DIRECTORS' REPORT

The Directors have pleasure in submitting the Thirteenth Annual Report and Accounts of Larsen & Toubro Infotech Limited for the year ended March 31, 2010.

FINANCIAL RESULTS	**Rs. Lakhs**	
	2009-2010	*2008-2009*
Revenue from IT services	**1,77,676.48**	*1,77,406.45*
Revenue from Engineering services	**–**	*17,677.37*
Total Revenue	**1,77,676.48**	*1,95,083.82*
Other Income	**3,497.21**	*2,452.45*
Total Income	**1,81,173.69**	*1,97,536.27*
Operating Profit (PBIDT)	**36,574.22**	*34,306.60*
Less : Interest	**275.12**	*828.06*
Less : Depreciation and amortization	**4,823.74**	*4,535.90*
Profit Before Tax (PBT)	**31,475.36**	*28,942.64*
Less: Provision for Tax (including Rs. 6 Lakhs for Wealth Tax and previous year 0.21 Lakh)	**3,361.63**	*2,460.46*
Profit After Tax (PAT)	**28,113.73**	*26,482.18*
Add : Balance brought forward from previous year	**51,701.01**	*29,959.92*
Balance available for disposal which Directors appropriate as follows :	**79,814.74**	*56,442.10*
Interim Dividend	**8,011.48**	*1,580.27*
Tax on Dividend	**1,361.55**	*268.57*
Transfer to General Reserve	**3,000.00**	*2,892.25*
Balance to be carried forward	**67,441.71**	51,701.01

DIVIDEND

The Directors have paid an interim dividend of Rs. 25 per share on 3,22,50,000 Equity shares of Rs. 5 each on pro-rata basis. (*Previous year an Interim dividend of Rs. 5 per share on 3,22,50,000 Equity shares of Rs. 5 each*).

The Directors do not recommend any final dividend.

BUSINESS

The Company has achieved revenues of Rs. 1,77,676 Lakhs from IT services during the year 2009-2010 (*previous year Rs. 1,77,406 Lakhs*). Engineering services business is now being billed directly by the parent company for which the Company had a marketing agreement till last year.

Domestic Revenue has gone up during the year to Rs. 9,395 Lakhs as compared to Rs. 8,073 Lakhs in 2008-2009.

Operating profit (PBIDT) is higher at Rs. 36,574 Lakhs (20.2% of revenues) as against Rs. 34,307 Lakhs (19.1% of revenues adjusted for engineering services) in 2008-2009 (increase of 6.6 % over previous year). Profit after tax is Rs. 28,114 Lakhs as against Rs. 26,482 Lakhs in 2008-2009 (increase of 6.2 % over previous year). Earnings per share are at Rs. 87.73 per Equity share of Rs. 5 each.

In the first full year after the global meltdown, the year 2009-2010 was challenging in terms of maintaining a healthy growth rate. Besides the freeze exercised by global clients on discretionary spending, the Company also experienced a substantial shift in the composition of revenue in favour of offshore. The share of offshore Revenues as percentage of total revenues has gone up from 45% in the previous year to 49% in the year 2009-2010. The total person months billed has gone up by 8 %, but as a result of the shift in the onsite: offshore ratio, the growth in revenues has been marginal. The strategy of the Company to focus on Middle East and Africa has paid dividends. Revenue contribution from Middle East and Africa stands at 4% in the year 2009-2010 as against 2% in the previous year. The slowdown in USA's economy was reflected in the revenue contribution from North America which has come down to 66% in the year 2009-2010 from 67% for the year 2008-2009. While Europe accounted for 15% of the revenues (*previous year 14%*), 8% of the revenues (*previous year 9%*) came from Japan and SE Asia. The share of fixed-price component of the business has increased to 30% as compared to 16% during the previous year.

The total export client base at the end of year stood at 170 of which about 16% are in the Global Fortune 500 list. While the number of clients contributing more than USD 5 million remained at 21, the contribution of the top 5 clients reduced from 46% in the previous year to 39% during the year.

During the year, the Company's service areas have been amplified by newer offerings like Business Analytics and System Integration. The objective behind these initiatives is to establish L&T Infotech as a complete IT services and solutions provider.

INCREASE IN SHARE CAPITAL

In July 2009, the Company made the third call of Rs. 98.15 per share on the 22,50,000 partly paid-up shares issued to its Holding Company, Larsen & Toubro Limited, aggregating to Rs. 2,208.37 Lakhs. Out of the third call amount of Rs. 2,208.37 Lakhs, an amount of Rs. 20.25 Lakhs (Re. 0.90 per share) and Rs. 2,188.12 Lakhs (Rs. 97.25 per share) was allocated to share capital and share premium respectively. With the Company making the fourth and final call in September 2009 of Rs. 34.35 per share aggregating to Rs. 772.87 Lakhs, all the 22,50,000 shares have been fully paid-up. Out of the fourth and final call of Rs. 772.87 Lakhs, an amount of Rs. 7.87 Lakhs (Re. 0.35 per share) and Rs. 765 Lakhs (Rs. 34 per share) was allocated to share capital and share premium respectively.

Consequently, the paid-up equity share capital of the Company as on March 31, 2010 stand increased to Rs. 1,612.50 Lakhs.

DIVIDEND

The Directors have paid an Interim Dividend at the rate of 500 % on the paid-up equity share capital of the Company. The 22,50,000 partly paid-up equity shares of the Company which were fully paid up during the year were eligible for dividend on pro-rata basis.

The dividend payment has resulted in an outflow of Rs. 8,011.48 Lakhs towards dividend (*previous year Rs. 1,580.27 Lakhs*) and Rs. 1,361.55 Lakhs towards dividend tax (*previous year Rs. 268.57 Lakhs*) making a total outflow of Rs. 9,373.03 Lakhs (*previous year Rs. 1,848.84 Lakhs*).

CAPITAL EXPENDITURE

As at March 31, 2010, the gross fixed and intangible assets stood at Rs. 42,143 Lakhs (*previous year Rs. 38,239 Lakhs*) out of which assets amounting to Rs. 3,904 Lakhs (*previous year Rs. 3,965 Lakhs*) were added during the year.

PEOPLE

In the year that saw a sea change in the IT Services sector business, the focus on human resource management became all the more important. The aim was to recruit, retain, nurture and engage all employees to enable them to deliver the maximum for the organization.

While recruitment focus was on acquiring the talent with the right knowledge and skills, efforts were taken to ensure that the manpower strength was gainfully utilized. Employees were provided a learning environment wherein focus was on multi-skilling, cross- skilling and other capability enhancement initiatives. Focus on programs like leadership development and account management skills were strengthened to support future growth plans.

With changing dynamics of business environment, talent engagement initiatives were driven with a renewed vigour. While internal communication channels spanned broader and deeper to sense every pulse of the organization, talent engagement as a whole became a collaborative effort with concentrated participation from all spheres of the organization.

INFRASTRUCTURE

As of March 31, 2010, the total available capacity is 13,88,927 sq.ft with 11,866 seats. The Company is investing in state-of-the-art delivery centers to scale up to address its clients requirements. During the year 2009-2010, the Company spent about Rs. 171 million for construction of facilities at Chennai which are expected to be ready for use during FY 2010-2011.

BRANDING

The Company has taken decisive and structured steps to strengthen its brand globally. In order to strengthen its branding efforts, the Company has launched focused communications vehicles for the analyst and advisory community and a co-branded newsletter with the global analyst firm is on the anvil. It has also intensified the efforts to increase its presence at key international conferences and seminars. The overall business strategy is being infused with structured plans to increase its visibility in the minds of prospective clients, and employees, as also the key influencers.

Internally, the Company launched and operationalized Specialized Marketing Services (SMS) for streamlining the design, content and research services across the organization in order to bring in economy of scale and efficiency and in turn improve our brand. SMS also ensures that the brand identity is administered across all areas consistently.

The Company has also started leveraging the new online social media to enhance its brand.

QUALITY INITIATIVES

- In 2009-2010, the Company continued its focus on various ISO standards such as ISO 9001:2008 (Quality Management System), ISO 27001:2005 (Information Security Management System) and ISO 20001:2005 (IT Service Management) through surveillance audits by reputed external auditors.
- To reinforce its focus on environment, the Company also got certified on ISO 14001 (Environmental Health and Safety standards). The Company also has a plan to extend the scope of the environment & security practices further based on ISO18000 (Occupational Health And Safety Management System)
- In year 2009-2010 the focus of improvement was on improvement in software processes using CMMI model for Development. The Company has aligned its QMS based on CMMI expectations and initiated the formal appraisal process based on CMMI v1.2 (Dev).

- This year the Company embarked on its major process improvement initiative of development of Process Framework (PFW), a comprehensive process covering all the functions in the organization with :
  - Apex layer addressing business planning and improvement cycle
  - Business unit level processes for BU management, marketing, contract acquisition
  - Support units processes

AWARDS / RECOGNITIONS

During the year, the Company won the marketing excellence award from the Pune-based Indira Management Institute (Strategic partners of the CMO council of USA and India). The Company's in-house Ezine VOICEXpress won an award in an all-India contest organized by the Association of Business Communicators of India (ABCI).

EMPLOYEE STOCK OPTION SCHEMES

(I) Employee Stock Ownership Scheme ('ESOS Plan')

The Company had instituted the Employee Stock Ownership Scheme (ESOS) in April 2001. The total options outstanding under various series of the scheme as on March 31, 2010 amounted to Rs. 25,84,459. During the year, 61,250 options were granted, while 9,300 options have lapsed. None of the options were exercised during the year.

(II) Employees Stock Ownership Scheme – 2006 U.S. Stock Option Sub-Plan ('Sub-Plan')

The Company had instituted the Employees Stock Ownership Scheme – 2006 U.S. Stock Option Sub-Plan ('Sub-Plan') for the employees and Directors of its subsidiary, GDA Technologies Inc, USA. Under the said plan, options granted and outstanding as at the end of the year stood at 96,500 options. Out of the same, 58,693 options have been vested while 37,807 options remain unvested as at the end of the year.

DEPOSITS

During the period under review, the Company has not accepted any deposits from the public.

CORPORATE GOVERNANCE REPORT

A report on Corporate Governance is given separately in this Annual Report.

AUDITORS' REPORT

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

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 given in Annexure A forming part of this report.

PERSONNEL

The Board of Directors wishes to express its appreciation to all the employees of the Company 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 & the rules made thereunder, is given in a separate Annexure to this Report and forms part of the Report. None of the employees listed in the said Annexure is related to any Director of the Company. The same will be furnished to the shareholders on request. The erstwhile Department of Company Affairs has amended the Companies (Particulars of Employees) Rules, 1975 to the effect that particulars of employees of companies engaged in Information Technology sector posted and working outside India not being Directors or their relatives, drawing a remuneration of more than Rs. 24 lakhs per annum or Rs. 2 lakhs per month, as the case may be, need not be included in the statement. Accordingly, the statement included in this report does not contain the particulars of employees who are posted and working outside India.

SUBSIDIARY COMPANIES

As on March 31, 2010, your Company had 5 subsidiaries. During the year, a new Company by the name Larsen & Toubro Infotech LLC was incorporated in the State of Delaware, USA as wholly owned subsidiary of the Company.

There has not been any other material change in the nature of business of the subsidiaries.

As required under Section 212 of the Companies Act, 1956, the Audited Statement of Accounts, the Reports of the Board of Directors and Auditors of the subsidiaries are annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) which was introduced by the Companies (Amendment) Act, 2000, your Directors confirm that:-

(i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2010 and of the profit or loss of the Company for the year ended March 31, 2010;

(iii) the Directors have taken proper and sufficient care 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) the Directors have prepared the annual accounts on a going concern basis; and

(v) that proper systems are in place to ensure compliance of all laws applicable to the Company.

