") and its subsidiaries, associates and joint ventures ("the L&T Group") which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statement of profit and loss and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 presentation of the consolidated financial statements that give a true and fair view 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 consolidated 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 and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associates and joint ventures as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated balance sheet, of the state of affairs of the L&T Group as at March 31, 2013;
- in the case of the consolidated statement of profit and loss, of the profit of the L&T Group for the year ended on that date; and
- in the case of the consolidated cash flow statement, of the cash flows of the L&T Group for the year ended on that date.

Other matters

In respect of the financial statements of a subsidiary, we carried out the audit jointly with other auditor. The details of assets, revenues and net cash flows in respect of the subsidiary to the extent to which they are reflected in the consolidated financial statements are given below:

Jointly audited :

	₹ crore	₹ crore	₹ crore
	Total assets	Total revenues	Net cash inflows / (outflows)
Indian subsidiary	418.83	140.57	(0.34)

In respect of the financial statements of certain subsidiaries, associates and joint ventures, we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, associates and joint ventures is based solely on the reports of the other auditors. The details of assets, revenues and net cash flows in respect of these subsidiaries and joint ventures and the net carrying cost of investment

and current year share of net profit in respect of these associates, to the extent to which they are reflected in the consolidated financial statements are given below:

Audited by other auditors:

	₹ crore	₹ crore	₹ crore
	Total assets	Total revenues	Net cash inflows / (outflows)
A Indian subsidiaries	32549.44	2552.03	111.89
B Foreign subsidiaries	5260.25	3961.34	(40.16)
C Joint ventures	2089.08	382.53	64.02
		Net carrying cost of investment	Current year share of net profit
D Associates		68.66	4.33

We further report that in respect of certain subsidiaries, associates and joint ventures, we did not carry out the audit. These financial statements have been certified by management and have been furnished to us, and in our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, associates and joint ventures, are based solely on these certified financial statements.

Since the financial statements for the financial year ended March 31, 2013, which were compiled by management of these companies, were not audited, any adjustments to their balances could have consequential effects on the attached consolidated financial statements. However, the size of these subsidiaries, associates and joint ventures, in the consolidated position is not significant in relative terms. The details of assets, revenues and net cash flows in respect of these subsidiaries and joint ventures and the net carrying cost of investment and current year/period share of net profit in respect of these associates, to the extent to which they are reflected in the consolidated financial statements are given below:

Certified by management :

	₹ crore	₹ crore	₹ crore
	Total assets	Total revenues	Net cash inflows / (outflows)
A Indian subsidiaries	103.15	16.33	3.60
B Foreign subsidiaries	0.60	2.92	(1.12)
C Joint ventures	112.14	180.62	0.22
		Net carrying cost of investment	Current year/period share of net profit
D Associates		56.31	6.29

Our opinion is not qualified in respect of these matters.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

MILIND P. PHADKE
Partner
Membership No.33013

Mumbai, May 22, 2013

Consolidated Balance Sheet as at March 31, 2013

	Note	As at 31-3-2013		As at 31-3-2012	
		₹ crore	₹ crore	₹ crore	₹ crore
EQUITY AND LIABILITIES:					
Shareholders' funds					
Share capital	A	123.08		122.48	
Reserves and surplus	B	33736.61		29264.30	
			33859.69		29386.78
Minority interest			2652.87		1753.46
Non-current liabilities					
Long term borrowings	C(I)	47400.16		36656.42	
Deferred payment liabilities for acquisition of fixed assets	Q(22)	3481.45		3953.58	
Deferred tax liabilities (net)	Q(15)	377.87		210.88	
Other long term liabilities	C(II)	1114.12		842.38	
Long term provisions	C(III)	343.58		312.19	
			52717.18		41975.45
Current liabilities					
Short term borrowings	D(I)	7287.86		5256.36	
Current maturities of deferred payment liabilities for acquisition of fixed assets	Q(22)	472.53		464.09	
Current maturities of long term borrowings	D(II)	7305.70		5237.30	
Trade payables	D(III)	18812.03		17401.23	
Other current liabilities	D(IV)	17457.81		15495.26	
Short term provisions	D(V)	2539.38		2341.37	
			53875.31		46195.61
TOTAL			<u>143105.05</u>		<u>119311.30</u>
ASSETS:					
Non-current assets					
Fixed assets					
Tangible assets	E(I)	20860.52		14116.20	
Intangible assets	E(II)	7452.92		4233.15	
Capital work-in-progress	E(I)	4017.49		8056.20	
Intangible assets under development	E(II)	7289.32		6857.03	
Goodwill on consolidation	E(III)	2119.75		1053.89	
			41740.00		34316.47
Non-current investments	F		1262.95		1564.87
Deferred tax assets (net)	Q(15)		194.20		129.04
Long term loans and advances	G(I)(a)		2200.47		2043.96
Long term loans and advances towards financing activities	G(I)(b)		21839.90		16605.10
Cash and bank balances	G(II)		59.65		143.56
Other non-current assets	G(III)		114.62		101.76
Current assets					
Current investments	H(I)	7504.55		7224.62	
Inventories	H(II)	5169.47		4228.16	
Trade receivables	H(III)	23014.91		20651.10	
Cash and bank balances	H(IV)	3571.54		3378.58	
Short term loans and advances	H(V)	6251.84		5429.54	
Short term Loans and advances towards financing activities	H(V)(a)	10162.21		8168.82	
Other current assets	H(VI)	20018.74		15325.72	
			75693.26		64406.54
TOTAL			<u>143105.05</u>		<u>119311.30</u>
CONTINGENT LIABILITIES					
COMMITMENT (capital and others)					
OTHER NOTES FORMING PART OF THE ACCOUNTS					
SIGNIFICANT ACCOUNTING POLICIES					
	I				
	J				
	Q				
	R				

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No.33013

Mumbai, May 22, 2013

N. HARIHARAN
Company Secretary

A. M. NAIK
Group Executive Chairman

K. VENKATARAMANAN
Chief Executive Officer &
Managing Director

S. RAJGOPAL

N. MOHAN RAJ

M. DAMODARAN

R. SHANKAR RAMAN
Chief Financial Officer &
Whole-time Director

M. M. CHITALE

A. K. JAIN

SUSHOBHAN SARKER

Directors

Mumbai, May 22, 2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

	Note	2012-13		2011-12	
		₹ crore	₹ crore	₹ crore	₹ crore
REVENUE:					
Revenue from operations (gross)	K	75195.31		64960.08	
Less: Excise duty		697.31		646.97	
Revenue from operations (net)			74498.00		64313.11
Other income	L		1095.93		828.97
Total revenue			75593.93		65142.08
EXPENSES:					
Manufacturing, construction and operating expenses	M				
Cost of raw materials, components consumed		10790.24		10863.96	
Construction materials consumed		15562.64		13037.00	
Purchase of stock-in-trade		2179.87		2456.02	
Stores, spares and tools consumed		2705.02		2184.29	
Sub-contracting charges		14322.47		10969.25	
Value of stock transferred on disposal of subsidiary/business		(51.23)		(15.33)	
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(1514.33)		(598.76)	
Other manufacturing, construction and operating expenses		6132.88		4653.56	
Finance cost of financial services business		2350.16		1664.12	
Staff expenses for software development business		2215.23		1876.38	
			54692.95		47090.49
Employee benefits expense	N		6224.17		4998.23
Sales, administration and other expenses	O		3772.23		3368.44
Finance costs	P		2095.02		1215.85
Depreciation, amortisation, impairment and obsolescence		1651.71		1581.28	
Less: Transfer from revaluation reserve		14.64		0.99	
			1637.07		1580.29
			68421.44		58253.30
Less: Overheads charged to fixed assets			50.56		27.96
Total expenses			68370.88		58225.34
Profit before exceptional and extraordinary items and tax			7223.05		6916.74
Exceptional items	Q(5)		336.76		56.77
Profit before extraordinary items and tax			7559.81		6973.51
Extraordinary items	Q(6)		78.11		-
Profit before tax			7637.92		6973.51
Tax expense:					
Current tax	Q(8)	2241.79		2314.33	
Deferred tax (net)	Q(15)	143.75		(31.78)	
			2385.54		2282.55
Profit after tax			5252.38		4690.96
Less: Additional tax on dividend distributed/proposed by subsidiary companies			12.96		8.67
			5239.42		4682.29
Add: Share in profit/(loss) (net) of associate companies			38.43		46.16
			5277.85		4728.45
Add/(less): Minority interest in (income)/losses			(72.18)		(34.76)
Balance carried to Balance Sheet			5205.67		4693.69
Basic earnings per equity share before extraordinary items (₹)	Q(14)		83.63		76.81
Diluted earnings per equity share before extraordinary items (₹)			82.94		76.08
Basic earnings per equity share after extraordinary items (₹)			84.79		76.81
Diluted earnings per equity share after extraordinary items (₹)			84.10		76.08
Face value per equity share (₹)			2.00		2.00
OTHER NOTES FORMING PART OF THE ACCOUNTS	Q				
SIGNIFICANT ACCOUNTING POLICIES	R				

A. M. NAIK
Group Executive Chairman

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No.33013

Mumbai, May 22, 2013

K. VENKATARAMANAN
Chief Executive Officer &
Managing Director

R. SHANKAR RAMAN
Chief Financial Officer &
Whole-time Director

S. RAJGOPAL

M. M. CHITALE

N. MOHAN RAJ

A. K. JAIN

M. DAMODARAN

SUSHOBHAN SARKER

N. HARIHARAN
Company Secretary

Directors

Mumbai, May 22, 2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

	2012-13	2011-12
	₹ crore	₹ crore
A. Cash flow from operating activities:		
Profit before tax (excluding minority interest, exceptional and extraordinary items)	7223.05	6916.74
Adjustments for:		
Dividend received	(68.65)	(145.41)
Depreciation, amortisation, impairment and obsolescence	1637.07	1580.29
Exchange difference on items grouped under financing/investing activity	302.87	333.52
Expenditure on voluntary retirement scheme	(38.34)	—
Interest expense	2095.02	1215.85
Interest income	(489.55)	(487.92)
(Profit)/loss on sale of fixed assets (net)	(202.22)	(12.31)
(Profit)/loss on sale of investments (net)	(292.54)	(180.86)
Employee stock option-discount forming part of staff expenses	99.21	205.27
Provision/(reversal) for diminution in value of investments	(9.85)	(4.70)
Operating profit before working capital changes	10256.07	9420.47
Adjustments for:		
(Increase)/decrease in trade and other receivables	(7284.76)	(9535.91)
(Increase)/decrease in inventories	(675.81)	(448.75)
Increase/(decrease) in trade payables and customer advances	2358.53	4251.53
Cash generated from operations before financing activities	4654.03	3687.34
(Increase)/decrease in loans and advances towards financing activities	(5882.45)	(7062.53)
Cash generated from operations	(1228.42)	(3375.19)
Direct taxes refund/(paid) (net)	(2531.72)	(2851.58)
Net cash (used in)/from operating activities	(3760.14)	(6226.77)
B. Cash flow from investing activities:		
Purchase of fixed assets	(7832.32)	(7302.38)
Sale of fixed assets	394.55	198.44
Purchase of long term investments	(273.17)	(429.52)
Sale of long term investments	984.04	644.64
Purchase/sale of current investments (net)	(263.06)	437.98
Loans/deposits made with associate companies and third parties (net)	(84.82)	(91.44)
Interest received	520.08	464.37
Dividend received from associates	4.61	25.35
Dividend received from other investments	68.65	145.41
Consideration received on disposal of subsidiaries	292.98	42.97
Consideration paid on acquisition of subsidiaries	(1116.27)	—
Cash & cash equivalents acquired pursuant to acquisition of subsidiaries	355.24	—
Cash & cash equivalents discharged pursuant to disposal of subsidiaries	(14.41)	—
Cash (used in)/from investing activities	(6963.90)	(5864.18)
Extraordinary item	—	—
Cash received (net of expenses) on sale of medical business	52.36	—
Net cash (used in)/from investing activities (after extraordinary items)	(6911.54)	(5864.18)
C. Cash flow from financing activities:		
Proceeds from issue of share capital	163.14	192.63
Proceeds from long term borrowings	18760.13	18794.88
Repayment of long term borrowings	(6829.16)	(8343.81)
Proceeds from other borrowings (net)	1909.49	3201.32
Payment (to)/from minority interest (net)	803.27	1441.69
Dividends paid	(1012.79)	(886.19)
Additional tax on dividend	(187.98)	(176.52)
Interest paid (including cash flows on account of interest rate swaps)	(2825.37)	(2256.35)
Net cash (used in)/from financing activities	10780.73	11967.65
Net (decrease)/increase in cash and cash equivalents (A + B + C)	109.05	(123.30)
Cash and cash equivalents at beginning of the year	3522.14	3645.44
Cash and cash equivalents at end of the year	3631.19	3522.14

Notes:

- 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.
- Purchase of fixed assets includes movement of capital work-in-progress during the year.
- Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of ₹ 27.61 crore (previous year: unrealised gain of ₹ 70.81 crore) on account of translation of foreign currency bank balances.
- For cash and cash equivalents not available for immediate use as on the Balance Sheet date, see Note G(II) & Note H(IV).
- Cash and cash equivalents are reflected in the Balance Sheet as follows:

	2012-13	2011-12
	₹ crore	₹ crore
(a) Cash and cash equivalents disclosed under current assets [Note H(IV)]	3571.54	3378.58
(b) Cash and cash equivalents disclosed under non-current assets [Note G(II)]	59.65	143.56
Total cash and cash equivalents as per Cash Flow Statement	3631.19	3522.14

- Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No. 33013

Mumbai, May 22, 2013

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Directors

Mumbai, May 22, 2013

Notes forming part of the Consolidated Accounts

NOTE [A]

Share capital

A(I) Share capital authorised, issued, subscribed and paid up:

Particulars	As at 31-3-2013		As at 31-3-2012	
	Number of shares	₹ crore	Number of shares	₹ crore
Authorised:				
Equity shares of ₹ 2 each	1,62,50,00,000	325.00	1,62,50,00,000	325.00
Issued, subscribed and fully paid up:				
Equity shares of ₹ 2 each	61,53,85,981	123.08	61,23,98,899	122.48

A(II) Reconciliation of the number of equity shares and share capital:

Particulars	As at 31-3-2013		As at 31-3-2012	
	Number of shares	₹ crore	Number of shares	₹ crore
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	61,23,98,899	122.48	60,88,52,126	121.77
Add: Shares issued on exercise of employee stock options during the year	29,87,082	0.60	35,46,773	0.71
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	61,53,85,981	123.08	61,23,98,899	122.48

A(III) Terms/rights attached to equity shares:

The Company has only one class of share capital, i.e. equity shares having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

A(IV) Shareholders holding more than 5% of equity shares as at the end of the year:

Name of the shareholder	As at 31-3-2013		As at 31-3-2012	
	Number of shares	Shareholding %	Number of shares	Shareholding %
Life Insurance Corporation of India	10,12,52,038	16.45	11,04,05,734	18.03
L&T Employees Welfare Foundation	7,44,04,116	12.09	7,44,04,116	12.15
Administrator of the Specified Undertaking of the Unit Trust of India	5,06,17,308	8.23	5,05,72,216	8.26

A(V) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

Particulars	As at 31-3-2013		As at 31-3-2012	
	Number of equity shares to be issued as fully paid	₹ crore (At face value)	Number of equity shares to be issued as fully paid	₹ crore (At face value)
Employee stock options granted and outstanding #	87,45,451 @	1.75 *	1,14,28,854 @	2.29 *
3.5% 5 years & 1 day US\$ denominated foreign currency convertible bonds (FCCB)	49,07,243	0.98 **	49,07,243	0.98 **

* The equity shares will be issued at a premium of ₹ 491.96 crore (previous year: ₹ 640.32 crore)

** The equity shares will be issued at a premium of ₹ 935.42 crore (previous year: ₹ 935.42 crore) on the exercise of options by the bond holders

Note A(VIII) for terms of employee stock option schemes

@ The number of options have been adjusted consequent to bonus issue wherever applicable

Notes forming part of the Consolidated Accounts (contd.)

A(VI) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31, 2013 are 29,25,92,054 (*previous period of five years ended March 31, 2012: 29,25,92,054 shares*)

A(VII) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding five years ended March 31, 2013 – Nil (*previous period of five years ended March 31, 2012: Nil*)

A(VIII) Stock option schemes

a) Terms:

- The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested equally over a period of 4 years [5 years in the case of series 2006(A)], subject to the discretion of the management and fulfillment of certain conditions.
- Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. Management has discretion to modify the exercise period.

b) The details of the grants under the aforesaid schemes under various series are summarised below:

Sr. No.	Series reference	2000		2002 (A)		2002 (B)		2003 (A)		2003 (B)		2006		2006 (A)	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1	Grant price (₹)	3.50	3.50	3.50	3.50	3.50	3.50	17.50	17.50	17.50	17.50	601.00	601.00	601.00	601.00
2	Grant dates	1-6-2000		19-4-2002		19-4-2002		23-5-2003 onwards		23-5-2003 onwards		1-9-2006 onwards		1-7-2007 onwards	
3	Vesting commences on	1-6-2001		19-4-2003		19-4-2003		23-5-2004 onwards		23-5-2004 onwards		1-9-2007 onwards		1-7-2008 onwards	
4	Options granted and outstanding at the beginning of the year	16,800	16,800	21,500	21,500	39,700	39,700	31,452	31,452	6,47,302	9,32,880	20,26,751	39,74,443	86,45,349	89,36,534
5	Options lapsed during the year	-	-	-	-	-	-	-	-	62,150	56,711	42,513	89,849	7,81,908	8,17,452
6	Options granted during the year	-	-	-	-	-	-	-	-	1,18,000	1,18,400	-	-	10,72,250	18,67,930
7	Options exercised during the year	-	-	-	-	-	-	-	-	2,67,950	3,47,267	10,72,770	18,57,843	16,46,362	13,41,663
8	Options granted and outstanding at the end of the year	16,800	16,800	21,500	21,500	39,700	39,700	31,452	31,452	4,35,202	6,47,302	9,11,468	20,26,751	72,89,329	86,45,349
	of which –														
	Options vested	16,800	16,800	21,500	21,500	39,700	39,700	31,452	31,452	1,09,802	1,04,202	9,11,468	20,11,951	21,35,578	17,51,546
	Options yet to vest	-	-	-	-	-	-	-	-	3,25,400	5,43,100	-	14,800	51,53,751	68,93,803
9	Weighted average remaining contractual life of options (in years)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5.12	4.87	1.51	1.51	4.39	4.85

c) The number and weighted average exercise price of stock options for the following group of options are as follows:

Particulars	2012-13		2011-12	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
(i) Options granted and outstanding at the beginning of the year	1,14,28,854	562.27	1,39,53,309	557.33
(ii) Options granted during the year	11,90,250	543.15	19,86,330	566.22
(iii) Options allotted during the year	29,87,082	548.66	35,46,773	543.87
(iv) Options lapsed during the year	8,86,571	560.10	9,64,012	566.67
(v) Options granted and outstanding at the end of the year	87,45,451	564.54	1,14,28,854	562.27
(vi) Options exercisable at the end of the period out of (v) <i>supra</i>	32,66,300	561.50	39,77,151	569.38

d) Weighted average share price at the date of exercise for stock options exercised during the period is ₹ 1452.14 (*previous year: ₹ 1540.11*) per share.

e) In respect of stock options granted pursuant to the Company's stock options schemes, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation over the vesting period.

Notes forming part of the Consolidated Accounts (contd.)

- f) Had fair value method been adopted for expensing the compensation arising from employee share-based payment plans:
- The employee compensation charge debited to the Statement of Profit and Loss for the year 2012-13 would have been higher by ₹ 32.15 crore (*previous year: ₹ 30.78 crore*).
 - Basic EPS before extraordinary items would have decreased from ₹ 83.63 per share to ₹ 83.10 per share.
 - Basic EPS after extraordinary items would have decreased from ₹ 84.79 per share to ₹ 84.27 per share.
 - Diluted EPS before extraordinary items would have decreased from ₹ 82.94 per share to ₹ 82.42 per share.
 - Diluted EPS after extraordinary items would have decreased from ₹ 84.10 per share to ₹ 83.58 per share.
- g) Weighted average fair values of options granted during the year is ₹ 909.35 (*previous year: ₹ 745.94*) per option.
- h) The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. no.	Particulars	2012-13	2011-12
(i)	Weighted average risk-free interest rate	8.05%	8.28%
(ii)	Weighted average expected life of options	4.26 years	4.33 years
(iii)	Weighted average expected volatility	39.38%	41.09%
(iv)	Weighted average expected dividends over the life of the option	₹ 70.24 per option	₹ 62.84 per option
(v)	Weighted average share price	₹ 1317.81 per option	₹ 1146.53 per option
(vi)	Weighted average exercise price	₹ 543.15 per share	₹ 566.22 per share
(vii)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's share price applicable to the total expected life of each option.	

A(IX) The Directors recommend payment of final dividend of ₹ 18.50 per equity share of ₹ 2 each on the number of shares outstanding as on the record date. Provision for final dividend has been made in the books of account for 61,53,85,981 equity shares outstanding as at March 31, 2013 amounting to ₹ 1138.47 crore.

A(X) Stock ownership schemes of subsidiary companies:

- a) Employee Stock Ownership Scheme ('ESOS Plan')

Under the Employee Stock Ownership Scheme (ESOS), 25,48,200 options are outstanding as at March 31, 2013. The grant of options to the employees under ESOS is on the basis of their performance and other eligibility criteria. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 5 each.

All vested options can be exercised on the First Exercise Date as may be determined by the Compensation Committee prior to date of IPO. The details of the grants under the aforesaid scheme are summarised below:

Sr. No.	Series reference	I, II & III		IV – XX	
		2012-13	2011-12	2012-13	2011-12
1	Grant Price (₹)	25.00	25.00	10.00	10.00
2	Options granted and outstanding at the beginning of the year	3,93,003	3,93,003	21,79,953	22,03,092
3	Options granted during the year	–	–	–	–
4	Options cancelled/lapsed during the year	–	–	24,756	23,139
5	Options exercised and shares allotted during the year	–	–	–	–
6	Options granted and outstanding at the end of the year	3,93,003	3,93,003	21,55,197	21,79,953
	of which -				
	Options vested	3,93,003	3,93,003	9,70,917	9,70,917
	Options yet to vest	–	–	11,84,280	12,09,036

Notes forming part of the Consolidated Accounts (contd.)

b) Employees Stock Ownership Scheme–2006 U.S. Stock Option Sub-Plan ('Sub-Plan')

One of the subsidiaries of the Company has instituted the Employees Stock Ownership Scheme–2006 U.S. Stock Option Sub-Plan ('Sub-Plan') for the employees and directors of its foreign subsidiary. The grant of options to the employees under this Sub-Plan is on the basis of their performance and other eligibility criteria. The term of option shall be 5 years from the date of grant. The options are vested over a period of five years, subject to fulfillment of certain conditions specified in the respective Option agreement. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 5 each at an exercise price of USD 12 per share. Under the said plan, options granted and outstanding as at the end of the year are 90,100 options, all vested.

Employees Stock Options granted and outstanding as at the end of the year on unissued share capital represent options 26,38,300 (previous year: 26,63,056)

c) Employee Stock Option Plan 2008 (ESOP 2008)

The Employee Stock Option Plan 2008 of one of the domestic subsidiaries of the Company is designed to provide stock options to employees in a specific category. All grants under the plan are to be issued and allotted by the Allotment Committee of the Board of the said subsidiary. The options are to be granted to the eligible employees based on certain criteria and approval of the Allotment Committee of the Board and as per the detailed and respective Employee Stock Option Agreements that the said subsidiary enters into with them.

The options have been granted on September 10, 2009. Options have been granted at an exercise price equal to the fair market value of the shares as determined by an independent valuer.

The employees shall be allotted a pre-defined number of equity shares against each option and the options will vest over a period of five years from the date of grant at a pre-defined percentage of the total vesting, which shall each be subject to the condition that the employees will secure specific annual performance ratings for every allotment and Company achieving certain performance target and vesting of shares can be carried forward to maximum 2 years.

Options can be exercised anytime within a period of 5 years from the date of vesting. The employees also have the exit option which they can exercise under certain events.

Summary of Stock Options	2012-13		2011-12	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
Options granted and outstanding at the beginning of the year	3,20,000	10.50	65,40,000	10.50
Options granted during the year	–	–	–	–
Options forfeited/lapsed during the year	2,60,000	10.50	62,20,000	10.50
Options exercised during the year	–	–	–	–
Options granted and outstanding at the end of the year of which -	60,000	10.50	3,20,000	10.50
Options vested	–	–	–	–
Options yet to vest	60,000		3,20,000	
Weighted average remaining contractual life of options (comprising the vesting period and the exercise period) (in years)	6.33		7.08	

Since the options have been granted at an exercise price equal to the fair market value of the shares as determined by an independent valuer there is no charge to the Statement of Profit and Loss.

Notes forming part of the Consolidated Accounts (contd.)

d) Stock option scheme

One of the domestic subsidiaries of the Company has formulated Employee Stock Option Scheme 2010 (ESOP Scheme-2010) and 2010-A (ESOP Scheme 2010-A). The grant of options to the employee under the Stock Options scheme is on the basis of their performance and other eligibility criteria. The options are vested over a period of 4 years in ratio of 15%, 20%, 30% and 35% respectively from the date of grant, subject to the discretion of the management and fulfillment of certain conditions. Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. Management has discretion to modify the exercise period.

The details of the grant under the aforesaid scheme are summarised below:

Sr. No.	Series reference	2010		2010-A	
		2012-13	2011-12	2012-13	2011-12
1	Grant price (₹)	44.20	44.20	44.20	44.20
2	Grant date	November 30, 2010 onwards		July 4, 2012	
3	Vesting commence on	November 30, 2011		July 4, 2013	
4	Options granted and outstanding at the beginning of the year	1,35,72,440	1,06,15,400	–	–
5	Options granted during the year	–	47,10,500	9,05,000	–
6	Options cancelled/lapsed during the year	13,52,565	17,21,635	–	–
7	Options exercised during the year	19,98,920	31,825	–	–
8	Options granted and outstanding at the end of the year of which –	1,02,20,955	1,35,72,440	9,05,000	–
	Options vested	14,98,419	13,50,666	–	–
	Options yet to vest	87,22,536	1,22,21,774	9,05,000	–
9	Weighted average remaining contractual life of options (in years)	1.67	2.67	3.33	–

Weighted average fair values of options granted during the year is ₹ 15.37 (previous year: ₹ 28.18) per option.

The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Sr. No.	Particulars	2012-13	2011-12
a)	Weighted average risk-free interest rate	8.17%	8.30%
b)	Weighted average expected life of options	3.68 years	3.63 years
c)	Weighted average expected volatility	33.82%	41.81%
d)	Weighted average expected dividends	₹ 1.84 per option	₹ 0.75 per option
e)	Weighted average share price	₹ 44.30 per option	₹ 60.42 per option
f)	Weighted average exercise price	₹ 44.20 per share	₹ 51.357 per share
g)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company's shares price applicable to the expected life of each option.	

Notes forming part of the Consolidated Accounts (contd.)

