July 01, 2019

National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra - Kurla Complex, Bandra (East),
Mumbai - 400 051.

Symbol: L&TFH

BSE Limited
Corporate Relations Department,
1st Floor, New Trading Ring,
P. J. Towers, Dalal Street,
Mumbai - 400 001.

Security Code No.: 533519

Kind Attn: Head – Listing Department / Dept of Corporate Communications

Sub: Submission of the Annual Report for the financial year 2018-19 and Notice of Annual General Meeting

Dear Sir / Madam,

Pursuant to the requirements of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the Company for the financial year 2018-19 along with the Notice of Eleventh Annual General Meeting of the Company to be held on Monday, July 29, 2019 at 3:00 p.m. at Swatantryaveer Savarkar Rashtriya Smarak, 252 Swatantryaveer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028 which are being dispatched/ sent to the Members by the permitted mode(s).

Further, the aforesaid Annual Report along with Notice of Annual General Meeting has also been uploaded on the website of the Company at *https://www.ltfs.com/investors.html*

We request you to take the aforesaid on records.

Thanking you,

Yours faithfully,

For **L&T Finance Holdings Limited**

Apurva Rathod
Company Secretary and Compliance Officer

Encl: as above

annual report 2018-19

stability and sustainability

built on the foundation of ***Assurance***

L&T Finance Holdings

Assurance

The universe speaks to us in the language of assurance.
It assures predictability of outcome, every single time.

The sun rises in the east, every single day.
From complete absence to its full glory, the moon never misses a date.
The rain follows the summer; the winter follows rain.
The cold wind gives way to summer breeze and it goes on and on,
Seasons come and go as they always do.
The earth, for all her billion years of existence, takes exactly 365 days to complete its journey around the sun.

Humanity has always been inspired by this assurance.
It is a source of hope; it is a source of clarity,
It is knowing that no matter how long the night is, there will be dawn,
no matter how dark the clouds are, there will be sunshine, eventually.

The eternality of this assurance and the guarantees implicit in it,
have built, nurtured and preserved civilizations.
Human endeavors have prospered by dint of this assurance.

Assurance is universal.
It is eternal.
It is mystical yet so simple.

Delivering assurance to all our stakeholders by building a cycle-resilient business

Shareholders

- Cycle-resilient business model with steady growth
- Delivering top-quartile RoE consistently

Customers

- Dependable delivery of quality products and services
- Data analytics-backed responsible lending

Employees

- Creating a workplace built on clarity, transparency and fairness
- Linking rewards to performances against set goals

Society

- Businesses mapped to key economic, environmental and employment needs of the country
- CSR efforts targeted towards capacity-building in rural India

Corporate Information

Board of Directors*

S. V. Haribhakti
Non-Executive Chairman

Dinanath Dubhashi
Managing Director &
Chief Executive Officer

R. Shankar Raman
Non-Executive Director

P. V. Bhide
Independent Director

Thomas Mathew T.
Independent Director

Nishi Vasudeva
Independent Director

Rajani R. Gupte
Independent Director

Pavninder Singh
Nominee Director

Prabhakar B.
Non-Executive Director

Company Secretary
Apurva Rathod

Joint Statutory Auditors
M/s. Deloitte Haskins & Sells, LLP
M/s. B. K. Khare & Co.

Registered Office & Investor Service Centre
Brindavan, Plot No.177, C.S.T. Road,
Kalina, Santacruz (East),
Mumbai - 400 098,
Maharashtra, India.
Phone: +91 22 6212 5000
Fax: +91 22 6212 5553
Website: www.ltfs.com
Email: igrc@ltfs.com

Registrar and Share Transfer Agents
Link Intime India Private Limited
C-101, 247 Park,
L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083,
Maharashtra, India.
Phone: +91 22 4918 6000
Fax: +91 22 4918 6060
Website: www.linkintime.co.in
Email: rnt.helpdesk@linkintime.co.in

*As on date

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In line with our philosophy to be a responsible company, we remain aligned to the interests of our stakeholders while building a cycle-resilient business.

Chairman's Message

Dear Shareholder,

The year gone by tested us, taught us, too. More importantly, it further strengthened our conviction in our core belief in the idea of 'Conscious Capitalism' – a practical guideline that stresses the importance of creating value for all our stakeholders.