DIRECTORS

Mr. Samir Desai and Mr. Y. M. Deosthalee retire by rotation from the Board of Directors and are eligible for re-appointment at the ensuing Annual General Meeting of the Company.

STATUTORY AUDITORS

The Auditors, M/s. Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. A 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. The Company has obtained a certificate from the Auditors certifying its independence and arm's length relationship with the Company. The Company does not advocate rotation of the Auditors as envisaged in the guidelines in the view of domain knowledge acquired by the auditors over a period of time. However, the signing partners are rotated at regular frequency.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

In addition to the applicable provisions of the Companies Act, 1956, the Company is also complying with major clauses of the Corporate Governance Voluntary Guidelines.

We have reported in Corporate Governance Report, the extent of our compliance of the Corporate Governance Voluntary Guidelines. The details of all the related party transactions form part of the accounts as required under AS 18 and the same are reflected in note no 17 forming part of the accounts.

ACKNOWLEDGEMENTS

The Directors acknowledge the invaluable support extended to the Company by the Customers, Bankers, Vendors and Academic Institutions.

The Directors also acknowledge the support and co-operation from the Government of India and the Governments of various countries, the concerned State Governments and other Government Departments and Governmental Agencies.

For and on behalf of the Board

V. K. MAGAPU
Director / Manager

Y. M. DEOSTHALEE
Director

Place : Mumbai
Date : May 4, 2010

ANNEXURE TO DIRECTORS' REPORT

ANNEXURE – A

INFORMATION AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2010

A. Conservation of energy	The Company's operations are not energy-intensive. However, measures have been taken to reduce energy consumption, such as installation of express feeder to ensure uninterrupted power supply and thereby avoiding need for use of DG sets, ensuring appropriate lower load during non-peak hours.
B. Technology absorption	
Efforts made in technology absorption as per Form B of the Annexure	Details furnished in Form B
C. Foreign exchange earnings and outgo	
(a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans	The Company exports customised software and professional services mainly to North America, Europe, South Africa, Middle East, Japan, Korea, Australia and Singapore. The Company plans to conduct road shows in USA to promote offshore execution of software services from India. It also maintains constant contact with prospective clients / alliance partners for its offerings by way of participation in International Trade Fairs.

		2009-2010 (Rs. Lakhs)
(b) Total foreign exchange used and earned	Used	70,001.76
	Earned	1,69,513.00

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
2. Benefits derived as a result of the above R&D
3. Future plan of action
4. Expenditure on R&D
   a) Capital
   b) Recurring
   c) Total
   d) Total R&D expenditure as a percentage of total Turnover

Not Applicable

Technology absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption, adaptation and innovation	The Company operates Centres of Excellence in respect of emerging and existing technologies which collate, disseminate and spread knowledge to all employees in the Company. Employees are trained using state-of-the-art methodologies, which results in better productivity. The Company has created a software component library to ensure reusability of software and consistency in implementation. These find particular use in B2B marketplace implementations where adherence to standards and compatibility with different platforms is very important.
2. Benefits derived as a result of the above efforts	Repeat business, expansion into various new technology domains and productivity improvements through use of latest software tools.

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

The Company derives its values from the rich legacy of fair and transparent governance and disclosure practices followed by the L&T group. In line with the group philosophy, the Company constantly endeavours to benchmark itself with the best practices in the IT-industry.

BOARD OF DIRECTORS

The roles and offices of Chairman and Chief Executive is separated. Mr. A. M. Naik is the Chairman of the Board whereas Mr. Sudip Banerjee is the Chief Executive Officer of the Company.

The Board comprises of 6 Directors, of which, 4 Directors are Executive Directors on the Board of the parent company, Larsen & Toubro Limited and 2 are Independent Directors. The Board is chaired by Mr. A. M. Naik as Non-Executive Chairman and the number of Independent Directors is 1/3rd of the total number of Directors.

The Board meets at least 4 times a year and the maximum gap between two meetings is less than four months. During the year 2009-2010, four meetings of the Board of Directors were held on May 26, 2009, July 13, 2009, October 21, 2009 and January 6, 2010. These were well attended.

The composition of the Board, the other directorships and Committee memberships of the Board members and their attendance at the Board Meetings held during the year is as follows:

Name	Directorships in other Companies*	Attendance at Board Meetings
Mr. A. M. Naik	2	4
Mr. Y. M. Deosthalee	10	4
Mr. R. N. Mukhija	1	4
Mr. V. K. Magapu	2	4
Mr. Samir T. Desai	NIL	3
Dr. S. Rama Iyer	5	4

(*) This does not include private companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

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

AUDIT COMMITTEE

The Audit Committee comprises of Mr. Y. M. Deosthalee, Mr. R. N. Mukhija and Mr. V. K. Magapu, majority of whom represent non-executive Directors of the Company with Mr. Y. M. Deosthalee as its Chairman. The role, terms of reference, the authority and power of the Audit Committee are in conformity with the requirements of the Companies Act, 1956.

COMPENSATION AND NOMINATION COMMITTEE

The Company has a Compensation and Nomination Committee (C&N Committee) comprising of majority of non-executive Directors of the Company. The Committee comprises of Mr. A. M. Naik, Mr. Y. M. Deosthalee and Mr. V. K. Magapu. The terms of reference of Compensation and Nomination Committee are as follows:

- to review, assess and recommend to the Board the appointment of Executive and Non-Executive Directors
- to review, assess and approve the recommendations made by the Chief Executive Officer for the appointment or promotion of senior managerial personnel and approve their compensation packages
- to consider and approve Employee Stock Option Schemes and to administer and supervise the same

REMUNERATION OF DIRECTORS & SENIOR MANAGEMENT

The remuneration policy of Directors is decided by the C&N Committee. All the Directors are paid sitting fees for attending the meetings of the Board. Presently, no other remuneration is payable to Directors.

The structure of pay for senior management and other employees is based on the Company policy evolved over a period of time. The objectives of the remuneration policy are to motivate the employees to excel in their performance, recognize their contribution, retain talent and reward merit. Remuneration of employees largely consists of base remuneration and performance incentives. The component of remuneration vary for different grades and are governed by industry pattern, qualifications, experience, responsibilities handled, individual performance, etc. Periodical presentations are made to the C&N Committee and the Board on HR policies.

RESPONSIBILITIES OF THE BOARD

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

The Company ensures necessary training to the Directors relating to its business through formal / informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/ discharge his duties. The Directors are given time to study the data and contribute effectively to Board discussions.

The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board. The system of risk assessment and compliance with statutory requirements are in place.

GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are as under:

Year	Venue of AGM	Date
2006-2007	L&T House, Ballard Estate, Mumbai – 400 001.	September 25, 2007
2007-2008	L&T House, Ballard Estate, Mumbai – 400 001.	May 21, 2008
2008–2009	L&T House, Ballard Estate, Mumbai – 400 001.	August 18, 2009

COMPLIANCE MONITORING SYSTEM

The Company believes that statutory compliance has become a catalyst for Corporate Governance and that a good statutory compliance system has become vital for effective conduct of business operations. As a major portion of the Company's business is conducted abroad, apart from ensuring compliance with Indian statutes, the Company also has to comply with the statutes of the countries where the Company has presence.

Keeping this in mind, the Company has voluntarily instituted a Compliance Monitoring System. Under this system, the Company Secretary, presents a certificate at the Board Meetings of the Company every quarter, confirming that the Company has complied with all the relevant provisions and requirements of various statutes as they are applicable to various businesses of the Company in India and abroad as well as with the contractual obligations binding on the Company. The Company Secretary furnishes the Certificate to the Board based on certificates received from various compliance owners representing business units / overseas offices and domestic support functions.

As regards to the services availed from the professional service providers engaged in various countries, the Company follows a practice of obtaining compliance certificates from them on quarterly basis.

During the year, the Company has automated its Compliance Monitoring system by rolling out Compliance Portal. The portal provides the users a web–based access with access controls based on a defined authorization matrix. Besides connecting all the compliance owners across time zones to a common corporate platform, the portal is expected to serve as a repository of the compliance exercise yielding substantial saving in resources and efforts for tracking compliance going forward.

INTERNAL AUDITORS

The inhouse Internal Audit department provides Internal Audit services to the Company.

INTERNAL CONTROL

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

SECRETARIAL AUDIT

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

AUDITORS' REPORT

TO THE MEMBERS OF LARSEN & TOUBRO INFOTECH LIMITED

We have audited the attached Balance Sheet of LARSEN & TOUBRO INFOTECH LIMITED as at March 31, 2010 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report as under:

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India under Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c) the said Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; and
   e) on the basis of written representations received from Directors as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010, from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

We report that in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in Schedule P and the notes appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 2010;
ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

SHARP & TANNAN
Chartered Accountants
(ICAI Registration No. 109982W)
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : May 4, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our report of even date)

(i) (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.
(b) The assets were physically verified by management during the year. In our opinion, the frequency of such verification is reasonable. We were informed that no material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year are not substantial in relation to the Company and do not affect the going concern status of the Company.

(ii) The Company has no inventories and hence reporting under paragraphs 4(ii)(a), (b) and (c) is not applicable.

(iii) We are informed by management that there are no companies, firms or other parties that are required to be listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b) to (g) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of 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 we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

(v) We are informed by management that there are no companies, firms or other parties that are required to be listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(v)(a) and (b) of the Order are not applicable.

(vi) The Company has not accepted any deposits in terms of provisions of Sections 58A and 58AA of the Companies Act, 1956.

(vii) We are of the opinion that the Company has an internal audit system commensurate with the size and the nature of its business.

(viii) We are informed by management that the Company is not required to maintain cost accounts and records under Section 209(1)(d) of the Companies Act, 1956.

(ix) (a) According to the information and explanations given to us and as per the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty 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, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and other statutory dues outstanding as at March 31, 2010 for a period of more than six months from the date they became payable. We were informed by management that there are no dues payable under the Employees State Insurance Act.

(b) According to the information and explanations given to us and according to the records of the Company, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax and Excise Duty that have not been deposited with the appropriate authorities on account of any dispute except as follows:

Name of the statute	**Nature of the disputed dues**	**Amount (Rs.)***	**Period to which the amount relates**	**Forum where disputes are pending**
Central Sales Tax Act and Local Sales Tax Act	Sales Tax on export sales, business rights, interest and penalty	1,16,64,192	2002-2003	Deputy Commissioner (Appeals)
Income Tax Act, 1961	Deductibility of software expenses and benefits under Section 10A	1,32,69,480	2005-2006	Commissioner (Appeals)
	Interest	76,10,294	2002-2003 and 2005-2006	

*Net of pre-deposit paid in getting the stay / appeal admitted

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current financial year or in the immediately preceding financial year.

(xi) 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 holder as at the Balance Sheet date.

(xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.

(xiv) The Company is not dealing in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has applied term loans for the purpose for which the loans were obtained.

(xvii) 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.

(xviii) The Company has not made any preferential allotment of shares during the year.

(xix) The Company did not have any outstanding secured debentures during the year. Accordingly, no securities have been created.

(xx) The Company has not raised any money by public issue during the year.