NOTE [B]

Reserves and surplus

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Capital reserve				
As per last Balance Sheet	833.30		46.66	
Addition during the year	110.29		786.64	
		943.59		833.30
Capital reserve on consolidation				
As per last Balance Sheet	15.52		14.31	
Addition during the year	130.26		1.21	
		145.78		15.52
Capital redemption reserve				
As per last Balance Sheet	3.27		3.27	
		3.27		3.27
Securities premium account [Note Q(8)(b)]				
As per last Balance Sheet	7206.36		6879.37	
Addition during the year	309.04		327.32	
	7515.40		7206.69	
Less: Share/bond issue expenses (net of tax)	0.57		–	
Reversal of recoveries credited in previous years	2.72		0.33	
		7512.11		7206.36
Debenture redemption reserve				
As per last Balance Sheet	651.00		456.51	
Less: Transferred to retained earnings	321.00		–	
Add: Transferred from retained earnings	98.46		194.49	
		428.46		651.00
Revaluation reserve				
As per last Balance Sheet	24.57		29.65	
Addition during the year	10.27		–	
Less: On asset sold or obsoleted during the year	–		4.09	
Less: Transferred to statement of profit and loss	14.64		0.99	
		20.20		24.57
Share options outstanding account				
Employee share options outstanding account				
As per last Balance Sheet	767.99		861.41	
Addition during the year	92.54		119.46	
Deduction during the year	218.92		212.88	
		641.61		767.99
Deferred employee compensation expense				
As per last Balance Sheet	(284.81)		(447.56)	
Addition during the year	(92.54)		(119.46)	
Deduction during the year	182.66		282.21	
		(194.69)		(284.81)
Carried forward		9500.33		9217.20

Notes forming part of the Consolidated Accounts (contd.)

NOTE [B]

Reserves and surplus (contd.)

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward		9500.33		9217.20
Reserve u/s 45 IC of the RBI Act, 1934				
As per last Balance Sheet	360.40		252.89	
Add: Transferred from retained earnings	197.28		107.51	
		557.68		360.40
Reserve u/s 29C of National Housing Bank Act, 1987				
As per last Balance Sheet	–		–	
Add: Transferred from retained earnings	0.04		–	
		0.04		–
Tonnage tax reserve				
As per last Balance Sheet	4.48		4.48	
Add: Transferred from retained earnings	0.02		–	
		4.50		4.48
Foreign currency translation reserve				
As per last Balance Sheet	296.35		82.11	
Addition during the year (net)	130.16		214.24	
Less: Transferred to Statement of Profit and Loss on divestment of stake in subsidiaries	9.52		–	
		416.99		296.35
Reserve u/s 36(1)(viii) of Income Tax Act, 1961				
As per last Balance Sheet	46.86		21.53	
Add: Transferred from retained earnings	92.26		25.33	
		139.12		46.86
Hedging reserve (net of tax) [Note Q(15)]				
As per last Balance Sheet	(581.79)		(7.96)	
Less: Transferred from retained earnings	–		0.60	
Addition/(deduction) during the year	(29.91)		(573.23)	
		(611.70)		(581.79)
Retained earnings				
As per last Balance Sheet	19920.80		16732.11	
Profit for the year	5205.67		4693.69	
	25126.47		21425.80	
Add/(less): Transferred from/(to):				
Debenture redemption reserve	222.54		(194.49)	
Reserve u/s 45 IC of the RBI Act, 1934	(197.28)		(107.51)	
Reserve u/s 29C of National Housing Bank Act, 1987	(0.04)		–	
Tonnage tax reserve	(0.02)		–	
Reserve u/s 36(1)(viii) of Income Tax Act, 1961	(92.26)		(25.33)	
Hedging reserve	–		0.60	
Less: Other appropriation:				
Dividend paid for previous year	2.33		3.35	
Additional tax on dividend paid for previous year	0.38		0.54	
Proposed dividend	1138.47		1010.46	
Additional dividend tax [Note Q(21)]	188.58		163.92	
		23729.65		19920.80
		33736.61		29264.30

Notes forming part of the Consolidated Accounts (contd.)

NOTE [C(I)]

Long term borrowings

Particulars	As at 31-3-2013			As at 31-3-2012		
	Secured	Unsecured	Total *	Secured	Unsecured	Total *
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Redeemable non-convertible fixed rate debentures	8515.42	2966.04	11481.46	5648.13	875.00	6523.13
Redeemable non-convertible floating rate debentures	100.00	–	100.00	100.00	–	100.00
3.50% Foreign currency convertible bonds	–	1085.70	1085.70	–	1017.50	1017.50
Term loans from banks	23596.53	8772.59	32369.12	22390.97	5449.81	27840.78
Term loans from others	330.08	1082.03	1412.11	300.10	397.79	697.89
Loans from financial institutions	742.56	–	742.56	461.09	–	461.09
Sales tax deferment loan	–	8.25	8.25	–	15.54	15.54
Long term maturities of finance lease obligations [Note Q(13)(ii)(a)(ii)]	–	0.25	0.25	–	0.49	0.49
Refinance from National Housing Bank	0.71	–	0.71	–	–	–
Perpetual debt	–	200.00	200.00	–	–	–
	<u>33285.30</u>	<u>14114.86</u>	<u>47400.16</u>	<u>28900.29</u>	<u>7756.13</u>	<u>36656.42</u>

* Loans guaranteed by directors ₹ Nil (previous year: ₹ Nil)

NOTE [C(II)]

Other long term liabilities

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
Forward contract payable	603.08	542.79
Interest accrued but not due	340.01	115.71
Others [Note C(II)(a)]	171.03	183.88
	<u>1114.12</u>	<u>842.38</u>

C(II)(a) Other long term liabilities—others include

Advance received against sale of investments represents advance of ₹ 14.30 crore received from M/s. Sical Logistics Limited against sale of 1,43,00,000 equity shares of ₹ 10 each in M/s. Sical Iron Ore Terminals Limited at cost to M/s. Sical Logistics Limited vide agreement for share sale and purchase dated December 17, 2008. The sale is subject to the condition that it can be completed only after three years from the date of commencement of commercial operation by M/s. Sical Iron Ore Terminals Limited as per clause 18.2.2 (i) (d) of the license agreement dated September 23, 2006 between M/s. Sical Iron Ore Terminals Limited and M/s. Ennore Port Limited. As of March 31, 2013, M/s. Sical Iron Ore Terminals Limited is yet to commence commercial operations.

NOTE [C(III)]

Long term provisions

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
Provision for employee benefits:		
Employee pension schemes [Note Q(10)(ii)(a)]	186.38	174.19
Post-retirement medical benefit plan [Note Q(10)(ii)(a)]	102.70	83.43
Interest rate guaranteed-provident fund [Note Q(10)(ii)(a)]	0.69	20.61
Others:		
Periodic major maintenance (AS 29 related) [Note Q(18)]	53.81	33.96
	<u>343.58</u>	<u>312.19</u>

Notes forming part of the Consolidated Accounts (contd.)

NOTE [D(I)]

Short term borrowings

Particulars	As at 31-3-2013			As at 31-3-2012		
	Secured	Unsecured	Total*	Secured	Unsecured	Total*
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Loans repayable on demand:						
From banks	1637.58	286.08	1923.66	710.38	108.94	819.32
Other loans and advances:						
From banks	988.57	670.42	1658.99	1119.89	3079.14	4199.03
Commercial paper	–	3404.47	3404.47	–	108.15	108.15
Loans from related parties	–	30.00	30.00	–	30.00	30.00
From others	–	270.74	270.74	11.96	87.90	99.86
	<u>2626.15</u>	<u>4661.71</u>	<u>7287.86</u>	<u>1842.23</u>	<u>3414.13</u>	<u>5256.36</u>

* Loans guaranteed by directors ₹ Nil (previous year: ₹ Nil)

NOTE [D(II)]

Current maturities of long term borrowings

Particulars	As at 31-3-2013			As at 31-3-2012		
	Secured	Unsecured	Total*	Secured	Unsecured	Total*
	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore	₹ crore
Redeemable non-convertible fixed rate debentures	1428.50	349.00	1777.50	1030.00	250.00	1280.00
Term loans from banks	4118.15	1351.23	5469.38	1772.08	2143.60	3915.68
Loans from financial institutions	50.34	–	50.34	18.40	–	18.40
Refinance from National Housing Bank	0.93	–	0.93	–	–	–
Sales tax deferment loan	–	7.29	7.29	–	22.90	22.90
Finance lease obligation [Note Q(13)(ii)(a)(ii)]	–	0.26	0.26	–	0.32	0.32
	<u>5597.92</u>	<u>1707.78</u>	<u>7305.70</u>	<u>2820.48</u>	<u>2416.82</u>	<u>5237.30</u>

* Loans guaranteed by directors ₹ Nil (previous year: ₹ Nil)

NOTE [D(III)]

Trade payables

Particulars	As at 31-3-2013	As at 31-3-2012
	₹ crore	₹ crore
Acceptances	609.42	182.26
Due to related parties:		
Associate Companies	45.61	202.22
Micro and small enterprises	91.60	84.48
Due to others	18065.40	16932.27
	<u>18812.03</u>	<u>17401.23</u>

Notes forming part of the Consolidated Accounts (contd.)

NOTE [D(IV)]

Other current liabilities

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore		₹ crore	
Interest accrued but not due on borrowings	574.08		312.93	
Interest accrued and due on borrowings	16.27		8.67	
Unclaimed dividend	23.85		19.52	
Unclaimed interest on debentures	7.96		1.58	
Unclaimed matured deposits	–		0.01	
Due to customers (construction and project related activity)	4416.97		3016.21	
Advances from customers	8500.53		9152.07	
Other payables (including sales tax, service tax, excise duty and others) [Note D(IV)(a)]	3918.15		2984.27	
	<u>17457.81</u>		<u>15495.26</u>	

D(IV)(a) Other current liabilities–other payables include

- (i) Advance received against sale of investments represents advance received from M/s. JRE Tank Terminals Private Limited (JRETTPL) under an agreement dated August 24, 2007 towards sale of 67,87,500 equity shares of ₹ 10 each at cost in M/s. Ennore Tank Terminals Private Limited (ETTPL) to be transferred on completion of three calendar years from the date of commencement of commercial operations. The said project has commenced commercial operations on January 15, 2009. The Company has initiated the share transfer process and it is expected to be completed in 2013-14 once the approval of M/s. Ennore Port Limited is obtained by JRETTPL.
- (ii) Provision for commission to directors ₹ 40.80 crore (*previous year: ₹ 42.08 crore*)

NOTE [D(V)]

Short term provisions

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Provision for employee benefits:				
Gratuity [Note Q(10)(ii)(a)]	70.01		45.99	
Compensated absences	565.28		471.89	
Employee pension schemes [Note Q(10)(ii)(a)]	11.98		9.84	
Post-retirement medical benefit plan [Note Q(10)(ii)(a)]	15.00		9.21	
Bonus provision	22.12		20.64	
		684.39		557.57
Others:				
Current taxes [net of payments made ₹ 1822.78 crore (<i>previous year: ₹ 99.85 crore</i>)]	32.26		24.11	
Proposed dividend [Note A(IX)]	1138.47		1010.46	
Additional tax on dividend	136.52		123.35	
Reserve for unexpired risks	86.71		53.77	
Other provisions (AS 29 related) [Note Q(18)]	461.03		572.11	
		1854.99		1783.80
		<u>2539.38</u>		<u>2341.37</u>

Notes forming part of the Consolidated Accounts (contd.)

NOTE [E(1)]

Tangible assets

₹ crore

Particulars	Cost/valuation						Depreciation						Impairment	Book value	
	As at 1-4-2012	Pursuant to acquisition of subsidiaries	Additions	Foreign currency fluctuation	Deductions	As at 31-3-2013	Up to 31-3-2012	Pursuant to acquisition of subsidiaries	For the year	Foreign currency fluctuation	Deductions	Up to 31-3-2013	As at 31-3-2013	As at 31-3-2013	As at 31-3-2012
Land															
Freehold	1135.70	4.37	46.70	1.25	91.94	1096.08	-	-	-	-	-	-	5.91	1090.17	1130.16
Leasehold	797.96	-	168.46	3.10	22.71	946.81	35.17	-	17.62	0.71	3.18	50.32	-	896.49	762.79
Sub total - Land	1933.66	4.37	215.16	4.35	114.65	2042.89	35.17	-	17.62	0.71	3.18	50.32	5.91	1986.66	1892.95
Buildings															
Owned	3427.36	37.91	1632.37	20.64	109.26	5009.02	432.09	12.67	119.78	4.38	19.04	549.88	21.13	4438.01	2994.57
Leased out	442.83	-	424.13	-	-	866.96	25.51	-	6.45	-	-	31.96	0.69	834.31	417.32
Sub total - Building	3870.19	37.91	2056.50	20.64	109.26	5875.98	457.60	12.67	126.23	4.38	19.04	581.84	21.82	5272.32	3411.89
Plant & equipment															
Owned	8745.12	78.95	3335.09	38.03	152.12	12045.07	2624.43	55.85	853.95	16.63	84.60	3466.26	2.97	8575.84	6120.20
Leased out	567.66	-	4.43	-	28.70	543.39	227.39	-	14.45	-	16.87	224.97	6.93	311.49	333.34
Sub total - Plant & equipment	9312.78	78.95	3339.52	38.03	180.82	12588.46	2851.82	55.85	868.40	16.63	101.47	3691.23	9.90	8887.33	6453.54
Computers															
Owned	734.22	26.13	160.53	2.01	27.47	895.42	420.22	22.72	120.58	1.41	24.80	540.13	-	355.29	314.00
Leased out	59.88	-	0.36	-	13.36	46.88	33.70	-	7.30	-	10.03	30.97	-	15.91	26.18
Taken on lease	2.82	-	0.13	-	0.37	2.58	2.81	-	0.04	-	0.37	2.48	-	0.10	0.01
Sub total - Computers	796.92	26.13	161.02	2.01	41.20	944.88	456.73	22.72	127.92	1.41	35.20	573.58	-	371.30	340.19
Office equipment															
Owned	333.49	11.65	72.36	2.94	6.57	413.87	167.13	9.28	49.13	1.53	5.44	221.63	-	192.24	166.36
Leased out	0.79	-	0.01	-	0.08	0.72	0.15	-	0.09	-	0.05	0.19	-	0.53	0.64
Sub total - Office equipment	334.28	11.65	72.37	2.94	6.65	414.59	167.28	9.28	49.22	1.53	5.49	221.82	-	192.77	167.00
Furniture and fixtures															
Owned	447.82	12.03	89.49	3.51	32.72	520.13	203.88	9.45	49.05	2.04	22.18	242.24	0.07	277.82	243.86
Leased out	18.06	-	0.26	-	0.02	18.30	3.09	-	1.40	-	0.01	4.48	-	13.82	14.97
Sub total - Furniture & fixtures	465.88	12.03	89.75	3.51	32.74	538.43	206.97	9.45	50.45	2.04	22.19	246.72	0.07	291.64	258.83
Vehicles															
Owned	343.44	3.13	91.26	4.88	22.78	419.93	155.91	2.40	50.64	3.68	13.20	199.43	-	220.50	187.53
Leased out	178.50	-	74.33	-	46.16	206.67	52.30	-	28.84	-	25.76	55.38	-	151.29	126.20
Taken on lease	0.91	-	-	-	0.91	-	0.91	-	-	-	0.91	-	-	-	-
Sub total - Vehicles	522.85	3.13	165.59	4.88	69.85	626.60	209.12	2.40	79.48	3.68	39.87	254.81	-	371.79	313.73
Other assets															
Owned															
Railway sidings	313.37	-	5.47	-	-	318.84	13.70	-	15.14	-	-	28.84	-	290.00	299.67
Aircraft	129.70	-	-	-	10.62	119.08	13.27	-	6.86	-	7.15	12.98	-	106.10	116.43
Ships	790.16	-	880.34	-	-	1670.50	77.66	-	57.69	-	-	135.35	-	1535.15	712.50
Dredged channel	378.90	-	756.67	-	-	1135.57	11.41	-	20.80	-	-	32.21	-	1103.36	367.49
Breakwater structures	-	-	656.93	-	-	656.93	-	-	8.34	-	-	8.34	-	648.59	-
Sub total - Other assets	1612.13	-	2299.41	-	10.62	3900.92	116.04	-	108.83	-	7.15	217.72	-	3683.20	1496.09
Lease adjustment															
Total	18848.69	174.17	8399.32	76.36	565.79	26932.75	4500.73	112.37	1428.15	30.38	233.59	5838.04	37.70	20817.65	14094.86
Previous year	14624.62	-	4427.24	138.41	341.58	18848.69	3477.50	-	1136.83	45.75	159.35	4500.73	13.74		
Add: Asset held for sale														42.87	21.34
Add: Capital work-in-progress														20860.52	14116.20
														4017.49	8056.20
														24878.01	22172.40
# Impairment upto 31-03-2013 ₹ 37.70 crore, out of which ₹ 24.86 crore is debited to the Statement of Profit and Loss, ₹ 0.36 crore is debited to foreign currency translation reserve and ₹ 1.26 crore is transferred to asset held for sale															
## Capital work-in-progress is net of impairment of ₹ 7.94 crore upto 31-03-2013, during the year ₹ 7.94 crore															

Notes forming part of the Consolidated Accounts (contd.)

NOTE [E(II)]

Intangible assets

₹ crore

Particulars	Cost/valuation						Amortisation						Impairment	Book value		
	Pursuant to acquisition of subsidiaries		Foreign currency fluctuation	Deductions	As at 31-3-2013	Up to 31-3-2012	Pursuant to acquisition of subsidiaries		Foreign currency fluctuation	Deductions	Up to 31-3-2013	As at 31-3-2013		As at 31-3-2013	As at 31-3-2012	
	As at 1-4-2012	Additions					For the year	Up to 31-3-2012								
Specialised softwares	632.69	17.17	159.95	14.11	17.48	806.44	279.63	14.76	98.29	1.32	14.55	379.45	-	426.99	353.06	
Technical knowhow	51.61	-	34.88	(0.12)	0.83	85.54	29.05	-	8.27	(0.14)	0.39	36.79	-	48.75	22.56	
Trade marks	3.00	-	-	-	3.00	-	3.00	-	-	-	3.00	-	-	-	-	
New product design and development	-	8.07	9.98	-	-	18.05	-	3.71	2.04	-	-	5.75	-	12.30	-	
Customer contracts and relationship	105.71	-	-	4.96	-	110.67	13.21	-	11.00	0.69	-	24.90	-	85.77	92.50	
Toll collection rights	4660.04	-	3572.68	-	153.60	8079.12	895.01	-	445.32	-	138.87	1201.46	-	6877.66	3765.03	
Utility right to use	-	-	1.53	-	-	1.53	-	-	0.08	-	-	0.08	-	1.45	-	
Total	5453.05	25.24	3779.02	18.95	174.91	9101.35	1219.90	18.47	565.00	1.87	156.81	1648.43	-	7452.92	4233.15	
Previous year	4560.82	-	1081.27	1.00	190.04	5453.05	918.67	-	305.76	1.51	6.04	1219.90	-	-	-	
Add: Intangible assets under development														7289.32	6857.03	
														14742.24	11090.18	

NOTE [E(III)]

Goodwill on consolidation

₹ crore

Particulars	Cost/valuation						Amortisation						Impairment	Book value		
	Pursuant to acquisition of subsidiaries		Foreign currency fluctuation	Deductions	As at 31-3-2013	Up to 31-3-2012	Pursuant to acquisition of subsidiaries		Foreign currency fluctuation	Deductions	Up to 31-3-2013	As at 31-3-2013		As at 31-3-2013	As at 31-3-2012	
	As at 1-4-2012	Additions*					For the year	Up to 31-3-2012								
Goodwill on consolidation	1454.53	-	727.92	17.28	12.24	2187.49	359.35	-	(341.64) #	(12.85)	4.86	-	67.74 ##	2119.75	1053.89	
Previous year	1336.19	-	84.83	33.51	-	1454.53	212.45	-	136.68	10.22	-	359.35	41.29	1053.89	1082.45	

Net of amortisation charge of ₹ 0.56 crore for current year in respect of subsidiaries sold during the year

Impairment upto 31-03-2013 ₹ 67.74 crore, during the year ₹ 26.45 crore debited to the Statement of Profit and Loss

* Additions in goodwill represents consideration paid in excess of share in net worth of subsidiaries acquired during the year

During the quarter and year ended March 31, 2013, the Company has revised its accounting policy of amortisation of goodwill on consolidation for more appropriate presentation of financial statements [Note R(4)(c)]. Accordingly, the goodwill on consolidation will be subjected to impairment test and will not be amortised. Consequently, the accumulated amortisation of goodwill till December 31, 2012 has been credited to the Consolidated Financial Statements. Had the Company continued to follow the accounting policy of amortisation of goodwill, the profit for the year in the Consolidated Financial Statements would have been lower by ₹ 525.72 crore (including write back of ₹ 352.04 crore being accumulated amortisation in respect of earlier years) as follows:

₹ crore

Particulars	Amount
Accumulated goodwill amortised as on April 1, 2012 in respect of subsidiaries credited to the Consolidated Statement of Profit and Loss.	342.20
Accumulated goodwill amortised as on April 1, 2012 in respect of associates credited to the Consolidated Statement of Profit and Loss. [Note F(i)]	9.84
Amortisation charge for the year 2012-13 had the Company continued to follow the policy of amortisation of goodwill	173.68
Total	525.72

Notes:

1 Cost/valuation of:

- Freehold land includes ₹ 0.14 crore (previous year: ₹ 0.14 crore) for which conveyance is yet to be completed.
- Leasehold land includes:
 - ₹ 15.25 crore for land taken at Nagpur on Lease from Maharashtra Airport Development Company Limited for a period of 99 years with effect from June 1, 2008 vide agreement dated June 20, 2008 for developing IT Infrastructure facilities.
 - ₹ Nil (previous year: ₹ 5.25 crore) added during the year in respect of which lease agreements are yet to be executed.

2 Cost/valuation of Buildings includes ownership accommodation:

- (a) in various co-operative societies and apartments and shop-owners' associations: ₹ 111.34 crore, including 2365 shares of ₹ 50 each, 232 shares of ₹ 100 each and 2 shares of ₹ 250 each.

Notes forming part of the Consolidated Accounts (contd.)

- (b) in proposed co-operative societies ₹ 12.80 crore.
- (c) in various co-operative societies and apartments and shop-owners' associations: ₹ 22.64 crore, for which share certificates are yet to be issued.
- (ii) of ₹ 4.39 crore in respect of which the deed of conveyance is yet to be executed.
- (iii) of ₹ 8.48 crore representing undivided share in a property at a certain location.
- 3 Cost/valuation of buildings includes ₹ 49.49 crore for building constructed on leasehold land of 52.79 acres (out of 90.36 acres of leasehold land, 37.57 acres has been taken back by the lessor) on a 66 years lease agreement entered with National Academy of Construction (NAC) dated October 1, 2001 yet to be registered with appropriate authority.
- 4 The Company had taken land for ₹ 2.63 crore in Mysore from KIADB based on lease and sale agreement. The aforesaid land got converted into freehold land w.e.f June 4, 2012.
- 5 Depreciation for the year on tangible assets/capital work-in-progress includes obsolescence ₹ 16.38 crore (*previous year: ₹ 9.72 crore*) and impairment ₹ 6.81 crore (*previous year: ₹ 5.54 crore*).
- 6 The Company has revalued as at October 1, 1984 some of its land, buildings, plant & equipment and railway sidings at replacement/market value, which resulted in a net increase of ₹ 108.05 crore.
- 7 Owned assets given on operating lease have been presented separately under tangible assets note as per Accounting Standard (AS) 19 "Leases".
- 8 As per para 63 of Accounting Standard (AS) 26 "Intangible Assets", presently the subsidiaries with Toll Collection Rights amortise the asset on Straight line method (SLM) over the concession period. The amortisation computed above, is higher than amortisation computed in terms of the Notification No.G.S.R. 298 (E) dated April 17, 2012 issued by the Ministry Of Corporate Affairs (on amortisation of intangible assets created under "Build-Operate-Transfer, Build-Own-Operate-Transfer" and other forms of "Public-Private-Partnership" Route). Accordingly, the subsidiaries continue to amortise the Toll Collection Rights on a straight line basis over the concession period.
- 9 In case of two subsidiaries, deductions in respect of toll collection rights amounting to ₹ Nil (*previous year: ₹ 23.70 crore*) and ₹ Nil (*previous year: ₹ 159.80 crore*) pertain to reimbursement of claims from National Highways Authority of India (NHAI) and decapitalisation of toll expenditure to intangible assets respectively.
- 10 In case of one subsidiary, capital work-in-progress amounting to ₹ Nil (*previous year: ₹ 611.65 crore*) has been reclassified to inventory in view of the management's decision to sell the area instead of leasing it.
- 11 Cost/valuation as at April 1, 2012 of individual assets has been reclassified, wherever necessary.
- 12 Additions during the year and capital work-in-progress/intangible assets under development include ₹ 903.57 crore (*previous year: ₹ 1198.47 crore*) being borrowing cost capitalised in accordance with Accounting Standard (AS) 16 "Borrowing Costs" as specified in the Companies (Accounting Standards) Rules, 2006. Asset wise break-up of borrowing costs capitalised is as follows:

₹ crore

Asset Class	2012-13	2011-12
Tangible		
Leasehold land	0.60	30.11
Dredged channel	1.20	–
Breakwater structures	2.79	–
Building owned	29.68	116.86
Leased out building	3.17	–
Plant & equipment owned	26.54	65.11
Computer owned	1.09	0.70
Office equipment owned	0.05	0.26
Furniture and fixture owned	0.86	0.01
Vehicle owned	0.01	0.01
Railway sidings	0.17	48.59
Intangible		
Specialised software	0.04	0.19
Technical knowhow	0.14	–
Toll collection rights	0.49	–
Capital work-in-progress	483.39	447.67
Intangible assets under development	353.35	488.96
Total	903.57	1198.47

Notes forming part of the Consolidated Accounts (contd.)

NOTE [F]

Non-current investments (at cost unless otherwise specified)

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Long term investment				
Trade investments:				
Investments in equity instruments				
Fully paid equity shares	42.90		19.90	
Less: Provision for diminution in value	<u>15.90</u>		<u>15.90</u>	
		27.00		4.00
Investment in associates: [Note F(I)]				
Fully paid equity shares of associate companies	150.81		160.72	
Add/(deduct):				
Accumulated share in profit/(loss) of the associate companies at the beginning of the year	363.77		341.02	
Adjustment pursuant to an associate becoming a subsidiary	(175.84)		-	
Adjustment pursuant to dilution/divestment of stake in associates	<u>(2.93)</u>		<u>1.92</u>	
	335.81		503.66	
Add/(deduct):				
Share in profit/(loss) (net) of associate companies- during the year	38.43		46.16	
Share in non-statutory reserves of associate companies- during the year	-		0.02	
Commitment to fresh infusion of equity	2.75		2.76	
Dividend received from associate companies during the year	(4.61)		(25.35)	
Unrealised profits in respect of transactions with associate companies	(48.57)		(56.79)	
Provision for diminution in value	<u>(0.56)</u>		<u>(0.56)</u>	
		323.25		469.90
Other investment:				
Government and trust securities		92.64		74.83
Debentures and bonds	312.94		209.88	
Less: Provision for diminution in value	<u>0.01</u>		-	
		312.93		209.88
Mutual funds		44.00		2.00
Other fully paid equity shares	205.63		533.81	
Less: Provision for diminution in value	<u>0.54</u>		<u>0.56</u>	
		205.09		533.25
Fully paid preference shares		243.00		243.00
Security receipt		8.67		24.23
Investment in venture capital units		2.00		-
Share application money pending allotment		<u>4.37</u>		<u>3.78</u>
		1262.95		1564.87

F(I) Investments in associates include goodwill of ₹ 23.95 crore (previous year: ₹ 24.24 crore net of cumulative amortisation of ₹ 19.01 crore) and is further net of capital reserve of ₹ 0.25 crore (previous year: ₹ 0.25 crore). During the year, accumulated amortisation of goodwill of ₹ 9.84 crore was credited to the Statement of Profit and Loss and ₹ 9.17 crore was deducted in respect of stake in associate company sold during the year 2012-13. [Note E(III) & Note R(4)(c)].