To that end, our 21,000+ employees did a phenomenal job in serving over 1.1 cr customers through your Company's extensive network. And as for our shareholders, they got rewarded with the first full year of a top-quartile RoE of close to 18%. The power of digital and data analytics and adherence to our basics – Intent, Execution, Culture – played a very important role in delivering the strong RoE in line with our assurance to you. We also stayed on the path of responsible growth through calibrated strategies across products.

Additionally, our three-pronged strategy of conservative underwriting, strong early warning signals and prudent provisioning played an important role in enhancing the portfolio quality and strengthening the balance sheet. We also put in place a specialist recovery and resolution group in order to expedite the turnaround of stressed assets. With this, we are today in a position to restrict the NS3 at 2.40%, with a provision-coverage ratio of 61%. Also, your Company initiated macro-prudential provisioning to break pro-cyclicality and increase resilience during economic downturns.

In line with our philosophy to be a responsible Company, we remain aligned to the interests of our stakeholders while building a cycle-resilient business. Our assurance to follow ethical and sustainable business practices, which aims to improve the lives of the men and the women of our country, is a guide to our purpose as a corporate.

That is why your Company, through its various life-altering CSR initiatives, has also served the multitudes of humanity that live in communities adjacent to our areas of operation. One such feather in our cap has been Digital Sakhi, an empowering programme aimed at training women in digital-financial literacy, leadership and technology. So far, we have trained over 400 women who further reached over 1.5 lakh people in rural areas.

Similarly, through Jalvaibhav – a water campaign designed by your Company to support the communities – we helped at least 62 villages in Maharashtra develop the resilience and adaptive capacity required to deal with climate-related hazards including drought.

Our committed team stood solidly by the communities that managed national disasters in Kerala and Tamil Nadu.

While we are proud of the good work we have done during the year, it needs to be emphasised that we've achieved all of this despite the turbulence in the entire NBFC sector. As I said at the start, the financial year was challenging for the sector, primarily roiled by the crisis brought about by a series of credit defaults. We acted expeditiously and boldly to limit the impact and continued to stay good on the promises made to you.

The consequent liquidity headwinds had a negligible impact on your Company. As a nimble-footed Company we were able to keep the lending business on track with the help of our strong risk-management system and prudent asset-liability management, reflected in the positive liquidity gaps maintained by your Company for the past two years. With a clear strategy of allocating funds to each business, we were able to increase the retailisation of our lending book and ring-fence our growth. All this was done while increasing our national footprint and customer base.

How did we do that? By working smarter, faster and more economically than the competitors. Our decision to be in segments where we had a 'Right to Win' helped us. We used data and analytics to do responsible underwriting and focused on faster turnaround for our customers, harnessing the power of digital technology. That made us the lender of choice for the Rising New India.

Apart from that, strategic rationalisation and portfolio diversification are also well on their way. Growth in our rural business was 50% followed by housing business at 34% whereas wholesale business has de-grown by 1%. Today, with over 50% of our book in rural and housing, we are a predominant retail lending player, in addition to the non-lending businesses of mutual fund and wealth.