(xxi) 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 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
(ICAI Registration No. 109982W)
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : May 4, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31.03.2010 Rupees	Rupees	As at 31.03.2009 Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	161,250,000		158,437,500	
Reserves and Surplus	B	9,429,564,504		5,537,783,297	
Employee Stock Options Outstanding		278,678,066		245,366,877	
Less : Deferred employee compensation expense		(35,382,359)		(44,942,413)	
			9,834,110,211		5,896,645,261
Loan Funds					
Secured Loans	C	445,777,956		1,221,800,925	
Unsecured Loans	D	–		654,529	
			445,777,956		1,222,455,454
Deferred purchase consideration payable (see Schedule P, note 23)			–		342,360,000
TOTAL			10,279,888,167		7,461,460,715
APPLICATION OF FUNDS					
Fixed Assets					
Tangible Assets	E1				
Gross Block		3,027,826,150		2,862,396,530	
Less : Depreciation		1,767,177,505		1,498,625,810	
Net Block		1,260,648,645		1,363,770,720	
Capital work-in-progress		178,307,557		25,903,420	
			1,438,956,202		1,389,674,140
Intangible Assets	E2				
Gross Block		1,186,491,624		961,536,241	
Less : Amortisation		828,668,116		677,554,405	
Net Block		357,823,508		283,981,836	
Capital work-in-progress		52,785,750		41,325,000	
			410,609,258		325,306,836
Investments	F		2,811,223,762		2,229,275,185
Deferred tax asset (net) (see Schedule P, Note 13)			11,159,690		7,404,283
Current Assets, Loans and Advances					
Sundry Debtors	G	3,607,286,390		4,161,961,252	
Unbilled Revenues		841,142,262		624,513,325	
Cash and Bank Balances	H	1,539,713,432		1,115,417,346	
Loans and Advances	I	3,900,344,482		3,181,887,259	
		9,888,486,566		9,083,779,182	
Less : Current Liabilities and Provisions	J				
Current Liabilities		3,124,608,220		4,691,141,778	
Provisions		1,155,939,091		882,837,133	
		4,280,547,311		5,573,978,911	
Net Current Assets			5,607,939,255		3,509,800,271
TOTAL			10,279,888,167		7,461,460,715
CONTINGENT LIABILITIES	O				
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	P				

The Schedules referred to above and the notes attached form an integral part of the financial statements.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(ICAI Registration No. 109982W)
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

S. S. PRABHUDESAI
Company Secretary

V. K. MAGAPU
Director / Manager

Y. M. DEOSTHALEE
Director

Place : Mumbai
Date : May 4, 2010

Place : Mumbai
Date : May 4, 2010

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

	Schedule	2009-2010 Rupees	*2008-2009 Rupees*
INCOME			
Revenue - Software development services and products			
IT Services			
Overseas		**16,828,143,082**	*16,933,342,542*
Domestic		**939,505,212**	*807,302,069*
		17,767,648,294	*17,740,644,611*
Engineering Services (see Schedule P, note 24)		**–**	*1,767,736,763*
		17,767,648,294	*19,508,381,374*
Other Income	K	**349,720,807**	*245,245,169*
TOTAL INCOME		**18,117,369,101**	*19,753,626,543*
EXPENDITURE			
Software development expenses	L	**10,971,358,039**	*12,108,352,210*
Sales, administration and other expenses	M	**3,488,589,200**	*4,214,613,535*
TOTAL		**14,459,947,239**	*16,322,965,745*
Operating Profit		**3,657,421,862**	*3,430,660,798*
Interest	N	**27,511,806**	*82,806,177*
Depreciation on tangible assets		**331,202,104**	*345,923,950*
Amortisation of intangible assets		**151,171,675**	*107,666,205*
Profit before Tax		**3,147,536,277**	*2,894,264,466*
Provision for taxes		**618,016,833**	*428,605,845*
(including Rs. 600,000 for Wealth Tax; *previous year Rs. 21,000*)			
Deferred tax		**(3,755,407)**	*9,577,697*
MAT Credit Entitlement		**(256,204,383)**	*(163,414,025)*
Excess provision for earlier year written back		**(21,893,349)**	*(74,826,361)*
Fringe Benefit Tax		**–**	*46,102,980*
Profit after Tax		**2,811,372,583**	*2,648,218,330*
Add : Balance brought forward from previous year		**5,170,101,342**	*2,995,991,665*
Profit available for appropriation		**7,981,473,925**	*5,644,209,995*
Less: Transfer to general reserve		**300,000,000**	*289,224,660*
Profit available for distribution		**7,681,473,925**	*5,354,985,335*
Interim dividend		**801,147,432**	*158,027,260*
Tax on dividend		**136,155,006**	*26,856,733*
Balance to be carried forward		**6,744,171,487**	*5,170,101,342*
Basic earnings per share (see Schedule P, note 16)		**87.73**	*83.79*
Equivalent number of shares of Rs. 5 each		**32,044,788**	*31,604,774*
Diluted earnings per share		**86.79**	*82.82*
Face value per equity share		**5**	*5*
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	P		

The Schedules referred to above and the notes attached form an integral part of the financial statements.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(ICAI Registration No. 109982W)
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

S. S. PRABHUDESAI
Company Secretary

V. K. MAGAPU
Director / Manager

Y. M. DEOSTHALEE
Director

Place : Mumbai
Date : May 4, 2010

Place : Mumbai
Date : May 4, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

		2009-2010 Rupees	*2008-2009 Rupees*
A	**Cash Flow from Operating Activities**		
	Net Profit before Tax	**3,147,536,277**	*2,894,264,465*
	Adjustments for		
	Depreciation and amortisation	**482,373,779**	*453,590,155*
	Employees stock options amortised	**42,871,243**	*61,609,445*
	Interest (net)	**(26,597,982)**	*57,689,396*
	Unrealised foreign exchange loss / (gain)	**(273,114,909)**	*173,901,161*
	Profit on sale of current investments	**(127,398,411)**	*(118,094,938)*
	Dimunition in Value of Investment	**–**	*256,154*
	Miscellaneous expenditure amortised	**26,648,737**	*5,188,245*
	Loss / (Profit) on sale of fixed assets	**(14,523,164)**	*10,090,617*
	Operating Profit before Working Capital changes	**3,257,795,570**	*3,538,494,700*
	(Increase) / decrease in trade receivables	**701,645,940**	*(643,324,753)*
	(Increase) / decrease in other receivables	**(1,173,651,397)**	*(397,865,190)*
	Increase / (decrease) in trade payables	**265,345,623**	*(449,904,192)*
	(Increase) / decrease in working capital	**(206,659,834)**	*(1,491,094,135)*
	Cash generated from Operations	**3,051,135,736**	*2,047,400,565*
	Direct taxes paid	**(52,166,669)**	*(408,886,726)*
	Net Cash from Operating Activities (A)	**2,998,969,067**	*1,638,513,839*
B.	**Cash Flow from Investing Activities**		
	Purchase of fixed assets	**(660,435,577)**	*(602,056,139)*
	Sale of fixed assets	**58,000,477**	*2,253,998*
	Investments (purchased)	**(31,718,836,797)**	*(33,254,853,733)*
	Investments sold	**31,136,888,220**	*33,061,850,738*
	Profit on sale of current investments	**127,398,411**	*–*
	Repayment of purchase consideration to subsidiary	**(342,360,000)**	*(129,920,410)*
	Interest received	**54,109,788**	*25,116,781*
	Net Cash used in Investing Activities (B)	**(1,345,235,478)**	*(897,608,765)*
C.	**Cash Flow from Financing Activities**		
	Share capital issued (including premium)	**298,125,000**	*161,865,000*
	(Repayment) proceeds from borrowings	**(672,046,532)**	*98,472,420*
	Interest paid	**(27,511,806)**	*(82,806,177)*
	Dividend paid	**(801,147,432)**	*(314,481,370)*
	Dividend tax	**(26,856,733)**	*(26,589,375)*
	Net Cash from Financing Activities (C)	**(1,229,437,503)**	*(163,539,502)*
	Net increase in Cash and Cash Equivalents (A+B+C)	**424,296,086**	*577,365,572*
	Cash and Cash Equivalents at March 31, 2009	**1,115,417,346**	*538,051,774*
	Cash and Cash Equivalents at March 31, 2010	**1,539,713,432**	*1,115,417,346*

NOTES:

1 Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard - 3 issued under the Companies (Accounting Standards) Rules, 2006.

2 Purchase of fixed assets includes movements of capital work-in-progress between the beginning and end of the year.

3 Cash and Cash Equivalents represent Cash and Bank Balances.

4 Bank balances include revaluation loss of Rs. 181,341,165 (*Previous year gain Rs. 170,431,277)*

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(ICAI Registration No. 109982W)
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

S. S. PRABHUDESAI
Company Secretary

V. K. MAGAPU
Director / Manager

Y. M. DEOSTHALEE
Director

Place : Mumbai
Date : May 4, 2010

Place : Mumbai
Date : May 4, 2010

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2010 Rupees	*As at 31.03.2009 Rupees*
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
Authorised : 3,27,50,000 Equity shares of Rs. 5 each	**163,750,000**	*163,750,000*
(*Previous year 3,27,50,000 of Rs. 5 each*)		
Issued and Subscribed		
3,22,50,000 Equity Shares for Rs. 5 each	**161,250,000**	*161,250,000*
(*Previous year 3,22,50,000 of Rs. 5 each*)		
Paid-up		
3,22,50,000 Equity Shares for Rs. 5 each, fully paid up *(Previous year 3,00,00,000 equity shares of Rs. 5 each fully paid-up and 22,50,000 equity shares of Rs. 5 each, Rs. 3.75 paid-up)*	**161,250,000**	*158,437,500*
(All the above Equity Shares are held by Larsen & Toubro Limited, the Holding Company)		
TOTAL	**161,250,000**	*158,437,500*
SCHEDULE - B		
RESERVES AND SURPLUS		
General Reserve	**1,800,000,000**	*1,510,775,340*
Add : Transferred from Profit and Loss Account	**300,000,000**	*289,224,660*
	2,100,000,000	*1,800,000,000*
Hedging Reserve	**(595,846,983)**	*(2,318,245,545)*
Share Premium (see Schedule P, note 1)	**1,181,240,000**	*885,927,500*
Profit and Loss Account	**6,744,171,487**	*5,170,101,342*
TOTAL	**9,429,564,504**	*5,537,783,297*
SCHEDULE - C		
SECURED LOANS		
Term loans from bank	**221,277,956**	*474,600,925*
Other loans from banks	**224,500,000**	*747,200,000*
TOTAL	**445,777,956**	*1,221,800,925*
SCHEDULE - D		
UNSECURED LOANS		
Lease finance	**–**	*654,529*
TOTAL	**–**	*654,529*

