

# Directors' Report

## Dear Members,

Your Directors have pleasure in presenting their Second Annual Report and the Audited Accounts for the financial year ended March 31, 2013.

## FINANCIAL HIGHLIGHTS

The summarized financial results for the year ended March 31, 2013 are as under:

(₹ lakh)

Particulars	For the year ended March 31, 2013	For the period June 16, 2011 to March 31, 2012
<b>Gross Income</b>	38.40	0.55
Profit/(Loss) before Tax	(31.93)	(2.23)
Provision for Tax/ Deferred Tax	(6.58)	NIL
<b>Profit / (Loss) after Tax</b>	(25.35)	(2.23)
Profit / (Loss) carried forward to Balance Sheet	(27.58)	(2.23)

## PERFORMANCE OF THE COMPANY

During the year under review, the Company has acquired properties from its fellow subsidiary Company, L&T Finance Limited, with a view to carrying on the business of leasing out such properties.

The Company sourced its funds requirements through a mix of equity financing from the parent company and debt.

## RESOURCES

The authorized capital of the Company was increased from ₹ 200 lakhs to ₹ 700 lakhs, divided into 70,00,000 equity shares of ₹ 10 each.

During the year under review, your Company had allotted 25,00,000 equity shares of ₹ 10/- each to L&T Finance Holdings Limited, the Holding Company. As on March 31, 2013, the paid-up capital of your Company had increased to ₹ 450 lakhs.

## FIXED DEPOSITS

Since its inception, your Company has not accepted any deposits from the public.

## DIRECTORS

At present, the Board comprises of:

N. Sivaraman  
Dinanath Dubhashi  
Joydeep Roy

Pursuant to the provisions of the Companies Act, 1956, Mr. Dinanath Dubhashi would retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

## CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

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

## Remuneration of Directors

The Directors are not paid any sitting fees for attending the Meetings of the Board and/or any Committees thereof and are not drawing any remuneration from the Company.

## Independent Directors

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

## Number of Companies in which an Individual may become a Director

The Company has apprised its board members about the restriction on number of other directorships and they have confirmed compliance with the same.

## Responsibilities of the Board

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

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

### Statutory Auditors

The Company does not advocate rotation of Auditors as envisaged in these guidelines in view of the domain knowledge acquired by the Auditors over a period of time.

### Internal Auditors

Internal Audit Department of L&T Finance Limited provides Internal Audit services to your Company.

### Internal Control

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

### Secretarial Audit

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

### Details of related party transactions

The Board hereby states that the details of all the related party transactions form part of the accounts as required under AS-18 and the same are given in note 16.1 of the attached financial statements.

### AUDITORS

M/s. Sharp & Tannan, Chartered Accountants, Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and being eligible, have expressed their willingness to continue as Auditors. The Board recommends re-appointment of the firm as Statutory Auditors.

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

Your Company did not have any employee during the year.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company. There were no foreign exchange earnings and expenditure during the year under review.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- 2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at March 31, 2013 and of the profit of the Company for the year ended on that date;
- 3) 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;
- 4) the annual accounts have been prepared on a going concern basis; and
- 5) proper systems are in place to ensure compliance of all laws applicable to the Company.

### AUDITORS' REPORT

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

### COMPLIANCE CERTIFICATE

A Secretarial Compliance Certificate required u/s 383A of the Companies Act, 1956 is annexed herewith the Directors' Report.

### For and on behalf of the Board

**N. Sivaraman**  
(Director)

**Dinanath Dubhashi**  
(Director)

Mumbai, April 22, 2013

### Registered Office:

Mount Poonamallee Road,  
Manapakkam,  
Chennai - 600089

# Compliance Certificate

## L&T Unnati Finance Limited

We have examined the registers, records, books and papers of **L&T Unnati Finance Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2013**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company is registered under CIN No. U65910TN2011PLC081100 with the Registrar of Companies, Tamil Nadu and having its Registered Office at Mount Poonamallee Road Manapakkam Chennai Tamil Nadu 600089 has kept and maintained all registers as stated in **Annexure ₹A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns prescribed under the Act and the rules made thereunder as stated in **Annexure ₹B'** to this certificate with the Registrar of Companies, Maharashtra or other authorities within the time prescribed under the Act.
3. The Company being a Public Limited Company, comments are not required
4. The Board of Directors duly met **6 (Six)** times on the under mentioned dates
  - i. 23rd April, 2012
  - ii. 16th July, 2012
  - iii. 17th October, 2012
  - iv. 24th January, 2013
  - v. 21st March, 2013
  - vi. 25th March, 2013in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the year.
6. The Annual General Meeting for the financial period ended on 31st March, 2012 was held on 13th December, 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes book of the Company .
7. Two Extra-ordinary General meeting were held during the financial year after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its directors or person or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there are no instances which are covered by the provisions of Section 314 of the Act the Company was not required to obtain any approval from the Board of Directors, Members and Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:

- (i) was not required to deliver certificates as there were no transfer or transmission of securities. However the share certificates for Equity Shares allotted on 21.03.2013 have been delivered in the subsequent financial year.
  - (ii) not deposited any amount in separate Bank Account as no dividend was declared during the financial year.
  - (iii) not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointment of additional director, alternate directors and directors to fill casual vacancy during the financial year.
  15. The Company is not required to appoint any Managing or Whole-time Director or Manager during the year under review.
  16. The Company has not appointed any sole-selling agents during the year.
  17. During the year the Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies, Maharashtra or such other authorities as are prescribed under the various provisions of the Act.
  18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
  19. The Company has issued 25,00,000 Equity Shares during the financial year and has complied with the provisions of the Act.
  20. The Company has not bought back any shares during the financial year.
  21. The Company has not issued any preference shares nor any debentures, hence there was no redemption of preference shares or debentures during the financial year.
  22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
  23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of sections 58A during the financial year.
  24. The amount borrowed by the Company from Directors, Members, Public Financial Institutions, banks and others during the financial year ending 31st March, 2013 are within the borrowing limits of the Company and necessary resolutions as per Section 293(1)(d) of the Act have been passed in the duly convened extra ordinary general meeting.
  25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
  26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the financial year under scrutiny.
  27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
  28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
  29. The Company has altered the provisions of the Memorandum of Association with respect to share capital of the Company during the financial year under scrutiny and complied with the provisions of the Act.

30. The Company has not altered its Articles of Association of the Company during the financial year under scrutiny.
31. There was no prosecution initiated against the Company nor were any show cause notices received by the Company and no fines or penalties or any other punishment has been imposed on the Company during the financial year for offences, if any, under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was not required to deduct any contribution to Provident Fund during the financial year, as we have been informed that the same is not applicable to the Company.

**ALWYN D'SOUZA & Co.,**  
Company Secretaries  
(Alwyn P D'souza FCS.5559)  
(Proprietor)  
Certificate of Practice No.5137

Place : Mumbai  
Date : 22.04.2013

**Office Address :**  
Annex-103, Dimple Arcade,  
Asha Nagar, Kandivli (E),  
Mumbai 400101.

# Annexure A

## **Annexed to the Compliance Certificate dated 22.04.2013 Registers as maintained by the Company**

- 1 Application for and Allotment of Shares Register
- 2 Register of Members U/s. 150.
- 3 Register of Charges U/s.143
- 4 Register of Transfers
- 5 Register of Directors, Managing Directors etc. U/s. 303.
- 6 Register of Directors Shareholdings U/s. 307.
- 7 Attendance Register
- 8 Register of Contracts U/s. 301.
- 9 Register of Contracts, Companies and Firms in which Directors are interested U/s. 301(3).
- 10 Board Minutes Book and General Body Minutes Book Under Section 193.
- 11 Books of Accounts U/s.209.
- 12 Register of Fixed Assets

### **Note :**

The Company has not maintained the following registers as there were no entries / transactions to be recorded therein

1. Register of Investments under section 49(7)
2. Register of deposits under section 58A

# Annexure B

## **Annexed to the Compliance Certificate dated 22.04.2013**

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2013.

1. Form No.66 i.e., Compliance Certificate for the financial period ended 31st March, 2012 filed under proviso to Section 383A of the Companies Act, 1956 with normal filing fees.
2. Form No. 20B i.e., Annual Return filed under section 159 of the Companies Act, 1956 for the financial period ended 31st March, 2012 with normal filing fees.
3. Form No. 23AC-XBRL and Form 23ACA-XBRL ie, Balance sheet filed under section 220 of the Companies Act, 1956 for the financial period ended 31st March, 2012 with normal filing fees.
4. Form No. 5 i.e., Increase of authorized capital filed under section 95 with normal filing fees.