Notes forming part of the Consolidated Accounts (contd.)

NOTE [G(I)(a)]

Long term loans and advances

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Secured considered good				
Loans against mortgage of house property		5.62		9.01
Capital advances		6.98		60.93
Rent deposit (KMP's)		0.01		0.01
Unsecured considered good				
Capital advances		161.05		180.80
Loan and advances to related parties				
Associate companies				
Advances recoverable	12.11		8.20	
Joint ventures				
Loans	453.37		283.63	
Advance recoverable	0.28		—	
		465.76		291.83
Other loans and advances				
Security deposits	213.36		268.89	
Earnest money deposits	6.09		1.33	
Advances recoverable in cash or in kind	1321.86		1225.00	
Income tax receivable of current year [net of provision for tax of ₹ 159.50 crore (previous year: ₹ 228.66 crore)]	18.26		4.26	
Balance with customs, port trust, etc.	0.32		0.32	
Lease receivables	1.16		1.58	
Considered doubtful				
Capital advances	1.86		—	
Other loans and advances	0.33		—	
	1563.24		1501.38	
Less: Allowance for doubtful loan and advances	2.19		—	
		1561.05		1501.38
		2200.47		2043.96

NOTE [G(I)(b)]

Long term loans and advances towards financing activities

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Secured loans:				
Considered good:				
Term loans	20439.34		15479.35	
Finance lease	91.67		109.48	
Debentures	768.33		670.27	
Considered doubtful:				
Term loans [Note G(I)(b)(i)]	169.69		90.30	
	21469.03		16349.40	
Less: Allowance for non-performing assets	169.69		90.30	
Less: Contingent provisions against standard assets	72.26		48.32	
Less: Provision for standard assets	85.38		8.09	
		21141.70		16202.69
Carried forward		21141.70		16202.69

Notes forming part of the Consolidated Accounts (contd.)

NOTE [G(I)(b)]

Long term loans and advances towards financing activities (contd.)

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward		21141.70		16202.69
Unsecured loans:				
Considered good:				
Term loans	661.18		378.75	
Debentures	40.00		28.00	
Considered doubtful:				
Term loans [Note G(I)(b)(i)]	83.57		67.79	
	784.75		474.54	
Less: Allowance for non-performing assets	83.57		67.79	
Less: Contingent provisions against standard assets	2.98		4.34	
		698.20		402.41
		21839.90		16605.10

G(I)(b)(i) Loans and advances towards financing activities are classified as doubtful to the extent of provision made following prudential norms for provisioning of assets prescribed by the Reserve Bank of India.

NOTE [G(II)]

Cash and bank balances

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Cash and bank balances not available for immediate use		59.65		143.56
		59.65		143.56

NOTE [G(III)]

Other non-current assets

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Interest accrued on investments and others	21.95		24.96	
Unamortised expenses	92.67		76.09	
Others	–		0.71	
	114.62		101.76	

NOTE [H(I)]

Current investments

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Current investments:				
Fully paid equity shares	11.05		6.86	
Less: Provision for diminution in value	2.00		–	
		9.05		6.86
Carried forward		9.05		6.86

Notes forming part of the Consolidated Accounts (contd.)

NOTE [H(I)]

Current investments (contd.)

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward		9.05		6.86
Government and trust securities	113.37		381.10	
Less: Provision for diminution in value	0.86		7.89	
		112.51		373.21
Debentures and bonds	989.25		393.69	
Less: Provision for diminution in value	0.25		1.55	
		989.00		392.14
Mutual funds	4080.21		1157.29	
Less: Provision for diminution in value	–		0.02	
		4080.21		1157.27
Other investments	2289.01		4922.37	
Less: Provision for diminution in value	0.23		6.37	
		2288.78		4916.00
Current portion of long term investments:				
Debentures and bonds	–		100.12	
Mutual funds	25.00		279.02	
		25.00		379.14
		7504.55		7224.62

NOTE [H(II)]

Inventories (at cost or net realisable value whichever is lower)

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Raw materials [including goods-in-transit ₹ 43.42 crore (previous year: ₹ 20.40 crore)]		868.91		970.97
Components [including goods-in-transit ₹ 77.64 crore (previous year: ₹ 53.32 crore)]		488.27		399.49
Construction materials [including goods-in-transit ₹ 0.33 crore (previous year: ₹ 1.99 crore)]		397.96		129.27
Manufacturing work-in-progress		811.56		562.37
Finished goods (includes ₹ 25.78 crore on an associate becoming a subsidiary)		282.20		302.69
Stock-in-trade (in respect of goods acquired for trading) [including goods-in-transit ₹ 32.98 crore (previous year: ₹ 52.82 crore)]		189.54		220.48
Stores and spares [including goods-in-transit ₹ 4.19 crore (previous year: ₹ 3.12 crore)]		153.48		111.31
Loose tools		6.47		4.84
Property development projects (including land)		1969.75		1500.09
Completed property		1.33		26.65
		5169.47		4228.16

Notes forming part of the Consolidated Accounts (contd.)

NOTE [H(III)]

Trade receivables

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Trade receivables				
Secured				
Debts outstanding for more than 6 months				
Considered good	3.71		0.39	
Other debts				
Considered good	4.81		3.78	
		8.52		4.17
Unsecured				
Debts outstanding for more than 6 months				
Considered good	1991.06		1888.55	
Considered doubtful	548.16		636.82	
	2539.22		2525.37	
Other debts				
Considered good	21015.33		18758.38	
	23554.55		21283.75	
Less: Allowance for doubtful debts	548.16		636.82	
		23006.39		20646.93
		23014.91		20651.10

NOTE [H(IV)]

Cash and bank balances

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Cash and cash equivalents				
Balance with banks	1272.31		1315.98	
Cheques and drafts on hand	424.12		298.39	
Cash on hand	19.59		17.10	
Fixed deposits with banks (maturity less than 3 months)	644.85		1211.20	
		2360.87		2842.67
Other bank balances				
Fixed deposits with banks including interest accrued thereon [includes ₹ 80.14 crore (previous year: ₹ 22.57 crore) of bank deposit with more than 12 months maturity]	1002.50		429.21	
Earmarked balances with banks-unclaimed dividend	23.85		19.52	
Earmarked balances with banks-others	14.82		10.45	
Margin money deposits	5.21		15.30	
Cash and bank balances not available for immediate use	155.35		52.49	
Bank balances subject to restriction on repatriation	8.94		8.94	
		1210.67		535.91
		3571.54		3378.58

Notes forming part of the Consolidated Accounts (contd.)

NOTE [H(V)]

Short term loans and advances

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Secured considered good:				
Loans against mortgage of house property				
Key management personnel	–		0.28	
Others	1.80		1.80	
Others loans and advances	–		100.00	
		1.80		102.08
Unsecured:				
Loans and advances to related parties				
Considered good:				
Associates:				
Advance recoverable	6.69		11.48	
Joint ventures				
Loans	–		84.04	
Advance recoverable	0.04		–	
		6.73		95.52
Others				
Considered good:				
Security deposits	477.46		216.14	
Earnest money deposit	72.57		36.16	
Advances recoverable in cash or in kind	5525.83		4748.06	
Income tax receivable of current year [net of provision for tax of ₹ 288.74 crore (previous year: ₹ 1986.25 crore)]	62.22		152.66	
Balance with customs, port trust etc.	104.74		78.42	
Lease receivables	0.49		0.50	
Considered doubtful:				
Deferred credit against sale of ships	22.58		21.16	
Security deposits	1.40		0.47	
Other loans and advances	131.79		130.80	
	6399.08		5384.37	
Less: Allowance for doubtful loans and advances	155.77		152.43	
		6243.31		5231.94
		6251.84		5429.54

Notes forming part of the Consolidated Accounts (contd.)

NOTE [H(V)(a)]

Short term loans and advances towards financing activities

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Secured loans:				
Considered good:				
Term loans	7978.82		6367.43	
Finance lease	56.45		54.13	
Debentures	182.99		96.32	
	8218.26		6517.88	
Less: Contingent provision against standard assets	25.77		19.34	
		8192.49		6498.54
Unsecured loans:				
Considered good:				
Term loans	1975.06		1674.69	
Less: Contingent provision against standard assets	5.34		4.41	
		1969.72		1670.28
		10162.21		8168.82

NOTE [H(VI)]

Other current assets

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore	₹ crore	₹ crore	₹ crore
Due from customers (construction and project related activity)	19322.35		14815.91	
Due from customers (property development activity)[Note Q(9)(b)]	1.83		–	
Interest accrued on investments and others	419.93		271.05	
Unbilled revenue	161.64		144.14	
Unamortised expenses	29.82		26.33	
Billed interest and other receivable	56.90		37.41	
Others	26.27		30.88	
	20018.74		15325.72	

Notes forming part of the Consolidated Accounts (contd.)

NOTE [I]

Contingent liabilities

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore		₹ crore	
(a) Claims against the Company not acknowledged as debts	319.49		382.75	
(b) Sales-tax liability that may arise in respect of matters in appeal	124.96		118.89	
(c) Excise duty/service tax liability that may arise in respect of matters in appeal/challenged by the Company in WRIT	54.43		36.86	
(d) Customs duty demands against which the Group has filed appeals before Appellate Authorities which are pending disposal	0.21		0.21	
(e) Income-tax liability (including interest and penalty) that may arise in respect of which the Company is in appeal	535.63		292.06	

Notes:

- The Company does not expect any reimbursements in respect of the above contingent liabilities.
- It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (e) *supra*, pending resolution of the arbitration/appellate proceedings.
- Particulars of contingent liabilities in respect of joint venture is given in Note Q(17).

NOTE [J]

Commitments:

Particulars	As at 31-3-2013		As at 31-3-2012	
	₹ crore		₹ crore	
Estimated amount of contracts remaining to be executed on capital account (net of advances)*	26611.46		19248.07	
Estimated amount of committed funding by way of loans to joint venture companies	-		50.00	

* Particulars of capital commitments in respect of joint ventures is given in Note Q(17)

NOTE [K]

Revenue from operations

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Sales & service:				
Manufacturing and trading activity	7629.30		7674.19	
Construction and project related activity [Note Q(9)(a)]	55880.96		48158.37	
Property development activity [Note Q(9)(b)]	228.92		351.54	
Software development products and services	3760.20		3057.18	
Income from financing activity/annuity based projects	3971.62		2976.78	
Toll collection and related activity	720.32		431.69	
Servicing	570.96		385.60	
Commission	158.84		204.51	
Engineering and service fees	1293.81		923.05	
Income from port services	198.14		76.65	
Charter hire income	137.37		90.57	
Investment/portfolio management and trusteeship fees	33.06		12.13	
Premium earned (net)	111.70		36.16	
		74695.20		64378.42
Carried forward		74695.20		64378.42

Notes forming part of the Consolidated Accounts (contd.)

NOTE [K]

Revenue from operations (contd.)

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward		74695.20		64378.42
Other operational revenue:				
Income from hire of plant and equipment	7.75		0.85	
Technical fees	0.24		0.12	
Lease rentals	107.31		91.18	
Property maintenance recoveries	15.16		14.81	
Facility management income	14.17		11.87	
Premium earned (net) on related forward exchange contract	165.82		233.31	
Miscellaneous income	189.66		229.52	
		500.11		581.66
		75195.31		64960.08

K(I) Revenue from sales & service include:

- (a) ₹ 691.51 crore (previous year: ₹ 303.99 crore) for price variations net of liquidated damages in terms of contracts with the customers.
- (b) Shipbuilding subsidy ₹ 10.02 crore (previous year: ₹ 2.09 crore) and reversal of shipbuilding subsidy of ₹ 7.22 crore (previous year: ₹ 18.24 crore).

NOTE [L]

Other income

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Interest income				
Interest Income on long term investments	25.52		8.96	
Interest Income on current investments	316.32		375.64	
Interest Income on others				
Joint venture & associate companies	41.62		26.99	
Others	106.09		76.33	
		489.55		487.92
Dividend income				
From long term investments				
Trade investments	2.22		16.58	
Others	54.82		74.49	
		57.04		91.07
From current investments	11.61		54.34	
		68.65		145.41
Net gain/(loss) on sale of investments				
Long term investments (net)	22.46		9.41	
Current investments (net)	270.08		171.45	
		292.54		180.86
Net gain/(loss) on sale of fixed assets (net)		202.22		12.31
Lease rental		2.55		1.08
Miscellaneous income (net of expenses)		40.42		1.39
		1095.93		828.97

Notes forming part of the Consolidated Accounts (contd.)

NOTE [M]

Manufacturing, construction and operating expenses

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Materials consumed:				
Raw materials and components	10944.59		10977.80	
Less: Scrap sales	154.35		113.84	
		10790.24		10863.96
Construction materials		15562.64		13037.00
Purchase of stock-in-trade		2179.87		2456.02
Stores, spares and tools consumed		2705.02		2184.29
Sub-contracting charges		14322.47		10969.25
Value of stock transferred on disposal of subsidiary/business		(51.23)		(15.33)
Change in inventories of finished goods, work-in-progress and stock-in-trade:				
Closing stock:				
Finished goods	256.42		302.69	
Stock-in-trade	189.54		220.48	
Work-in-progress	3674.58		2078.45	
	4120.54		2601.62	
Less: Opening stock:				
Finished goods (includes ₹ 2.14 crore on acquisition of a subsidiary)	304.83		297.92	
Stock-in-trade	220.48		209.43	
Work-in-progress (includes ₹ 2.45 crore on acquisition of a subsidiary)	2080.90		1495.51	
	2606.21	(1514.33)	2002.86	(598.76)
Other manufacturing, construction and operating expenses:				
Excise duty	(6.52)		17.13	
Power and fuel [Note O(I)]	890.89		701.11	
Royalty and technical know-how fees	49.36		70.08	
Packing and forwarding [Note O(I)]	283.67		216.81	
Hire charges-plant and equipment and others	1204.88		939.18	
Bank guarantee charges	78.60		66.98	
Insurance claim incurred (net)	109.17		63.94	
Engineering, professional, technical and consultancy fees	688.74		564.51	
Insurance [Note O(I)]	161.33		136.98	
Rent [Note O(I)]	318.21		233.50	
Rates and taxes [Note O(I)]	270.22		201.36	
Travelling and conveyance [Note O(I)]	744.84		540.80	
Repairs to plant and equipment	67.51		61.23	
Repairs to buildings [Note O(I)]	17.35		17.40	
General repairs and maintenance [Note O(I)]	310.91		220.33	
Port operation expenses	67.54		31.49	
Carried forward	5256.70	43994.68	4082.83	38896.43

Notes forming part of the Consolidated Accounts (contd.)

NOTE [M]

Manufacturing, construction and operating expenses (contd.)

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Brought forward	5256.70	43994.68	4082.83	38896.43
Cost of built up space and property development land:				
Opening stock:				
Work-in-progress	1268.11		292.35	
Completed property	26.65		107.94	
Property development land	231.98		345.71	
	1526.74		746.00	
Add: Expenses on construction during the year	383.56		104.89	
Add: Transferred from fixed asset to inventory	–		611.65	
	1910.30		1462.54	
Less: Closing Stock:				
Work-in-progress	1722.04		1268.11	
Completed property	1.33		26.65	
Property development land	247.71		231.98	
	1971.08		1526.74	
	(60.78)		(64.20)	
Operating cost of shipping business	53.78		36.86	
Miscellaneous expenses [Note O(l)]	883.18		598.07	
		6132.88		4653.56
Finance cost of financial services business:				
Interest and other financing charges	2350.16		1664.12	
		2350.16		1664.12
Staff expenses for software development business:				
Salaries, wages and bonus	1754.14		1435.82	
Contribution to and provision for				
Provident fund and pension fund	137.06		105.18	
Superannuation/employee pension schemes	5.63		8.99	
Gratuity funds [Note Q(10)(ii)(b)]	9.41		14.70	
Expenses on employee stock option scheme	0.50		1.64	
Staff welfare expenses	308.49		310.05	
		2215.23		1876.38
		54692.95		47090.49

M(l) Other manufacturing, construction and operating expenses include ₹ 2964.62 crore (previous year: ₹ 1930.54 crore) towards construction of 1400 MW power plant at Rajpura, Punjab.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [N]

Employee benefits expense

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Salaries, wages and bonus		5139.08		3998.60
Contribution to and provision for:				
Provident fund and pension fund	146.10		123.31	
Superannuation/employee pension schemes	54.92		37.90	
Gratuity funds [Note Q(10)(ii)(b)]	73.07		72.25	
		274.09		233.46
Expenses on employee stock option scheme		98.71		203.63
Employee medical & other insurance premium expenses [Note O(l)]		62.42		38.35
Staff welfare expenses		649.87		524.19
		6224.17		4998.23

NOTE [O]

Sales, administration and other expenses

Particulars	2012-13		2011-12	
	₹ crore	₹ crore	₹ crore	₹ crore
Power and fuel [Note O(l)]		99.24		78.65
Packing and forwarding [Note O(l)]		234.85		145.03
Insurance [Note O(l)]		38.60		26.25
Rent [Note O(l)]		276.26		240.29
Rates and taxes [Note O(l)]		137.72		91.00
Travelling and conveyance [Note O(l)]		437.65		339.81
Repairs to buildings [Note O(l)]		15.19		22.12
General repairs and maintenance [Note O(l)]		330.50		258.57
Professional fees		375.56		363.49
Directors' fees		1.99		1.06
Telephone, postage and telegrams		176.08		142.73
Advertising and publicity		140.22		105.98
Stationery and printing		62.36		51.86
Commission:				
Distributors and agents	40.96		32.04	
Employees and others	9.39		23.37	
		50.35		55.41
Bank charges		86.52		61.39
Discount on sales		72.17		58.43
Miscellaneous expenses [Note O(l)]		518.16		375.27
Bad debts and advances written off	353.69		174.60	
Less: Allowances for doubtful debts and advances written back	116.58		50.38	
		237.11		124.22
Allowances for doubtful debts, advances and non-performing assets (net)		5.64		212.52
Provision for foreseeable losses on construction contracts		14.77		6.00
Provision/(reversal) for diminution in value of investments(net)		(9.85)		(4.70)
Exchange (gain)/loss		488.08		570.07
Provision for standard assets		58.68		29.07
Other provisions [Note Q(18)(a)]		(75.62)		13.92
		3772.23		3368.44

Notes forming part of the Consolidated Accounts (contd.)

NOTE O(l) Aggregation of expenses disclosed vide notes M, N and O in respect of specific items are as follows:

₹ crore

Sr. no.	Nature of expenses	2012-13				2011-12			
		Note M	Note N	Note O	Total	Note M	Note N	Note O	Total
1	Power and fuel	890.89	–	99.24	990.13	701.11	–	78.65	779.76
2	Packing and forwarding	283.67	–	234.85	518.52	216.81	–	145.03	361.84
3	Insurance	161.33	62.42	38.60	262.35	136.98	38.35	26.25	201.58
4	Rent	318.21	–	276.26	594.47	233.50	–	240.29	473.79
5	Rates and taxes	270.22	–	137.72	407.94	201.36	–	91.00	292.36
6	Travelling and conveyance	744.84	–	437.65	1182.49	540.80	–	339.81	880.61
7	Repairs to buildings	17.35	–	15.19	32.54	17.40	–	22.12	39.52
8	General repairs and maintenance	310.91	–	330.50	641.41	220.33	–	258.57	478.90
9	Miscellaneous expenses	883.18	–	518.16	1401.34	598.07	–	375.27	973.34

NOTE [P]

Finance costs

Particulars	2012-13	2011-12
	₹ crore	₹ crore
Interest expenses	1971.69	1021.05
Other borrowing costs	17.50	10.15
Exchange loss (attributable to finance costs)	105.83	184.65
	<u>2095.02</u>	<u>1215.85</u>

NOTE [Q]

Q(1) The Balance Sheet as on March 31, 2013 and the Statement of Profit and Loss for the year ended March 31, 2013 are drawn and presented as per the new Schedule VI to the Companies Act, 1956.

Q(2) Basis of preparation

- The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures", as specified in the Companies (Accounting Standards) Rules, 2006. The CFS comprises the financial statements of Larsen & Toubro Limited (L&T), its subsidiaries, associates and joint ventures. Reference in these notes to L&T, Company, Parent Company, Companies or Group shall mean to include Larsen & Toubro Limited or any of its subsidiaries, associates and joint ventures, unless otherwise stated.
- The notes and significant policies to the CFS are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

Q(3) The list of subsidiaries, associates and joint ventures included in the Consolidated Financial Statements are as under:

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2013		As at 31-3-2012	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
Indian Subsidiaries						
1	Tractor Engineers Limited	India	100.00	100.00	100.00	100.00
2	Bhilai Power Supply Company Limited	India	99.90	99.90	99.90	99.90
3	L&T-Sargent & Lundy Limited	India	50.0002	50.0002	50.0002	50.0002
4	Spectrum Infotech Private Limited	India	100.00	100.00	100.00	100.00
5	L&T-Valdel Engineering Limited	India	100.00	100.00	100.00	100.00
6	L&T Shipbuilding Limited	India	97.00	97.00	100.00	100.00
7	L&T Electricals and Automation Limited	India	100.00	100.00	100.00	100.00
8	Hi-Tech Rock Products & Aggregates Limited	India	100.00	100.00	100.00	100.00
9	L&T Seawoods Private Limited	India	100.00	100.00	100.00	100.00
10	L&T-Gulf Private Limited	India	50.0002	50.0002	50.0002	50.0002
11	L&T-MHI Boilers Private Limited	India	51.00	51.00	51.00	51.00
12	L&T-MHI Turbine Generators Private Limited	India	51.00	51.00	51.00	51.00
13	Raykal Aluminium Company Private Limited	India	75.50	75.50	75.50	75.50
14	L&T Natural Resources Limited	India	100.00	100.00	100.00	100.00
15	L&T Plastics Machinery Limited #	India	-	-	100.00	100.00
16	L&T Technologies Limited	India	100.00	100.00	100.00	100.00
17	L&T Special Steels and Heavy Forgings Private Limited	India	74.00	74.00	74.00	74.00
18	PNG Tollway Limited	India	72.11	72.11	72.11	72.11
19	Kesun Iron & Steel Company Private Limited	India	95.00	95.00	95.00	95.00
20	L&T Howden Private Limited	India	50.10	50.10	50.10	50.10
21	L&T Solar Limited	India	100.00	100.00	100.00	100.00
22	L&T Sapura Shipping Private Limited	India	60.00	60.00	60.00	60.00
23	L&T Sapura Offshore Private Limited	India	60.00	60.00	60.00	60.00
24	L&T PowerGen Limited	India	100.00	100.00	100.00	100.00
25	Ewac Alloys Limited	India	100.00	100.00	100.00	100.00
26	L&T Kobelco Machinery Private Limited	India	51.00	51.00	51.00	51.00
27	L&T Geostructure LLP	India	74.00	74.00	-	-
28	Audco India Limited @	India	100.00	100.00	-	-
29	L&T Realty Limited	India	100.00	100.00	100.00	100.00
30	L&T Asian Realty Project LLP	India	50.00	55.00	50.00	55.00
31	L&T Parel Project LLP	India	100.00	100.00	100.00	100.00
32	Chennai Vision Developers Private Limited	India	100.00	100.00	100.00	100.00
33	L&T Urban Infrastructure Limited	India	100.00	100.00	100.00	100.00
34	L&T South City Projects Limited	India	51.00	51.00	51.00	51.00
35	L&T Siruseri Property Developers Limited	India	51.00	51.00	51.00	51.00
36	L&T Vision Ventures Limited	India	68.00	68.00	68.00	68.00
37	L&T Tech Park Limited	India	51.00	51.00	51.00	51.00
38	L&T Bangalore Airport Hotel Limited	India	74.00	74.00	74.00	74.00
39	CSJ Infrastructure Private Limited	India	82.00	82.00	82.00	82.00
40	CSJ Hotels Private Limited	India	82.00	82.00	-	-
41	L&T Commercial Projects Private Limited (formerly known as L&T Arun Excello Commercial Projects Private Limited) ##	India	-	-	51.00	51.00
42	L&T Chennai Projects Private Limited (formerly known as L&T Arun Excello IT SEZ Private Limited)	India	100.00	100.00	51.00	51.00
43	L&T Power Limited	India	99.99	99.99	99.99	99.99