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE - E

FIXED ASSETS

TANGIBLE ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2009 Rupees	Additions Rupees	Deductions Rupees	**As at 31.03.2010 Rupees**	As at 01.04.2009 Rupees	For the year Rupees	On Deductions Rupees	**As at 31.03.2010 Rupees**	**As at 31.03.2010 Rupees**	*As at 31.03.2009 Rupees*
Schedule E1 - Tangible Assets - Own										
Buildings	184,262,584	35,987,816	4,808,519	**215,441,881**	43,452,685	6,343,414	813,404	**48,982,695**	**166,459,186**	*140,809,899*
Plant and machinery	395,974,474	13,853,195	30,838,860	**378,988,809**	126,902,659	14,668,513	2,142,385	**139,428,787**	**239,560,022**	*269,071,815*
Computers	1,187,263,159	135,602,902	49,826,240	**1,273,039,821**	840,249,009	161,589,429	48,456,083	**953,382,355**	**319,657,466**	*347,014,150*
Furniture and fixtures	1,065,513,059	51,871,062	18,377,940	**1,099,006,181**	463,232,605	143,749,743	9,434,444	**597,547,904**	**501,458,277**	*602,280,455*
Vehicles	5,753,214	34,317,511	2,351,307	**37,719,418**	4,626,375	1,383,442	1,804,093	**4,205,724**	**33,513,694**	*1,126,838*
Sub Total (A)	**2,838,766,490**	**271,632,486**	**106,202,866**	**3,004,196,110**	**1,478,463,333**	**327,734,541**	**62,650,409**	**1,743,547,465**	**1,260,648,645**	*1,360,303,157*
Tangible Assets - Leased										
Computers	23,630,040	–	–	**23,630,040**	20,162,477	3,467,563	–	**23,630,040**	–	*3,467,563*
Sub Total (B)	**23,630,040**	–	–	**23,630,040**	**20,162,477**	**3,467,563**	–	**23,630,040**	–	*3,467,563*
Add: Capital work-in-progress (including Advances)									**178,307,557**	*25,903,420*
Total Tangible Assets	**2,862,396,530**	**271,632,486**	**106,202,866**	**3,027,826,150**	**1,498,625,810**	**331,202,104**	**62,650,409**	**1,767,177,505**	**1,438,956,202**	
Previous Year	*2,663,529,903*	*359,595,270*	*160,728,643*	*2,862,396,530*	*1,301,085,888*	*345,923,950*	*148,384,028*	*1,498,625,810*		*1,389,674,140*

INTANGIBLE ASSETS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01.04.2009 Rupees	Additions Rupees	Deductions Rupees	**As at 31.03.2010 Rupees**	As at 01.04.2009 Rupees	For the year Rupees	On Deductions Rupees	**As at 31.03.2010 Rupees**	**As at 31.03.2010 Rupees**	*As at 31.03.2009 Rupees*
Schedule E2 - Intangible Assets										
Leasehold Land	12,268,579	–	–	**12,268,579**	1,858,628	128,820	–	**1,987,448**	**10,281,131**	*10,409,951*
Software	851,217,662	225,013,347	57,964	**1,076,173,045**	577,645,777	151,042,855	57,964	**728,630,668**	**347,542,377**	*273,571,885*
Business Rights	98,050,000	–	–	**98,050,000**	98,050,000	–	–	**98,050,000**	–	–
Add: Capital work-in-progress (including Advances)									**52,785,750**	*41,325,000*
Total Intangible Assets	**961,536,241**	**225,013,347**	**57,964**	**1,186,491,624**	**677,554,405**	**151,171,675**	**57,964**	**828,668,116**	**410,609,258**	
Previous Year	*763,896,663*	*201,954,369*	*4,314,791*	*961,536,241*	*574,202,991*	*107,666,205*	*4,314,791*	*677,554,405*		*325,306,836*

	As at 31.03.2010 Rupees	*As at 31.03.2009 Rupees*
SCHEDULE - F		
INVESTMENTS		
Long term investment in wholly owned subsidiaries		
1 fully paid Equity Share of Euro 25,000 in Larsen & Toubro Infotech GmbH	**1,140,649**	*1,140,649*
100 fully paid Equity Shares of CAD 1 each in Larsen & Toubro Infotech Canada Limited	**6,606,466**	*6,606,466*
10 Common Stock at no par value in GDA Technologies Inc., USA	**1,203,207,954**	*1,203,207,954*
Current investments		
Investments in Mututal Funds	**1,600,268,693**	*1,018,320,116*
TOTAL	**2,811,223,762**	*2,229,275,185*

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE - F Contd…

INVESTMENTS

Name of Mututal Fund	Face Value (Rs.)	Number of Units: As at 01.04.2009	Number of Units: Purchased/ Subscribed during the year	Number of Units: Sold during the year	Number of Units: As at 31.03.2010	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
I. Liquid / Liquid Plus Funds							
Birla Cash Plus - Instl. Prem. - Growth	10	15,72,076	22,02,15,881	(22,17,87,957)	–	–	*21,500,000*
Birla Sun Life Savings Fund Instl. - Growth	10	97,76,604	10,00,81,454	(10,41,36,531)	57,21,527	**100,016,298**	*157,888,360*
BSL Floating Rate Fund - Long Term - Instl - Growth	10	–	92,78,848	–	92,78,848	**100,000,000**	–
DSP BlackRock Liquidity Fund - Institutional Plan - Growth	1000	–	3,15,321	(3,15,321)	–	–	–
ICICI Prudential Institutional Liquid Plan - Super Institutional - Growth	10	39,02,984	23,65,53,364	(24,04,56,348)	–	–	*50,000,000*
ICICI Prudential Liquid Super Institutional Plan - Growth	100	–	96,37,593	(96,37,593)	–	–	–
ICICI Prudential Flexible Income Plan - Growth	10	85,66,494	10,42,00,994	(11,27,67,488)	–	–	*137,029,537*
ICICI Prudential Flexible Income Plan Premium - Growth	100	–	23,72,210	(23,72,210)	–	–	–
ICICI Prudential Ultra Short Term Plan Premium Plus Growth	10	–	50,00,000	(50,00,000)	–	–	–
ICICI Prudential Ultra Short Term Plan Super Premium Growth	10	–	9,40,12,850	(8,56,90,242)	83,22,607	**86,000,000**	–
Kotak Liquid (Institutional Premium) - Growth	10	–	5,16,64,956	(5,16,64,956)	–	–	–
Kotak Floater Long Term - Growth	10	–	3,84,27,840	(3,84,27,840)	–	–	–
L&T Liq Sup Inst. Plan - Cumulative	10	–	3,57,18,985	(3,57,18,985)	–	–	–
L&T Freedom Income STP- Inst.-Cum-Org	10	–	2,02,91,942	(1,01,75,221)	1,01,16,721	**150,024,904**	–
L&T Select Income Fund - Flexi Debt Institutional - Growth	10	–	1,97,12,412	(1,97,12,412)	–	–	–
LICMF Liquid Fund - Growth Plan	10	–	22,15,02,338	(21,97,23,485)	17,78,853	**30,000,000**	–
LICMF Income Plus Fund - Growth Plan	10	–	15,71,32,826	(14,09,54,155)	1,61,78,671	**200,025,322**	–
LICMF Floating Rate Fund - Short Term Plan - Growth Plan	10	–	76,46,255	(76,46,255)	–	–	–
Principal Cash Management Fund-Liquid Option Instl. Prem. Plan - Growth	10	–	2,35,97,787	(2,35,97,787)	–	–	–
Religare Liquid Fund - Institutional Growth	10	–	15,96,004	(15,96,004)	–	–	–
TATA Liquid Super High Inv.Fund - Appreciation	1000	–	76,725	(76,725)	–	–	–
TATA Floater Fund - Growth	10	–	1,37,03,535	(1,37,03,535)	–	–	–
Templeton India Treasury Management Account Super Institutional Plan - Growth	1000	–	1,10,928	(1,10,928)	–	–	–
Templeton Floating Rate Income Fund Long Term Plan Super Institutional - Growth	10	–	80,27,484	(80,27,484)	–	–	–
UTI Liquid Cash Plan Institutional - Growth Option	1000	7,769	13,39,484	(13,47,253)	–	–	*10,500,000*
UTI Money Market Fund - Growth Plan	10	21,82,958	1,41,53,681	(1,63,36,639)	–	–	*53,500,000*
UTI Treasury Advantage Fund (Institutional Plan) - Growth Option	1000	73,512	9,20,281	(9,12,933)	80,859	**100,014,167**	*85,000,000*
UTI Money Market Mutual Fund - Institutional Growth Plan	1000	–	2,77,06,585	(2,77,06,585)	–	–	–
UTI-Floating Rate Fund - Short Term Plan - Institutional Growth Option	1000	–	3,77,615	(3,77,615)	–	–	–
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Growth	10	58,23,512	6,85,26,434	(7,43,49,947)	–	–	*109,318,310*
HDFC Liquid Fund - Premium Plus Plan - Growth	10	–	10,23,51,425	(10,23,51,425)	–	–	–
Total (A)						**766,080,691**	*624,736,207*
II. Income Funds							
Birla Sun Life Income Plus - Growth	10	5,00,572	–	(500,572)	–	–	*19,827,354*
HDFC Income Fund - Growth	10	9,92,585	–	(992,585)	–	–	*19,916,524*
Templeton India Ultra Short Bond Fund Super Institutional Plan - Growth		–	4,847,963	(4,847,963)	–	–	–
Total (B)						–	*39,743,878*
III. Short Term Plans							
HDFC Short Term Plan - Growth	10	27,84,428	4,248,856	(7,033,284)	–	–	*45,803,566*
Birla Sun Life Short Term Fund -Institutional Growth	10	–	9,276,560	–	9,276,560	**101,158,316**	–
DSP BlackRock Short Term Fund - Growth	10	–	10,716,734	(10,716,734)	–	–	–
HDFC High Interest Fund - Short Term Plan - Growth	10	–	7,155,678	(4,441,180)	2,714,498	**50,008,924**	–
ICICI Prudential Institutional Short Term Plan - Cumulative Option	10	–	5,919,374	(5,919,374)	–	–	–
Principal Income Fund-Short Term - Instl. Plan - Growth Plan	10	–	12,064,793	(6,312,622)	5,752,171	**93,013,279**	–
Templeton India Short Term Income Plan Institutional - Growth	1000	–	34,692	–	34,692	**50,005,408**	–
UTI Short Term Income Fund Institutional - Growth Option	10	–	4,784,964	–	4,784,964	**50,000,000**	–
Total (C)						**344,185,927**	*45,803,566*