# Independent Auditors' Report

## TO THE MEMBERS OF L&T UNNATI FINANCE LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **L&T Unnati Finance Limited** (the 'Company'), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the 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:

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Companies Act, 1956, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; and
  - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

**SHARP & TANNAN**

*Chartered Accountants*  
Registration No. 109982W  
by the hand of

**MILIND P. PHADKE**

*Partner*  
Membership No. 033013

Mumbai,  
April 22, 2013

# Annexure to the Independent Auditors' Report

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

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) In respect of fixed assets as explained to us, all the fixed assets have been physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company has not disposed of any substantial part of its fixed assets during the year so as to affect its going concern status.
2. According to the information and explanations given to us, the Company does not hold any inventories. Accordingly, the Paragraph 4 (ii) (a),(b) and (c) of the Order is not applicable.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the Paragraph 4 (iii) (b), (c) and (d) of the Order is not applicable.
- (b) According to the information and explanations given to us, Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the Paragraph 4 (iii) (f) and (g) of the Order is not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the services rendered. We have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal control system of the Company.
5. According to the information and explanations given to us, there are no contracts or arrangements that need to be entered in to the register maintained under Section 301 of Companies Act, 1956. Accordingly, the Paragraph 4 (v) (b) of the Order is not applicable.
6. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder apply.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. Accordingly, the Paragraph 4 (viii) of the Order is not applicable.
9. (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period exceeding six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues in respect of income tax, service tax, cess and other statutory dues as applicable that have not been deposited with the appropriate authorities on account of any dispute.
10. The Company was incorporated on 16th June, 2011 and commenced its business on 4th August, 2011. Accordingly, the Paragraph 4 (x) of the Order is not applicable.
11. According to the information and explanations given to us and the records examined by us, the Company has not availed any facility from financial institution or bank. Accordingly, the Paragraph 4 (xi) of the Order is not applicable.
12. According to the information and explanations given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares,



debentures and other securities. Accordingly, the Paragraph 4 (xii) of the Order is not applicable.

13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company. Accordingly, the Paragraph 4 (xiii) of the Order is not applicable.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. The Company has invested surplus fund in the schemes of mutual fund. According to the information and explanations given to us, proper records have been made of the transactions and contracts and timely entries have been made therein.
15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the Paragraph 4 (xv) of the Order is not applicable.
16. According to the information and explanations given to us and the records examined by us, the Company has not availed any term loans during the year. Accordingly, the Paragraph 4 (xvi) of the Order is not applicable.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, no funds raised on short-term basis have been used for long-term investments.
18. According to the information and explanations

given to us and the records examined by us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year. Accordingly, the Paragraph 4 (xviii) of the Order is not applicable.

19. According to information and explanations given to us and the records examined by us, the Company has not issued any debentures during the year. Accordingly, the Paragraph 4 (xix) of the Order is not applicable to the Company.
20. According to the information and explanations given to us and the records examined by us, the Company has not raised any money by public issue during the year. Accordingly, the Paragraph 4 (xx) of the Order is not applicable to the Company.
21. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to information and explanations given to us, we have neither come across any instances of material fraud on or by the Company noticed or reported during the year, nor have we been informed of such case by management.

**SHARP & TANNAN**  
*Chartered Accountants*  
Registration No. 109982W  
by the hand of

**MILIND P. PHADKE**  
*Partner*  
Membership No. 033013

Mumbai,  
April 22, 2013

# Balance Sheet as at March 31, 2013

₹ in Lakh

	Note No.	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' funds</b>			
Share Capital	2	450.00	200.00
Reserves and surplus	3	(27.58)	(2.23)
		422.42	197.77
<b>Non Current Liabilities</b>			
Long-Term Borrowing	4	48,960.00	-
		48,960.00	-
<b>Current liabilities</b>			
Other current liabilities	5	743.88	2.49
		743.88	2.49
<b>TOTAL</b>		<b>50,126.30</b>	<b>200.26</b>
<b>ASSETS:</b>			
<b>Non Current assets</b>			
Fixed Assets			
- Tangible	6	18,252.20	-
- Capital work in progress		8,347.61	-
Non-current investments	7	3,338.88	-
Deferred Tax Assets	8	7.33	-
Other non-current assets	9	1.71	-
		29,947.73	-
<b>Current assets</b>			
Current investments	10	20,015.86	-
Cash and bank balances	11	162.59	199.70
Other current assets	12	0.12	0.56
		20,178.57	200.26
<b>TOTAL</b>		<b>50,126.30</b>	<b>200.26</b>
Significant accounting policies.	1		
Notes to the financial statements	16		