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2013		As at 31-3-2012	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
44	L&T Cassidian Limited	India	74.00	74.00	74.00	74.00
45	L&T General Insurance Company Limited	India	100.00	100.00	100.00	100.00
46	L&T Aviation Services Private Limited	India	100.00	100.00	100.00	100.00
47	L&T Infocity Limited	India	89.00	89.00	89.00	89.00
48	L&T Hitech City Limited	India	65.86	65.86	65.86	65.86
49	Hyderabad International Trade Expositions Limited	India	51.71	51.71	51.71	51.71
50	Larsen & Toubro Infotech Limited	India	100.00	100.00	100.00	100.00
51	GDA Technologies Limited	India	100.00	100.00	100.00	100.00
52	L&T Finance Holdings Limited	India	82.54	82.54	82.64	82.64
53	L&T Housing Finance Limited	India	82.54	82.54	-	-
54	Consumer Financial Services Limited	India	82.54	82.54	-	-
55	Family Credit Limited	India	82.54	82.54	-	-
56	L&T Finance Limited	India	82.54	82.54	82.64	82.64
57	L&T Capital Markets Limited	India	82.54	82.54	-	-
58	L&T Investment Management Limited	India	82.54	82.54	82.64	82.64
59	L&T Mutual Fund Trustee Limited	India	82.54	82.54	82.64	82.64
60	L&T Trustee Services Private Limited (Formerly known as FIL Trustee Company Private Limited)	India	82.54	82.54	-	-
61	L&T Fund Management Private Limited (formerly known as FIL Fund Management Private Limited)	India	82.54	82.54	-	-
62	L&T FinCorp Limited	India	82.54	82.54	82.64	82.64
63	L&T Infrastructure Finance Company Limited	India	82.54	82.54	82.64	82.64
64	L&T Infra Debt Fund Limited	India	82.54	82.54	-	-
65	L&T Infra Investment Partners Advisory Private Limited	India	82.54	82.54	82.64	82.64
66	L&T infra Investment Partners Trustee Private Limited	India	82.54	82.54	82.64	82.64
67	L&T Unnati Finance Limited	India	82.54	82.54	82.64	82.64
68	L&T Access Financial Advisory Services Limited (formerly known as L&T Access Financial Advisory Services Private Limited)	India	82.54	82.54	82.64	82.64
69	L&T Capital Company Limited	India	100.00	100.00	100.00	100.00
70	L&T Trustee Company Private Limited	India	100.00	100.00	100.00	100.00
71	L&T Power Development Limited	India	100.00	100.00	100.00	100.00
72	L&T Uttaranchal Hydropower Limited	India	100.00	100.00	100.00	100.00
73	L&T Arunachal Hydropower Limited	India	100.00	100.00	100.00	100.00
74	L&T Himachal Hydropower Limited	India	100.00	100.00	100.00	100.00
75	Nabha Power Limited	India	100.00	100.00	100.00	100.00
76	L&T Infrastructure Development Projects Limited	India	97.45	97.45	97.45	97.45
77	L&T Panipat Elevated Corridor Limited	India	97.45	97.45	97.45	97.45
78	Narmada Infrastructure Construction Enterprise Limited	India	97.45	97.45	97.45	97.45
79	L&T Krishnagiri Thopur Toll Road Limited	India	97.45	97.45	97.45	97.45
80	L&T Western Andhra Tollways Limited	India	97.45	97.45	97.45	97.45
81	L&T Vadodara Bharuch Tollway Limited	India	97.45	97.45	97.45	97.45
82	L&T East-West Tollway Limited	India	97.45	97.45	-	-
83	L&T Great Eastern Highway Limited	India	97.45	97.45	-	-
84	L&T Transportation Infrastructure Limited	India	97.45	97.45	97.45	97.45
85	L&T Western India Tollbridge Limited	India	97.45	97.45	97.45	97.45
86	L&T Interstate Road Corridor Limited	India	97.45	97.45	97.45	97.45
87	International Seaports (India) Private Limited	India	97.45	97.45	97.45	97.45
88	L&T Port Kachchigarh Limited	India	97.45	97.45	97.45	97.45

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2013		As at 31-3-2012	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
89	L&T Ahmedabad-Maliya Tollway Limited	India	97.45	97.45	97.45	97.45
90	L&T Halol-Shamlaji Tollway Limited	India	97.45	97.45	97.45	97.45
91	L&T Krishnagiri Walajahpet Tollway Limited	India	97.45	97.45	97.45	97.45
92	L&T Devihalli Hassan Tollway Limited	India	97.45	97.45	97.45	97.45
93	L&T Metro Rail (Hyderabad) Limited	India	97.48	97.48	97.48	97.48
94	L&T Transco Private Limited	India	97.45	97.45	97.45	97.45
95	L&T Chennai Tada Tollway Limited	India	97.45	97.45	97.45	97.45
96	L&T BPP Tollway Limited	India	97.45	97.45	97.45	97.45
97	L&T Rajkot-Vadinar Tollway Limited	India	97.45	97.45	97.45	97.45
98	L&T Deccan Tollways Limited	India	97.45	97.45	97.45	97.45
99	L&T Samakhiali Gandhidham Tollway Limited	India	97.45	97.45	97.45	97.45
100	L&T Technology Services Limited (originally formed as L&T Technology And Engineering Services Company Limited and name changed subsequently)	India	100.00	100.00	-	-
101	L&T Tejomaya Limited	India	51.00	51.00	-	-

The Company has sold its stake on September 28, 2012

##The Company has sold its stake on November 26, 2012

@ Associate became a wholly owned subsidiary w.e.f. March 28, 2013

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2013		As at 31-3-2012	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
Foreign Subsidiaries						
1	Larsen & Toubro LLC	USA	100.00	100.00	100.00	100.00
2	Larsen & Toubro Infotech GmbH	Germany	100.00	100.00	100.00	100.00
3	Larsen & Toubro Infotech Canada Limited	Canada	100.00	100.00	100.00	100.00
4	Larsen & Toubro Infotech LLC	USA	100.00	100.00	100.00	100.00
5	L&T Infotech Financial Services Technologies Inc.	Canada	100.00	100.00	100.00	100.00
6	GDA Technologies Inc.	USA	100.00	100.00	100.00	100.00
7	Larsen & Toubro Infotech South Africa (PTY) Limited	South Africa	74.90	74.90	-	-
8	L&T Infrastructure Development Projects Lanka (Private) Limited	Sri Lanka	93.44	93.44	93.43	93.43
9	Peacock Investments Limited	Mauritius	100.00	100.00	100.00	100.00
10	Mango Investments Limited	Mauritius	100.00	100.00	100.00	100.00
11	Lotus Infrastructure Investments Limited	Mauritius	100.00	100.00	100.00	100.00
12	L&T Diversified India Equity Fund (formerly known as L&T Real Estate India Fund)	Mauritius	100.00	100.00	100.00	100.00
13	L&T Asset Management Company Limited	Mauritius	100.00	100.00	100.00	100.00
14	L&T Realty FZE	UAE	100.00	100.00	100.00	100.00
15	Larsen & Toubro International FZE	UAE	100.00	100.00	100.00	100.00
16	Thalest Limited	UK	100.00	100.00	-	-
17	Bond Instrumentation & Process Control Limited	UK	100.00	100.00	-	-
18	Servowatch Systems Limited	UK	100.00	100.00	-	-
19	Servowatch Inc*	USA	-	-	-	-
20	Larsen & Toubro (Oman) LLC	Sultanate of Oman	65.00	65.00	65.00	65.00
21	Larsen & Toubro Electromech LLC	Sultanate of Oman	65.00	65.00	65.00	65.00
22	L&T Modular Fabrication Yard LLC	Sultanate of Oman	65.00	65.00	65.00	65.00
23	Larsen & Toubro (East Asia) SDN.BHD ##	Malaysia	30.00	100.00	30.00	100.00

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

Sr. no.	Name of subsidiary company	Country of incorporation	As at 31-3-2013		As at 31-3-2012	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
24	Larsen & Toubro Qatar LLC ##	Qatar	49.00	100.00	49.00	100.00
25	L&T Overseas Projects Nigeria Limited	Nigeria	100.00	100.00	100.00	100.00
26	L&T Electricals & Automation Saudi Arabia Company LLC (formerly known as L&T Electricals Saudi Arabia Company LLC)	Kindgom of Saudi Arabia	75.00	75.00	75.00	75.00
27	Larsen & Toubro Kuwait Construction General Contracting Company, WLL ##	Kuwait	49.00	75.00	49.00	75.00
28	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Peoples Republic of China	100.00	100.00	100.00	100.00
29	Qingdao Larsen & Toubro Trading Company Limited	Peoples Republic of China	100.00	100.00	100.00	100.00
30	Jiangsu Shengye Valve Co., Ltd. (formerly known as Larsen & Toubro (Jiangsu) Valve Company Limited) @@	Peoples Republic of China	–	–	100.00	100.00
31	Larsen & Toubro Readymix Concrete Industries LLC ##	UAE	49.00	100.00	49.00	100.00
32	Larsen & Toubro Saudi Arabia LLC	Kindgom of Saudi Arabia	100.00	100.00	100.00	100.00
33	Larsen Toubro Arabia LLC	Kindgom of Saudi Arabia	75.00	75.00	–	–
34	Larsen & Toubro (Wuxi) Electric Company Limited @	Peoples Republic of China	–	–	100.00	100.00
35	Larsen & Toubro ATCO Saudia LLC ##	Kindgom of Saudi Arabia	49.00	75.00	49.00	75.00
36	Tamco Switchgear (Malaysia) SDN. BHD	Malaysia	100.00	100.00	100.00	100.00
37	Henikwon Corporation SDN. BHD	Malaysia	100.00	100.00	–	–
38	Tamco Electrical Industries Australia Pty Limited	Australia	100.00	100.00	100.00	100.00
39	PT Tamco Indonesia	Indonesia	100.00	100.00	100.00	100.00
40	Larsen & Toubro Heavy Engineering LLC	Sultanate of Oman	70.00	70.00	70.00	70.00
41	L&T Electrical & Automation FZE	UAE	100.00	100.00	100.00	100.00
42	Larsen & Toubro Consultoria E Projeto Ltda	Brazil	100.00	100.00	100.00	100.00
43	Larsen & Toubro T&D SA (Proprietary) Limited	South Africa	72.50	72.50	72.50	72.50

The Parent Company, together with its subsidiaries controls the composition of Board of Directors

@ The Company has sold its stake on July 18, 2012

@@ The Company has sold 75% stake on September 4, 2012 and balance 25% is disclosed vide investment in other fully paid equity shares [Note F]

* The Company was acquired during the year and has been dissolved w.e.f. February 28, 2013

Sr. no.	Name of associate company	Country of incorporation	As at 31-3-2013		As at 31-3-2012	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
1	L&T-Komatsu Limited	India	50.00	50.00	50.00	50.00
2	Audco India Limited **	India	–	–	50.00	50.00
3	L&T-Chiyoda Limited	India	50.00	50.00	50.00	50.00
4	L&T-Ramboll Consulting Engineers Limited	India	50.00	50.00	50.00	50.00
5	Gujarat Leather Industries Limited @	India	50.00	50.00	50.00	50.00
6	NAC Infrastructure Equipment Limited	India	24.76	24.76	24.79	24.79
7	International Seaport (Haldia) Private Limited	India	21.74	21.74	21.74	21.74
8	Vizag IT Park Limited	India	23.14	23.14	23.14	23.14
9	Larsen & Toubro Qatar & HBK Contracting LLC	Qatar	24.50	50.00	24.50	50.00
10	L&T Camp Facilities LLC	UAE	49.00	49.00	49.00	49.00

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

Sr. no.	Name of associate company	Country of incorporation	As at 31-3-2013		As at 31-3-2012	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
11	L&T Arun Excello Realty Private Limited *	India	–	–	33.00	33.00
12	Feedback Infrastructure Services Private Limited	India	19.12	19.12	23.16	23.16
13	JSK Electricals Private Limited	India	26.00	26.00	26.00	26.00
14	Salzer Electronics Limited #	India	26.06	26.06	26.06	26.06
15	Rishi Consfab Private Limited.	India	26.00	26.00	26.00	26.00
16	Magtorq Private Limited	India	42.85	42.85	42.85	42.85
17	AIC Structural Steel Construction (India) Private Limited	India	26.00	26.00	–	–

@ The Company is under liquidation

* The Company has sold its stake on May 4, 2012

The accounts have been consolidated for twelve months period ended December 31, 2012

** Associate became a wholly owned subsidiary w.e.f. March 28, 2013

Sr. No.	Name of joint venture	Country of residence	As at 31-3-2013	As at 31-3-2012
			Proportion of ownership interest (%)	Proportion of ownership interest (%)
Jointly controlled entities-Indian joint ventures				
1	L&T-AM Tapovan Joint Venture	India	65.00	65.00
2	International Metro Civil Contractors	India	26.00	26.00
3	Desbuild L&T Joint Venture	India	49.00	49.00
4	HCC-L&T Purulia Joint Venture	India	43.00	43.00
5	Metro Tunneling Group	India	26.00	26.00
6	L&T-Hochtief Seabird Joint Venture	India	90.00	90.00
7	L&T-Shanghai Urban Construction (Group) Corporation Joint Venture	India	51.00	51.00
8	Metro Tunneling Chennai L&T SUCG Joint Venture	India	75.00	75.00
9	The Dhamra Port Company Limited	India	48.72	48.72
10	Metro Tunneling Delhi-L&T SUCG Joint Venture	India	60.00	60.00
11	L&T-Shapoorji Pallonji & Company Limited Joint Venture-TCS	India	50.00	50.00
12	L&T-Shanghai Urban Construction (Group) Joint Venture CC27 Delhi ^^	India	68.00	–
Jointly controlled entities-foreign joint ventures				
13	L&T-Eastern Joint Venture	UAE	65.00	65.00
14	Indiran Engineering Projects and Systems	Iran	50.00	50.00
Jointly controlled operations-Indian joint ventures				
15	L&T-HCC Joint Venture	India		
16	Patel-L&T Consortium	India		
17	L&T-KBL (UJV) Hyderabad	India		
18	Consortium of Toyo Engineering Company and L&T	India		
19	L&T-SVEC Joint Venture	India		
20	L&T-KBL-MAYTAS UJV	India		
21	L&T and Scomi Engineering BHD. Joint Venture	India		

^^ The joint venture has been entered into on November 05, 2012

Q(4) Reserves and surplus shown in the Consolidated Balance Sheet includes the Group's share in the respective reserves of subsidiaries and proportionate reserves of joint ventures. Reserve attributable to minority stakeholders is reported as part of minority interest in the Consolidated Balance Sheet. Retained earnings comprise Group's share in general reserve and Statement of Profit and Loss.

Q(5) Exceptional items [Note R(5)]:

- Expenses incurred amounting to ₹ 38.34 crore on voluntary retirement scheme.
- Profit on sale of shares held as equity investment by a subsidiary ₹ 237.93 crore (previous year: ₹ Nil).
- Loss on impairment of Group's share in net worth of a subsidiary ₹ 52.44 crore (previous year: ₹ Nil).

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

- d. Profit on divestment of the Group's stake in three subsidiaries ₹ 181.16 crore (net) (previous year: ₹ Nil).
- e. Profit on divestment of the Group's part stake in a subsidiary ₹ 1.89 crore (previous year: profit on divestment of the Group's part stake in a subsidiary ₹ 55.02 crore).
- f. Profit on divestment of the Group's stake in an associate company ₹ 6.56 crore (previous year: profit on divestment of the Group's stake in two associates ₹ 1.75 crore).

Q(6) Extraordinary items [Note R(5)]:

- a. Reversal of ₹ 52.89 crore (previous year: ₹ Nil), being provision made in earlier years in respect of the Company's investment in shares of Satyam Computer Services Limited (SCSL).
- b. Gain of ₹ 25.22 crore (net of tax ₹ 18.72 crore) on sale of the Company's medical equipment business unit. Tax of ₹ 6.50 crore included under current tax.

Q(7) The expenditure on research and development activities recognised as expense in the Statement of Profit and Loss is ₹ 106.96 crore (previous year: ₹ 89.03 crore). Further, the Company has incurred capital expenditure on research and development activities as follows:

- a) on tangible assets of ₹ 19.26 crore (previous year: ₹ 17.17 crore)
- b) on intangible assets being expenditure on new product development of ₹ 43.76 crore (previous year: ₹ 38.58 crore) [Note R(6)(b)] and
- c) on other intangible assets of ₹ 13.64 crore (previous year: ₹ 3.49 crore)

In addition, the Company has carried out work of a developmental nature of ₹ 21.27 crore (previous year: ₹ 13.06 crore) which is partially/fully paid for by the customers.

Q(8) a) Provision for current tax includes:

- i) Provision for income tax in respect of earlier years ₹ 8.23 crore (net gain) [previous year: ₹ 16.02 crore (net loss)]
 - ii) Credit for Minimum Alternative Tax (MAT) entitlement ₹ 34.49 crore (previous year: ₹ 29.17 crore) under section 115JB of the Income Tax Act, 1961.
 - iii) Translation effect on account of non-integral foreign operation ₹ 0.01 crore (net gain) [previous year: ₹ 2.07 crore (net gain)]
- b) Tax effect of ₹ 0.17 crore (previous year: ₹ 0.03 crore) on account of debenture issue expenses which have been credited to securities premium account.

Q(9) (a) Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts"

₹ crore

Particulars	2012-13	2011-12
i) Contract revenue recognised for the financial year	55880.96	48158.37
ii) Aggregate amount of contract costs incurred and recognised profits (less recognised losses) as at the end of the financial year for all contracts in progress as at that date	167087.08	131510.11
iii) Amount of customer advances outstanding for contracts in progress as at the end of the financial year	7199.49	8193.35
iv) Retention amounts due from customers for contracts in progress as at the end of the financial year	6597.60	5296.91

(b) Disclosures pursuant to Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, adopted by the Company with effect from April 1, 2012.

₹ crore

Particulars	2012-13
i) Amount of project revenue recognised for the financial year [Note K]	228.92
ii) Aggregate amount of costs incurred and profits recognised (less recognised losses) as at the end of the financial year for all contracts in progress as at that date	70.24
iii) Amount of customer advances outstanding for the contracts in progress as at the end of the financial year	327.29
iv) Amount of work-in-progress and the value of inventories as at the end of the financial year	1968.43
v) Excess of revenue recognised over actual bills raised (unbilled revenue) [Note H(VI)]	1.83

Q(10) Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits"

- i. Defined contribution plans: [Note R(7)(b)(i)] Amount of ₹ 114.12 crore (previous year: ₹ 84.48 crore) is recognised as an expense and included in "employee benefit expenses" [Note N] in the Statement of Profit and Loss.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

- ii. Defined benefit plans: [Note R(7)(b)(ii)]
a) The amounts recognised in Balance Sheet are as follows:

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
A) Present value of defined benefit obligation								
Wholly funded	442.48	386.30	–	–	–	–	2047.41	1812.84
Wholly unfunded	70.01	45.99	118.95	94.07	198.89	184.67	11.50	20.61
	512.49	432.29	118.95	94.07	198.89	184.67	2058.91	1833.45
Less: Fair value of plan assets	382.83	322.04	–	–	–	–	2027.93	1791.04
Less: Unrecognised past service costs	0.14	0.03	1.25	1.43	0.53	0.64	–	–
Add: Amount not recognised as an asset (limit in para 59(b))	4.11	0.17	–	–	–	–	–	–
Amount to be recognised as liability or (asset)	133.63	110.39	117.70	92.64	198.36	184.03	30.98	42.41
B) Amounts reflected in the Balance Sheet								
Liabilities	133.63	110.39	117.70	92.64	198.36	184.03	30.98	45.39
Assets	–	–	–	–	–	–	–	–
Net liability/(asset)	133.63	110.39	117.70	92.64	198.36	184.03	30.98	45.39
Net liability/(asset)-current	133.63	110.39	15.00	9.21	11.98	9.84	30.29#	24.78#
Net liability/(asset)-non-current	–	–	102.70	83.43	186.38	174.19	0.69	20.61

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1 Current service cost	44.00	49.53	7.33	7.20	0.98	5.12	138.23\$	107.94\$
2 Interest cost	33.51	27.68	8.50	8.22	15.45	13.27	138.32	129.56
3 Expected (return) on plan assets	(23.31)	(22.23)	–	–	–	–	(138.54)	(129.56)
4 Actuarial losses/(gains)	30.36	30.41	9.13	(14.28)	9.14	12.54	(19.11)	10.34
5 Past service cost	0.33	0.02	3.77	0.18	0.11	0.11	–	–
6 Adjustment for earlier years	(0.06)	(1.37)	–	–	–	–	–	–
7 Business Combination	(0.03)	–	–	–	–	–	–	–
8 Actuarial gain/(loss) not recognised in books	–	–	–	–	–	–	2.00	10.27
9 Translation adjustments	5.71	2.11	–	–	–	–	–	–
10 Amount capitalised out of the above	(0.78)	(0.60)	–	–	–	–	–	–
Total (1 to 10)	89.73	85.55	28.73	1.32	25.68	31.04	120.90	128.55
I Amount included in "employee benefits expense"	73.07	72.25	8.29	(0.09)	(0.27)	28.45	138.23	107.94
II Amount included as part of "manufacturing construction and operating expenses"	9.41	14.70	4.87	–	–	–	–	–
III Amount included as part of "finance costs"	7.18	(1.40)	15.57	1.41	25.95	2.59	(17.33)	20.61
IV Amount capitalised on new product development	0.07	–	–	–	–	–	–	–
Total (I+II+III+IV)	89.73	85.55	28.73	1.32	25.68	31.04	120.90	128.55
Actual return on plan assets	38.08	22.63	–	–	–	–	148.53	139.83

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

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

₹ crore

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
Opening balance of the present value of defined benefit obligation	432.29	389.90	94.07	97.60	184.67	162.89	1833.45	1615.09
Add: Current service cost	44.00	49.53	7.33	7.20	0.98	5.12	138.23\$	107.94\$
Add: Interest cost	33.51	27.68	8.50	8.22	15.45	13.27	138.32	129.56
Add: Contribution by plan participants								
i) Employer	-	-	-	-	-	-	-	-
ii) Employee	-	-	-	-	-	-	232.13	198.09
iii) Transfer-in/(out)	0.26~	(2.03)~	-	-	-	-	-	-
Add/(less): Actuarial losses/(gains)	45.13	30.81	9.13	(14.28)	9.14	12.54	(9.12)	20.61
Less: Benefits paid	(68.58)	(69.22)	(5.33)	(5.08)	(11.35)	(9.15)	(287.51)	(237.84)
Add: Past service cost	0.33	1.62	3.59	-	-	-	-	-
Add: Liabilities assumed on transfer of employees	-	-	-	0.41	-	-	-	-
Add/(less): Business combination/acquisition	22.75	(0.01)	1.66	-	-	-	13.41	-
Add: Adjustment for earlier years	-	0.39	-	-	-	-	-	-
Add/(less): Translation adjustments	2.80	3.62	-	-	-	-	-	-
Closing balance of the present value of defined benefit obligation	512.49	432.29	118.95	94.07	198.89	184.67	2058.91	1833.45

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

₹ crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
Opening balance of the fair value of the plan assets	322.04	327.89	1791.04	1583.61
Add: Expected return on plan assets*	23.31	22.23	138.54	129.56
Add/(less): Actuarial gains/(losses)	14.77	0.40	9.99	10.27
Add: Contribution by the employer	68.47	38.69	131.92	110.74
Add/(less): Transfer in/(out)	(0.28)	-	-	-
Add: Contribution by Plan participants	-	-	230.66	194.70
Less: Benefits paid	(68.58)	(69.22)	(287.51)	(237.84)
Add: Business combination/disposal (net)	23.09	2.03	13.29	-
Add: Adjustment for earlier years	0.01	0.02	-	-
Closing balance of the plan assets	382.83	322.04	2027.93	1791.04

Notes: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

- * Basis used to determine the overall expected return:

The trust formed by the Company manages the investments of provident funds and gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year [Note Q(10)(ii)(f)(7)].

The Company expects to fund ₹ 59.65 crore (previous year: ₹ 64.51 crore) towards its gratuity plan and ₹ 146.47 crore (previous year: ₹ 114.42 crore) towards its trust-managed provident fund plan during the year 2013-14.

Employer's and employees' contribution (net) for March is paid in April.

\$ Employer's contribution to provident fund

~ Amount transferred (out)/in on sale/purchase of business undertakings (net) ₹ 0.26 crore (previous year: ₹ (2.03) crore)

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

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

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31-3-2013	As at 31-3-2012	As at 31-3-2013	As at 31-3-2012
Government of India securities	29%	35%	24%	24%
State government securities	15%	10%	13%	12%
Corporate bonds	26%	16%	7%	7%
Equity shares of listed companies	2%	3%	–	–
Fixed deposits under special deposit scheme framed by central government for provident funds	–	–	14%	17%
Insurer managed funds	1%	1%	–	–
Public sector unit bonds	20%	29%	42%	40%
Others	7%	6%	–	–

f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	As at 31-3-2013	As at 31-3-2012
1 Discount rate:		
a) Gratuity plan	8.09%	8.59%
b) Company pension plan	8.09%	8.59%
c) Post-retirement medical benefit plan	8.09%	8.59%
2 Expected return on plan assets	7.50%	7.50%
3 Annual increase in healthcare costs (see note below)	5.00%	5.00%
4 Salary growth rate:		
a) Gratuity plan	5.00%	5.00%
b) Company pension plan	6.00%	6.00%

5 Attrition Rate:

- a) For post-retirement medical benefit plan & Company pension plan, the attrition rate varies from 2% to 8% (previous year: 2% to 8%) for various age groups.
- b) For gratuity plan the attrition rate varies from 1% to 6% (previous year: 1% to 6%) for various age groups.

6. The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

7. The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the Statement of Profit and Loss as actuarial losses.

8. The obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5% p.a.

9. A one percentage point change in assumed healthcare cost trend rates would have the following effects on the aggregate of the service cost and interest cost and defined benefit obligation:

₹ crore

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2012-13	2011-12	2012-13	2011-12
Effect on the aggregate of the service cost and interest cost	3.47	2.46	(2.66)	(1.91)
Effect on defined benefit obligation	13.02	9.43	(10.32)	(7.57)

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

g) The amounts pertaining to defined benefit plans are as follows:

₹ crore

Particulars	As at 31-3-2013	As at 31-3-2012	As at 31-3-2011	As at 31-3-2010	As at 31-3-2009
1 Post-retirement medical benefit plan (unfunded)					
Defined benefit obligation	117.70	92.64	95.99	82.55	74.40
Experience adjustment plan liabilities	0.69	(6.62)	7.91	5.73	1.13
2 Gratuity plan (funded/unfunded)					
Defined benefit obligation	512.49	432.29	389.90	358.27	290.67
Plan assets	382.83	322.04	327.89	294.56	255.06
Surplus/(deficit)	(133.64)	(110.39)	(61.99)	(63.71)	(35.61)
Experience adjustment plan liabilities	26.18	30.18	30.37	30.67	8.38
Experience adjustment plan assets	(13.96)	(0.19)	4.38	2.29	13.05
3 Post-retirement pension plan (unfunded)					
Defined benefit obligation	198.36	184.03	162.14	135.61	151.80
Experience adjustment plan liabilities	(2.79)	23.21	17.46	(4.11)	(6.89)
4 Trust managed provident fund plan (funded)					
Defined benefit obligation	2058.91	1833.45	1615.09	1364.97	1127.81
Plan assets	2027.93	1791.04	1583.61	1350.42	1151.80
Surplus/(deficit)	(30.98)	(42.41)	(31.48)	(14.55)	23.99

h) General descriptions of defined benefit plans:

1. Gratuity plan:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A small part of the gratuity plan, which is not material is unfunded and managed within the Company.

2. Post-retirement medical benefit plan:

The Post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement.

3. Company's pension plan:

In addition to contribution to state-managed pension plan (EPS scheme), the Company operates a post retirement pension scheme, which is discretionary in nature for certain cadres of employees. The quantum of pension depends on the cadre of the employee at the time of retirement.

4. Trust managed provident fund plan:

The Company manages provident fund plan through a provident fund trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the Statement of Profit and Loss as actuarial loss. Any loss/gain arising out of the investment risk and actuarial risk associated with the plan is also recognised as expense or income in the period in which such loss/gain occurs. Further, the provision of ₹ 20.61 crore, which was created in 2011-12 based on actuarial valuation towards the future obligation arising out of interest rate guarantee associated with the plan, has been reversed in the current year, because the balance in surplus account of the fund is higher than the interest obligation of ₹ 11.50 crore as on March 31, 2013.

Q(11) Disclosure pursuant to Accounting Standard (AS) 17 "Segment Reporting"

a) During the year ended March 2013, Technology Services, a business segment earlier classified as "Others", has crossed the threshold norm for reportable segment provided in AS 17. Accordingly, in compliance with AS 17, Technology Services has been

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

disclosed as a separate segment for the year ended March 31, 2013 and the related segment figures for the corresponding previous year have been regrouped.