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE - F Contd…

INVESTMENTS

Name of Mututal Fund	Face Value (Rs.)	Number of Units				As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
		As at 01.04.2009	Purchased/ Subscribed during the year	Sold during the year	As at 31.03.2010		
IV. Monthly Income Plans							
Birla Sun Life MIP II - Savings 5 Plan - Growth	10	–	2,76,046	–	2,76,046	**4,500,000**	–
HDFC MF Monthly Income Plan - Long Term - Growth	10	–	1,21,505	–	1,21,505	**2,500,000**	–
ICICI Prudential MIP - Cumulative	10	–	1,27,099	–	1,27,099	**3,000,000**	–
Total (D)						**10,000,000**	–
V. Arbitrage Funds							
UTI - SPREAD FUND - GROWTH PLAN		–	**15,56,178**	**(15,56,178)**	–	–	–
Total (E)						–	–
VI. Fixed Maturity Plans							
Birla Sun Life FTP - Instl - Series BD - Growth	10	28,03,647	–	(28,03,647)	–	–	*28,036,465*
HDFC FMP 18M October 2009 - Growth - Series XI	10	–	20,00,000	–	20,00,000	**20,000,000**	–
HDFC FMP 20M Sep 2009 - Growth - Series XI	10	–	20,00,000	–	20,00,000	**20,000,000**	–
DSP BlackRock FMP 13M Series 2 - Growth. Maturity Date 05-Apr-2011	10	–	20,00,000	–	20,00,000	**20,000,000**	–
ICICI Prudential FMP Series 41 - 19 Months	10	20,00,000	–	(20,00,000)	–	–	*20,000,000*
ICICI Prudential Interval Fund Annual Interval Plan - I Institutional Cumulative	10	27,53,885	–	(27,53,885)	–	–	*30,000,000*
ICICI Prudential FMP Series 49 - 1 Year Plan B Institutional Growth	10	–	20,00,000	–	20,00,000	**20,000,000**	–
ICICI Prudential Banking and PSU Debt Fund Growth	10	–	79,62,402	–	79,62,402	**80,000,000**	–
Kotak Quarterly Interval Plan Series 4 - Growth	10	–	17,06,703	–	17,06,703	**20,000,000**	–
Kotak Quarterly Interval Plan Series 6 - Dividend	10	–	30,00,000	–	30,00,000	**30,000,000**	–
Kotak Quarterly Interval Plan Series 7 - Growth	10	–	45,62,085	–	45,62,085	**50,000,000**	–
Kotak FMP 13M Series 6 - Growth	10	–	20,00,000	–	20,00,000	**20,000,000**	–
L&T Fixed Maturity Plan - Series 12 - Plan 91 D - March 10 - I - Growth	10	–	50,00,000	–	50,00,000	**50,000,000**	–
L&T Fixed Maturity Plan Series - 12 - Plan - 15 M - March 10 - I - Growth	10	–	20,00,000	–	20,00,000	**20,000,000**	–
Principal PNB Fixed Maturity Plan(FMP-50)385 Days-SeriesIX-Aug08-Institutional Growth Plan	10	30,00,000	–	(30,00,000)	–	–	*30,000,000*
Religare Active Income Fund Institutional - Growth	10	–	20,00,207	–	20,00,207	**20,002,075**	–
Religare Fixed Maturity Plan-Series-II Plan B (15 Months)	10	–	20,00,000	–	20,00,000	**20,000,000**	–
TATA Fixed Horizon Fund Series 18 Scheme C - Institutional Plan - Growth	10	50,00,000	–	(50,00,000)	–	–	*50,000,000*
TATA Fixed Maturity Plan Series 25 Scheme A - Super High Invest Plan - Growth	10	–	20,00,000	–	20,00,000	**20,000,000**	–
Templeton Fixed Horizon Fund Series I X - Plan A - Growth	10	30,00,000	–	(30,00,000)	–	–	*30,000,000*
Templeton Fixed Horizon Fund Series I X - Plan A - Growth	10	50,00,000	–	(50,00,000)	–	–	*50,000,000*
FTFTF Series XII - Plan B (3 Yrs.)- Growth	10	–	20,00,000	–	20,00,000	**20,000,000**	–
UTI Fixed Income Interval Fund - Quaterly Plan Series III - Institutional Growth Plan	10	–	24,65,119	–	24,65,119	**30,000,000**	–
UTI- Fixed Income Interval Fund - Series II - Quarterly Interval Plan V - Institutional Dividend Plan	10	–	20,00,000	–	20,00,000	**20,000,000**	–
UTI - Fixed Term Income Fund Series- IV - Plan VII (MAY / 08-12 MONTHS) - Institutional Growth Plan	10	50,00,000	–	(50,00,000)	–	–	*50,000,000*
UTI-Fixed Term Income Fund Series V - I (13 Months) - Growth Plan	10	20,00,000	–	(20,00,000)	–	–	*20,000,000*
TOTAL (F)						**480,002,075**	***308,036,465***
GRAND TOTAL (A)+(B)+(C)+(D)+(E)+ (F)						**1,600,268,693**	*1,018,320,116*

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2010		*As at 31.03.2009*	
	Rupees	**Rupees**	*Rupees*	*Rupees*
SCHEDULE - G				
SUNDRY DEBTORS				
Unsecured				
Debts outstanding for a period exceeding six months				
Considered good	**125,016,309**		*183,529,918*	
Considered doubtful	**200,480,049**		*209,327,209*	
		325,496,358		*392,857,127*
Other Debts				
Considered good				
Due from subsidiaries	**121,494,620**		*55,749,490*	
Others	**3,360,775,461**		*3,922,681,844*	
Considered doubtful	**–**		*–*	
Less : Provision for doubtful debts	**200,480,049**		*209,327,209*	
		3,281,790,032		*3,769,104,125*
TOTAL		**3,607,286,390**		*4,161,961,252*
SCHEDULE - H				
CASH AND BANK BALANCES				
Cash on hand		**494,055**		*1,124,486*
Balances with scheduled banks				
in Current accounts	**86,146,496**		*52,000,635*	
in Deposit accounts	**498,265,564**		*260,000,000*	
		584,412,060		*312,000,635*
Balances with non-scheduled banks				
in Current accounts	**761,574,939**		*353,492,174*	
in Deposit accounts (see schedule P, note 4)	**188,320,588**		*122,652,100*	
		949,895,527		*476,144,274*
Remittances in transit		**4,911,790**		*326,147,951*
TOTAL		**1,539,713,432**		*1,115,417,346*
SCHEDULE - I				
LOANS AND ADVANCES				
Secured				
Loans against mortgage of house property	**1,398,137**		*1,958,462*	
Unsecured, considered good				
Dues from subsidiary company	**–**		*6,367,000*	
Loans to subsidiary	**99,800,000**		*96,900,000*	
Forward contracts gain receivable	**1,005,815,167**		*956,950,194*	
Advances recoverable in cash or in kind	**2,748,624,621**		*2,104,146,867*	
Unsecured, considered doubtful	**–**		*1,463,308*	
	3,855,637,925		*3,167,785,831*	
Less : Provision for doubtful advances	**–**		*1,463,308*	
		3,855,637,925		*3,166,322,523*
Cost of long term projects (see schedule P, note 19)		**44,706,557**		*15,564,736*
TOTAL		**3,900,344,482**		*3,181,887,259*

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

	As at 31.03.2010		*As at 31.03.2009*	
	Rupees	**Rupees**	*Rupees*	*Rupees*
SCHEDULE - J				
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors	**2,956,822,476**		*4,396,985,129*	
Advance billing	**118,784,608**		*2,435,560*	
Due to Holding Company	**49,001,136**		*291,721,089*	
		3,124,608,220		*4,691,141,778*
Provisions				
Income Taxes	**882,238,128**		*510,953,221*	
Fringe Benefit Tax	**–**		*43,000,000*	
Compensated absences	**210,009,008**		*235,632,811*	
Gratuity	**22,509,450**		*55,048,098*	
Post retirement medical benefit plan (see schedule P, note 5)	**30,482,505**		*27,503,003*	
Other Provisions (see schedule P, note 14)	**10,700,000**		*10,700,000*	
		1,155,939,091		*882,837,133*
TOTAL		**4,280,547,311**		*5,573,978,911*

	2009-2010	*2008-2009*
	Rupees	*Rupees*
SCHEDULE - K		
OTHER INCOME		
Profit on sale of current investments	**127,398,411**	*118,094,938*
Profit on sale of fixed assets	**14,523,164**	–
Interest received	**54,109,788**	*25,116,781*
Foreign Exchange Gain	**104,630,966**	–
Provision no longer required for doubtful debts	**26,286,734**	–
Miscellaneous income	**22,771,744**	*102,033,450*
TOTAL	**349,720,807**	*245,245,169*
SCHEDULE - L		
SOFTWARE DEVELOPMENT EXPENSES		
Salaries including overseas staff expenses	**8,796,433,827**	*8,092,472,728*
Staff welfare	**534,910,560**	*521,852,287*
Contribution to Provident and Other Funds	**138,267,109**	*124,804,247*
Contribution to Superannuation Fund	**58,885,062**	*51,979,360*
Contribution to Gratuity Fund	**25,707,344**	*31,711,766*
Communication expenses	**90,029,751**	*95,460,091*
Consultancy charges	**999,722,611**	*2,939,874,137*
Cost of Software packages for own use	**247,673,011**	*194,226,079*
Cost of bought-out items for resale	**79,728,764**	*55,971,515*
TOTAL	**10,971,358,039**	*12,108,352,210*

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

	2009-2010 Rupees	*2008-2009 Rupees*
SCHEDULE - M		
SALES, ADMINISTRATION AND OTHER EXPENSES		
Salaries including overseas staff expenses	**1,041,601,443**	*1,034,359,169*
Travelling and conveyance	**527,398,039**	*489,239,345*
Rent and establishment expenses (lease rent Rs. 47,733,107 *previous year Rs. 44,694,058*)	**810,938,353**	*939,296,974*
Telephone charges and postage	**209,167,098**	*220,819,375*
Legal and professional charges	**146,256,108**	*117,708,114*
Printing and stationery	**16,945,333**	*32,933,956*
Advertisement	**22,389,516**	*26,028,978*
Entertainment	**17,553,458**	*23,508,349*
Recruitment expenses	**32,360,232**	*31,286,068*
Repairs to building	**79,710,468**	*75,970,815*
Repairs to computers	**53,845,031**	*45,083,959*
General repairs and maintenance	**64,103,114**	*45,348,190*
Power and fuel	**184,701,652**	*226,448,705*
Equipment hire charges	**4,317,268**	*6,263,545*
Insurance charges	**48,627,406**	*28,899,601*
Rates and taxes	**53,100,091**	*94,769,890*
Provision for doubtful debts and advances	**53,029,639**	*67,769,730*
Bad debts	**28,322,026**	*37,920,991*
Less : Provision written back	**(28,322,026)**	*(26,282,217)*
Commission charges	**4,038,600**	*3,574,600*
Books and periodicals, Subscriptions	**15,942,951**	*7,569,109*
Directors fees	**460,000**	*460,000*
Loss on sale of fixed assets	**–**	*10,090,617*
Miscellaneous expenses	**75,454,663**	*66,528,655*
Amortisation of cost of long term projects (See Schedule P, note 19)	**26,648,737**	*5,188,245*
Foreign Exchange Losses	**–**	*603,828,772*
TOTAL	**3,488,589,200**	*4,214,613,535*

SCHEDULE - N		
Interest paid on		
Fixed loans	**8,334,838**	*5,655,297*
On others	**18,847,053**	*77,141,823*
Lease finance charges	**329,915**	*9,057*
TOTAL	**27,511,806**	*82,806,177*

SCHEDULE - O		
CONTINGENT LIABILITY		
Income Tax liability that may arise in respect of which the Company is in appeal	**44,469,667**	*44,907,975*

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE - P

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles ("GAAP") and in compliance with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006.

The preparation of financial statements in conformity with GAAP requires the management of the Company to make estimates and assumptions that affect the income and expense reported for the period and assets and liabilities reported as of the date of the financial statements. Examples of such estimates include the useful lives of the fixed assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

2. Revenue recognition

Revenue from contracts priced on time and material basis are recognized when services are rendered and related costs are incurred.

Revenue from services performed on "fixed-price" basis is recognized using the proportionate completion method.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

3. 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 and performance incentives are recognized in the period in which the employee renders the related service.

b) Post-employment benefits

i) Defined contribution plan:

The Company's Superannuation Fund and State Governed Provident Fund Scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognized during the period in which the employee renders the related service.

ii) Defined benefit plans:

The Provident Fund Scheme managed by trust, Employees Gratuity Fund Scheme managed by LIC and post-retirement medical benefit scheme are the Company's defined benefit plans. Wherever applicable, the present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash-flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government bonds as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognized immediately in the Profit and Loss Account. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

(iii) Long term employee benefits:

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

4. Fixed assets

Tangible

Fixed assets are stated at cost less accumulated depreciation.

Intangible

Computer software developed in-house is capitalized at cost.

5. Investments

Long-term investments are stated at cost, less provision for other than temporary diminution in value, if any. Current investments are stated at the lower of cost or market value, determined on the basis of specific identification.

6. Leases

Finance lease

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 and 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

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

constant periodic rate of interest on the outstanding liability for each period.

Operating lease

Assets acquired under lease 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 Profit and Loss Account on accrual basis.

