

LARSEN & TOUBRO INFOTECH LIMITED

Balance Sheet as at March 31, 2006

	Schedules	As at 31-3-2006 Rupees	As at 31-3-2005 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	150,000,000	150,000,000
Reserves and Surplus	B	1,547,529,047	1,016,750,933
		1,697,529,047	1,166,750,933
Loan Funds			
Secured Loans	C	1,276,286,452	804,591,602
Unsecured Loans	D	64,815,297	9,467,942
Deferred Tax Liability (net) (See Schedule O, Note 12)		1,341,101,749	814,059,544
		1,488,235	1,760,656
TOTAL		3,040,119,031	1,982,571,133
APPLICATION OF FUNDS			
Tangible Assets			
Gross Block	E1	1,711,299,808	1,217,107,954
Less : Depreciation		771,577,394	610,305,992
Net Block		939,722,414	606,801,962
Capital work-in-progress		98,728,015	31,205,065
		1,038,450,429	638,007,027
Intangible Assets			
Gross Block	E2	555,939,262	494,471,490
Less : Amortisation		414,378,398	319,697,852
Net Block		141,560,864	174,773,638
Capital work-in-progress		19,125,266	10,387,257
		160,686,130	185,160,895
Investments	F	7,747,114	1,140,649
Current Assets, Loans and Advances			
Sundry Debtors	G	1,961,497,072	1,330,449,398
Cash and Bank Balances	H	192,109,662	41,408,112
Loans and Advances	I	883,235,747	443,248,328
		3,036,842,481	1,815,105,838
Less : Current Liabilities and Provisions	J		
Current Liabilities		1,041,153,774	581,101,205
Provisions		162,453,349	75,742,071
		1,203,607,123	656,843,276
Net Current Assets		1,833,235,358	1,158,262,562
TOTAL		3,040,119,031	1,982,571,133
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS			
O			

As per our report attached

SHARP & TANNAN

Chartered Accountants

by the hand of

R D KARE
Partner
(Membership No. 8820)

Place : Mumbai
Date : May 3, 2006

S S PRABHUDESAI
Company Secretary

Y M DEOSTHALEE

Director

V K MAGAPU

Director / Manager

Place : Mumbai
Date : May 3, 2006

LARSEN & TOUBRO INFOTECH LIMITED

Profit and Loss Account for the year ended March 31, 2006

		2005-06	2004-05
	Schedules	Rupees	Rupees
INCOME			
Software development services and products			
Overseas		7,617,155,025	5,339,253,135
Domestic		316,602,372	249,686,813
Other income	K	47,009,233	13,256,536
		<u>7,980,766,629</u>	<u>5,602,196,484</u>
EXPENDITURE			
Software development expenses	L	5,032,229,700	3,394,687,870
Sales, administration and other expenses	M	1,822,463,846	1,403,549,640
		<u>6,854,693,546</u>	<u>4,798,237,510</u>
Operating profit (PBIDT)		1,126,073,083	803,958,974
Interest	N	53,017,576	34,234,582
Depreciation on tangible assets		179,689,490	133,463,523
Amortisation of intangible assets		94,680,546	119,343,855
Amortisation of deferred revenue expenditure			11,128,350
Profit before tax (PBT)		798,685,471	505,788,664
Provision for taxes		60,075,174	31,227,373
(including Rs 10,000 for wealth tax; previous year Rs. 104,000)			
Short provision for taxes in previous years		4,067,103	14,516,055
Deferred tax		(272,421)	1,038,356
Fringe Benefit Tax		33,000,000	—
Profit after tax (PAT)		701,815,615	459,006,880
Add : Balance brought forward from previous year		316,750,933	292,148,742
Profit available for appropriation		1,018,566,547	751,155,622
Less: Transfer to general reserve		300,000,000	180,000,000
Profit available for distribution		718,566,547	571,155,622
Interim dividend		150,000,000	225,000,000
Tax on dividend		21,037,500	29,404,689
Balance to be carried forward		547,529,047	316,750,933
Basic and diluted earnings per share (EPS)		23.39	15.30
Equivalent number of shares of Rs.5 each		30,000,000	30,000,000
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	O		

As per our report attached

SHARP & TANNAN

Chartered Accountants

by the hand of

R D KARE

Partner

(Membership No. 8820)