- b) Information about business segments (information provided in respect of revenue items for the year ended March 31, 2013 and in respect of assets/liabilities as at March 31, 2013—denoted as “CY” below, *previous year denoted as “PY”*)

- i. Primary segments (business segments):

₹ crore

Particulars	Engineering & construction		Electrical & electronics		Machinery & industrial products		IT & Technology Services		Financial services		Developmental projects		Others		Elimination		Total	
	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY	CY	PY
Revenue-including excise duty																		
External	57667.12	49785.79	4314.03	3923.65	2742.77	3203.58	4961.84	3910.50	4079.78	2997.09	1397.09	1066.55	32.68	62.92	-	-	75195.31	64960.08
Inter-segment	949.10	1714.11	531.90	369.37	137.17	170.34	36.94	64.97	-	26.79	8.58	47.73	19.65	19.57	1683.34	2412.88	-	-
Total revenue	58616.22	51499.90	4845.93	4303.02	2879.94	3373.92	4998.78	3975.47	4079.78	3023.88	1405.67	1114.28	52.33	82.49	1683.34	2412.88	75195.31	64960.08
Result																		
Segment result	6050.81	5739.83	546.53	428.16	457.75	533.30	1107.31	715.33	848.08	556.02	411.60	216.72	7.67	(14.17)	-	-	9429.75	8175.19
Inter-Segment margins on capital jobs																	(104.87)	(214.92)
																	9324.88	7960.27
Unallocated corporate income/ (expenditure) (net)																	(159.60)	(258.83)
Operating Profit (PBIT)																		
Interest expense																	(2095.02)	(1215.85)
Interest income																	489.55	487.92
Profit before tax (PBT) (before extraordinary items)																	7559.81	6973.51
Profit from extraordinary items																	78.11	-
Profit before tax (PBT) (after extraordinary items)																		
Provision for current tax																	(2241.79)	(2314.33)
Provision for deferred tax																	(143.75)	31.78
Profit after tax																	5252.38	4690.96
Additional tax on dividend distributed/proposed by subsidiary companies																	(12.96)	(8.67)
Share in profit of associates																	38.43	46.16
Minority interest in income in subsidiaries																	(72.18)	(34.76)
Profit after tax, minority interests and share of profit of associates																	5205.67	4693.69
Other information																		
Segment assets	52170.19	45548.07	3657.66	3411.03	2146.02	1936.45	3218.49	2693.99	36592.88	26999.59	33755.00	25484.73	196.40	219.30			131736.64	106293.16
Unallocable corporate assets																	11368.41	13018.14
Total assets																	143105.05	119311.30
Segment liabilities	29782.27	29036.44	1539.90	1356.23	943.27	952.78	870.17	793.04	30141.86	21984.46	6658.32	5473.48	20.23	83.08			69956.02	59679.51
Unallocable corporate liabilities																	36636.47	28491.55
Total liabilities																	106592.49	88171.06
Capital expenditure	2395.87	3932.86	238.51	187.30	193.53	75.68	236.99	279.31	774.85	251.89	5325.20	3461.29	0.22	53.86				
Depreciation, amortisation, impairment & obsolescence included in segment expense	985.36	759.22	94.74	108.13	43.14	47.17	140.48	121.13	85.39	79.54	580.98	395.71	12.97	9.93				
Reversal of accumulated amortisation of goodwill on consolidation	(22.75)	-	(95.79)	-	(16.49)	-	(55.20)	-	(7.25)	-	(144.17)	-	-	-				
Non-cash expenses other than depreciation included in segment expense	115.89	180.33	5.63	8.41	1.98	6.09	6.76	11.61	2.92	4.07	1.58	1.27	0.22	0.63				

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

- ii) Secondary segments (geographical segments):

₹ crore

Particulars	Domestic		Overseas		Total	
	CY	PY	CY	PY	CY	PY
External revenue by location of customers	55313.36	51703.76	19881.95	13256.32	75195.31	64960.08
Carrying amount of segment assets by location of assets	120238.55	99780.65	11498.09	6512.51	131736.64	106293.16
Cost incurred on acquisition of tangible and intangible fixed assets	8739.69	7834.96	425.47	407.23	9165.16	8242.19

- c) Segment reporting: segment identification, reportable segments and definition of each reportable segment:
- i) Primary/secondary segment reporting format:
 - a] The risk-return profile of the Company's business is determined predominantly by the nature of its products and services. Accordingly, the business segments constitute the primary segments for disclosure of segment information.
 - b] In respect of secondary segment information, the Company has identified its geographical segments as (i) domestic and (ii) overseas. The secondary segment information has been disclosed accordingly.
 - ii) Segment identification
Business segments have been identified on the basis of the nature of products/services, the risk-return profile of individual businesses, the organisational structure and the internal reporting system of the Company.
 - iii) Reportable segments
Reportable segments have been identified as per the criteria specified in Accounting Standard (AS) 17 "Segment Reporting" as specified in the Companies (Accounting Standards) Rules, 2006.
 - iv) Segment composition
 - **Engineering & construction segment** comprises execution of engineering and construction projects in India/abroad to provide solutions in civil, mechanical, electrical and instrumentation engineering (on turnkey basis or otherwise) to core/infrastructure sectors including railways, shipbuilding and supply of complex plant and equipment to core sectors. The segment capabilities include basic/detailed engineering, equipment fabrication/supply, erection& commissioning, procurement/construction and project management.
 - **Electrical & electronics segment** comprises manufacture and sale of low and medium voltage switchgear components, custom built low and medium voltage switchboards, electronic energy meters/protection (relays) systems, control & automation products and medical equipment (upto the date of sale).
 - **Machinery & industrial products segment** comprises manufacture and sale of rubber processing machinery & castings, manufacture and marketing of industrial valves, construction equipment and industrial products and marketing of welding products (previous year). It also includes manufacture and sale of plastic processing machinery (upto date of sale of stake), manufacture and sale of undercarriage assemblies, manufacture and sale of welding and cutting equipment.
 - **Financial services segment** comprises retail and corporate finance, housing finance, infrastructure finance, general insurance, asset management of mutual fund schemes and related advisory services.
 - **Developmental projects segment** comprises development, operation and maintenance of basic infrastructure projects, toll collection including annuity based projects, development of urban infrastructure, power development, development and operation of port facilities and providing related advisory services.
 - **IT & Technology Services segment** comprises information technology and integrated engineering services.
 - **Others** include ready-mix concrete, mining and aviation.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

Q(12) Disclosure of related parties/related party transactions pursuant to Accounting Standard (AS) 18 "Related Party Disclosures":

- i. Names of the related parties with whom transactions were carried out during the year and description of relationship:

Associate companies:	
1 Audco India Limited @	2 Salzer Electronics Limited
3 L&T-Chiyoda Limited	4 L&T-Komatsu Limited
5 L&T-Ramboll Consulting Engineers Limited	6 Magtorq Private Limited
7 JSK Electricals Private Limited	8 AIC Structural Steel Construction (India) Private Limited
9 Vizag IT Park Limited	10 Feedback Infrastructure Services Private Limited
11 L&T Arun Excello Realty Private Limited	
@ Associate became a wholly owned subsidiary w.e.f. March 28, 2013	
Joint ventures:	
1 Metro Tunneling Group	2 L&T-Hochtief Seabird Joint Venture
3 Desbuild L&T Joint Venture	4 L&T-Shanghai Urban Construction (Group) Corporation Joint Venture
5 L&T-AM Tapovan Joint Venture	6 HCC-L&T Purulia Joint Venture
7 The Dhamra Port Company Limited	8 Metro Tunneling Delhi-L&T SUCG Joint Venture
9 Metro Tunneling Chennai L&T SUCG Joint Venture	10 L&T-Eastern Joint Venture
11 L&T-Shapoorji Pallonji & Company Limited Joint Venture-TCS	12 L&T-Shanghai Urban Construction (Group) Joint Venture CC27 Delhi *
13 International Metro Civil Contractors	
* The joint venture has been entered into on November 05, 2012. Funds yet to be infused in the joint venture.	

Key management personnel & their relatives:	
1 Mr. A. M. Naik (Group Executive Chairman)	2 Mr. K. Venkataramanan (CEO & Managing Director) Mrs. Jyothi Venkataramanan (wife)
3 Mr. V. K. Magapu (Whole-time Director)*	4 Mr. M. V. Kotwal (Whole-time Director)
5 Mr. S. N. Subrahmanyam (Whole-time Director)	6 Mr. R. Shankar Raman (CFO & Whole-time Director)
7 Mr. S. N. Roy (Whole-time Director)	8 Mr. Ravi Uppal (Whole-time Director)**

* Retired w.e.f. the close of working hours of September 30, 2012

** Ceased to be a director w.e.f. the close of working hours of September 15, 2012

- ii. Disclosure of related party transactions:

Sr. no.	Nature of transaction/relationship/major parties	2012-13		2011-12	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	Purchase of goods & services (including commission paid) Associates & joint ventures, including:				
	Audco India Limited	830.64	587.68	746.39	493.83
	Salzer Electronics Limited		118.75		106.44
	Total	830.64		746.39	

₹ crore

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

Sr. no.	Nature of transaction/relationship/major parties	2012-13		2011-12	
		Amount	Amounts for major parties	Amount	Amounts for major parties
2	Sale of goods/contract revenue & services				
	Associates & joint ventures, including:	47.75		100.91	
	The Dhamra Port Company Limited		43.17		99.97
	Total	47.75		100.91	
3	Purchase/lease of fixed assets				
	Associate:	3.76		1.74	
	L&T-Komatsu Limited		3.76		1.74
	Total	3.76		1.74	
4	Subscription to equity and preference shares				
	Associates including:	0.03		119.02	
	AIC Structural Steel Construction (India) Private Limited		0.03		–
	L&T-Komatsu Limited		–		60.00
	L&T Arun Excello Realty Private Limited		–		29.14
	Total	0.03		119.02	
5	Receiving of services from related parties				
	Associates & joint ventures, including:	6.65		5.94	
	L&T-Chiyoda Limited		6.48		5.94
	Total	6.65		5.94	
6	Rent paid, including lease rentals under leasing/hire purchase arrangements including loss sharing on equipment finance				
	Associates:	2.01		0.86	
	Audco India Limited		0.66		–
	L&T-Komatsu Limited		1.35		0.86
	Key management personnel	0.01		0.02	
	Total	2.02		0.88	
7	Charges for deputation of employees to related parties				
	Associates & joint ventures, including:	58.32		64.32	
	Audco India Limited		16.31		13.86
	L&T-Komatsu Limited		5.93		7.52
	L&T-Chiyoda Limited		35.34		29.61
	Total	58.32		64.32	

₹ crore

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

		₹ crore			
Sr. no.	Nature of transaction/relationship/major parties	2012-13		2011-12	
		Amount	Amounts for major parties	Amount	Amounts for major parties
8	Dividend received				
	Associates & joint ventures, including:	4.61		25.35	
	L&T-Komatsu Limited		–		13.20
	Audco India Limited		–		9.38
	Feedback Infrastructure Services Private Limited		0.66		–
	L&T-Ramboll Consulting Engineers Limited		1.80		–
	Vizag IT Park Limited		1.19		–
	Magtorq Private Limited		0.63		–
	Total	4.61		25.35	
9	Commission received, including those under agency arrangements				
	Associate:	138.68		187.96	
	L&T-Komatsu Limited		138.68		187.96
	Total	138.68		187.96	
10	Rent received, overheads recovered and miscellaneous income				
	Associates & joint ventures, including:	6.02		5.61	
	Audco India Limited		–		0.70
	L&T-Chiyoda Limited		3.56		4.23
	L&T-Komatsu Limited		–		0.47
	Total	6.02		5.61	
11	Interest received				
	Joint venture:	41.62		26.99	
	The Dhamra Port Company Limited		41.62		26.99
	Key management personnel	–		0.01	
	Total	41.62		27.00	
12	Interest paid				
	Associates:	–		4.24	
	Audco India Limited	–			4.24
	Total	–		4.24	
13	Payment of salaries/perquisites (other than commission)				
	Key management personnel:	21.72		20.91	
	A.M. Naik		3.61		2.68
	Y.M. Deosthalee ^^^		–		7.24
	K.Venkataramanan		2.58		1.59
	K.V. Rangaswami		–		3.75
	V. K. Magapu * ^^^^		7.40		1.32
	M. V. Kotwal		1.89		1.42
	Ravi Uppal **^^		2.05		1.33
	S. N. Subrahmanyam		1.52		0.93
	R. Shankar Raman		1.37		0.62
	S. N. Roy		1.30		0.03
	Total	21.72		20.91	

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

		2012-13		2011-12	
Sr. no.	Nature of transaction/relationship/major parties	Amount	Amounts for major parties	Amount	Amounts for major parties
14	Commission to directors [Note Q(12)(iii)] @				
	Key management personnel:	51.82		49.33	\$
	A. M. Naik		17.45		15.06
	Y. M. Deosthalee		–		2.96
	K. Venkataramanan		10.47		6.53
	K. V. Rangaswami		–		1.36
	V. K. Magapu *		2.82		5.44
	M. V. Kotwal		3.64		5.05
	Ravi Uppal **		1.71		5.28
	S. N. Subrahmanyam		7.01		4.66
	R. Shankar Raman		5.53		2.71
	S. N. Roy		3.19		0.28
	Total	51.82		49.33	

* Retired w.e.f. the close of working hours of September 30, 2012

** Ceased to be director w.e.f. the close of working hours of September 15, 2012

^^ Includes leave encashment payment of ₹ 1.25 crore

^^^ Includes leave encashment payment of ₹ 6.67 crore

^^^^ Includes leave encashment payment of ₹ 6.54 crore

\$ Out of total provision of ₹ 53.45 crore made during 2011-12, an amount of ₹ 4.12 crore was reversed during 2012-13.

@ Commission to directors comprises of:

		2012-13		2011-12	
Sr. no.	Particulars	Amount	Amounts for major parties	Amount	Amounts for major parties
1	Commission	40.80		38.84	
2	Contribution to provident fund on commission	4.90		4.66	
3	Contribution to superannuation fund on commission	6.12		5.83	
	Total	51.82		49.33	

"Major parties" denote entities accounting for 10% or more of the aggregate for that category of transaction during respective period.

iii. Amount due to/from related parties:

		As at 31-3-2013		As at 31-3-2012	
Sr. No.	Nature of transaction/relationship/major parties	Amount	Amounts for major parties	Amount	Amounts for major parties
1	Accounts receivable				
	Associates & joint ventures, including:	71.98		79.43	
	The Dhamra Port Company Limited		70.81		73.56
	Total	71.98		79.43	
2	Accounts payable (including acceptance & interest accrued)				
	Associates & joint ventures, including:	45.61		202.22	
	Audco India Limited		–		134.69
	L&T-Chiyoda Limited		16.43		27.70
	Salzer Electronics Limited		18.87		20.80
	Total	45.61		202.22	

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

Sr. No.	Nature of transaction/relationship/major parties	As at 31-3-2013		As at 31-3-2012	
		Amount	Amounts for major parties	Amount	Amounts for major parties
3	Loans & advances recoverable				
	Associates & joint ventures, including:	472.49		387.35	
	The Dhamra Port Company Limited		453.41		367.67
	Key management personnel	0.01		0.29	
	Total	472.50		387.64	
4	Due to whole-time directors [Note Q(12)(iii)]	40.80		38.84 \$	
	Key management personnel:				
	A. M. Naik		13.74		11.86
	Y. M. Deosthalee		–		2.33
	K. Venkataramanan		8.24		5.14
	K.V. Rangaswami		–		1.07
	V. K. Magapu *		2.22		4.28
	M. V. Kotwal		2.87		3.98
	Ravi Uppal **		1.35		4.16
	S. N. Subrahmanyam		5.52		3.67
	R. Shankar Raman		4.35		2.13
	S. N. Roy		2.51		0.22
	Total	40.80		38.84	

* Retired w.e.f. the close of working hours of September 30, 2012

** Ceased to be director w.e.f. the close of working hours of September 15, 2012

\$ Out of total commission due to whole-time directors of ₹ 42.08 crore during 2011-12, an amount of ₹ 3.24 crore was reversed during 2012-13.

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective period.

iv. Notes to related party transactions:

The Company has a sole selling agreement with L&T-Komatsu Limited (LTK), an associate company, valid for the period of 5 years from October 16, 2011 in line with Government of India (GOI) approval letter dated November 17, 2011. The appointment shall be in effect as long as the joint venture agreement between the Parent Company and M/s Komatsu Asia Pacific Pte. Limited, Singapore (which is a subsidiary of Komatsu Limited, Japan) remains in force, subject to approval of GOI, under section 294 AA of the Companies Act, 1956. As per the terms of the agreement, the Company is the exclusive agent of L&T-Komatsu Limited to market LTK machines and provide product support. Pursuant to the aforesaid agreement, LTK is required to pay commission to the Company at specified rates on the sales effected by the Company.

The financial impact of the aforesaid agreement has been included in/disclosed vide Note Q(12)(ii) *supra*.

Q(13) Disclosure in respect of leases pursuant to Accounting Standard (AS) 19 "Leases":

i. Where the Company is a lessor:

(a) Finance leases:

- i) The Company has given certain assets on finance leases. The leases have a primary period that is fixed and non-cancellable and a secondary period. There are no exceptional/restrictive covenants in the lease agreement.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

- ii) The total gross investment in these leases as on March 31, 2013 and the present value of minimum lease payments receivable as on March 31, 2013 is as under:

₹ crore

Particulars	As at	
	31-3-2013	31-3-2012
i. Receivable not later than 1 year	64.56	69.59
ii. Receivable later than 1 year and not later than 5 years	112.66	130.25
iii. Receivable later than 5 years	0.24	1.85
Gross investment in lease (i+ii+iii)	177.46	201.69
Less: Unearned finance income	31.68	39.06
Present value of receivables	145.78	162.63

- iii) In respect of one of the leases referred to in Note Q(13)(l)(a)(i), the lease receivables were recorded at the inception, at the present value of minimum lease payments, and subsequently securitised.

(b) Operating leases:

- i) The Company has given assets under non-cancellable operating lease, the future minimum lease payments receivable in respect of which, as at March 31, 2013 are as follows:

₹ crore

Particulars	As at	
	31-3-2013	31-3-2012
i. Receivable not later than 1 year	73.36	66.77
ii. Receivable later than 1 year and not later than 5 years	109.09	93.61
iii. Receivable later than 5 years	0.12	–
Total	182.57	160.38

- ii) Where the Company is a lessee:

(a) Finance leases:

- i) Assets acquired on finance lease mainly comprise plant and equipment, vehicles and personal computers. The leases have a primary period, which is fixed and non-cancellable. In the case of vehicles, the Company has an option to renew the lease for a secondary period. The agreements provide for revision of lease rentals in the event of changes in (a) taxes, if any, leviable on the lease rentals (b) rates of depreciation under the Income Tax Act, 1961 and (c) change in the lessor's cost of borrowings. There are no exceptional/restrictive covenants in the lease agreements.

- ii) The minimum lease rentals as at March 31, 2013 and the present value as at March 31, 2013 of minimum lease payments in respect of assets acquired under finance leases are as follows:

₹ crore

Particulars	Minimum lease payments		Present value of minimum lease payments	
	As at	As at	As at	As at
	31-3-2013	31-3-2012	31-3-2013	31-3-2012
i. Payable not later than 1 year	0.30	0.37	0.26	0.32
ii. Payable later than 1 year and not later than 5 years	0.29	0.57	0.25	0.49
iii. Payable later than 5 years	–	–	–	–
Total	0.59	0.94	0.51	0.81
Less: Future finance charges	0.08	0.13		
Present value of minimum lease payments	0.51	0.81		

- iii) Contingent rent recognised/(adjusted) in the Statement of Profit and Loss in respect of finance leases: ₹ Nil (previous year: ₹ Nil).

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

(b) Operating leases:

- i) The Company has taken various commercial premises and plant and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.
- ii) [a] The Company has taken certain assets on non-cancellable operating leases, the future minimum lease payments in respect of which, as at March 31, 2013 are as follows:

Particulars	₹ crore	
	As at 31-3-2013	As at 31-3-2012
i. Payable not later than 1 year	28.06	51.57
ii. Payable later than 1 year and not later than 5 years	32.18	95.42
iii. Payable later than 5 years	60.12	150.68
Total	120.36	297.67

- [b] The lease agreements provide for an option to the Company to renew the lease period at the end of the non-cancellable period. There are no exceptional/restrictive covenants in the lease agreements.

- iii) Lease rental expense in respect of operating leases: ₹ 138.40 crore (*previous year: ₹ 165.88 crore*)
- iv) Contingent rent recognised in the Statement of Profit and Loss: ₹ Nil (*previous year: ₹ 0.01 crore*)

Q(14) Basic and Diluted Earnings Per Share [EPS] computed in accordance with Accounting Standard (AS) 20 "Earnings Per Share":

Particulars		Before extraordinary items		After extraordinary items	
		2012-13	2011-12	2012-13	2011-12
Basic					
Profit after tax as per accounts (₹ crore)	A	5134.06	4693.69	5205.67	4693.69
Weighted average number of shares outstanding	B	61,39,26,551	61,11,08,916	61,39,26,551	61,11,08,916
Basic EPS (₹)	A/B	83.63	76.81	84.79	76.81
Diluted					
Profit after tax as per accounts (₹ crore)	A	5134.06	4693.69	5205.67	4693.69
Add: Interest/exchange difference (gain)/loss on bonds convertible into equity shares (net of tax) (₹ crore)	B	-	-	-	-
Adjusted profit for diluted earnings per share (₹ crore)	C=A+B	5134.06	4693.69	5205.67	4693.69
Weighted average number of shares outstanding	D	61,39,26,551	61,11,08,916	61,39,26,551	61,11,08,916
Add: Weighted average number of potential equity shares on account of employee stock options	E	50,50,853	58,66,093	50,50,853	58,66,093
Weighted average number of shares outstanding for diluted EPS	F=D+E	61,89,77,404	61,69,75,009	61,89,77,404	61,69,75,009
Diluted EPS (₹)	C/F	82.94	76.08	84.10	76.08
Face value per share (₹)		2	2	2	2

Note: Potential equity shares that could arise on conversion of FCCBs are not resulting into dilution of EPS in the current year. Hence, they have not been considered in working of diluted EPS in accordance with Accounting Standard (AS) 20 "Earnings Per Share".

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

Q(15) Major components of deferred tax liabilities and deferred tax assets pursuant to Accounting Standard (AS) 22 "Accounting for Taxes on Income":

Particulars	Deferred tax liabilities/ (assets) as at 31-3-2012	Charge/ (credit) to Statement of Profit and Loss	Effect due to acquisition/ disposal	Netted off against unamortised borrowing cost	Charge/(credit) to reserves		Deferred tax liabilities/ (assets) as at 31-3-2013
					Foreign currency translation reserve	Hedging reserve *	
<i>₹ crore</i>							
Deferred tax liabilities:							
Difference between book and tax depreciation	703.19	329.14	6.35	–	–	–	1038.68
Gain on derivative transactions to be offered for tax purposes in the year of transfer to Statement of Profit and Loss	1.76	0.03	–	–	–	21.82	23.61
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to Statement of Profit and Loss	55.65	26.67	–	–	–	–	82.32
Other items giving rise to timing differences	91.54	74.93	4.60	–	–	–	171.07
Total	852.14	430.77	10.95	–	–	21.82	1315.68
Deferred tax (assets):							
Provision for doubtful debts and advances debited to Statement of Profit and Loss	(321.46)	54.78	(14.00)	–	–	–	(280.68)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to Statement of Profit and Loss	(146.57)	–	–	–	–	(49.89)	(196.46)
Unpaid statutory liabilities/provision for compensated absences debited to Statement of Profit and Loss	(120.49)	(62.98)	(2.88)	–	–	–	(186.35)
Unabsorbed depreciation/brought forward business losses	(108.76)	(209.08)	(3.59)	–	–	–	(321.43)
Difference between book and tax depreciation	(2.03)	(15.06)	(0.54)	–	–	–	(17.63)
Other items giving rise to timing differences	(70.99)	(54.68)	(3.52)	–	(0.27)	–	(129.46)
Total	(770.30)	(287.02)	(24.53)	–	(0.27)	(49.89)	(1132.01)
Net deferred tax liability/(assets)	81.84	143.75	(13.58)	–	(0.27)	(28.07)	183.67
<i>Previous year</i>	<i>310.93</i>	<i>(31.78)</i>	<i>–</i>	<i>(26.53)</i>	<i>(0.62)</i>	<i>(170.16)</i>	<i>81.84</i>

* The amount of ₹ 611.70 crore (*previous year: ₹ 581.79 crore*) representing net(gains)/losses on effective hedges recognised in hedge reserve, applying the principles of hedge accounting set out in Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". The amount is after considering the net deferred tax asset of ₹ 28.07 crore (*previous year: ₹ 170.16 crore*).