7. Depreciation

Tangible - Owned assets

Depreciation on all assets is calculated using straight line method at rates prescribed by Schedule XIV to the Companies Act, 1956, except for the following:

Plant and machinery	20%
Computers	30%
Servers	25%
Furniture and fixtures	10%
Office equipments	20%
Motor cars	14.14%

Tangible - Leased assets

Assets acquired under finance leases are depreciated at the rates applicable to similar assets owned by the Company as there is reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term.

Intangible assets

The basis of amortisation of intangible assets is as follows:

Leasehold land	over the residual period of the lease
Computer software	33.33%
Intellectual Property Rights (IPR)	33.33%
Business Rights	over a period of five years

Depreciation / amortisation on additions / disposals are calculated pro-rata from / to the month of additions / disposals.

8. Employee Stock Ownership Schemes

In respect of stock options granted pursuant to the Company's stock option schemes, the excess of fair value of the share over the exercise price of the option is treated as discount and accounted as employee compensation cost over the vesting period.

9. Foreign currency transactions

a) Foreign currency transactions are initially recorded at the rates prevailing on the date of the transaction. At the Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Translation of foreign currency transaction of overseas branches is as under:

- revenue items at the average rate for the period;
- fixed assets and investments at the rates prevailing on the date of the transaction; and
- other assets and liabilities at year end rates.

Exchange difference on settlement / year end conversion is adjusted to Profit and Loss Account.

b) Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitments or of highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Exchange differences arising on such contracts are recognized in the period in which they arise and the premium paid / received is accounted as expense / income over the period of the contract.

Profit or loss on such forward contracts is accounted as income or expense for the period.

c) 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 Institute of Chartered Accountants of India (ICAI) dated March 29, 2008 on accounting of derivatives, the Company has adopted Accounting Standard 30 for applying the test of hedge effectiveness of the outstanding derivative contracts. Accordingly, the resultant gains or losses on fair valuation of such contracts are recognised in the Profit and Loss Account or Balance Sheet as the case may be.

10. Income Tax

Provision for Income Tax for the current year is based on the taxable profits for the year after considering tax exemptions / allowances.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Deferred Tax is recognized on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantially enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11. Provisions, Contingent Liabilities and Contingent Assets

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

a) the Company has a present obligation as a result of a past event;

b) a probable outflow of resources is expected to settle the obligation; and

c) the amount of the obligation can be reliably estimated.

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

Contingent Liability is disclosed in the case of

a) a present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation.

b) a possible obligation unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

12. Segment accounting

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. Expenditure 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. Fixed assets used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as the fixed assets and services are used interchangeably among segments.

NOTES FORMING PART OF ACCOUNTS

1. During the year, the Company made the third and the final call on the 22,50,000 partly paid-up Equity shares issued by the Company. An amount of Rs. 132.50 per share aggregating Rs. 29,81,25,000 was called and received. This comprised of Rs. 1.25 per share towards share capital and Rs. 131.25 per share towards share premium, resulting in an increase in share capital and share premium of Rs. 28,12,500 and Rs. 29,53,12,500 respectively.

2. Stock Option plans

a) Employee Stock Ownership Scheme ('ESOS Plan')

Under the Employee Stock Ownership Scheme (ESOS), 25,84,459 options are outstanding as at March 31, 2010. 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 Rs. 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:-

	ESOP Series	**I, II & III ***	**IV – XVIII**		**XIX – XX**
		2009-2010	**2009-2010**	*2008-2009*	**2009-2010**
1	Grant Price (Rs.)	**25**	**10**	*10*	**10**
2	Options granted and outstanding at the beginning of the year	**3,93,003****	**21,39,506**	*21,02,770*	**–**
3	Options granted during the year	**–**	**–**	*61,250*	**61,250**
4	Options cancelled/ lapsed during the year	**–**	**9,300**	*24,514*	**–**
5	Options exercised and shares allotted during the year	**–**	**–**	*–*	**–**
6	Options granted and outstanding at the end of the year	**3,93,003**	**21,30,206**	*21,39,506*	**61,250**
	of which -				
	Options vested	**3,93,003**	**9,70,917**	*9,70,917*	**–**
	Options yet to vest	**–**	**11,59,289**	*11,68,589*	**61,250**

*Figures for previous year for Series I, II & III remain the same.

** Includes the adjustment made during the year on account of reinstatement of options inadvertently considered as cancelled/lapsed in earlier years.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

b) Employees Stock Ownership Scheme – 2006 U.S. Stock Option Sub-Plan ('Sub-Plan')

The Company had instituted the Employees Stock Ownership Scheme – 2006 U.S. Stock Option Sub-Plan ('Sub-Plan') for the employees and Directors of its subsidiary, GDA Technologies Inc, USA. 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 fulfilment 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 Rs. 5 each at an exercise price of USD 12 (equivalent to Rs. 530) per share. Under the said plan, options granted and outstanding as at the end of the year are 96,500 options. 58,693 options have been vested while 37,807 options remain unvested, as at the end of the year.

c) Employees Stock Options granted and outstanding as at the end of the year on unissued share capital represent options 26,80,959 (*previous year 26,67,659*).

3. The secured loans from banks are secured against hypothecation of the Company's movable assets and accounts receivables.

4. Balances with non-scheduled banks held in:

	Closing Balance As at		Max. amount outstanding during the year ended	
	31.03.2010 Rupees	*31.03.2009 Rupees*	**2009-2010 Rupees**	*2008-2009 Rupees*
ABN Amro Bank, Amsterdam	**4,30,733**	*77,12,361*	**3,35,65,796**	*9,52,93,286*
ABSA Bank, South Africa	**71,67,685**	*67,37,738*	**18,77,56,809**	*22,81,17,666*
Bank of America, New Jersey	**9,62,601**	*32,48,275*	**71,41,011**	*65,57,381*
Citibank Australia (AUD)	**45,63,499**	*53,25,437*	**6,91,45,174**	*5,01,09,311*
Citibank Australia (USD)	**56,46,386**	*42,909*	**78,56,169**	*42,909*
Citibank Japan (JPY)	**26,18,132**	–	**8,99,93,636**	–
Citibank, South Korea (KRW)	**15,04,815**	*15,268*	**2,09,05,328**	*4,03,76,774*
Citibank, South Korea (USD)	**99,94,654**	–	**6,08,55,813**	–
Citibank N.A., New Jersey (Checking)	**9,91,70,288**	*94,38,633*	**9,91,70,288**	*94,38,633*
Citibank N.A., New Jersey (Collection)	**10,55,21,669**	*11,85,47,836*	**96,70,81,036**	*90,31,26,614*
Citibank N.A., Paris	**2,04,74,365**	*1,76,79,753*	**5,73,82,318**	*7,10,10,288*
Citibank N.A., Singapore	**3,32,16,641**	*87,86,429*	**4,62,75,923**	*3,22,37,550*
Citibank, Philippines (PHP)	**27,49,259**	*23,03,536*	**47,28,962**	*43,51,605*
Citibank, Philippines (USD)	**4,05,513**	*2,51,941*	**6,99,683**	*2,40,49,892*
Danske Bank, Denmark	**4,48,94,526**	*60,63,817*	**9,86,37,328**	*10,38,87,507*
Fokus Bank, Norway	**82,09,195**	–	**4,41,12,855**	–
Handlesbanken, Sweden	**1,35,07,519**	*25,04,578*	**5,38,31,918**	*3,88,48,862*
HSBC, London (EUR)	**41,13,523**	*62,45,986*	**1,58,84,826**	*1,52,59,851*
HSBC, London (GBP)	**1,77,81,256**	*8,94,90,422*	**7,66,40,809**	*8,94,90,422*
HSBC, London (USD)	**96,50,459**	*55,29,822*	**8,54,16,435**	*6,56,57,191*
Korean Exchange Bank, South Korea (KRW)	**1,16,29,390**	*38,21,032*	**7,26,60,466**	*16,14,20,993*
Korean Exchange Bank, South Korea (USD)	**2,86,11,307**	–	**11,34,51,821**	–
Saudi British Bank, Saudi Arabia	**59,86,667**	*65,02,667*	**65,02,667**	*65,02,667*
State Bank of India, New York	**27,26,30,279**	*19,63,082*	**28,81,59,275**	*19,63,082*
State Bank of India, Tokyo (USD)	**1,74,75,754**	*3,56,06,943*	**12,98,37,487**	*4,33,55,129*
State Bank of India, Tokyo (JPY)	**9,610**	–	**16,412**	–
Tokyo Mitshubishi Bank, Tokyo	**3,26,49,214**	*1,56,73,708*	**6,31,22,821**	*3,40,47,899*
Total	**76,15,74,939**	***35,34,92,173***		
Deposit account				
ABSA Bank, South Africa	**18,83,20,588**	*12,26,52,100*		

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

5. Employee benefits

a) The amounts recognised in Balance Sheet are as follows

	Gratuity plan Rupees	As at 31.03.2010 / (31.03.2009) Post retirement Medical Benefit plan Rupees	Self-managed Provident Fund plan Rupees
A			
a) Present value of defined benefit obligation as on March 31, 2010			
Wholly funded	**13,07,36,156**	**–**	**1,42,37,00,000**
	(10,35,70,986)	*(–)*	*(1,12,47,00,000)*
Wholly unfunded	**–**	**3,04,82,505**	**–**
	(–)	*(2,75,03,003)*	*–*
TOTAL	**13,07,36,156**	**3,04,82,505**	**1,42,37,00,000**
	(10,35,70,986)	*(2,75,03,003)*	*(1,12,47,00,000)*
b) Fair value of plan assets as on March 31, 2010	**10,81,93,662**	**–**	**1,39,32,00,000**
	(4,85,21,888)	*(–)*	*(1,15,73,00,000)*
Amount to be recognised as liability or asset (a-b)	**2,25,42,494**	**3,04,82,505**	**3,05,00,000**[1]
	(5,50,49,098)	*(2,75,03,003)*	*(3,26,00,000)*
B Amounts reflected in the Balance Sheet			
Liabilities	**2,25,42,494**	**3,04,82,505**	**2,26,00,000**[2]
	(5,50,49,098)	*(2,75,03,003)*	*(1,86,00,000)*
Assets	–	–	–
	(–)	*(–)*	*(–)*
Net (liability) / asset	**2,25,42,494**	**3,04,82,505**	**–**
	(5,50,49,098)	*(2,75,03,003)*	*(–)*

[1] Asset is not recognised in the Balance Sheet

[2] Employer's and Employee's contribution for March 2010 paid in April 2010

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

	Gratuity plan Rupees	As at 31.03.2010 / (31.03.2009) Post retirement Medical Benefit plan Rupees	Self-managed Provident Fund plan Rupees
1 Current service cost	**2,46,51,421**	**84,08,929**	**9,22,00,000**[1]
	(2,30,86,304)	*(69,61,823)*	*(8,30,00,000)*
2 Interest cost	**82,85,679**	**25,10,395**	**10,18,00,000**
	(64,02,095)	*(19,40,221)*	*(8,73,00,000)*
3 Actual return on plan assets	**–80,66,684**	**–**	**10,09,00,000**[2]
	(45,83,623)	*–*	*(-7,91,00,000)*
4 Actuarial losses / (gains)	**–23,60,966**	**–77,48,598**	**3,79,00,000**
	(38,31,945)	*(23,71,566)*	*(-8,20,0,000)*
Total expense for the year	**2,25,09,450**	**31,70,726**	**9,22,00,000**
	(2,87,36,721)	*(1,1273,610)*	*(8,30,00,000)*
5 Total included in "staff expenses" (1 to 4)	**2,25,09,450**	**31,70,726**	**9,22,00,000**
	(2,87,36,721)	*(1,12,73,610)*	*(8,30,00,000)*