As per our report of even date

For and on behalf of Board of Directors of  
L&T Unnati Finance Limited

## SHARP & TANNAN

Chartered Accountants  
Registration No. 109982W  
by the hand of

## Milind P. Phadke

Partner  
Membership No. 033013

Mumbai  
April 22, 2013

**N. Sivaraman**  
Director

**Dinanath Dubhashi**  
Director

Mumbai  
April 22, 2013

# Statement of Profit and Loss for the period ended March 31, 2013

₹ in Lakh

	Note No.	2012-13	For the period June 16, 2011 to March 31, 2012
<b>INCOME:</b>			
Other Income	13	38.40	0.55
<b>Total Income</b>		<b>38.40</b>	<b>0.55</b>
<b>EXPENSES:</b>			
Administration and other expenses	14	4.46	2.78
Finance cost	15	62.25	-
Depreciation		3.62	-
<b>Total expenses</b>		<b>70.33</b>	<b>2.78</b>
<b>Profit/(Loss) before exceptional and extraordinary items and taxes</b>		(31.93)	(2.23)
Exceptional items			
<b>Profit/(Loss) before extraordinary items and taxes</b>		(31.93)	(2.23)
Extraordinary Items			
<b>Profit/(Loss) before tax</b>		(31.93)	(2.23)
Tax expense:			
Current tax		0.75	-
Deferred tax		(7.33)	-
		(6.58)	-
<b>Profit/(Loss) for the year/period</b>		<b>(25.35)</b>	<b>(2.23)</b>
<b>Earnings per equity share:</b>			
Basic earnings per equity share	16.2	(1.23)	(5.54)
Diluted earnings per equity share	16.2	(1.23)	(5.54)
Face value per equity share (₹)		10	10
Significant accounting policies.	1		
Notes to the financial statements	16		

As per our report of even date

For and on behalf of Board of Directors of  
L&T Unnati Finance Limited

## SHARP & TANNAN

Chartered Accountants  
Registration No. 109982W  
by the hand of

**Milind P. Phadke**

Partner

Membership No. 033013

Mumbai

April 22, 2013

**N. Sivaraman**

Director

**Dinanath Dubhashi**

Director

Mumbai

April 22, 2013

# Cash Flow Statement for the year ended March 31, 2013

₹ in Lakh

	2012-13	For the period June 16, 2011 to March 31, 2012
<b>A. Cash flow from operating activities</b>		
Profit/(Loss) before tax as per statement of profit and loss	(31.93)	(2.23)
Add: Depreciation	3.62	-
<b>Operating profit before working capital changes</b>	<b>(28.31)</b>	<b>(2.23)</b>
<b>Adjustment for:</b>		
(Increase)/Decrease in current assets	195.44	(195.56)
Increase/(Decrease) in current liabilities	741.38	2.49
<b>Cash generated from operations</b>	<b>908.51</b>	<b>(195.30)</b>
Direct taxes paid	(2.46)	-
<b>Net cash flow from operating activities (A)</b>	<b>906.05</b>	<b>(195.30)</b>
<b>B. Cash flows from investing activities</b>		
<b>Less: Outflow from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress)	26,603.42	-
Purchase of equity shares	3,338.88	-
Investment in mutual fund	20,015.86	-
<b>Net cash from investing activities (B)</b>	<b>49,958.16</b>	<b>-</b>
<b>C. Cash flows from financing activities</b>		
<b>Add: Inflows from financing activities</b>		
Proceeds from issue of share capital	250.00	200.00
Long-term borrowings from holding company	48,960.00	-
<b>Net cash generated/(used in) from financing activities (C)</b>	<b>49,210.00</b>	<b>200.00</b>
<b>Net cash increase/(decrease) in cash and cash equivalents (A-B+C)</b>	<b>157.89</b>	<b>4.70</b>
<b>Cash and cash equivalents as at beginning of the year</b>	<b>4.70</b>	<b>-</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>162.59</b>	<b>4.70</b>
<b>Reconciliation of Cash and Cash Equivalents</b>		
Closing Balance as per Balance Sheet	162.59	199.70
Less: Deposits with original maturity for more than 3 months but less than 12 months	-	195.00
<b>Cash and Cash Equivalents</b>	<b>162.59</b>	<b>4.70</b>

- Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements".
- Cash and cash equivalents represent cash and bank balances.