Q(16) The effect of acquisitions (including newly incorporated subsidiaries) and disposals during the year on the Consolidated Financial Statements is as under:

a) Acquisitions(including newly incorporated):

<i>₹ crore</i>			
Sr. No.	Name of company	Effect on Group profit/(loss) after minority interest for the period ended March 31, 2013	Net assets as at March 31, 2013
1	L&T East-West Tollway Limited	(0.43)	14.71
2	L&T Great Eastern Highway Limited	(0.28)	11.99
3	Bond Instrumentation And Process Control Limited	(1.47)	–
4	Servowatch Inc	(1.69)	(0.33)
5	Servowatch Systems Limited	(7.40)	(4.84)

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

₹ crore

Sr. No.	Name of company	Effect on Group profit/(loss) after minority interest for the period ended March 31, 2013	Net assets as at March 31, 2013
6	Thalest Limited	2.09	17.01
7	L&T Geostructure LLP	1.00	1.35
8	Larsen Toubro Arabia LLC	(0.24)	14.16
9	Henikwon Corporation SDN.BHD	(3.38)	14.83
10	Larsen & Toubro Infotech South Africa (Pty) Limited	0.16	0.49
11	Consumer Financial Services Limited	–	0.37
12	Family Credit Limited	21.11	198.67
13	L&T Housing Finance Limited	0.17	122.50
14	L&T Fund Management Private Limited	0.29	634.72
15	L&T Trustee Services Private Limited	0.14	0.42
16	L&T Capital Markets Limited	(1.31)	0.96
17	L&T Infra Debt Fund Limited	–	–
18	L&T Technology Services Limited	–	0.05
19	L&T Tejomaya Limited	(0.01)	0.04
20	Audco India Limited	–	311.13
21	CSJ Hotels Private Limited	–	0.01
	Total	8.75	1338.24

b) Disposals:

₹ crore

Sr. No.	Name of company	Effect on Group profit/(loss) after minority interest for the period ended March 31		Net assets as at the date of disposal (during 2012-13)	Net assets as at March 31, 2012
		2012-13	2011-12		
1	L&T Commercial Projects Private Limited	(2.06)	(8.92)	19.71	21.62
2	Jiangsu Shengye Valve Company Ltd.	(1.78)	(0.36)	33.73	35.51
3	Larsen & Toubro (Wuxi) Electric Company Limited	(0.62)	(2.02)	34.90	35.52
4	L&T Plastics Machinery Limited	1.48	4.66	29.20	27.73
	Total	(2.98)	(6.64)	117.54	120.38

Q(17) The Company's share in respect of the assets, liabilities, reserves, income and expenses, related to its interests in the jointly controlled entities, incorporated in the Consolidated Financial Statements are:

₹ crore

Particulars			31-3-2013	31-3-2012
I	Assets	Non-current assets		
		1 Fixed assets		
		(a) Tangible assets	1740.94	1618.20
		(b) Intangible assets	2.46	3.14
		(c) Capital work-in-progress	48.50	110.30
	2 Long term loans and advances	41.52	49.60	
	3 Other non-current assets	0.38	–	

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

Particulars			₹ crore	
			31-3-2013	31-3-2012
		Current assets		
	1	Inventories	17.35	8.86
	2	Trade receivables	187.30	87.39
	3	Cash and bank balances	153.52	84.73
	4	Short term loans and advances	246.66	250.92
	5	Other current assets	82.43	48.30
II	Liabilities	Non-current liabilities		
	1	Long term borrowings	1674.45	1589.82
	2	Other long term liabilities	11.79	2.15
		Current liabilities		
	1	Short term borrowings	32.63	15.71
	2	Trade payables	333.38	228.32
	3	Other current liabilities	436.19	215.31
	4	Short term provisions	34.34	31.30
III	Reserves		(143.78)	102.54
IV	Income	1 Revenue from operations	676.65	299.94
		2 Other income	9.68	2.14
V	Expenses	1 Operating expenses	490.86	248.20
		2 Staff expenses	23.87	16.82
		3 Sales, administration and other expenses	40.57	26.50
		4 Interest expense	201.82	169.23
		5 Depreciation and amortisation	106.90	88.68
		6 Provision for tax	4.77	0.86
VI	Contingent liability	1 Contingent liabilities, if any, incurred in relation to interests in joint ventures	–	–
		2 Share in contingent liabilities of joint ventures themselves for which the Company is contingently liable	67.48	61.43
		3 Contingent liabilities in respect of liabilities of other ventures of joint ventures	–	–
VII	Capital Commitments	1 Capital commitments, if any, in relation to interests in joint ventures	8.55	24.18
		2 Share in capital commitments of joint ventures themselves for which the Company is contingently liable	37.18	28.56

Q(18) Disclosures pursuant to Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions:

Sr. no.	Particulars	Class of provisions						Total
		Product warranties/liquidity damages	Expected tax liability in respect of indirect taxes	Litigation related obligations	Periodic major maintenance	Contractual rectification cost-construction contracts	Others	
1	Balance as at 01-04-2012	14.72	60.99	14.82	33.96	428.02	53.56	606.07
2	Additional provision during the year	11.98	21.52	8.21	19.85	141.54	1.59	204.69
3	Provision used/reversed during the year	(9.69)	(2.65)	(13.82)	–	(255.95)	(52.89) #	(335.00) ##
4	Adjustments pursuant to acquisition of subsidiaries (net of transfer of business)	38.70	–	–	–	–	–	38.70
5	Translation adjustments	–	–	0.38	–	–	–	0.38
6	Balance as on 31-03-2013 (6=1+2-3+4+5)	55.71	79.86	9.59	53.81	313.61	2.26	514.84

Being reversal of an extraordinary item included in opening provision [Note Q6(a) supra]

Includes provision used during the year ₹ 1.80 crore (previous year: ₹ 14.71 crore)

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

- b) Nature of provisions:
- Product warranties/liquidity damages: The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31, 2013 represents the amount of the expected cost of meeting such obligations of rectification/replacement. The timing of the outflows is expected to be within a period of two years from the date of Balance Sheet. Liquidity damages represent the estimated cost the Company is likely to incur due to delay in delivery as per its contract obligations and accrued on the basis of advice from distributors/customers.
 - Expected tax liability in respect of indirect taxes represents mainly the differential sales tax liability on account of non-collection of declaration forms for the period prior to 5 years.
 - Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.
 - Periodic major maintenance represents provision made for resurfacing obligations in accordance with the terms of concession agreement with National Highway Authority of India (NHAI).
 - Contractual rectification cost represents the estimated cost the Company is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under Accounting Standard (AS) 7 (Revised) "Construction Contracts".
 - Others mainly represent residual provision in respect of Company's investment in shares of Satyam Computer Services Limited.
- c) Disclosures in respect of contingent liabilities are given as part of Note [I] to the Balance Sheet.

Q(19) In line with the Company's risk management policy, the various financial risks mainly relating to changes in the exchange rates, interest rates and commodity prices are hedged by using a combination of forward contracts, swaps and other derivative contracts, besides the natural hedges.

- a) The particulars of derivative contracts entered into for hedging purposes outstanding as at March 31, 2013 are as under:

₹ crore

Category of derivative instruments	Amount of exposures hedged	
	As at 31-3-2013	As at 31-3-2012
i) For hedging foreign currency risks:		
a) Forward contracts for receivables including firm commitments and highly probable forecasted transactions	12109.45	14059.90
b) Forward contracts for payables including firm commitments and highly probable forecasted transactions	11855.20	9779.10
c) Currency swaps	4949.06	5483.88
d) Option contracts	217.42	433.24
e) Currency futures	–	330.69
ii) For hedging interest rate risks:		
Interest rate swaps	251.45	235.65
iii) For hedging commodity price risks:		
Commodity futures	242.59	328.37

- b) Unhedged foreign currency exposures as at March 31, 2013 are as under:

₹ crore

Unhedged foreign currency exposures	As at 31-3-2013	As at 31-3-2012
i) Receivables, including firm commitments and highly probable forecasted transactions	36051.91	32180.55
ii) Payables, including firm commitments and highly probable forecasted transactions	32288.98	30534.20

Notes forming part of the Consolidated Accounts (contd.)

NOTE [Q] (contd.)

- Q(20) a. The Group has undertaken various projects on Build-Operate-Transfer (BOT) basis as per the concession agreements with the government authorities. Under the agreements the concession period for toll collection or annuity payments ranges from 15 to 35 years. At the end of the said concession period, the entire facilities are transferred to the concerned government authorities.
- b. The aggregate amount of revenues and profits before tax (net) recognised during the year in respect of construction services related to Build-Operate-Transfer (BOT) projects is ₹ 2359.53 crore (*previous year: ₹ 1993.32 crore*) and ₹ 317.26 crore (*previous year: ₹ 287.95 crore*) respectively [Note R(3)(A)(a)(ix)].
- c. Loans and advances include ₹ 420.50 crore (*previous year: ₹ 454.83 crore*) being cumulative construction costs incurred including related margins in respect of annuity based Build-Operate-Transfer (BOT) projects.

Q(21) In terms of provisions of sub-section 1A of section 115O of the Income Tax Act, 1961, dividend distribution tax payable by the Company, is net of dividend distribution tax paid by its subsidiary companies which are not subsidiaries of any other company amounting to ₹ 102.72 crore, relating to dividend of ₹ 633.23 crore declared by them.

Q(22) Deferred payment liability of ₹ 3953.98 crore (*previous year: ₹ 4417.67 crore*) represents:

- a. Negative grant/additional concession fee of ₹ 3154.73 crore (*previous year: ₹ 3237.15 crore*) payable to National Highway Authority of India (NHAI), as per the concession agreement entered into with NHAI.
- b. Commitment payable to National Housing Development Authority (NHDA) amounting to ₹ 6.99 crore (*previous year: ₹ 6.60 crore*) as per the joint venture agreement entered into with NHDA.
- c. Deferred conversion fee liability of ₹ 69.26 crore (*previous year: ₹ 88.92 crore*) towards conversion of land from Industrial to commercial use as per the approval from Chandigarh Housing Board (CHB).
- d. Lease premium amounting to ₹ 723.00 crore (*previous year: ₹ 1085.00 crore*) payable to City and Industrial Development Corporation of Maharashtra (CIDCO) pursuant to conferment of development-cum-leasehold rights to execute the lease deed for land.

In respect of the total amount of ₹ 3953.98 crore, an amount of ₹ 472.53 crore (*previous year: ₹ 464.09 crore*) is payable within a period of one year.

Q(23) One of the subsidiaries, which has been awarded a Build-Operate-Transfer (BOT) project for construction of a bypass toll road and a bridge over the River Noyyal in Coimbatore District of Tamil Nadu State, under the Concession Agreement dated October 3, 1997, had received a termination notice from the Ministry of Surface Transport, Government of India. The ground of termination was Government of India's subsequent intention to go for four-laning of the existing two lane road. The subsidiary has obtained injunction from Delhi High Court against the said notice of the Government and is accordingly continuing to collect the toll. The tolling rights of the subsidiary are protected under the aforesaid concession agreement.

The subsidiary had filed an application opting for arbitration for resolution of disputes and an Arbitral Tribunal has been constituted as provided in the concession agreement. The Company has submitted the Statement of Claims before the Arbitral Tribunal and hearings are in progress. Pending outcome of the Arbitration, the subsidiary has filed an application under Section 9 of the Arbitration and Conciliation Act, 1996 before the Delhi High Court to continue the operations. Pleadings have been completed during the current year on the said application and the matter is now posted for arguments before the Hon'ble High Court.

- Q(24) (a) The Company has adopted a new accounting policy [Note R(20)(g)] for separate accounting of embedded derivatives with effect from April 1, 2012, for more appropriate presentation of the financial statements. The profit before tax is higher by ₹ 189.44 crore pursuant to adoption of the new accounting policy for separate accounting of embedded derivatives.
- (b) The Company has changed the accounting policy for recognition of revenue from real estate development transactions pursuant to the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India [Note R(3)(A)(a)(iii)]. The profit before tax of the company is higher by ₹ 2.39 crore pursuant to change in the accounting policy of revenue recognition for real estate development transactions.

Q(25) There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2013.

Q(26) Figures for the previous year have been regrouped/reclassified wherever necessary.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention [except for the revaluation of certain fixed assets], 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 viz. SEBI guidelines 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 and intangible fixed 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 recognised in the period in which the results are known.

The accounts of Indian subsidiaries, joint ventures and associates have been prepared in compliance with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government, and those of the foreign subsidiaries, joint ventures and associates have been prepared in compliance with the local laws and applicable Accounting Standards. Necessary adjustments for differences in the accounting policies, wherever applicable, have been made in the Consolidated Financial Statements.

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 and the Listing Agreement.

Amounts in the financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off to two decimal places in line with the requirements of Schedule VI. Per share data are presented in Indian Rupees to two decimal places.

3. Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

A. Revenue from operations

a. Sales & service

- i. Sales and service include excise duty and adjustments made towards liquidated damages and price variation, wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.
- ii. Revenue from sale of manufactured and traded goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.
- iii. 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 [Note Q(24)(b)] 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 all the following conditions:

- 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 i.e. contract costs for work performed bears a reasonable proportion to the estimated total contract costs. For this purpose, a reasonable level of development is treated as achieved only if the cost incurred (excluding cost of land/developmental rights and borrowing cost) is at least 25% of the total of such cost;

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

- c. At least 25% of the saleable project area is secured by contracts or agreements with buyers;
- d. At least 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 recognised 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 recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

- iv. Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:
 - a. Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer.
 - b. Fixed price contracts: Contract revenue is recognised only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date to the total estimated contract costs.

Government grants in the nature of subsidy related to customer contracts are recognised as revenue from operations in the Statement of Profit and Loss, on a prudent basis, in proportion to work completed when there is reasonable assurance that the conditions for the grant of subsidy will be fulfilled.

Expected loss, if any, on the construction/project related activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue are taken into consideration.

- v. Revenue from contracts for rendering of services which are directly related to the construction of an asset is recognised on similar basis as stated in (iv) *supra*.
- vi. Revenue from construction/project related activity and contracts executed in joint ventures under work-sharing arrangement [being jointly controlled operations, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"], is recognised on the same basis as similar contracts independently executed by the Company.
- vii. Revenue from software development is recognised based on software developed or time spent in person hours or person weeks, and billed to customers as per the terms of specific contracts. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.
- viii. Income from hire purchase and lease transactions is accounted on accrual basis, pro-rata for the period, at the rates implicit in the transaction. Income from bill discounting, advisory and syndication services and other financing activities is accounted on accrual basis. Income from interest-bearing assets is recognised on accrual basis over the life of the asset based on the constant effective yield. Loan origination income i.e. processing fees and other charges collected upfront, are recognised at the inception of the loan. Income including interest or any other charges on non-performing asset is recognised only when realised. Any such income recognised before the asset became non-performing and remaining unrealised is reversed.
- ix. Revenue relating to construction services rendered in connection with Build-Operate-Transfer (BOT) projects undertaken by the Group is recognised during the period of construction using percentage of completion method. After the completion of construction period, revenue relating to toll collections of such projects from users of facilities are accounted when the amount is due and recovery is certain. Licence fees for way-side amenities are accounted

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

on accrual basis. Revenue from annuity based projects is recognised in the Statement of Profit and Loss over the concession period of the respective projects based on the implicit rate of return embedded in the projected cash flows. Such income is duly adjusted for any variation in the amount and timing of the cash flows in the period in which such variation occurs.

- x. Revenue from service related activities is recognised using either the proportionate completion method or completed service contract method, whichever is considered appropriate.
- xi. Commission income is recognised as and when the terms of the contract are fulfilled.
- xii. Revenue from engineering and service fees is recognised as per the terms of the contract.
- xiii. Income from investment management fees is recognised in accordance with the Investment Management Agreement and SEBI regulations based on average Assets Under Management (AUM) of mutual fund schemes over the period of the agreement in terms of which services are performed. Portfolio management fees are recognised in accordance with Portfolio Management Agreement entered with respective clients over the period of the agreement in terms of which the services are rendered. Trusteeship fees are accounted on an accrual basis in accordance with the Trust Deed and are dependent on the net asset value as recorded by the respective mutual fund schemes.
- xiv. Revenue from port operation services including rail infrastructure is recognised on completion of respective services.
- xv. Revenue from charter hire is recognised based on the terms of the time charter agreement.
- xvi. Insurance premium (net of service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk) and premium deficiency, if any. Premium deficiency, if any, is recognised if the sum of expected claim costs and related claim management costs exceed related reserve for unexpired risk for every line of business. Reserve for unexpired risk is recognised net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Company under contractual obligations on a contract period basis or risk period basis, whichever is appropriate. It is calculated on a daily pro-rata basis, written on policies during the twelve months preceding the Balance Sheet date for fire, marine cargo and miscellaneous business (excluding project related engineering insurance contracts) and 100% for marine hull business, on all unexpired policies at Balance Sheet date, in accordance with Section 64 V(1)(ii)(b) of the Insurance Act, 1938. The reserve for unexpired risk is computed for project related engineering insurance contract through the usage of Cubic Curve Method. A reserve for unexpired risks is recorded at 50% of the net premium retro-ceded to the Company from India Motor Third Party Insurance Pool (IMTPIP) during the year.

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Premium on excess of loss reinsurance cover is accounted as per the terms of the reinsurance arrangements.

Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium.

Profit commission under re-insurance treaties, wherever applicable, is recognised in the year of final determination of the profits.

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/co-insurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts. Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realisation. Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information. IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company. IBNR/IBNER has been created on reinsurance accepted from Indian Motor Third Party Insurance Pool (IMTPIP) based on actuarial estimates received from the IMTPIP.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

- b. Other operational revenue
Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

B. Other income

- a. Interest income is accrued at applicable interest rate.
- b. Dividend income is accounted in the period in which the right to receive the same is established.
- c. Other Government grants, which are revenue in nature and are towards compensation for the related costs, are recognised as income in the Statement of Profit and Loss in the period in which the matching costs are incurred.
- d. Other items of income are accounted as and when the right to receive arises.

4. Principles of consolidation

- a. The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Parent Company's independent financial statements.
- b. Investments in associate companies have been accounted for, by using equity method whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post-acquisition change in the Company's share of net assets of the associate. The carrying amount of investment in associate companies is reduced to recognise any decline which is other than temporary in nature and such determination of decline in value, if any, is made for each investment individually. The unrealised profits/losses on transactions with associate companies are eliminated by reducing the carrying amount of investment.
- c. Goodwill on consolidation represents the difference between the Group's share in the net worth of a subsidiary, an associate or a joint venture, and the cost of acquisition at each point of time of making the investment in the subsidiary, the associate or the joint venture as per Accounting Standard (AS) 21 "Consolidated Financial Statements". For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents negative goodwill arising on consolidation. Goodwill arising on consolidation as per Accounting Standard (AS) 21 "Consolidated Financial Statements" is not amortised, however, it is tested for impairment. In the event of cessation of operations of a subsidiary, associate or joint venture, the unimpaired goodwill is written off fully.
- d. The gains/losses in respect of part dilution of stake in subsidiary companies pursuant to issue of additional shares to minority shareholders are recognised directly in capital reserve under reserves and surplus in the Balance Sheet. The gains/losses in respect of part divestment of stake in subsidiary companies pursuant to sale of shares by the holding company are recognised in the Statement of Profit and Loss.
- e. The Company's interests in joint ventures are consolidated as follows:

Type of joint venture	Accounting treatment
Jointly controlled operations	Company's share of revenues, common expenses, assets and liabilities are included in revenues, expenses, assets and liabilities respectively.
Jointly controlled assets	Share of the assets, according to nature of the assets, and share of the liabilities are shown as part of gross block and liabilities respectively. Share of expenses incurred on maintenance of the assets is accounted as expense. Monetary benefits, if any, from use of the assets are reflected as income.
Jointly controlled entities	The Company's interest in jointly controlled entities are proportionately consolidated on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after eliminating the unrealised profits/losses on intra-group transactions.

Joint venture interests accounted as above are included in the segments to which they relate.

5. Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

6. Research and development

- a. Revenue expenditure on research is expensed under respective heads of account in the period in which it is incurred.
- b. Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:
 - i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
 - ii. The Company has intention to complete the intangible asset and use or sell it
 - iii. The Company has ability to use or sell the intangible asset
 - iv. The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets
 - v. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
 - vi. The Company has ability to measure the expenditure attributable to the intangible asset during its development reliablyThe development expenditure capitalised as intangible asset is amortised over its useful life.
Other development costs that do not meet above criteria are expensed in the period in which they are incurred.

7. Employee benefits

- a. Short term employee benefits:
All employee benefits falling due wholly within twelve months of rendering the service 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.
- b. Post-employment benefits:
 - i. Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.
 - ii. Defined benefit plans: The employees gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme 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 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 discount rate, is classified under finance cost and balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.
In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.
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, long service award etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) *supra*.
- d. Termination benefits:
Termination benefits such as compensation under voluntary retirement cum pension scheme are recognised as expense in the period in which they are incurred.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

8. Tangible fixed assets

Tangible fixed assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment and those which were revalued as on October 1, 1984 are stated at the values determined by the valuers less accumulated depreciation and cumulative impairment. Assets acquired on hire purchase basis are stated at their cash values. Specific know-how fees paid, if any, relating to plant and equipment is treated as part of cost thereof.

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 fixed assets.

Own manufactured assets are capitalised at cost including an appropriate share of overheads.

Tangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

(Also refer to policy on leases, borrowing costs, impairment of assets and foreign currency transactions *infra*.)

9. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

a. Lease transactions entered into prior to April 1, 2001:

Assets leased out are stated at original cost. Lease equalisation adjustment is the difference between capital recovery included in the lease rentals and depreciation provided in the books of account.

Lease rentals in respect of assets acquired under leases are charged to the Statement of Profit and Loss.

b. Lease transactions entered into on or after April 1, 2001:

Finance leases:

- i. Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.
- ii. Assets given under leases where the Company has transferred substantially all the risks and rewards of ownership to lessee, are classified as finance leases. Where under a contract, the Company has agreed to manufacture/construct an asset and convey, in substance, a right to the beneficiary to use the asset over a major part of its economic life, for a pre-determined consideration, such arrangement is also accounted as finance lease.
- iii. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Wherever the asset is manufactured/constructed by the Company, the fair value of the asset, representing the net investment in the lease, is recognised as sales revenue in accordance with the Company's revenue recognition policy. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.
- iv. Initial direct costs relating to assets given on finance leases are charged to the Statement of Profit and Loss.

Operating leases:

- i. Assets acquired on leases where a significant portion of the 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.
- ii. Assets leased out under operating leases are capitalised. Rental income is recognised on accrual basis over the lease term.

(Also refer to policy on depreciation *infra*.)

10. Depreciation

A. Indian companies

a. Owned assets

i. Revalued assets:

Depreciation is provided on straight line method on the values and at the rates given by the valuers. The difference between depreciation provided on revalued amount and on historical cost is transferred from revaluation reserve to the Statement of Profit and Loss.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

- ii. Assets carried at historical cost:

Depreciation on assets carried at historical cost is provided on the written down value basis on assets acquired up to March 31, 1968 (at the rates prescribed under Schedule XIV to the Companies Act, 1956) and on straight line method on assets acquired subsequently (at the rates prevailing at the time of their acquisition) on assets acquired up to September 30, 1987. For the assets acquired thereafter, depreciation is provided at the rates prescribed under Schedule XIV to the Companies Act, 1956 or at higher rates in line with the estimated useful lives of the assets.
 - iii. Depreciation for additions to/deductions from owned assets is calculated pro-rata from/to the month of additions/deductions. Extra shift depreciation is provided on a location basis.
 - iv. 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.
- b. Leased assets
- i. Lease transactions entered into prior to April 1, 2001:

Lease charge comprising statutory depreciation and lease equalisation charge is provided for assets given on lease over the primary period of the lease equal to recovery of net investment in the lease. Accordingly, while the statutory depreciation on such assets is provided for on straight line method as per Schedule XIV to the Companies Act, 1956, the difference is adjusted through lease equalisation and lease adjustment account.
 - ii. Lease transactions entered into on or after April 1, 2001:

Assets acquired under finance leases are depreciated on a straight line method over the lease term. Where there is reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated at the rates prescribed under Schedule XIV to the Companies Act, 1956 or at the higher rates adopted by the Company for similar assets.
 - iii. Leasehold land:

Land acquired under long term lease is classified under "tangible assets" and is depreciated over the period of lease.
- B. Foreign companies
- Depreciation has been provided on methods and at the rates required/permissible by the local laws so as to write off the assets over their useful life.

11. Intangible assets and amortisation

Intangible assets are stated at original cost net of tax/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 are amortised as follows:

- a. Specialised software: over a period of three to ten years
- b. Technical know-how: over a period of three to seven years
- c. Trade-marks: over a period of five years
- d. Development costs for new products: over a period five years
- e. Customer contracts and relationships: over a period of ten years
- f. Toll collection rights obtained in consideration for rendering construction services represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (BOT) projects undertaken by the Group. Toll collection rights are capitalised as intangible asset upon completion of the project at the cumulative construction costs including related margins (refer to policy on revenue recognition *supra*) plus obligation towards negative grants payable to National Highway Authority of India (NHAI), if any. Till the completion of the project, the same is recognised as intangible assets under development. The revenue towards collection of toll/other income during the period of construction is reduced from the cost of intangible asset under development. Toll collection rights are amortised over the period of rights given under the concession agreement.
- g. Exploration and evaluation expenditure incurred for potential mineral reserves is recognised and reported as part of "intangible assets under development" under "intangible assets" when such costs are expected to be either recouped in full through successful exploration and development of the area of interest or alternatively, by its sale; or when exploration and evaluation

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically available reserves and active and significant operations in relation to the area are continuing or are planned for the future. Exploration assets are re-assessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met. All other exploration and evaluation expenditure is recognised as expense in the period in which it is incurred.

- h. Utility right to use costs are amortised over the period of 'agreement to use', but not exceeding 10 years.

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

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

Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

12. Impairment of assets

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

- a. the provision for impairment loss, if any; and
- b. 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.

Recoverable amount is determined:

- a. in the case of an individual asset, at the higher of the net selling price and the value in use;
- b. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the 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 estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.)

13. Investments

Trade investments comprise investments in entities in which the Company has strategic business interest.

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 (other than associates) including trade investments are carried at cost, after providing for any 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.

Investment in associate companies is accounted using "equity method" [Note R(4)(b)]. Purchase and sale of investments are recognised based on the trade date accounting.

14. Inventories

Inventories are valued after providing for obsolescence, as under:

- a. Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value
- b. Manufacturing work-in-progress at lower of cost including related overheads or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs
- c. Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods
- d. Completed property/work-in-progress (including land) in respect of property development activity at lower of cost or net realisable value

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

15. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. 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.

16. Government grant of capital nature

Grants received/receivable from NHAI in the nature of "promoter contribution" are credited to "capital reserve".

17. Securities premium account

- a. Securities premium includes:
 - i. The difference between the market value and the consideration received in respect of shares issued pursuant to Stock Appreciation Rights Scheme
 - ii. The discount allowed, if any, in respect of shares allotted pursuant to Stock Options Scheme
- b. The following expenses are written off against securities premium account:
 - i. Expenses incurred on issue of shares
 - ii. Expenses (net of tax) incurred on issue of debentures/bonds
 - iii. Premium (net of tax) on redemption of debentures/bonds

18. Borrowing costs

Borrowing costs include interest, commitment charges, amortisation of ancillary costs, amortisation of discounts/premium related to borrowings, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/inventorised as part of cost of such asset till such time 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 recognised as an expense in the period in which they are incurred.

19. Employee stock ownership schemes

In respect of stock options granted pursuant to the Company's Stock Options Scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

20. Foreign currency transactions, foreign operations, forward contracts and derivatives

- a. The reporting currency of the Company is Indian Rupee.
- b. 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 at the date of the transaction. 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:
 - i. adjusted in the cost of fixed assets specifically financed by the borrowings contracted upto March 31, 2004 to which the exchange differences relate
 - ii. adjusted in the cost of fixed assets specifically financed by borrowings contracted between the period April 1, 2004 to March 31, 2007 and to which the exchange differences relate, provided the assets are acquired from outside India
 - iii. recognised as income or expense in the period in which they arise, in cases other than (i) and (ii) above
- c. Financial statements of foreign operations comprising jobs contracted prior to April 1, 2004, are translated as follows:
 - i. Closing inventories at rates prevailing at the end of the year
 - ii. Fixed assets as at April 1, 1991 at rates prevailing at the end of the year in which the additions were made. Subsequent additions are at rates prevailing on the dates of the additions. Depreciation is accounted at the same rate at which the assets are translated

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

- iii. Other assets and liabilities at rates prevailing at the end of the year
- iv. Net revenues at the average rate for the year
- d. Financial statements of foreign operations comprising jobs contracted on or after April 1, 2004, are treated as integral operations and translated as in the same manner as foreign currency transactions, as described above. Exchange differences arising on such translation are recognised as income or expense of the period in which they arise.
- e. Financial statements of overseas non-integral operations are translated as under:
 - i. Assets and liabilities at the rate prevailing at the end of the year. Depreciation and amortisation is accounted at the same rate at which assets are converted.
 - ii. Revenues and expenses at yearly average exchange rates prevailing during the year.

Exchange differences arising on translation of non-integral foreign operations are accumulated in the foreign currency translation reserve until the disposal of such operations.

- f. Forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecasted transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates". Exchange differences arising on such contracts are recognised in the period in which they arise.

Gains and losses arising on account of roll over/cancellation of forward contracts are recognised as income/expense of the period in which such roll over/cancellation takes place.