[1] Employer's contribution to provident fund

[2] The actual return on plan assets is higher than interest cost but no credit is taken to Profit and Loss Account on account of the difference.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

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

	As at 31.03.2010 / *(31.03.2009)*		
	Gratuity plan	**Post retirement Medical Benefit plan**	**Self-managed Provident Fund plan**
	Rupees	**Rupees**	**Rupees**
Opening balance of the present value of defined benefit obligation	**10,35,70,986**	**2,75,03,003**	**1,12,47,00,000**
	(8,00,26,185)	*(1,63,18,741)*	*(89,59,00,000)*
Add : Current service cost	**2,46,51,421**	**84,08,929**	**9,22,00,000**
	(2,30,86,304)	*(69,61,823)*	*(8,30,00,000)*
Add : Interest cost	**82,85,679**	**25,10,395**	**10,18,00,000**
	(64,02,095)	*(19,40,221)*	*(8,73,00,000)*
Add : Contribution by plan participants	**–**	**–**	**17,08,00,000**
	(–)	*(–)*	*(15,33,00,000)*
Add / (Less) : Actuarial (Gains) / Losses	**–23,60,966**	**–77,48,598**	**–**
	(38,31,945)	*(23,71,566)*	*(–)*
Less : Benefits paid	**34,10,964**	**1,91,224**	**8,84,00,000**
	(97,75,543)	*(89,348)*	*(9,48,00,000)*
Closing balance of the present value of defined benefit obligation	**13,07,36,156**	**3,04,82,505**	**1,40,11,00,000**
	(10,35,70,986)	*(2,75,03,003)*	*(1,12,47,00,000)*

d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows

	FY 2009-2010	
	Gratuity Plan	**Self-managed Provident Fund Plan**
	Rupees	**Rupees**
Opening balance of the fair value of the plan assets	**4,85,21,888**	**1,15,73,00,000**
	(5,37,13,808)	*(88,89,00,000)*
Add : Expected return on plan assets	**80,66,684**	**10,58,00,000**
	(45,83,623)	*(8,87,00,000)*
Add / (Less) : Actuarial (Gains) / Losses	**–**	**–3,79,00,000**
	(–)	*(4,18,00,000)*
Add : Contribution by the employer	**5,50,16,054**	**9,06,00,000**
	(–)	*(8,19,00,000)*
Add : Contribution by plan participants	**–**	**16,58,00,000**
	(–)	*(15,08,00,000)*
Less : Benefits paid	**–34,10,964**	**8,84,00,000**
	(97,75,543)	*(9,48,00,000)*
Closing balance of the plan assets	**10,81,93,662**	**1,39,32,00,000**
	(4,85,21,888)	*(1,15,73,00,000)*

The Company expects to contribute Rs. 2,25,42,494 (*Rs. 5,50,49,098*) towards its Gratuity Plan and Rs. 2,26,00,000 (*Rs. 1,86,00,000*) towards its self managed Provident Fund Plan during FY 2010-2011.

Figures in brackets pertain to previous year.

e) The major categories of plan assets as a percentage of total plan assets are as follows

	2009-2010	
	Gratuity plan	**Self-managed Provident Fund plan**
Government of India securities		**23%**
	Scheme	*(23%)*
State Government securities	With	**12%**
	LIC	*(13%)*
Corporate bonds		**6%**
		(5%)
Fixed deposits under Special Deposit Scheme framed by Central Government for Provident Funds		**22%**
		(27%)
Public sector bonds		**36%**
		(32%)

Figures in brackets pertain to previous year.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

f) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages)

		2009-2010	*2008-2009*	*2007-2008*
1	Discount rate as at March 31 For gratuity	**8%**	*8%*	*8%*
2	For post -retirement medical benefits	**7.75%**	*7%*	*8%*
3	Annual increase in healthcare costs (see note below)	**5%**	*5%*	*5%*
4	Attrition rate	**Varies between 2% to 15% for various age groups**	*Varies between 2% to 15% for various age groups*	*Varies between 2% to 18% for various age groups*
5	Salary growth rate	**5%**	*5%*	*4%*

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.

Although the obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits, assumed healthcare cost trend rates may affect the amounts recognised in the statement of profit and loss. At present, healthcare costs, as indicated in the principal actuarial assumption given above, are expected to increase at 5% p.a. 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.

	Effect of	
Particulars	**1% increase Rupees**	**1% decrease Rupees**
Effect on the aggregate of the service cost and interest cost	**14,20,452** *(13,36,264)*	**–23,85,349** *(-20,59,818)*
Effect on defined benefit obligation	**46,82,100** *(42,75,227)*	**–36,70,016** *(-33,14,771)*

Figures in brackets pertain to previous year.

g) The amounts pertaining to defined benefit plans for the current year are as follows

Post-retirement medical benefit plan (non-funded)

	2009-2010 Rupees	*2008-2009 Rupees*	*2007-2008 Rupees*	*2006-2007 Rupees*
Defined benefit obligation	**31,70,726**	*1,12,73,610*	*1,03,88,081*	*60,11,360*
Gratuity Plan				
Defined benefit obligation	**13,07,36,156**	*10,35,70,986*	*8,00,26,185*	*5,29,20,043*
Plan assets	**10,81,93,662**	*4,85,21,888*	*5,37,13,808*	*4,29,23,226*
Surplus / (Deficit)	**(2,25,42,494)**	*(5,50,49,098)*	*(2,63,12,377)*	*(99,96,817)*
Self-managed Provident Fund Plan				
Defined benefit obligation	**1,42,37,00,000**	*1,12,47,00,000*	*89,59,00,000*	*72,17,00,000*
Plan assets	**1,39,32,00,000**	*1,15,73,00,000*	*89,71,00,000*	*73,37,00,000*
Surplus / (Deficit)	**(3,05,00,000)**	*(3,26,00,000)*	*(1,20,00,000)*	*(1,20,00,000)*

General descriptions of defined benefit plans:

a) Gratuity Plan

The Company makes contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

b) 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 limit sanctioned at the time of retirement. The ceiling limits are based on cadre of the employee at the time of retirement.

c) Self-managed Provident Fund Plan

The Company's Provident Fund Plan is managed by its Holding Company through a Trust permitted under the Provident Fund 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.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

6. Expenditure in foreign currency

	2009-2010 Rupees	*2008-2009 Rupees*
Overseas staff costs	**5,48,84,80,543**	*5,41,21,70,046*
Foreign travel	**16,16,38,883**	*15,26,63,738*
Agency commission	**40,26,600**	*35,74,600*
Subcontracting expenses	**74,50,26,778**	*2,68,88,68,659*
Others (including overseas office expenses)	**60,10,03,160**	*56,42,64,926*
TOTAL	**7,00,01,75,964**	*8,82,15,41,969*

7. Earnings in foreign currency

	2009-2010 Rupees	*2008-2009 Rupees*
Software exports	**16,82,81,43,082**	*18,70,10,79,305*
Other Income	**12,31,57,404**	*11,03,73,413*
TOTAL	**16,95,13,00,486**	*18,81,14,52,718*

8. The net exchange loss arising on foreign currency transactions amounting to Rs. 38,41,07,201 (*previous year loss of Rs. 40,82,06,553*) has been accounted under respective revenue heads.

9. In line with the Company's risk management policy, financial risks relating to changes in the exchange rates, are hedged by using a combination of forward and options contracts, besides the natural hedges.

   The loss on fair valuation of the derivative contracts which are designated and effective as hedge, amounting to Rs. 59,58,46,983 (net) (*Previous year Rs. 2,31,82,45,545)* has been accounted in retained earnings in Balance Sheet. The profit of Rs. 9,66,00,503 (*Previous year loss of Rs. 72,53,79,294*) on settlement of the options / forwards is recognized in Profit & Loss Account .

   The particulars of derivative contracts entered into for hedging foreign currency risks outstanding as at March 31, 2010 are as under:

Sr. No.	Category of Derivative Instruments	Notional Amount 31.03.2010	*Notional Amount 31.03.2009*
a)	Forward contracts for receivables	**11,22,85,43,550**	49,61,88,000
b)	Option Contracts	**7,54,32,00,000**	10,95,55,20,000

   Un-hedged foreign currency exposures as at March 31, 2010 are as under:

Sr. No.	Unhedged Foreign Currency Exposures	31.03.2010	*31.03.2009*
1	Receivables including firm commitments and highly probable forecasted transactions	**17,21,27,99,544**	*27,77,28,87,030*
2	Payables including firm commitments and highly probable forecasted transactions	**14,08,05,78,764**	*16,94,33,84,253*

10. Auditors' remuneration (excluding service tax) charged to the accounts include

	2009-2010 Rupees	*2008-2009 Rupees*
Audit fees	**10,00,000**	*10,00,000*
Tax audit fees	**4,00,000**	*4,00,000*
Certification fees	**11,13,800**	*11,27,750*
Expense reimbursement	**30,835**	*21,850*
TOTAL	**25,44,635**	*2,549,600*

11. Value of imports on C.I.F. basis

	2009-2010 Rupees	*2008-2009 Rupees*
Capital Goods	**13,62,82,685**	*9,51,29,213*
Others	**2,13,11,093**	*3,98,29,233*
TOTAL	**15,75,93,778**	*13,49,58,446*

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

12. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: Rs. 16,93,86,912 (*previous year: Rs. 1,42,53,071)*

13. The break-up of net deferred tax asset as at March 31, 2010 is as under

	Deferred tax asset / (liability) as at 31.03.2009 Rupees	Current year (charge) / credit Rupees	Deferred tax asset / (liability) as at 31.03.2010 Rupees
Deferred tax liabilities			
Depreciation / Amortisation	(90,67,560)	(2,15,88,600)	(3,06,56,160)
Others	(86,019)	(4,37,153)	(5,23,172)
TOTAL (A)	**(91,53,579)**	**(2,20,25,753)**	**(3,11,79,332)**
Deferred tax asset			
Provision for doubtful debts & Advances	66,08,488	2,25,47,874	2,91,56,362
Provision for employee benefits	99,49,374	32,33,286	1,31,82,660
TOTAL (B)	**1,65,57,862**	**2,57,81,160**	**4,23,39,022**
Net deferred tax Assets / (Liability) (A+B)	**74,04,283**	**37,55,407**	**1,11,59,690**

14. "Provisions, Contingent Liabilities and Contingent Assets" as per Accounting Standard 29

Movement in provisions

Sr. No.	Particulars	Class of Provisions Sales Tax	Others	Total
1	Balance as at 01.04.2009	40,00,000	67,00,000	1,07,00,000
2	Additional provision during the year	–	–	–
3	Provision used during the year	–	–	–
4	Provision reversed during the year	–	–	–
5	Balance as at 31.03.2010	40,00,000	67,00,000	1,07,00,000

Nature of provisions

i) Provision for Sales Tax pertains to claim made by the authorities on certain transaction of capital nature for the year 2002-2003.

ii) Provision for others represents liabilities relating to matters in dispute.

15. Leases

Finance leases

In accordance with Accounting Standard 19 "Leases" issued by the Institute of Chartered Accountants of India, the assets acquired under finance leases on or after April 1, 2001 are capitalised and a loan liability is recognised for an equivalent amount. Consequently, depreciation is provided on such leases. Lease rentals paid are allocated to the liability and the interest charged to Profit and Loss Account.