As per our report of even date

For and on behalf of Board of Directors of  
L&T Unnati Finance Limited

## SHARP & TANNAN

Chartered Accountants  
Registration No. 109982W  
by the hand of

## Milind P. Phadke

Partner

Membership No. 033013

Mumbai

April 22, 2013

## N.Sivaraman

Director

Mumbai

April 22, 2013

## Dinanath Dubhashi

Director

# Notes to the Financial Statements for the year ended March 31, 2013

## 1 Significant Accounting Policies.

### A. Basis of Accounting

The financial statements of the company have been prepared in accordance with **Generally Accepted Accounting Principles in India (Indian GAAP)**. The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

### B. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### C. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- Income from services is recognized as per the terms of contracts on accrual basis.
- Interest income on deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Profit/loss on sale of investments is recognised at the time of actual sale/redemption.
- Dividend is accounted when the right to its receipt is established

### D. Income Taxes

Income tax expense is the aggregate amount of current tax expenses and deferred tax expenses. The current tax expenses and deferred tax expenses

is determined in accordance with the Provision of Income Tax Act, 1961 and as per Accounting Standards 22 – Accounting for Taxes on Income, respectively. Deferred tax adjustments comprise changes in deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized on a prudent basis for the future tax consequence of timing difference arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the Statement of Profit and Loss.

Deferred tax assets are recognized and reassessed at each reporting date, based upon management's judgments as to whether their realization is reasonably certain.

### E. Provisions and Contingent Liabilities

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

### F. Cash and Cash Equivalents

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which

# Notes to the Financial Statements for the year ended March 31, 2013

have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement

## G. Tangible Assets

Tangible fixed assets are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

## H. Investments

Investments are classified under two categories i.e. Current and Long Term and are valued in accordance with the Accounting Standard (AS) 13 on 'Accounting for Investments'.

'Long Term Investments' are carried at acquisition/ amortised cost. A provision is made for diminution other than temporary on an individual investment basis.

'Current Investments' are carried at the lower of cost or fair value on an individual investment basis.

## I. Depreciation and Amortisation

Depreciation/Amortization on fixed assets is calculated on a straight-line which reflect the management's estimate of the useful lives of respective fixed assets and are greater than or equal to the corresponding rate prescribed in Schedule XIV of the Companies Act, 1956.

## J. Earnings per share

Basic and diluted earnings per share are computed

in accordance with Accounting Standard-20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

## K. Impairment of Assets

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

## L. Commitments

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

- Estimated amount of contracts remaining to be executed on capital account are not provided for.
- Other non cancellable commitments, if any to the extent they are considered material and relevant in the opinion of the management.

## 2 Share Capital

### (I) Share capital authorised, issued and subscribed

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
<b>Authorised</b>				
Equity Shares of ₹ 10 each	4,500,000	450.00	2,000,000	200.00
<b>Issued, Subscribed &amp; Paid-up</b>				
Equity Shares of ₹ 10 each fully paid	4,500,000	450.00	2,000,000	200.00
<b>Total Issued, Subscribed &amp; Paid up share capital</b>		<b>450.00</b>		<b>200.00</b>

### (II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Members of the Company holding equity shares capital therein have a right to vote, on every resolution placed before the Company and right to receive dividend. The voting rights on a poll is in proportion to the share of the paid up equity capital of the Company held by the shareholders. The Company declares dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

## Notes to the Financial Statements for the year ended March 31, 2013

### (III) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
At the beginning of the year	2,000,000	200.00	-	-
Issued during the period	-	-	-	-
- Capital infusion by holding company	2,500,000	250.00	2,000,000	200.00
<b>Outstanding at the end of the year</b>		<b>450.00</b>		<b>200.00</b>

### (IV) Shares held by holding company

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	No. of Shares*	₹ in Lakh	No. of Shares*	₹ in Lakh
L&T Finance Holdings Limited				
Equity Shares of ₹ 10 each fully paid	<b>4,500,000</b>	<b>450.00</b>	<b>2,000,000</b>	<b>200.00</b>