- g. All the other derivative contracts, including forward contracts entered into to hedge foreign currency risks on unexecuted firm commitments and highly probable forecasted transactions, are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the ICAI dated March 29, 2008 on accounting of derivatives. In addition, the derivative arrangements embedded in the contracts entered in the course of business are accounted separately if the economic characteristics and risks of the embedded derivatives are not closely related to economic characteristics and risks of the host contract. [Note Q(24)(a)]

The Company has adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" for accounting of such derivative contracts, not covered under Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates", as mandated by the ICAI in the aforesaid announcement.

Accordingly, the resultant gains or losses on fair valuation/settlement of the derivative contracts (including embedded derivatives) covered under Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" are recognised in the Statement of Profit and Loss or Balance Sheet as the case may be after applying the test of hedge effectiveness. Where the hedge in respect of off-balance sheet items is effective, the gains or losses are recognised in the "hedging reserve" which forms part of "reserves and surplus" in the Balance Sheet. The amount recognised in the "hedging reserve" is transferred to the Statement of Profit and Loss in the period in which the underlying hedged item affects the Statement of Profit and Loss. Gains and losses in respect of ineffective hedges are recognised in the Statement of Profit and Loss in the period in which such gains or losses are incurred.

- h. The premium paid/received on a foreign currency forward contract is accounted as expense/income over the life of the contract.

21. Segment accounting

- a. Segment accounting policies

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

- i. Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment revenue
- ii. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under "unallocable corporate expenditure"
- iii. Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income"
- iv. Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Company

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

- v. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment
- b. Inter-segment transfer pricing
Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

22. Taxes on income

- a. Indian companies:

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 the expected outcome of assessments/appeals.

Deferred tax is recognised on timing differences between the income accounted in financial statements 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 recognised 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.

- b. Foreign companies:

Foreign companies recognise tax liabilities and assets in accordance with the applicable local laws.

23. 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 recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in 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 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

Contingent assets are neither recognised, nor disclosed.

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

24. 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. Funding related commitments to associate and joint venture companies and
- d. 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.

Notes forming part of the Consolidated Accounts (contd.)

NOTE [R] SIGNIFICANT ACCOUNTING POLICIES (contd.)

25. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

26. Deferred payment liabilities

The obligation towards additional concession fee payable to NHAI is recognised as deferred payment liability when the Company, in its capacity of Concessionaire, becomes entitled to exercise the right and collect toll in accordance with the terms of the concession agreement on Commercial Operations Date.

27. 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:

- a. transactions of a non-cash nature
- b. any deferrals or accruals of past or future operating cash receipts or payments and
- c. 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 Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

MILIND P. PHADKE
Partner
Membership No.33013

Mumbai, May 22, 2013

N. HARIHARAN
Company Secretary

A. M. NAIK
Group Executive Chairman

K. VENKATARAMANAN
Chief Executive Officer &
Managing Director

S. RAJGOPAL

N. MOHAN RAJ

M. DAMODARAN

R. SHANKAR RAMAN
Chief Financial Officer &
Whole-time Director

M. M. CHITALE

A. K. JAIN

SUSHOBHAN SARKER

Directors Mumbai, May 22, 2013

Information on Subsidiary Companies (for the financial year ended or as on, as the case may be)

₹ crore

Sr. no.	Particulars	L&T Investment Management Limited	L&T Mutual Fund Trustee Limited	L&T General Insurance Company Limited	L&T Finance Limited	L&T Finance Holdings Limited	L&T FinCorp Limited	L&T Infrastructure Finance Company Limited	L&T Aviation Services Private Limited
	Financial year ending 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
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	235.86	0.05	415.00	238.42	2466.76	199.44	829.23	45.60
2	Reserves	412.34	(0.08)	(266.35)	1870.47	1813.79	230.48	1473.56	(3.87)
3	Liabilities	38.59	0.16	271.65	12808.50	1230.02	1871.84	12945.54	78.89
4	Total liabilities	686.79	0.13	420.30	14917.39	5510.57	2301.76	15248.33	120.62
5	Total assets	686.79	0.13	420.30	14917.39	5510.57	2301.76	15248.33	120.62
6	Investments (details on pages 298 to 308)	25.64	0.02	250.46	76.13	752.92	-	749.49	-
7	Turnover	33.06	0.05	119.62	2060.54	171.98	171.26	1591.50	29.42
8	Profit before taxation	(58.49)	(0.05)	(93.28)	313.41	367.46	26.85	469.94	3.93
9	Provision for taxation	-	0.01	-	102.38	56.14	(4.76)	125.73	0.46
10	Profit after taxation	(58.49)	(0.06)	(93.28)	211.03	311.32	31.61	344.21	3.47
11	Interim dividend - equity	-	-	-	-	-	-	19.90	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	110.39	171.68	-	-	-
14	Proposed dividend - preference	-	-	-	-	1.50	-	-	-

Sr. no.	Particulars	GDA Technologies Limited	GDA Technologies Inc.	Larsen & Toubro Infotech Limited	Larsen & Toubro Infotech GmbH	Larsen & Toubro Infotech Canada Limited	Larsen & Toubro Infotech LLC	L&T Infotech Financial Services Technologies Inc.	L&T Capital Company Limited
	Financial year ending 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
	Currency		USD		Euro	Canadian Dollar	USD	Canadian Dollar	
	Exchange rate on the last day of financial year		54.29		69.50	53.44	54.29	53.44	
1	Share capital (including share application money pending allotment)	0.17	5.15	16.13	0.11	0.00	-	280.00	22.00
2	Reserves	30.87	(31.02)	1218.46	13.86	5.64	7.00	96.04	6.60
3	Liabilities	0.30	47.01	956.86	3.45	8.98	0.38	84.07	1.08
4	Total liabilities	31.34	21.14	2191.45	17.42	14.62	7.38	460.11	29.68
5	Total assets	31.34	21.14	2191.45	17.42	14.62	7.38	460.11	29.68
6	Investments (details on pages 298 to 308)	26.85	0.09	21.73	-	-	-	-	3.20
7	Turnover	0.22	7.84	3613.42	73.06	46.86	27.01	242.13	10.29
8	Profit before taxation	2.12	(3.74)	739.29	2.56	0.82	1.64	20.57	3.42
9	Provision for taxation	0.05	(0.20)	177.72	0.64	0.16	-	8.48	0.79
10	Profit after taxation	2.07	(3.54)	561.57	1.92	0.66	1.64	12.09	2.63
11	Interim dividend - equity	2.69	-	303.15	-	-	-	-	17.60
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Information on Subsidiary Companies (for the financial year ended or as on, as the case may be)

₹ crore

Sr. no.	Particulars	L&T Trustee Company Private Limited	L&T Asset Management Company Limited	L&T Diversified India Equity Fund (formerly known as L&T Real Estate India Fund)	Hyderabad International Trade Expositions Limited	L&T Infocity Limited	L&T Hitech City Limited	L&T South City Projects Limited	L&T Siruseri Property Developers Limited
	Financial year ending on	31-03-2013	31-12-2012	31-12-2012	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013
	Currency		USD	USD					
	Exchange rate on the last day of financial year		55.00	55.00					
1	Share capital (including share application money pending allotment)	0.01	0.15	0.19	17.01	27.00	75.00	56.48	0.05
2	Reserves	-	(0.27)	(0.40)	2.92	81.92	(17.05)	101.31	(0.05)
3	Liabilities	-	0.15	0.26	32.97	173.17	5.54	50.48	0.00
4	Total liabilities	0.01	0.03	0.05	52.90	282.09	63.49	208.27	0.00
5	Total assets	0.01	0.03	0.05	52.90	282.09	63.49	208.27	0.00
6	Investments (details on pages 298 to 308)	-	-	-	-	2.84	-	-	-
7	Turnover	-	-	-	23.13	46.65	0.81	33.16	-
8	Profit before taxation	-	(0.08)	(0.09)	9.41	12.56	(1.34)	3.86	(0.04)
9	Provision for taxation	-	-	-	2.38	2.87	1.04	1.58	-
10	Profit after taxation	-	(0.08)	(0.09)	7.03	9.69	(2.38)	2.28	(0.04)
11	Interim dividend - equity	-	-	-	4.25	151.20	-	16.94	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T Chennai Projects Private Limited (formerly known as L&T Arun Excello IT SEZ Private Limited)	L&T Bangalore Airport Hotel Limited	CSJ Infrastructure Private Limited	L&T Urban Infrastructure Limited	L&T Vision Ventures Limited	L&T Tech Park Limited	L&T Chennai - Tada Tollway Limited	L&T Samakhiali Gandhidham Tollway Limited
	Financial year ending 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
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	18.37	72.00	45.89	574.42	0.05	31.63	42.00	80.54
2	Reserves	(12.68)	(44.98)	133.28	(40.39)	(4.59)	10.15	(0.19)	(0.04)
3	Liabilities	218.94	364.66	1248.80	64.42	10.78	70.88	234.88	2933.53
4	Total liabilities	224.63	391.68	1427.97	598.45	6.24	112.66	276.69	3014.03
5	Total assets	224.63	391.68	1427.97	598.45	6.24	112.66	276.69	3014.03
6	Investments (details on pages 298 to 308)	-	-	-	-	-	-	-	-
7	Turnover	0.66	-	124.76	14.21	-	16.11	-	-
8	Profit before taxation	(39.12)	(44.59)	31.31	(142.22)	(2.27)	2.79	-	-
9	Provision for taxation	2.16	-	19.83	(1.04)	-	1.44	-	-
10	Profit after taxation	(41.28)	(44.59)	11.48	(141.18)	(2.27)	1.35	-	-
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Information on Subsidiary Companies (for the financial year ended or as on, as the case may be)

₹ crore

Sr. no.	Particulars	L&T Transco Private Limited	L&T Infrastructure Development Projects Limited	L&T Panipat Elevated Corridor Limited	Narmada Infrastructure Construction Enterprise Limited	L&T Krishnagiri Thopur Toll Road Limited	L&T Western Andhra Tollways Limited	L&T Vadodara Bharuch Tollway Limited	L&T Interstate Road Corridor Limited
	Financial year ending 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
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	0.01	321.05	84.30	47.35	78.75	56.50	43.50	57.16
2	Reserves	(17.75)	2703.01	(201.59)	142.98	(75.65)	(22.73)	(251.69)	31.15
3	Liabilities	38.53	565.49	696.48	1.07	704.01	277.97	1277.95	441.99
4	Total liabilities	20.79	3589.55	579.19	191.40	707.11	311.74	1069.76	530.30
5	Total assets	20.79	3589.55	579.19	191.40	707.11	311.74	1069.76	530.30
6	Investments (details on pages 298 to 308)	-	362.92	-	4.00	-	-	6.00	3.00
7	Turnover	-	61.81	45.28	35.41	101.55	48.07	226.76	86.42
8	Profit before taxation	(0.21)	24.10	(37.19)	37.97	(3.75)	(11.20)	(40.46)	10.89
9	Provision for taxation	-	4.40	-	7.63	-	-	0.01	2.18
10	Profit after taxation	(0.21)	19.70	(37.19)	30.33	(3.75)	(11.20)	(40.47)	8.71
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T Western India Tollbridge Limited	L&T Transportation Infrastructure Limited	L&T Infrastructure Development Projects Lanka (Private) Limited	International Seaports (India) Private Limited	L&T Krishnagiri Walajahpet Tollway Limited	L&T Devihalli Hassan Tollway Limited	L&T Metro Rail (Hyderabad) Limited	L&T Halol - Shamlaji Tollway Limited
	Financial year ending 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
	Currency			Sri Lankan Rupee					
	Exchange rate on the last day of financial year			0.43					
1	Share capital (including share application money pending allotment)	13.95	41.40	65.43	2.50	90.00	90.00	530.00	130.50
2	Reserves	14.92	59.15	(3.04)	(3.93)	2.92	161.84	0.26	(125.80)
3	Liabilities	0.01	134.78	26.17	1.45	520.53	201.59	1356.09	1289.70
4	Total liabilities	28.88	235.33	88.56	0.02	613.45	453.43	1886.35	1294.40
5	Total assets	28.88	235.33	88.56	0.02	613.45	453.43	1886.35	1294.40
6	Investments (details on pages 298 to 308)	-	25.00	-	-	-	10.00	7.01	-
7	Turnover	-	24.79	-	-	-	-	-	83.75
8	Profit before taxation	(0.02)	16.39	-	(0.01)	1.12	2.32	1.32	(125.13)
9	Provision for taxation	-	3.32	-	-	0.36	0.76	0.03	-
10	Profit after taxation	(0.02)	13.07	-	(0.01)	0.76	1.56	1.29	(125.13)
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Information on Subsidiary Companies (for the financial year ended or as on, as the case may be)

₹ crore

Sr. no.	Particulars	L&T Ahmedabad - Maliya Tollway Limited	L&T Port Kachchigarh Limited	L&T Uttaranchal Hydropower Limited	Nabha Power Limited	L&T Power Development Limited	L&T Arunachal Hydropower Limited	L&T Himachal Hydropower Limited	Larsen & Toubro (Oman) LLC
	Financial year ending on	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-12-2012
	Currency								Omani Rial
	Exchange rate on the last day of financial year								142.85
1	Share capital (including share application money pending allotment)	149.00	4.16	131.05	1373.00	1799.00	32.14	150.00	17.96
2	Reserves	(85.08)	(4.50)	3.24	(92.27)	1.73	0.16	(0.10)	512.93
3	Liabilities	1413.07	0.35	364.92	5559.61	3.38	2.73	15.90	1356.97
4	Total liabilities	1476.99	0.01	499.21	6840.34	1804.11	35.03	165.80	1887.86
5	Total assets	1476.99	0.01	499.21	6840.34	1804.11	35.03	165.80	1887.86
6	Investments (details on pages 298 to 308)	-	-	12.29	40.24	21.05	0.23	0.33	-
7	Turnover	77.78	-	-	3261.69	21.72	-	-	1995.24
8	Profit before taxation	(84.28)	(0.31)	1.44	(97.08)	2.37	0.06	0.06	17.23
9	Provision for taxation	-	-	0.01	-	0.92	0.00	0.00	2.39
10	Profit after taxation	(84.28)	(0.31)	1.43	(97.08)	1.45	0.06	0.06	14.84
11	Interim dividend - equity	-	-	-	-	-	-	-	6.34
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Sr. no.	Particulars	Larsen & Toubro (East Asia) SDN. BHD	Larsen & Toubro International FZE	Larsen & Toubro Qatar LLC	L&T Overseas Projects Nigeria Limited	Larsen & Toubro Electromech LLC	L&T Electrical And Automation Saudi Arabia Company Limited LLC (formerly known as L&T Electricals Saudi Arabia Company Limited, LLC)	L&T Electrical & Automation FZE	Larsen & Toubro Kuwait Construction General Contracting Company, WLL
	Financial year ending on	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012
	Currency	Malaysian Ringgit	USD	Qatari Rial	Nigerian Naira	Omani Rial	Saudi Riyal	UAE Dirham	Kuwaiti Dinar
	Exchange rate on the last day of financial year	17.99	55.00	15.10	0.35	142.85	14.67	14.98	198.36
1	Share capital (including share application money pending allotment)	0.86	1147.40	0.24	0.33	3.56	22.29	1.09	32.02
2	Reserves	0.44	(36.06)	(35.70)	(0.27)	160.47	(2.12)	101.58	6.74
3	Liabilities	2.12	33.67	40.16	0.04	206.64	63.83	117.27	53.42
4	Total liabilities	3.42	1145.01	4.70	0.10	370.67	84.00	219.94	92.18
5	Total assets	3.42	1145.01	4.70	0.10	370.67	84.00	219.94	92.18
6	Investments (details on pages 298 to 308)	-	15.94	0.13	-	-	-	-	-
7	Turnover	1.85	5.80	-	-	594.67	74.00	252.43	87.11
8	Profit before taxation	0.05	24.10	-	(0.03)	34.78	(6.99)	34.13	6.62
9	Provision for taxation	0.01	0.62	-	-	4.19	-	-	-
10	Profit after taxation	0.04	23.48	-	(0.03)	30.59	(6.99)	34.13	6.62
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Information on Subsidiary Companies (for the financial year ended or as on, as the case may be)

₹ crore

Sr. no.	Particulars	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited	Qingdao Larsen & Toubro Trading Company Limited	Larsen & Toubro Readymix Concrete Industries LLC	L&T Modular Fabrication Yard LLC	Larsen & Toubro Saudi Arabia LLC	Larsen & Toubro ATCO Saudia LLC	Larsen & Toubro Heavy Engineering LLC	Tamco Switchgear (Malaysia) SDN.BHD
	Financial year ending on	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012
	Currency	Chinese Yuan Renminbi	Chinese Yuan Renminbi	UAE Dirham	Omani Rial	Saudi Riyal	Saudi Riyal	Omani Rial	Malaysian Ringgit
	Exchange rate on the last day of financial year	8.73	8.73	14.98	142.85	14.67	14.67	142.85	17.99
1	Share capital (including share application money pending allotment)	41.10	0.54	1.27	32.75	4.64	1.08	68.49	119.18
2	Reserves	(9.15)	0.96	5.04	70.69	(64.66)	(3.15)	(110.95)	279.72
3	Liabilities	92.49	0.03	102.43	210.52	550.12	150.38	323.56	248.15
4	Total liabilities	124.44	1.53	108.74	313.96	490.10	148.31	281.10	647.05
5	Total assets	124.44	1.53	108.74	313.96	490.10	148.31	281.10	647.05
6	Investments (details on pages 298 to 308)	-	-	-	-	-	-	-	-
7	Turnover	40.24	1.28	64.31	476.42	647.90	115.88	150.99	575.36
8	Profit before taxation	(24.57)	0.56	(5.17)	17.61	(16.35)	3.39	(26.70)	74.08
9	Provision for taxation	-	0.02	-	0.49	2.86	0.42	-	5.89
10	Profit after taxation	(24.57)	0.54	(5.17)	17.12	(19.21)	2.97	(26.70)	68.19
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	22.50
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Sr. no.	Particulars	Tamco Electrical Industries Australia Pty Ltd.	PT Tamco Indonesia	Peacock Investments Limited	Lotus infrastructure Investments Limited	Mango Investments Limited	Larsen & Toubro Consultoria E Projeto LTDA	Larsen & Toubro T&D SA (PTY) LTD	L&T Realty Limited
	Financial year ending on	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-03-2013	31-03-2013
	Currency	Australian Dollar	Indonesian Rupiah	USD	USD	USD	Brazilian Real	South African Rand	
	Exchange rate on the last day of financial year	57.07	0.01	55.00	55.00	55.00	26.86	5.87	
1	Share capital (including share application money pending allotment)	45.20	14.71	0.16	0.16	0.16	2.69	0.00	200.00
2	Reserves	(13.54)	(7.79)	(0.24)	(0.24)	(0.24)	(1.90)	2.75	(1.96)
3	Liabilities	54.18	78.78	0.10	0.10	0.10	0.12	0.32	1311.41
4	Total liabilities	85.84	85.70	0.02	0.02	0.02	0.91	3.07	1509.45
5	Total assets	85.84	85.70	0.02	0.02	0.02	0.91	3.07	1509.45
6	Investments (details on pages 298 to 308)	-	-	-	-	-	-	-	0.31
7	Turnover	117.59	45.34	-	-	-	-	-	-
8	Profit before taxation	9.95	1.68	(0.06)	(0.06)	(0.06)	(1.61)	(0.26)	0.92
9	Provision for taxation	-	-	-	-	-	-	-	0.20
10	Profit after taxation	9.95	1.68	(0.06)	(0.06)	(0.06)	(1.61)	(0.26)	0.72
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Information on Subsidiary Companies (for the financial year ended or as on, as the case may be)

₹ crore

Sr. no.	Particulars	Chennai Vision Developers Private Limited	L&T Realty FZE	L&T Power Limited	L&T-Valdel Engineering Limited	L&T Natural Resources Limited	Hi-Tech Rock Products & Aggregates Limited	Tractor Engineers Limited	Bhilai Power Supply Company Limited
	Financial year ending on	31-03-2013	31-12-2012	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013
	Currency		UAE Dirham						
	Exchange rate on the last day of financial year		14.98						
1	Share capital (including share application money pending allotment)	0.01	9.66	0.05	1.18	0.05	0.05	6.80	0.05
2	Reserves	(0.02)	(2.01)	3.94	48.44	(6.31)	1.32	15.83	-
3	Liabilities	0.01	0.02	0.05	15.85	6.38	15.55	22.20	8.81
4	Total liabilities	0.00	7.67	4.04	65.47	0.12	16.92	44.83	8.86
5	Total assets	0.00	7.67	4.04	65.47	0.12	16.92	44.83	8.86
6	Investments (details on pages 298 to 308)	-	-	3.98	0.83	-	-	2.16	-
7	Turnover	-	-	-	83.99	-	111.51	8.57	-
8	Profit before taxation	-	(0.10)	3.84	8.62	(0.02)	0.99	(17.31)	-
9	Provision for taxation	-	-	0.00	2.40	-	0.31	-	-
10	Profit after taxation	-	(0.10)	3.84	6.22	(0.02)	0.68	(17.31)	-
11	Interim dividend - equity	-	-	13.43	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T-Sargent & Lundy Limited	Spectrum Infotech Private Limited	Larsen & Toubro LLC	L&T Shipbuilding Limited	L&T-Gulf Private Limited	Raykal Aluminium Company Private Limited	L&T Electricals and Automation Limited	L&T Seawoods Private Limited
	Financial year ending on	31-03-2013	31-03-2013	31-12-2012	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013
	Currency			USD					
	Exchange rate on the last day of financial year			55.00					
1	Share capital (including share application money pending allotment)	5.57	0.44	0.24	1265.86	8.00	0.05	0.05	1144.00
2	Reserves	49.96	13.07	1.25	(202.12)	5.50	0.43	(0.01)	(4.25)
3	Liabilities	21.63	20.39	2.78	3167.69	3.16	0.45	0.01	1523.67
4	Total liabilities	77.16	33.90	4.27	4231.43	16.66	0.93	0.05	2663.42
5	Total assets	77.16	33.90	4.27	4231.43	16.66	0.93	0.05	2663.42
6	Investments (details on pages 298 to 308)	46.07	-	-	82.38	0.02	-	-	75.34
7	Turnover	102.27	24.46	5.71	104.82	19.81	-	-	-
8	Profit before taxation	10.17	3.45	0.20	(196.54)	6.66	1.29	(0.00)	0.62
9	Provision for taxation	2.64	0.82	0.02	-	2.19	0.26	-	-
10	Profit after taxation	7.53	2.63	0.18	(196.54)	4.47	1.03	(0.00)	0.62
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Information on Subsidiary Companies (for the financial year ended or as on, as the case may be)

₹ crore

Sr. no.	Particulars	L&T Rajkot - Vadinar Tollway Limited	Kesun Iron & Steel Company Private Limited	L&T Technologies Limited	L&T Special Steels and Heavy Forgings Private Limited	L&T Howden Private Limited	L&T Solar Limited	L&T Sapura Shipping Private Limited	L&T Sapura Offshore Private Limited
	Financial year ending 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
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	110.00	0.01	0.05	540.00	30.00	0.05	158.85	0.01
2	Reserves	(129.42)	(0.25)	(0.01)	(175.85)	(10.68)	(0.01)	(17.57)	0.41
3	Liabilities	1013.25	0.25	0.01	1371.62	132.27	0.01	588.82	16.38
4	Total liabilities	993.83	0.01	0.05	1735.77	151.59	0.05	730.10	16.80
5	Total assets	993.83	0.01	0.05	1735.77	151.59	0.05	730.10	16.80
6	Investments (details on pages 298 to 308)	-	-	-	12.73	-	-	-	-
7	Turnover	59.26	-	-	14.07	156.12	-	232.42	0.26
8	Profit before taxation	(113.46)	(0.00)	(0.00)	(155.74)	2.95	(0.00)	29.98	4.08
9	Provision for taxation	-	-	-	-	2.29	-	0.51	2.37
10	Profit after taxation	(113.46)	(0.00)	(0.00)	(155.74)	0.66	(0.00)	29.47	1.71
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Sr. no.	Particulars	L&T PowerGen Limited	Ewac Alloys Limited	L&T Kobelco Machinery Private Limited	L&T-MHI Boilers Private Limited	L&T-MHI Turbine Generators Private Limited	PNG Tollway Limited	L&T Cassidian Limited	L&T Infra Investment Partners Advisory Private Limited
	Financial year ending 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
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	0.05	8.29	50.00	234.10	340.60	169.10	0.05	5.00
2	Reserves	(0.01)	67.00	(14.73)	47.60	(221.88)	(38.46)	(0.01)	(9.92)
3	Liabilities	0.01	115.07	49.04	2956.31	2839.14	1402.26	0.00	16.39
4	Total liabilities	0.05	190.36	84.31	3238.01	2957.86	1532.90	0.04	11.47
5	Total assets	0.05	190.36	84.31	3238.01	2957.86	1532.90	0.04	11.47
6	Investments (details on pages 298 to 308)	-	-	2.67	450.18	-	-	-	0.53
7	Turnover	-	384.53	13.83	2359.76	992.34	17.75	-	-
8	Profit before taxation	(0.00)	86.52	(13.76)	163.41	(89.46)	(37.58)	(0.00)	(5.31)
9	Provision for taxation	-	28.45	-	21.98	0.01	-	-	-
10	Profit after taxation	(0.00)	58.07	(13.76)	141.43	(89.47)	(37.58)	(0.00)	(5.31)
11	Interim dividend - equity	-	34.42	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Information on Subsidiary Companies (for the financial year ended or as on, as the case may be)

₹ crore

Sr. no.	Particulars	L&T Infra Investment Partners Trustee Private Limited	L&T Unnati Finance Limited	L&T Access Financial Advisory Services Limited (formerly L&T Access Financial Advisory Services Private Limited)	L&T BPP Tollway Limited	L&T Deccan Tollways Limited	Audco India Limited	CSJ Hotels Private Limited	L&T Housing Finance Limited
	Financial year ending 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
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	0.10	4.50	6.00	196.94	23.68	15.63	0.01	43.92
2	Reserves	(0.05)	(0.28)	(9.54)	(1.62)	(1.01)	219.87	(0.00)	99.40
3	Liabilities	0.02	497.04	10.25	701.00	0.69	267.73	0.00	224.75
4	Total liabilities	0.07	501.26	6.71	896.32	23.36	503.23	0.01	368.07
5	Total assets	0.07	501.26	6.71	896.32	23.36	503.23	0.01	368.07
6	Investments (details on pages 298 to 308)	-	233.55	-	-	-	-	-	0.61
7	Turnover	-	-	3.47	-	-	650.72	-	28.66
8	Profit before taxation	(0.04)	(0.32)	(13.75)	(0.19)	(0.97)	60.90	(0.00)	22.25
9	Provision for taxation	-	(0.07)	(4.23)	0.02	-	21.10	-	(2.14)
10	Profit after taxation	(0.04)	(0.25)	(9.52)	(0.21)	(0.97)	39.80	(0.00)	24.39
11	Interim dividend - equity	-	-	-	-	-	100.05	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Sr. no.	Particulars	Consumer Financial Services Limited	Family Credit Limited	L&T Capital Markets Limited	L&T Trustee Services Private Limited (formerly known as FIL Trustee Company Private Limited)	L&T Fund Management Private Limited (formerly known as FIL Fund Management Private Limited)	L&T Infra Debt Fund Limited	L&T East-West Tollway Limited	L&T Great Eastern Highway Limited
	Financial year ending 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
	Currency								
	Exchange rate on the last day of financial year								
1	Share capital (including share application money pending allotment)	1.00	154.31	2.55	0.01	323.00	-	15.15	12.28
2	Reserves	(0.63)	142.28	(1.59)	1.58	(292.96)	-	(0.44)	(0.29)
3	Liabilities	0.00	1518.08	1.28	0.03	1.46	-	1.34	1.04
4	Total liabilities	0.37	1814.67	2.24	1.62	31.50	-	16.05	13.03
5	Total assets	0.37	1814.67	2.24	1.62	31.50	-	16.05	13.03
6	Investments (details on pages 298 to 308)	-	-	-	-	2.27	-	-	-
7	Turnover	-	328.05	-	-	-	-	-	-
8	Profit before taxation	0.01	71.03	(1.59)	0.23	0.35	-	(0.44)	(0.29)
9	Provision for taxation	-	(15.93)	-	0.07	-	-	-	-
10	Profit after taxation	0.01	86.96	(1.59)	0.16	0.35	-	(0.44)	(0.29)
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Information on Subsidiary Companies (for the financial year ended or as on, as the case may be)