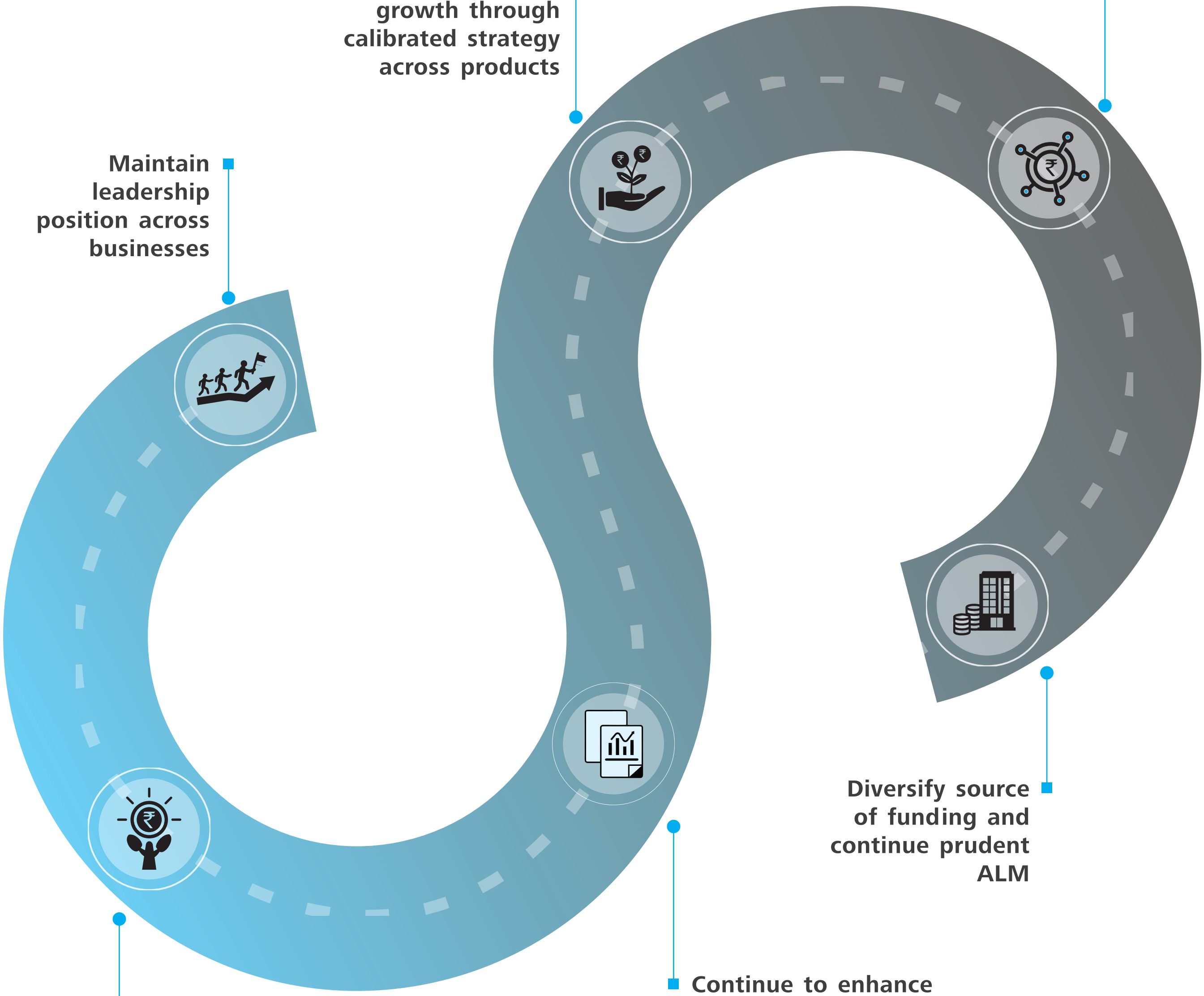
Thus, with a rock-solid balance sheet, focused ideas to access our served markets, attention to environmental stewardship, social responsibility and governance, and constant adherence to compliance, we look forward to a sustainable future of top-quartile performance.

The Board and the GEC, as a benchmark of leadership, intimately share a holistic responsibility towards our ecosystem. That is why, dear shareholders, in this era of shared value, we seek your continued support as we embark on our journey to deliver a sustainable top-quartile RoE built on the foundation of Assurance.

Shailesh Haribhakti

Assurance

Sustainable Top Quartile RoE



Use power of digital and data analytics to unlock RoE

Achieve responsible growth through calibrated strategy across products

Maintain leadership position across businesses

Diversify source of funding and continue prudent ALM

Continue to enhance portfolio quality and strengthen balance sheet through conservative provisioning

Maintain NIMs + Fees through 'Right to Win' and diversified fee engine

Stability and Sustainability
*built on the foundation of **Assurance***

Your Company strives to make itself a worthy inheritor of the glorious legacy of L&T, and assurance is the foundation of that legacy. It is committed to delivering what has been agreed upon, in letter and spirit, as it continues to be in the service of the nation, working towards building the India of our dreams.

Your Company aspires to create predictability of outcomes for its customers, stakeholders, employees and the community. It aspires to be an organization for whom predictability comes naturally, and it is embedded in its values: Pride, Ambition, Integrity & Discipline. If the past year has taught us one thing, it is that external factors may sometimes disturb even the best-laid plans. In other words, unpredictability cannot be wished away. In such an environment, the ability to assure certainty of results is pivotal to building a stable and sustainable organisation.

In FY19, the entire NBFC sector was forced to re-evaluate its priorities and business strategies due to a series of headwinds. In this backdrop, your Company had its first year of delivering top-quartile RoE, thus proving that it is built on the foundation of Assurance.