\* Held by L&T Finance Holdings Limited and its nominee

### (V) Details of shareholders holding more than 5% shares in the company

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	No. of Shares*	% holding	No. of Shares*	% holding
Equity Shares of ₹ 10 each fully paid				
L&T Finance Holdings Limited (Holding company)	<b>4,500,000</b>	<b>100%</b>	<b>2,000,000</b>	<b>100%</b>

\* Held by L&T Finance Holdings Limited and its nominee

## 3 Reserves & Surplus

	₹ in Lakh	
	As at March 31, 2013	As at March 31, 2012
<b>Surplus in the statement of Profit and Loss</b>		
As per last Balance sheet	(2.23)	-
Add: Net profit/(loss) for the year	(25.35)	(2.23)
<b>Total reserves and surplus</b>	<b>(27.58)</b>	<b>(2.23)</b>

## 4 Long-term Borrowings

	₹ in Lakh	
	As at March 31, 2013	As at March 31, 2012
Loans from holding company	48,960.00	-
	<b>48,960.00</b>	<b>-</b>

## 5 Other current liabilities

	₹ in Lakh	
	As at March 31, 2013	As at March 31, 2012
Payable to holding company	-	2.08
Payable to group company	725.15	-
Interest accrued but not due on borrowings	11.29	-
Statutory dues	6.45	-
Others	0.99	0.41
	<b>743.88</b>	<b>2.49</b>

## Notes to the Financial Statements for the year ended March 31, 2013

### 6 Fixed assets (at Cost less Depreciation)

₹ in Lakh

Particulars	Gross Block (at cost)			Depreciation/Amortisation			Net Block	
	As at April 1, 2012	Additions	Sales/ Adjustments	As at March 31, 2013	Upto March 31, 2012	For the year Adjustments	Deductions/ Upto March 31, 2013	As at March 31, 2013
<b>Tangible Assets</b>								
Land	-	15,593.45	-	15,593.45	-	-	-	15,593.45
Building	-	2,662.37	-	2,662.37	-	3.62	3.62	2,658.75
<b>Total</b>	-	<b>18,255.82</b>	-	<b>18,255.82</b>	-	<b>3.62</b>	<b>3.62</b>	<b>18,252.20</b>
<b>Previous year</b>	-	-	-	-	-	-	-	-
Add: Capital work in progress								
								8,347.61
								<b>26,599.81</b>



# Notes to the Financial Statements for the year ended March 31, 2013

## 7 Non current investments

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
A. Quoted equity instruments				
City Union Bank Limited (Equity Shares of ₹ 10 each fully paid)	19,195,012	3,338.88	-	-
		<b>3,338.88</b>		<b>-</b>

Particulars	As at March 31, 2013	As at March 31, 2012
Aggregate amount of quoted investments (Market value of ₹ 12,986.33 (Previous Year ₹ Nil))	3,338.88	-
Aggregate amount of unquoted investments	-	-

## 8 Deferred Tax Assets

	As at March 31, 2013	As at March 31, 2012
Unabsorbed losses and depreciation	7.33	-
	<b>7.33</b>	<b>-</b>

## 9 Other non current assets

	As at March 31, 2013	As at March 31, 2012
Advance tax (net of provisions)	1.71	-
	<b>1.71</b>	<b>-</b>

## 10 Current investments

	As at March 31, 2013		As at March 31, 2012	
	Units	₹ in Lakh	Units	₹ in Lakh
Quoted Investments				
Investment in Mutual Fund				
L&T Liquid Fund - Daily Dividend Reinvestment Plan	1,978,566.04	20,015.86	-	-
		<b>20,015.86</b>		<b>-</b>

## 11 Cash and bank balances

	As at March 31, 2013	As at March 31, 2012
Balances with banks:		
On Current accounts	162.59	4.70
In Fixed Deposit Account	-	195.00
(with original maturity of more than three months)		
<b>Total Cash and bank balances</b>	<b>162.59</b>	<b>199.70</b>

# Notes to the Financial Statements for the year ended March 31, 2013

## 12 Other Current Assets

₹ in Lakh

	As at March 31, 2013	As at March 31, 2012
Interest accrued but not due	-	0.55
Others	0.12	0.01
<b>Total other current assets</b>	<b>0.12</b>	<b>0.56</b>