Place : Mumbai

Date : May 3, 2006

S-8

S S PRABHUDESAI

Company Secretary

Y M DEOSTHALEE

Director

V K MAGAPU

Director / Manager

Place : Mumbai

Date : May 3, 2006

LARSEN & TOUBRO INFOTECH LIMITED

Cash Flow Statement for the year ended March 31, 2006

	2005-06	2004-05
	Rupees	Rupees
Cash flow from operating activities		
Net profit before tax	798,685,471	505,788,664
Adjustments for:		
Depreciation and amortisation	274,370,036	252,807,378
Interest paid	53,017,576	34,234,583
Unrealised foreign exchange gain	(1,088,314)	28,645,730
Income from investments	(620,998)	(320,851)
Deferred revenue expenditure amortised	—	11,128,350
Cost of long term projects amortised	17,874,871	15,429,014
Cost of long term projects	—	(6,841,538)
Profit on sale of fixed assets	(2,654,861)	(10,320)
Operating profit before working capital changes	1,139,583,781	840,861,010
Changes in working capital		
Increase in trade receivables	(623,269,413)	(562,291,464)
Increase in other receivables	(473,734,972)	36,451,592
Increase in trade payables	473,715,946	314,330,805
Decrease in working capital	(623,288,438)	(211,509,067)
Cash generated from operations	516,295,342	629,351,943
Direct taxes paid	(33,466,312)	13,468,125
Net cash from operating activities	482,829,030	642,820,068
Cash flow from investing activities		
Purchase of fixed assets	(661,776,292)	(282,840,961)
Sale of fixed assets	14,092,480	10,320
Investments	(6,606,465)	—
Interest received	1,570,235	1,940,563
Income from investments	620,998	320,851
Net cash used in investing activities	(652,099,044)	(280,569,227)
Cash flow from financing activities		
Proceeds from borrowings	472,042,205	9,272,453
Proceeds from intercorporate deposits	55,000,000	(78,000,000)
Financial expenses	(47,269,078)	(41,724,178)
Dividend paid	(150,000,000)	(225,000,000)
Dividend tax paid	(9,801,563)	(29,404,689)
Net cash from financing activities	(319,971,564)	(364,856,414)
Net increase in cash and cash equivalents	150,701,550	(2,605,573)
Cash and cash equivalents - 31 March 2005	41,408,112	(44,013,684)
Cash and cash equivalents - 31 March 2006	192,109,662	41,408,112

As per our report attached

SHARP & TANNAN

Chartered Accountants

by the hand of

R D KARE

Partner

(Membership No. 8820)

Place : Mumbai

Date : May 3, 2006

S S PRABHUDESAI

Company Secretary

Y M DEOSTHALEE

Director

V K MAGAPU

Director / Manager

Place : Mumbai

Date : May 3, 2006

LARSEN & TOUBRO INFOTECH LIMITED

Schedules forming Part of Accounts**SCHEDULE A****As at 31-3-2006****As at 31-3-2005****Rupees****Rupees****Share Capital****Authorised :**3,05,00,000 Equity shares of Rs.5 each
(Previous year 3,05,00,000 of Rs. 5 each)**152,500,000****152,500,000****Issued and Subscribed :**3,00,00,000 Equity Shares for Rs. 5 each
(Previous year 3,00,00,000 of Rs. 5 each)**150,000,000****150,000,000****Paid up :**3,00,00,000 Equity Shares for Rs. 5 each
(Previous year 3,00,00,000 of Rs. 5 each)**150,000,000****150,000,000**

All the above Equity shares (Same as previous year)

are held by Larsen & Toubro Limited, the holding Company

150,000,000**150,000,000****SCHEDULE B****Reserves and Surplus****General Reserve**

As per last balance sheet

700,000,000**520,000,000**

Add : Transferred from

Profit and Loss Account

300,000,000**180,000,000****1,000,000,000****700,000,000**

Profit and Loss Account

547,529,047**316,750,933****1,547,529,047****1,016,750,933****SCHEDULE C****Secured Loans**

Term loans from bank

495,704,455**137,482,500**

Other loans from banks

780,581,997**667,109,102****1,276,286,452****804,591,602****SCHEDULE D****Unsecured Loans**

Inter corporate borrowings (from holding company)

55,000,000**—**

Lease finance (due within one year Rs. 4,606,761)

9,815,297**9,467,942****64,815,297****9,467,942****SCHEDULE E****Fixed Assets****SCHEDULE E1 – Tangible Assets – Own****Rupees**

Fixed Assets	Gross Block			Depreciation / Amortisation				Net Block		Net Block
	As at 1-Apr-05	Additions	Deductions	As at 31-Mar-06	As at 1-Apr-05	For the Year	Deductions	Up to 31-Mar-06	As at 31-Mar-06	As at 31-Mar-05
Buildings	133,360,561	7,994,398	—	141,354,959	22,323,348	4,332,528	—	26,655,876	114,699,083	111,037,212
Plant and machinery	159,069,734	101,310,345	1,582,004	258,798,075	76,594,395	10,190,842	346,921	86,438,316	172,359,759	82,475,340
Computers	469,729,277	193,483,383	—	663,212,660	304,957,493	95,164,440	—	400,121,933	263,090,726	164,771,784
Furniture and fixtures	430,125,909	217,640,513	28,273,703	619,492,719	193,622,574	64,032,480	18,071,167	239,583,887	379,908,834	236,503,335
Vehicles	4,811,355	—	—	4,811,355	2,852,260	613,924	—	3,466,184	1,345,171	1,959,095
Sub Total (A)	1,197,096,836	520,428,639	29,855,707	1,687,669,768	600,350,070	174,334,214	18,418,088	756,266,196	931,403,573	596,746,766
Tangible Assets – leased										
Computers	20,011,118	3,618,922	—	23,630,040	9,955,922	5,355,276	—	15,311,198	8,318,841	10,055,196
Sub Total (B)	20,011,118	3,618,922	—	23,630,040	9,955,922	5,355,276	—	15,311,198	8,318,841	10,055,196
Add: Capital work-in-progress (including Advances)									98,728,015	31,205,065
Total Of Tangible Assets	1,217,107,954	524,047,561	29,855,707	1,711,299,808	610,305,992	179,689,490	18,418,088	771,577,394	1,038,450,430	638,007,027
Total Of Tangible Assets (Previous Year)	932,530,788	304,675,481	20,098,315	1,217,107,954	496,940,785	133,463,523	20,098,315	610,305,992	638,007,027	541,815,826