Your Company realigned its operational strategies in response to turbulent surroundings. Its commitment to building a sustainable organisation ensured that it was way ahead of the regulatory, governance, risk and liquidity frameworks that were necessitated for the sector, by the unpredictabilities of the external environment.

Delivering on its commitment of stability and sustainability, Assurance is your Company's way of life.

Performance Indicators

Reflected in Strong Performance through FY19

STRENGTHENING THE BALANCE SHEET

Gross Stage 3 (GS3) reduced in absolute as well as percentage terms from **₹7,043 cr** and **8.71%,** respectively, as on March 31, 2018 to **₹5,549 cr** and **5.90%** as on March 31, 2019. Likewise, Net Stage 3 (NS3) went down from **₹2,554 cr** and **3.34%** to **₹2,174 cr** and **2.40%** during the same period.

GROWTH IN FOCUSED BUSINESSES

(a) Lending Businesses

Rural Finance
50%

Housing Finance
34%

Wholesale Finance
(1%)

(b) Non-lending Businesses

Investment Management
8% growth in AAuM#

Wealth Management
53% growth in AuS*

INCREASED RETAILISATION

Rural + Housing Finance contributed **52%** of the portfolio in **FY19** as against **42%** in **FY18**

EXIT FROM NON-CORE BUSINESSES

Rapid rundown of defocused book to **less than 1%**

INCREASE IN FEE AND OTHER INCOME

Increase in fee and other income by around **25%** from **₹1,270 cr** in **FY18** to **₹1,594 cr** in **FY19**

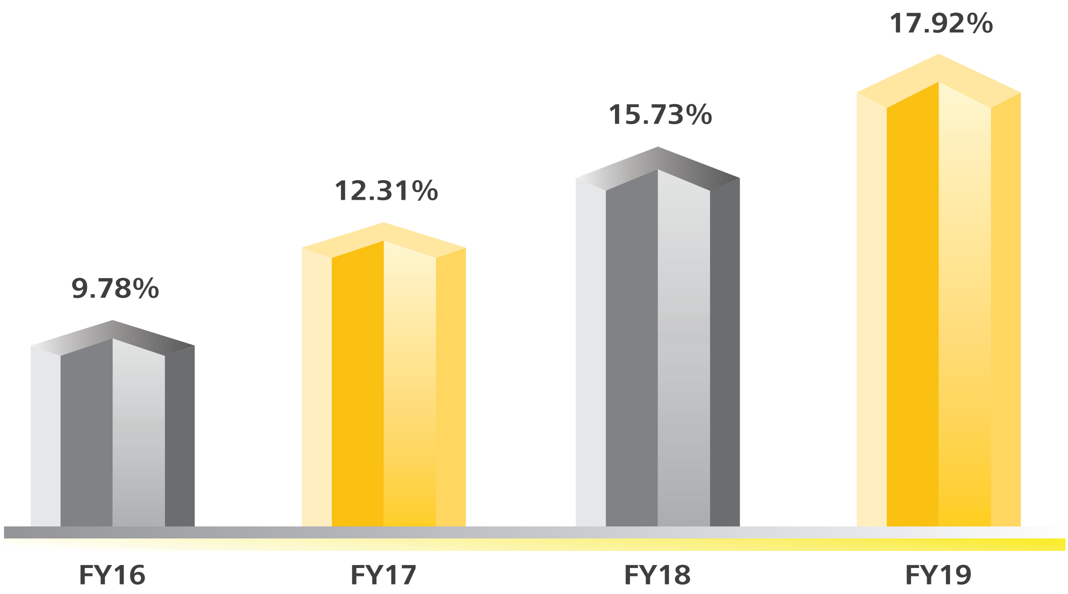
PRUDENT ASSET LIABILITY MANAGEMENT

Maintained positive liquidity gap for 1 year and **even under stress scenario** for 1 month

Investment Management-AAuM (Quarterly Average as of March 31, 2019) | * Wealth Management-closing AuS