## 13 Other Income

₹ in Lakh

	As at March 31, 2013	As at March 31, 2012
<b>Interest Income</b>		
Interest accrued on Fixed Deposit	22.54	0.55
Dividend income from Mutual Fund	15.86	-
<b>Total other income</b>	<b>38.40</b>	<b>0.55</b>

## 14 Administration and other expenses

₹ in Lakh

	As at March 31, 2013	As at March 31, 2012
Auditors' remuneration		
Audit fees	0.40	0.40
Limited Review Fees	0.15	-
Certification Charges	0.90	0.40
Bank Charges	0.03	-
Professional fees	0.03	-
ROC Filing fees	2.52	0.18
Stamp duty charges	0.31	1.90
Printing & Stationery	0.12	-
Preliminary Expenses	-	0.30
<b>Total administration and other expenses</b>	<b>4.46</b>	<b>2.78</b>

## 15 Finance cost

₹ in Lakh

	As at March 31, 2013	As at March 31, 2012
Interest on long-term borrowing	62.25	-
<b>Total finance cost</b>	<b>62.25</b>	<b>-</b>

# Notes to the Financial Statements for the year ended March 31, 2013

## 16 Notes to the financial statements

### 16.1 Related party disclosures: Accounting Standard- 18

#### (a) List of related party and relationships:

##### Holding Company

- L&T Finance Holdings Limited

##### Fellow Subsidiary Company

- L&T Finance Limited

#### (b) Related Party Transaction:

(₹ in lakh)

Sr. No.	Nature of Transactions	2012-13	2011-12
1	<b>Issue of Equity Shares</b> - L&T Finance Holdings Limited	250.00	200.00
2	<b>Inter Corporate Borrowings taken from</b> - L&T Finance Holdings Limited	48,960.00	Nil
3	<b>Purchase of Fixed Assets from</b> - L&T Finance Limited	25,635.51	Nil
4	<b>Finance cost</b> - L&T Finance Holding Limited	64.37	Nil
5	<b>Purchase of Investment from</b> - L&T Finance Holding Limited	3,338.88	Nil
6	<b>Reimbursement for capital work in process</b> - L&T Finance Limited	963.81	Nil

#### (c) Amount due to/from related party:-

(₹ in lakh)

Sr. No.	Nature of Transactions	As at March 31, 2013	As at March 31, 2012
1	<b>Account payable to</b> - L&T Finance Limited - L&T Finance Holdings Limited	725.15 Nil	Nil 2.08
2	<b>Inter-corporate borrowings taken from</b> - L&T Finance Holdings Limited	48,960.00	Nil
3	<b>Interest accrued but not due</b> - L&T Finance Holdings Limited	11.29	Nil

# Notes to the Financial Statements for the year ended March 31, 2013

## 16.2 Earnings Per Share

(₹ in lakh)

Particulars	2012-13	2011-12
<b>Basic &amp; Diluted</b>		
Profit/(Loss) after tax as per statement of profit and loss (i)	(25.35)	(2.23)
Weighted average number of equity shares outstanding (ii)	2,068,493	40,172
<b>Basic &amp; Diluted EPS (₹) iii (i/ii)</b>	<b>(1.23)</b>	<b>(5.54)</b>

**16.3** The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2013. This information is given in respect of such vendors as could be identified as 'Micro'/'Medium'/'Small Enterprises' on the basis of information available with the company.

**16.4** Borrowing costs capitalized during the year are ₹ 2.11/- lakh (Previous Year: NIL)

**16.5** The company has an outstanding capital commitments amount of ₹ 1,203.37 lakh (Previous Year: NIL)

**16.6** Provision for Income Tax has been made in accordance with Section 115 JB of Income Tax Act, 1961.

**16.7** There are no contingent liabilities as on March 31, 2013.

**16.8** Previous year figures have been re-grouped or reclassified wherever necessary.

As per our report of even date

For and on behalf of Board of Directors of  
L&T Unnati Finance Limited

**SHARP & TANNAN**

Chartered Accountants  
Registration No. 109982W  
by the hand of

**N. Sivaraman**  
Director

**Dinanath Dubhashi**  
Director

**Milind P. Phadke**

Partner  
Membership No. 033013

Mumbai  
April 22, 2013

Mumbai  
April 22, 2013