Assets acquired on finance lease comprise of servers. The minimum lease rentals and their present value as at March 31, 2010 in respect of assets acquired under finance lease are as follows:

Minimum lease payments	**2009-2010 Rupees**	*2008-2009 Rupees*
Payable not later than 1 year	–	*6,84,594*
Payable after 1 year but not later than 5 years	–	–
Total	–	*6,84,594*
Less : Future finance charges		*(30,065)*
	–	*6,54,529*
Present value of minimum lease payments		
Payable not later than 1 year	–	*6,54,529*
Payable after 1 year but not later than 5 years	–	–
TOTAL	–	*6,54,529*

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Operating leases

The Company has taken employee used cars under non-cancellable operating leases. The rental expense in respect of operating leases was Rs. 4,74,16,296 (*previous year Rs. 4,44,28,336)* and the future rentals payable are as follows:

Minimum lease payments	**2009-2010 Rupees**	*2008-2009 Rupees*
Payable not later than 1 year	**2,54,79,520**	*4,63,56,687*
Payable after 1 year but not later than 5 years	**5,84,21,405**	*9,52,13,709*
TOTAL	**8,39,00,925**	*14,15,70,396*

16. Basic and Diluted Earnings per share (EPS)

Basic	**2009-2010**	*2008-2009*
Profit after Tax as per accounts	**2,81,13,72,583**	*2,64,82,18,330*
Weighted average number of shares outstanding	**3,20,44,788**	*3,16,04,774*
Basic EPS (Rs.)	**87.73**	*83.79*
Diluted		
Profit after Tax as per accounts	**2,81,13,72,583**	*2,64,82,18,330*
Weighted average number of shares outstanding	**3,20,44,788**	*3,16,04,774*
Add : Weighted average number of potential equity shares on account of employee options	**3,47,061**	*371,128*
Weighted average number of shares outstanding	**3,23,91,849**	*3,19,75,902*
Diluted EPS (Rs.)	**86.79**	*82.82*

17. Related party disclosure

List of related parties over which control exists / exercised

Name	**Relationship**
Larsen & Toubro Limited	Holding Company
Larsen & Toubro Infotech GmbH	Wholly owned subsidiary
Larsen & Toubro Infotech Canada Limited	Wholly owned subsidiary
GDA Technologies Inc.	Wholly owned subsidiary
GDA Technologies Limited	Wholly owned subsidiary
Larsen & Toubro Infotech LLC	Wholly owned subsidiary

List of related parties with whom the Company had transactions during the year.

Name	**Relationship**
Larsen & Toubro Limited	Holding Company
Larsen & Toubro Infotech GmbH	Wholly owned subsidiary
Larsen & Toubro Infotech Canada Limited	Wholly owned subsidiary
Larsen & Toubro Infotech LLC	Wholly owned subsidiary
GDA Technologies Inc.	Wholly owned subsidiary
GDA Technologies Limited	Wholly owned subsidiary
L&T Finance Limited	Fellow subsidiary
L&T General Insurance Company Limited	Fellow subsidiary
L&T-MHI Turbine Generators Private Limited	Fellow subsidiary
L&T Power Development Limited	Fellow subsidiary
L&T Power Limited	Fellow subsidiary
L&T Seawoods Private Limited	Fellow subsidiary
L&T Urban Infrastructure Limited	Fellow subsidiary
L&T- Valdel Engineering Limited	Fellow subsidiary
Larsen & Toubro (East Asia) Sdn. Bhd.	Fellow subsidiary
Larsen & Toubro Saudi Arabia LLC	Fellow subsidiary
Tractor Engineers Limited	Fellow subsidiary

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

A summary of transactions with related parties is given below

Transaction	**Holding Company Rupees**	**Subsidiaries Rupees**	**Fellow Subsidiaries Rupees**
Sale of services / products	**43,33,51,170** *(20,54,38,962)*	**31,68,55,261** *(30,08,03,718)*	**11,27,12,376** *(38,25,000)*
Purchase of services	**92,71,55,880** *(1,14,05,75,660)*	**23,31,99,050** *(12,38,85,302)*	**–** *(–)*
Overheads charged by	**39,17,98,373** *(59,56,34,700)*	**65,20,533** *(59,36,284)*	**22,48,528** *(–)*
Overheads charged to	**84,36,01,276** *(84,56,16,278)*	**3,34,81,846** *(74,51,833)*	**25,50,869** *(–)*
Commission Charged to Parent	**1,12,31,148** (9,31,00,146)	**–** *(–)*	**–** *(–)*
Lease rent paid	**–** *(–)*	**–** *(–)*	**2,40,24,837** *(2,56,08,987)*
Interest received	**–** *(–)*	**61,10,218** *(21,79,953)*	**31,54,795** *(–)*
Unsecured Loan (given)	**–** *(–)*	**9,98,00,000** *(9,69,00,000)*	**–** *(–)*
Investments	**–** *(–)*	**1,21,09,55,069** *(1,21,09,55,069)*	**–** *(–)*
Trade receivable	**–** *(–)*	**12,14,94,620** *(5,57,49,490)*	**–** *(–)*
Trade payable	**4,90,01,136** *(–)*	**–** *(–)*	**–** *(–)*
Interim Dividend	**80,11,47,432** *(15,80,27,260)*	**–** *(–)*	**–** *(–)*

Figures in brackets pertain to the previous year.

No amounts were written-off / provided or written-back in respect of related parties during the year.

18. Segment reporting

Revenues represented along industry classes comprise the primary basis of segment information set out in these financial statements. The Income & Operating Profit by segment is as under

	Financial Services Rupees	**Manufacturing Rupees**	**Telecom Rupees**	**Total Rupees**
Revenue	**6,63,74,26,750** *(6,10,13,57,152)*	**8,81,61,23,504** *(11,05,86,35,109)**	**2,31,40,98,040** *(2,34,83,89,113)*	**17,76,76,48,294** *(19,50,83,81,374)*
Segment Operating Profit	**1,98,63,48,399** *(2,07,22,77,203)*	**2,57,74,97,623** *(3,13,36,43,226)*	**65,75,00,680** *(66,74,23,806)*	**5,22,13,46,702** *(5,87,33,44,235)*
Other Income	**–** *(–)*	**–** *(–)*	**–** *(–)*	**34,97,20,807** *(24,52,45,169)*
Unallocable Expenses				**1,21,42,04,033** *(2,19,74,38,268)*
Operating profit				**3,65,74,21,862** *(3,43,06,60,798)*
Interest				**2,75,11,806** *(8,28,06,177)*
Depreciation				**33,12,02,104** *(34,59,23,950)*
Amortization of intangible assets				**15,11,71,675** *(10,76,66,205)*
Profit Before Tax				**3,14,75,36,277** *(2,89,42,64,466)*

* Note : Figure for last year includes the revenues of Rs. 1,76,77,36,763 from Engineering Services business for which the Company had a marketing arrangement.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

Segment reporting of revenues on the basis of the geographical location of the customers is as under

	North America Rupees	**Europe Rupees**	**Asia-Pacific Rupees**	**India Rupees**	**Rest of the World Rupees**	**Total Rupees**
Revenue	**11,72,10,90,488**	**2,71,59,53,380**	**1,40,95,83,487**	**94,70,43,703**	**97,39,77,237**	**17,76,76,48,294**
	(12,96,53,90,984)	*(3,18,87,90,980)*	*(1,67,28,09,866)*	*(80,73,02,069)*	*(87,40,87,475)*	*(19,50,83,81,374)*

Fixed assets used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as the fixed assets and services are used interchangeably among segments.

19. Cost incurred for long term projects mainly comprise of legal and employee related costs to secure long term projects. These costs are amortised over a period of two years commencing from the date of securing the project.

20. Unbilled revenues as at March 31, 2010 amounting to Rs. 84,11,42,261 *(previous year Rs. 62,45,13,325)* primarily comprise of the revenue recognised in relation to services performed in accordance with contract terms but not billed.

21. Based on the information and records available with the Company, there are no amounts payable to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

22. The Company is mainly engaged in the business of software development. This is not capable of being expressed in the form of generic units. Hence it is not possible to give quantitative details and information required under paragraphs 3 and 4c of Part II of Schedule VI to the Companies Act, 1956.

23. Deferred purchase consideration relating to the acquisition of GDA Technologies Inc. has been fully paid off during the year.

24. In the current year, Engineering Services business is being transacted directly by the parent company, for which the Company had a marketing arrangement till last year.

25. Previous year's figures have been regrouped / reclassified wherever necessary.

SCHEDULES FORMING PART OF ACCOUNTS (Contd.)

26. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. U72900MH1996PLC104693

State Code 11

Balance Sheet Date 31 03 2010 (Date Month Year)

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

Public Issue	Rights Issue
NIL	298125
Bonus Issue	Private Placement
NIL	NIL

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

Total Liabilities	Total Assets
10279888	10279888

Sources of Funds

Paid-up Capital	Reserves & Surplus
161250	9672860
Secured Loans	Unsecured Loans
445778	NIL
Deferred Purchase Consideration Payable	
NIL	

Application of Funds

Net Fixed Assets	Investments
1849565	2811224
Net Current Assets	Misc. Expenditure
5607939	NIL
Deferred Tax	
11160	

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

Turnover (including other income)	Total Expenditure
18117369	14969833
+ – Profit before tax	+ – Profit after tax
+ 3147536	+ 2811373
+ – Earnings per Share in Rs.	Dividend Rate %
+ 87.73	500

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

Item Code No. (ITC Code) NA

Product Description SOFTWARE DEVELOPMENT

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(ICAI Registration No. 109982W)
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : May 4, 2010

S. S. PRABHUDESAI *Company Secretary*

V. K. MAGAPU *Director / Manager*

Y. M. DEOSTHALEE *Director*

Place : Mumbai
Date : May 4, 2010

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

Name of the subsidiary company	**Larsen & Toubro Infotech GmbH**	**Larsen & Toubro Infotech Canada Limited**	**GDA Technologies Inc**	**GDA Technologies Limited**	**Larsen & Toubro Infotech LLC**
Financial year of the subsidiary company ended on	**31.03.2010**	**31.03.2010**	**31.03.2010**	**31.03.2010**	**31.03.2010**
Number of Shares in the subsidiary company held by Larsen & Toubro Infotech Limited at the above date	1	100	10	963	NIL
The net aggregate of profits, less losses, of the subsidiary company so far as it concerns the members of Larsen & Toubro Infotech Limited	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**
(i) Dealt with in the accounts of Larsen & Toubro Infotech Limited amounted to					
(a) for the subsidiary's financial year / period ended March 31, 2010	NIL	NIL	NIL	NIL	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Infotech Limited	2,49,79,000	NIL	NIL	NIL	NIL
(ii) Not dealt with in the accounts of Larsen & Toubro Infotech Limited amounted to					
(a) for the subsidiary's financial year / period ended March 31, 2010	77,30,519	33,56,005	2,49,39,057	1,17,94,025	1,39,71,977
(b) for previous financial years of the subsidiary since it became subsidiary of Larsen & Toubro Infotech Limited	6,97,86,080	2,36,34,520	(27,28,12,467)	27,51,96,121	(NIL)
Changes in the interest of Larsen & Toubro Infotech Limited between the end of the subsidiary's financial year and March 31, 2010	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

For and on behalf of the Board

Place : Mumbai	**S. S. PRABHUDESAI**	**V. K. MAGAPU**	**Y. M. DEOSTHALEE**
Date : May 4, 2010	*Company Secretary*	*Director / Manager*	*Director*