First year of Delivering

Top-quartile RoE

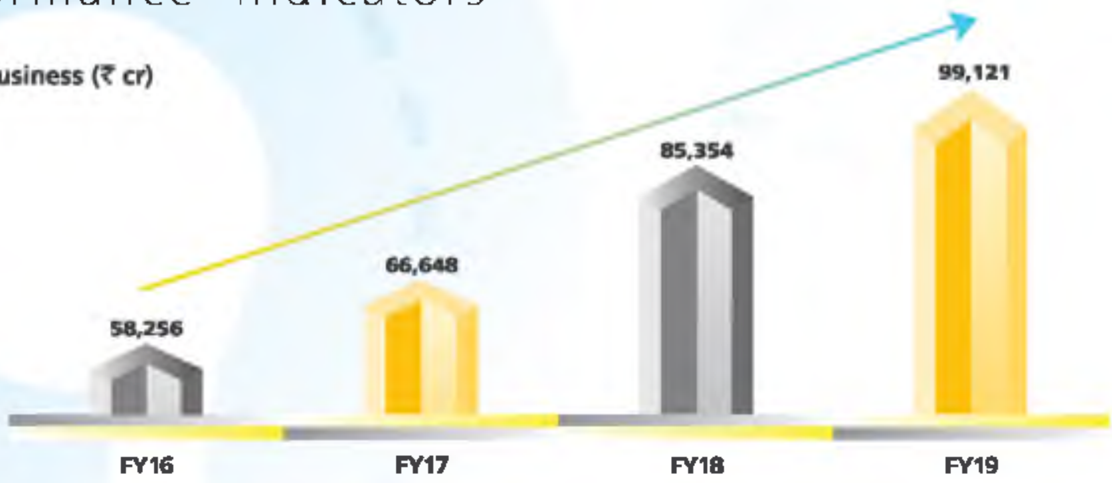


Capital Allocation and RoE Bridge

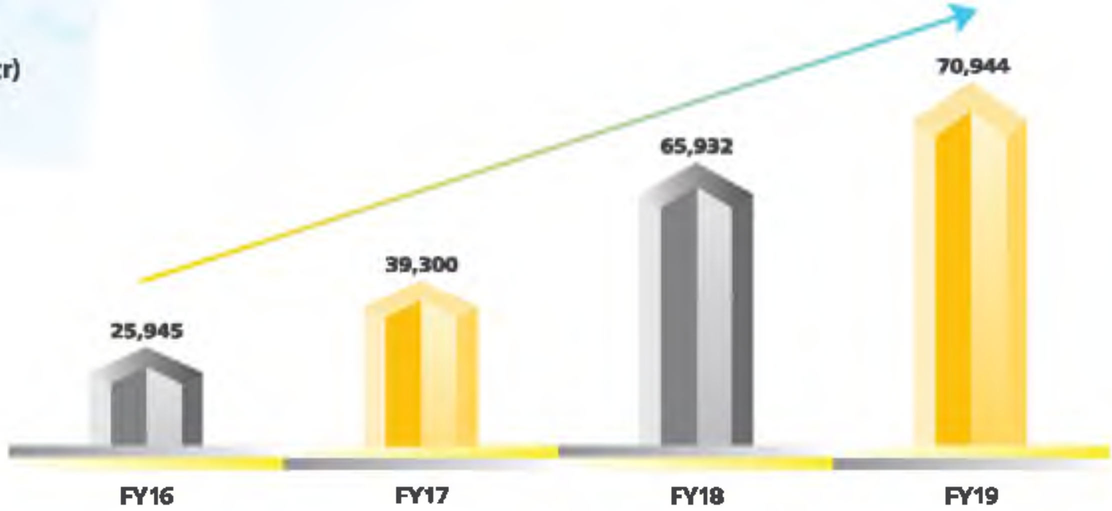
FY18				FY19			
PAT (₹ cr)	Net Worth (₹ cr)	RoE	Business Segments	PAT (₹ cr)	Net Worth (₹ cr)	RoE	PAT Y-o-Y
532	2,530	31.78%	Rural Business	895	3,719	27.94%	68%
514	2,495	30.33%	Housing Business	801	3,667	26.89%	56%
478	5,371	10.16%	Wholesale Business	673	6,164	11.50%	41%
1,523	**10,396**	**18.87%**	**Lending Business Total**	**2,369**	**13,550**	**19.69%**	**55%**
78	853	9.55%	Investment Management	137	953	15.35%	76%
28	43	-	Wealth Management	9	52	-	-
1,629	**11,292**	**18.28%**	**Focus Business Total**	**2,514**	**14,555**	**19.38%**	**54%**
(258)	183	-	De-focused Business	(158)	89	-	-
1,371	**11,475**	**14.98%**	**Businesses Total**	**2,356**	**14,644**	**17.97%**	**72%**
(116)	(67)	-	Others	(130)	(1,195)	-	-
1,255	**11,408**	**15.73%**	**LTFH Consolidated**	**2,226**	**13,449**	**17.92%**	**77%**