₹ crore

Sr. no.	Particulars	L&T Technology Services Limited	L&T Tejomaya Limited	Larsen & Toubro Infotech South Africa (PTY) Limited	Thalest Limited	Bond Instrumentation & Process Control Limited	Servowatch Systems Limited	Larsen Toubro Arabia LLC	Henikwon Corporation SDN.BHD
	Financial year ending on	31-03-2013	31-03-2013	31-03-2013	31-12-2012	31-12-2012	31-12-2012	31-12-2012	31-12-2012
	Currency			South African Rand	British Pound	British Pound	British Pound	Saudi Riyal	Malaysian Ringgit
	Exchange rate on the last day of financial year			5.87	88.92	88.92	88.92	14.67	17.99
1	Share capital (including share application money pending allotment)	0.05	0.05	0.27	1.10	0.00	0.41	14.78	10.80
2	Reserves	-	(0.01)	0.22	6.46	-	(4.61)	(0.39)	(20.67)
3	Liabilities	0.00	0.01	16.96	11.12	-	23.50	0.28	28.74
4	Total liabilities	0.05	0.05	17.45	18.68	0.00	19.30	14.67	18.87
5	Total assets	0.05	0.05	17.45	18.68	0.00	19.30	14.67	18.87
6	Investments (details on pages 298 to 308)	-	-	-	-	-	-	-	-
7	Turnover	-	-	26.37	-	-	14.56	-	31.91
8	Profit before taxation	-	(0.01)	0.31	2.91	-	(6.74)	(0.27)	(12.75)
9	Provision for taxation	-	-	0.09	-	-	(0.16)	-	0.34
10	Profit after taxation	-	(0.01)	0.22	2.91	-	(6.58)	(0.27)	(13.09)
11	Interim dividend - equity	-	-	-	-	-	-	-	-
12	Interim dividend - Preference	-	-	-	-	-	-	-	-
13	Proposed dividend - equity	-	-	-	-	-	-	-	-
14	Proposed dividend - preference	-	-	-	-	-	-	-	-

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Finance Limited				
Long term investment:				
Government securities:				
12% National saving certificates 2002 (₹ 4,000)	–	–	–	Unquoted
Security receipts:				
Phoenix ARC Private Limited :				
Phoenix ARF Scheme 5	8,501	905	0.77	Unquoted
Phoenix ARF Scheme 6	9,843	1000	0.98	Unquoted
Phoenix ARF Scheme 7	23,238	985	2.29	Unquoted
Phoenix ARF Scheme 8	38,195	545	2.08	Unquoted
Phoenix ARF Scheme 9	6,612	1000	0.66	Unquoted
Phoenix ARF Scheme 10	18,889	1000	1.89	Unquoted
Share application money paid pending allotment			4.37	Unquoted
Other company:				
Fully paid equity shares:				
Invent Assets Securitisation & Reconstruction Private Limited	71,00,000	10	15.98	Unquoted
Alpha Micro Finance Consultants Private Limited	2,00,000	10	0.20	Unquoted
Metropoli Overseas Limited	99,400	10	0.15	Unquoted
Anil Chemicals and Industries Limited	40,000	10	0.08	Unquoted
Elque Polyesters Limited	1,94,300	10	0.19	Quoted
Monnet Industries Limited	5,640	10	0.02	Quoted
Monnet Ispat And Energy Limited	3,008	10	0.01	Quoted
Monnet Sugar Limited	11,280	10	0.05	Quoted
Intergrated Digital Info Services Limited	3,83,334	10	0.12	Quoted
SUB -TOTAL			29.84	
Long term investment:				
Infrastructure Development Finance Limited				
IDFC Ltd. (M+150bps) 16 May 2017	400	1000000	46.84	Quoted
SUB -TOTAL			46.84	
Less: Provision for diminution in value			0.55	
TOTAL			76.13	

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
Larsen & Toubro Infotech Limited				
Current investments:				
Mutual funds:				
Liquid investments:				
L&T Ultra Short Fund -IP-DDR	58,07,773	10	5.90	Quoted
L&T Liquid Super IP DDR	37,889	1000	3.83	Quoted
Fixed Maturity Plans:				
HDFC FMP 372D February 2013 (1) - Growth	20,00,000	10	2.00	Quoted
ICICI Prudential FMP Series 66 - 366 Days Plan F- Growth	20,00,000	10	2.00	Quoted
Kotak FMP series 94- 370D - Growth	20,00,000	10	2.00	Quoted
L&T FMP VII (March 367D A) - Growth	20,00,000	10	2.00	Quoted
Religare FMP Series XVII- Plan B- Growth	20,00,000	10	2.00	Quoted
IDFC FMP 36 Months Series 2 Dividend Payout	20,00,000	10	2.00	Quoted
TOTAL			21.73	
Larsen & Toubro International FZE (as at 31-12-2012)				
Long term investment:				
Associate company:				
Fully paid equity shares:				
L&T-Camp Facilities LLC	2,450	AED 1000	3.67	Unquoted
Jointly controlled entity:				
Fully paid equity shares:				
IndIran Engg & Project Services Krish LLC	875	Irani Riyal 1000000 each	0.48	Unquoted
Others				
Fully paid equity shares:				
Jiangsu Shengye Valve Co., Limited (formerly known as Larsen & Toubro (Jiangsu) Valve Company Limited)			11.79	Unquoted
TOTAL			15.94	

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T-Sargent & Lundy Limited				
Non-Current Investments:				
Mutual fund:				
L&T FMP-V (Feb 419 Day A)	40,00,000	10	4.00	Unquoted
Current investments:				
Mutual fund:				
Axis Treasury Advantage Fund- Daily Dividend Reinvestment	40,106	10000	4.01	Unquoted
HDFC Short Term Opportuunty Fund - Div. Reinvestment	33,03,709	10	3.32	Unquoted
L&T STDF Quarterly Dividend	23,91,555	10	2.50	Unquoted
L&T Short Term Opportunity Fund - Monthly Dividend	1,77,17,532	10	18.50	Unquoted
DSP Strategic Bond Fund	37,157	10000	3.85	Unquoted
DWS FMP Series 24 Direct Plan Growth	20,00,000	10	2.00	Unquoted
L&T Liquid Fund Super IP	887	1000	0.09	Unquoted
L&T Ultra STF-IP	27,56,231	10	2.80	Unquoted
BSL Short Term Fund-Dividend Payment	43,05,482	10	5.00	Unquoted
TOTAL			46.07	
L&T Infrastructure Development Projects Limited				
Long term investment:				
Associate companies:				
Fully paid equity shares:				
International Seaports Haldia (Private) Limited	98,30,000	10	9.83	Unquoted
Jointly controlled entity:				
Fully paid equity shares:				
The Dhamra Port Company Limited	32,39,99,960	10	324.00	Unquoted
Other companies:				
Fully paid equity shares:				
SICAL Iron Ore Terminals Limited	1,43,00,000	10	14.30	Unquoted
Second Vivekananda Bridge Tollway Company Private Limited	1,000	10	0.00	Unquoted
Current investments:				
Fully paid equity shares:				
Ennore Tank Terminals Private Limited	67,87,500	10	6.79	Unquoted
Mutual Funds				
L&T Liquid Fund Growth	49,779	1000	8.00	Quoted
TOTAL			362.92	

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Capital Company Limited				
Current investments:				
Mutual fund:				
Kotak Floater Short Term - Growth	1,605	10	0.30	Quoted
Kotak Bond Scheme Plan A - Direct Plan- Growth	8,61,621	10	2.90	Quoted
TOTAL			3.20	
Larsen & Toubro Infotech GmbH				
Long term investment:				
Other company:				
Fully paid equity shares:				
Pan Health, USA	1,00,000	USD 1	0.00	Unquoted
TOTAL			0.00	
Larsen & Toubro Qatar LLC (as at 31-12-2012)				
Long term investment:				
Associate company:				
Fully paid equity shares:				
Larsen & Toubro Qatar & HBK Contracting Co WLL -JV	100	QR 100000	0.13	Unquoted
TOTAL			0.13	
L&T Infrastructure Finance Company Limited				
Long term investment:				
Other company:				
Fully paid equity shares:				
Feedback Infrastructure Services Private Limited	37,90,000	100	37.90	Unquoted
BSCPL Infrastructure Ltd.	10,47,916	10	60.05	Unquoted
Tikona Digital Networks Pvt. Ltd.	316	10	0.09	Unquoted
Bhoruka Power Corporation Limited	5,87,850	10	50.00	Unquoted
Ardom Telecom Ltd	6,48,649	10	2.00	Unquoted
Compulsory Convertible Debentures:				
Tikona Digital Networks Pvt. Ltd	5,19,212	2840	147.46	Unquoted
Cumulative Redeemable Preference Shares				
Anrak Aluminium Limited	12,50,00,000	10	125.00	Unquoted
KSK Energy Ventures Limited	10,00,00,000	10	100.00	Unquoted
Cumulative Convertible Preference Shares				
Ardom Telecom Ltd	1,800	100000	18.00	Unquoted
Venture Capital Units				
LICHFL Urban Development Fund	2,000	10000	2.00	Unquoted
Current Investments:				
Equity Shares				
C&C Construction Limited	8,77,081	10	2.72	Quoted
ICOMM Tele Limited	41,667	10	-	Unquoted
Mutual Funds				
Fidelity Cash Fund (Super Institutional) Daily Dividend	9,98,116	1000	102.14	Unquoted
L&T Floating Fund	5,38,69,467	10	102.13	Unquoted
TOTAL			749.49	

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Power Limited				
Current investments:				
Mutual fund:				
L&T Liquid Fund - Institutional Plan Plus- DDR	39,350	1000	3.98	Unquoted
TOTAL			3.98	
L&T - MHI Boilers Private Limited				
Current investments:				
Mutual fund:				
Short term debt plan:				
BSL Floating Rate Fund STP Growth- Direct	3,70,805	100	5.75	Quoted
BSL Short Term Fund _Growth- Direct	1,15,26,368	10	50.00	Quoted
HDFC High Int. DP Short Term Growth	2,16,28,636	10	50.00	Quoted
ICICI Prudential Liquid - Direct Plan- Growth	23,08,136	100	40.00	Quoted
Kotak Floater Short Term Growth	57,602	1000	11.00	Quoted
Kotak Floater Short Term - Direct Plan -Growth	2,10,737	1000	40.43	Quoted
L&T Liquid Direct Plan - Growth	2,92,441	1000	47.00	Quoted
Reliance Liquidity Fund- Treasury Plan- Direct Growth Plan	21,060	1000	6.00	Quoted
Reliance Medium Term Fund - Direct Growth Plan	1,76,59,065	10	43.00	Quoted
SBI Short Term Debt Fund - Direct Plan- Growth	3,71,04,983	1000	50.00	Quoted
Tata Income Fund Direct Plan- Growth	1,59,56,884	10	57.00	Quoted
UTI Short Term Income Fund - Institutional Option - Direct Plan- Growth	3,57,19,644	10	50.00	Quoted
TOTAL			450.18	
L&T-Valdel Engineering Limited				
Current investments:				
Mutual fund:				
L&T Short Term Opp Fund Dividend	7,99,477	10	0.83	Unquoted
TOTAL			0.83	
GDA Technologies Inc.				
Current Investment:				
Other companies:				
Fully paid equity shares:				
Arkadoc Group, Inc	1,50,000	USD 1	0.09	Quoted
Citrix System, Inc.	114	USD 1	0.03	Quoted
SUB -TOTAL			0.12	
Less: Provision for diminution in value			0.03	
TOTAL			0.09	
L&T Power Development Limited				
Long term investment:				
Other companies:				
Fully paid equity shares:				
Konaseema Gas Power Limited	2,10,00,000	10	21.05	Unquoted
TOTAL			21.05	

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Finance Holdings Limited				
Long term investment:				
Associate company:				
Fully paid equity shares:				
NAC Infrastructure Equipment Limited	45,00,000	10	4.50	Unquoted
Current investments:				
Mutual fund:				
L&T Ultra STF - Daily Dividend Reinvestment Plan	10,05,47,830	10	102.15	Unquoted
L&T Liquid Fund - Daily Dividend Reinvestment Plan	32,15,170	1000	325.26	Unquoted
L&T Cash Fund - Daily Dividend Plan	29,32,282	1000	300.06	Unquoted
L&T Flexi Bond Fund - Dividend Option Plan	2,53,02,304	10	25.45	Unquoted
SUB -TOTAL			757.42	
Less: Provision for diminution in value			4.50	
TOTAL			752.92	
L&T Investment Management Limited				
Current investments:				
Mutual fund:				
L&T Liquid Fund Direct Plan - Growth	1,60,372	1000	25.64	Unquoted
TOTAL			25.64	
L&T Mutual Fund Trustee Limited				
Current investments:				
Mutual fund:				
L&T Ultra Short Term Fund - Growth	9,290	10	0.02	Unquoted
L&T Ultra Short Term Fund Regular - Cumulative	2,878	10	0.00	Unquoted
TOTAL			0.02	
Nabha Power Limited				
Current investments:				
Mutual fund:				
L&T Liquid Inst Daily Dividend Reinvestment Plan	3,33,055	1000	33.70	Unquoted
HDFC Liquid Plan	29,962	10	0.03	Unquoted
HDFC Floating Rate Income Fund-Short Term Plan - Wholesale option Direct Plan-DDR	57,93,160	10	5.84	Unquoted
Birla Sun Life Cash plus- Instl. Prem - Daily Dividend Reinvestment	50,664	100	0.51	Unquoted
Axis Liquid Fund- Institutional Plan- Daily Dividend	528	1000	0.05	Unquoted
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	9,686	100	0.10	Unquoted
ICICI Prudential Liquid Super Institutional Plan - Daily Dividend	1,518	100	0.01	Unquoted
TOTAL			40.24	

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T General Insurance Company Limited				
Long term investment:				
Government securities:				
7.80% Government Stock 03-05-2020	15,00,000	100	15.58	Quoted
8.15% GOI CG 11-06-2022	5,00,000	100	5.00	Quoted
8.19% GOI CG 16-01-2020	5,00,000	100	5.01	Quoted
8.20% Government Stock 15-02-2022	20,00,000	100	20.74	Quoted
8.26% Government Stock 02-08-2027	5,00,000	100	4.95	Quoted
8.33% Government Stock 09-07-2026	5,00,000	100	5.03	Quoted
8.85% MH SDL SG 2022	10,00,000	100	10.01	Quoted
8.97% Government Stock 05-12-2030	10,00,000	100	10.79	Quoted
9.15% Government Stock 14.11.2024	10,00,000	100	10.85	Quoted
Bonds:				
10.06% L&T IDPL BS 27-04-2015 C	5,00,000	100	4.98	Quoted
10.06% L&T IDPL BS 28-04-2015	2,50,000	100	2.49	Quoted
10.60% Shriram Transport Finance DB 05-06-2018	10,00,000	100	10.00	Quoted
11.69% Tata Teleservices NCD 14-08-2025	3,00,000	100	3.06	Quoted
7.70% NHPC BS 31-03-2018	1,00,000	100	0.94	Quoted
8.79% HDFC Ltd. NCB 21-07-2020	4,00,000	100	3.97	Quoted
8.80% GAIL BS 13-12-2018	5,00,000	100	4.92	Quoted
8.80% GAIL BS 13-12-2019	5,00,000	100	4.91	Quoted
8.84% Powergrid Bonds-21-10-2020	5,00,000	100	5.00	Quoted
8.90% PGC BS 25-02-2015	50,000	100	0.50	Quoted
8.95% IBS Ltd NCD 15-09-2020	1,30,000	100	1.25	Quoted
9.00% ICICI Bank DB 04-06-2018	15,00,000	100	15.00	Quoted
9.30% DAMODAR DB 30-03-2027	10,00,000	100	10.30	Quoted
9.35% IOC NCB 30-04-2017 XII	15,00,000	100	15.08	Quoted
9.35% PGC BS 29-08-2016 A	3,00,000	100	3.00	Quoted
9.35% PGC DB 29-08-2020	2,00,000	100	2.02	Quoted
9.40% NABARD BS 30-03-2015	5,00,000	100	5.01	Quoted
9.40% NHB BS 10-01-2015	5,00,000	100	5.00	Quoted
9.55% HINDALCO DB 24-04-2022	5,00,000	100	5.00	Quoted
9.55% HINDALCO DB 25-04-2022	5,00,000	100	5.07	Quoted
9.63% PFC BS 15-12-2015	5,00,000	100	5.06	Quoted
9.68% HDFC LTD BS 09-02-2015	5,00,000	100	5.00	Quoted
9.95% SBI BS 16-03-2026	5,00,000	100	5.19	Quoted
Current investments:				
Other Securities (Short Term)				
AXIS Bank CD 16-09-2013	20,00,000	100	18.51	Quoted
8.40% LIC HF NCD 18-08-2013	5,00,000	100	4.97	Quoted
Mutual Funds:				
Franklin Templeton India TMA-Super Institutional Plan	24,792	10	4.26	Quoted
J P Morgan India Liquid-Super Inst. Growth	29,90,424	10	4.44	Quoted
Kotak Short Term Floater Growth 1000	38,901	1000	7.35	Quoted
L&T Liquid Fund Sup Inst Plan Plus Cumulative - Growth	1,412	1000	0.22	Quoted
TOTAL			250.46	

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Infocity Limited				
Long term investment:				
Associate company:				
Fully paid equity shares:				
Vizag IT Park Limited	23,40,000	10	2.34	Unquoted
Current Investments:				
Government securities:				
NHAI- Non-convertible Redeemable - Taxable Bonds	500	10000	0.50	Unquoted
TOTAL			2.84	
GDA Technologies Limited				
Current investments:				
Mutual Funds:				
Birla Sunlife Asset Management Co Ltd.	6,49,521	100	6.50	Quoted
Franklin Templeton FRIF-Super IP-DDRDO	1,27,82,716	10	12.81	Quoted
L&T Ultra Short Term Fund IP DDR	74,22,791	10	7.54	Quoted
TOTAL			26.85	
L&T Uttarakhand Hydropower Limited				
Current investments:				
Mutual Funds				
L&T Ultra STF Direct Plan-DDR	1,20,99,923	10	12.29	Quoted
TOTAL			12.29	
L&T Arunachal Hydropower Limited				
Current investments:				
Mutual Funds				
L&T Freedom Income Fund ST/IP/DDR	2,30,040	10	0.23	Quoted
TOTAL			0.23	
L&T Himachal Hydropower Limited				
Current investments:				
Mutual Funds				
L&T Freedom Income Fund ST/IP/DDR	3,19,981	10	0.33	Quoted
TOTAL			0.33	
L&T Transportation Infrastructure Limited				
Current investments:				
Mutual Funds				
L&T Liquid Growth Fund	1,55,560	1000	25.00	Quoted
TOTAL			25.00	

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
Narmada Infrastructure Construction Enterprise Limited				
Current investments:				
Mutual Funds				
L&T Liquid Fund Growth	24,890	1000	4.00	Quoted
TOTAL			4.00	
L&T Fund Management Private Limited				
Current investments:				
Mutual Funds				
L&T Cash Fund - (Direct Plan) Growth	14,432	1000	2.27	Unquoted
TOTAL			2.27	
L&T Infra Investment Partners Advisory Private Limited				
Current investments:				
Mutual Funds				
ICICI Prudential Liquid - Regular Plan Daily Dividend.	52,636	100	0.53	Quoted
TOTAL			0.53	
L&T Special Steels and Heavy Forgings Private Limited				
Current investments:				
Mutual Funds:				
ICICI Prudential Flexible Income DDR Plan	4,82,208	100	5.10	Unquoted
Birla Sunlife Cash Plus DDR Plan	7,61,264	100	7.63	Unquoted
TOTAL			12.73	
L&T Vadodara Bharuch Tollway Limited				
Current investments:				
Mutual Funds				
L&T Liquid Fund - Growth	37,334	1000	6.00	Unquoted
TOTAL			6.00	
L&T Interstate Road Corridor Limited				
Current investments:				
Mutual Funds				
L&T Ultra Short Term Fund - Growth	15,82,696	10	3.00	Unquoted
TOTAL			3.00	
L&T Realty Limited				
Current Investments:				
Mutual Funds:				
L&T Liquid-Fund-Growth	1,968	1000	0.31	Unquoted
TOTAL			0.31	

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Kobelco Machinery Private Limited				
Current Investments:				
Mutual Funds:				
L&T Liquid Fund Direct Plan Growth	7,470	1000	1.20	Quoted
L&T Cash Fund Direct Plan- Growth	9,290	1000	1.47	Quoted
TOTAL			2.67	
L&T Metro Rail (Hyderabad) Limited				
Current Investments:				
Mutual Funds				
L&T Liquid Fund-Daily Dividend	69,250	1000	7.01	Quoted
TOTAL			7.01	
L&T Devihalli Hassan Tollway Limited				
Current Investments:				
Mutual Funds				
L&T Ultra Short Term Fund	52,75,653	10	10.00	Quoted
TOTAL			10.00	
L&T Unnati Finance Limited				
Long term investment:				
Fully paid equity shares:				
City Union Bank Limited	1,91,95,012	10	33.39	Quoted
Current Investments:				
Mutual Funds:				
L&T Liquid Fund - Daily Dividend Reinvestments Plan	19,78,566	1000	200.16	Quoted
TOTAL			233.55	
L&T-Gulf Private Limited				
Current Investments:				
Mutual Funds:				
L&T Liquid Fund Direct Plan Daily Dividend Reinvestment Plan	198	1000	0.02	Unquoted
TOTAL			0.02	
L&T Housing Finance Limited				
Long term investment:				
Fully paid equity shares:				
The Kalyan Janatha Sahkari Bank Limited	20,000	25	0.05	Unquoted
The Malad Sahakari Bank Limited	1,000	10	-	Unquoted
Government Securities:				
7.50% Government of India Stock 2034	14,000	100	0.14	Quoted
6.13% Government of India Stock 2028	40,000	100	0.38	Quoted
Bonds:				
7.30% Food Corporation of India Bonds 2015	10,000	100	0.10	Quoted
SUB -TOTAL			0.67	
Less: Provision for diminution in value			0.06	
TOTAL			0.61	

Annexure to Information regarding Subsidiary Companies Details of Investments as at 31-03-2013/31-12-2012

Name of the Company	No. of Shares/ Units/Bonds	Face Value (₹)	Book Value (₹ crore)	Quoted/ Unquoted
L&T Seawoods Private Limited				
Current Investments:				
Mutual Funds:				
L&T Liquid Fund Direct Plan Daily Dividend Reinvestment Plan	3,43,078	1000	34.71	Unquoted
L&T Cash Fund Direct Plan Daily Dividend Reinvestment Plan	3,97,077	1000	40.63	Unquoted
TOTAL			75.34	
L&T Shipbuilding Limited				
Current Investments:				
Mutual Funds:				
L&T Liquid Fund - Growth Plan	25,494	1000	3.97	Unquoted
Franklin Templeton - Growth Plan	51,089	1000	8.74	Unquoted
Axis Liquid Fund - Growth Plan	72,438	1000	9.11	Quoted
DWS Treasury Fund - Growth Plan	44,903	100	0.56	Quoted
IDFC Cash Fund Growth Plan	1,40,459	1000	20.00	Quoted
SBI Premier Liquid Fund - Growth Plan	1,08,648	1000	20.00	Quoted
L&T Cash Fund Growth Plan	1,25,584	1000	20.00	Quoted
TOTAL			82.38	
Tractor Engineers Limited				
Current Investments:				
Mutual Funds:				
L&T Ultra STF Direct Plan - Daily Dividend Reinvestment	21,44,533	10	2.16	Quoted
TOTAL			2.16	

LARSEN & TOUBRO LIMITED

Regd. Office : L&T House, Ballard Estate, Mumbai 400 001.

ANNUAL GENERAL MEETING - AUGUST 22, 2013 AT 3.00 P.M.

**ATTENDANCE
SLIP**

D.P.Id		NAME AND ADDRESS OF THE REGISTERED SHAREHOLDER
Client Id/ Folio No.		
No. of Shares		

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020 on **Thursday, August 22, 2013**.

SIGNATURE

Note : Please complete this and hand it over at the entrance of the hall.

LARSEN & TOUBRO LIMITED

Regd. Office : L&T House, Ballard Estate, Mumbai 400 001.

ANNUAL GENERAL MEETING - AUGUST 22, 2013 AT 3.00 P.M.

**FORM OF
PROXY**

I/We _____
of _____ in the district of _____
being a member / members of LARSEN & TOUBRO LIMITED, hereby appoint _____
of _____ in the district of _____ or failing him
_____ of _____ in the district of _____
as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on Thursday, August 22, 2013 and at any adjournment thereof.

Signed this _____ day of _____ 2013

D.P.Id	
Client Id/ Folio No.	
No. of Shares	

Signature

Affix a
1 Rupee
Revenue
Stamp

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Oil Platforms for Thailand

Indian Expertise for Global Markets

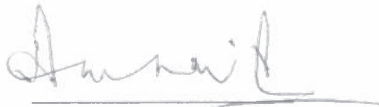


L&T has executed critical projects for oil & gas fields in multiple geographies, in addition of course to India. A major recent project was executed for a Thailand-based company for an oil & gas field in Myanmar.

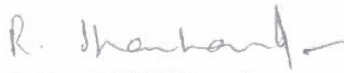


FORM A
Format of Covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Larsen & Toubro Limited
2.	Annual financial statements for the year ended	31 st March, 2013.
3.	Type of Audit observation	Un-qualified/Matter of Emphasis
4.	Frequency of observation	Whether appeared first time../repetitive ../since how long period...— Not Applicable
5.	To be signed by- <ul style="list-style-type: none"> • CEO/Managing Director • CFO • Auditor of the Company • Audit Committee Chairman 	

For Larsen & Toubro Limited


A.M. Naik
Executive Chairman



R. Shankar Raman
Chief Financial Officer



M.M. Chitale
Chairman Audit Committee

For Sharp & Tannan


Milind Phadke
Statutory Auditor

Date: May 22, 2013