Performance Indicators

Lending Business (₹ cr)

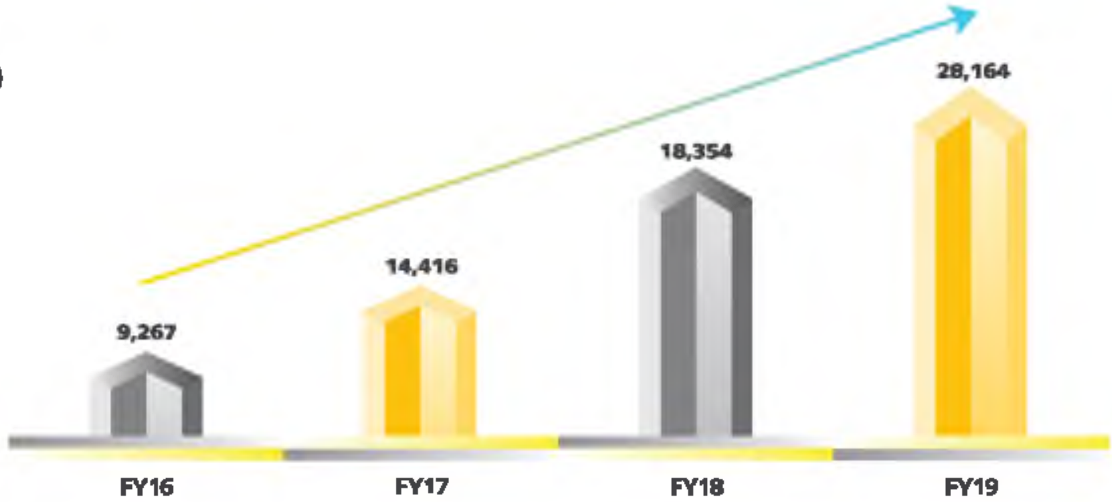


AAuM* (₹ cr)



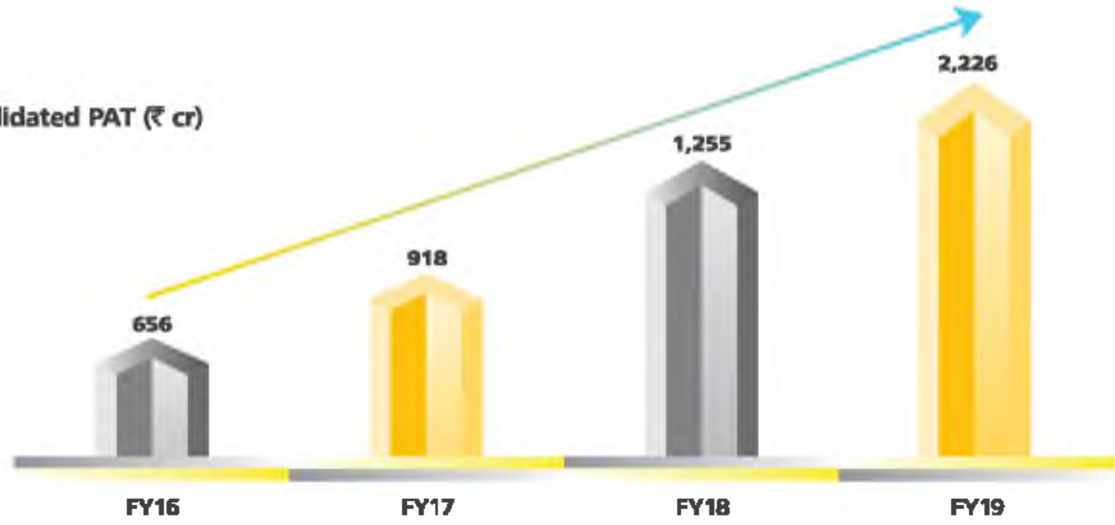
*Average Assets Under Management (Quarterly average as of March 31)

AuS** (₹ cr)

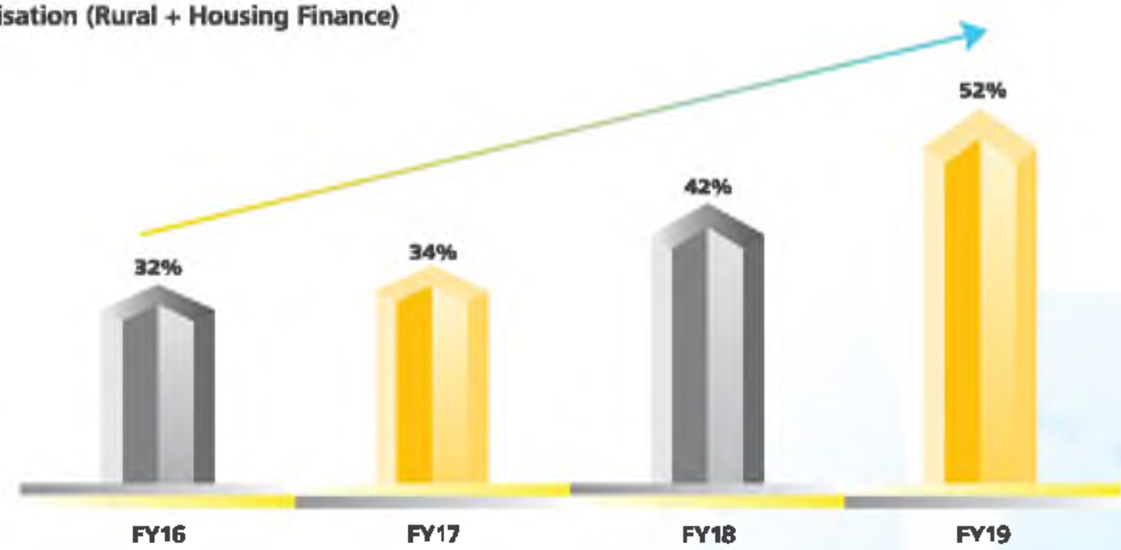


**Assets Under Service

Consolidated PAT (₹ cr)



Retailisation (Rural + Housing Finance)



About Us
MD&A
Board's Report
Corporate Governance
Financials

THE IMPACT
SUSTAINABILITY HIGH

ECONOMIC

- Increase in RoE - 9.78% in FY16 to 17.92% in FY19
- Net Profit - ₹2,226 cr
- Loan Book- ₹99,121 cr and Average Assets under Management / Assets under Service- ₹99,108 cr
- Increased focus on 'Retailisation' for both assets and liabilities
- Served 1.1 cr+ customers
- Initiated macro-prudential provisioning to be built during growth periods and to be drawn upon during challenging macro-economic events

SOCIAL

- Key business segments are aligned to the needs of the nation
- Micro Loans extended to 59 lakh+ women, of which 20 lakh+ were first-time borrowers
- Created a cadre of over 400 'Digital Sakhis' and up-skilled more than 3,500 women entrepreneurs
- Outreach to 2 lakh+ community members and their households through CSR
- Enhanced incomes of 30,000+ farmers through the 'Jalvaibhav Program'
- 85% of employees engaged in the rural business
- 100% disbursements through digital channels aiding financial inclusion

WE CREATE

LIGHTS FOR FY2018-19

ENVIRONMENT

- Financed 7,746 MW of wind and solar power
- 13.9 million tons of CO2e GHG emissions avoided
- Ranked no. 2 (APAC ex-Japan) in mandated lead arranger for green loans by Bloomberg
- Emissions Intensity per Employee (Scope 1&2 - 0.25 tCO_2e)
- Received LEED - Gold certification for our Corporate headquarters
- Raised money from the International Finance Corporation (IFC) to fund Greenfield solar projects

Board of Directors

Shailesh Haribhakti

Shailesh Haribhakti is a Chartered Accountant, with over four decades of experience in developing and leading one of India's most respected and diversified Chartered Accounting firm – Haribhakti & Co. LLP.

He is currently the Non-Executive Chairman of L&T Mutual Fund Trustee Limited, Future Lifestyle Fashions Limited, Blue Star Limited and NSDL e-Governance Infrastructure Limited. He serves as an Independent Director of several other public and private limited companies. He is also pursuing advisory work through his proprietary firm, Shailesh Haribhakti & Associates.

He actively promotes "shared value" creation and a green environment through his own enterprise Planet People & Profit Consulting Private Limited and his leadership roles as Chairman of United Way and Chairman / Member of the CSR committees of some of the Boards that he serves on.

He was associated with Indian Institute of Management Ahmedabad (IIMA), BMA, IIA (Mumbai), ICAI (WIRC), IMC, FPSB and Rotary Club of Bombay over the last several decades. For two years he served on the Standards Advisory Council of the IASB in London and was Chairman of NPS (National Pension Scheme) Trust from 2015-2017.

Dinanath Dubhashi

Dinanath Dubhashi is the Managing Director & Chief Executive Officer of L&T Finance Holdings Ltd. ("LTFH"). With a rich experience of over two decades, he has worked in multiple domains of financial services such as corporate banking, cash management, credit rating, retail lending and rural finance. He has been with L&T Financial Services since 2007 and has been instrumental in scaling up the retail business operations manifold, across customer segments and geographies.

The strategy roadmap defined under his leadership has transformed LTFH into an organization focused on creating sustainable value for shareholders through an increase in retailisation of the loan book, robust risk management framework, doubling of return on equity and decisive strategic choices in businesses. Providing 'Assurance' to all stakeholders, his focus has been to align LTFH's intent, execution and culture, towards making a stable and sustainable organisation.

Prior to L&T Financial Services, he was associated with organisations such as BNP Paribas, CARE Ratings and SBI Capital Markets in various capacities.

He is a Post Graduate from IIM Bangalore and also holds a B.E. (Mechanical) degree.

R. Shankar Raman

R. Shankar Raman is serving as the Whole-time Director and the Chief Financial Officer at Larsen & Toubro Limited (L&T). He is also on the board of several companies within the L&T Group. He joined the L&T Group in 1994 to set up L&T Finance Limited. Over the past 35 years, he has worked for leading listed corporates in varied capacities in the field of finance and general management. He is a qualified Chartered Accountant and a Cost Accountant with a degree in Commerce from Madras University.

P. V. Bhide

P. V. Bhide is a retired IAS Officer of the Andhra Pradesh Cadre (1973 Batch). He has worked in several government positions during a career spanning nearly four decades. In the state government, he worked as Deputy Secretary in Medical & Health Department and also as Commissioner Relief (Department of Revenue). He also was Finance Secretary and Secretary Energy for Andhra Pradesh. He also worked as Managing Director of A.P. State Handloom Weavers Co-operative Society Limited. (APCO) and Chief Executive & Managing Director of Godavari Fertilisers and Chemicals Limited. With the Government of India his roles include Deputy Secretary - Department of Economic Affairs, Ministry of Finance, Executive Advisor to India's Executive Director to the International Bank for Reconstruction and Development (IBRD / World Bank), Joint Secretary and later as Secretary-Department of Disinvestment, Ministry of Finance, Additional Secretary / Spl. Secretary - Ministry of Home Affairs. He retired as Revenue Secretary - Ministry of Finance, Govt. of India. He is an MBA and has LLB and B.Sc. (Hons. Chemistry) degrees.

Thomas Mathew T.

Thomas Mathew T. has over four decades of strategic leadership and operational experience in the Life Insurance & Reinsurance industry. He was the Managing Director and Interim Chairman of L.I.C. He was also India MD & CEO of 'Reinsurance Group of America'. He was nominated by SEBI as the Chairman of the Metropolitan Stock Exchange of India. He has served as Director on the Boards of Mahindra & Mahindra Limited, Tata Power Co. Limited, Voltas Limited, IFCI Limited and Corporation Bank. He was a member on the Governing Council of the MDI, Gurgaon, Actuarial Institute of India & Chairman of The National Insurance Academy, Pune.

He is a Director on the Boards of Larsen & Toubro Limited, Canara HSBC OBC Life Insurance Company, LIC (International) B.S.C.(c), Bahrain and subsidiaries of the Company. He is also member of the 'Take Over Panel' of SEBI. He is PGDM – Marketing, Post Graduate in Economics, Law Graduate and Associate of the Insurance Institute of India.

Nishi Vasudeva

Nishi Vasudeva with over 38 years of experience in the petroleum industry is an internationally acclaimed leader and the first woman to chair an oil & gas company in India. As Chairman and Managing Director of Hindustan Petroleum Corporation Limited ("HPCL"), she was responsible for developing the vision and long term objectives, improving growth and profitability, driving a high performance culture geared towards operational excellence and consistent value creation for all stakeholders.

She is the first Indian to be awarded the Global CEO of the year at Platt's Global Energy Awards 2015. She received the SCOPE Award for excellence and outstanding contribution to Public Sector Management from the Hon'ble President of India. She was awarded Best CEO (Super Large Companies) and Best CEO (Oil & Gas) at Business Today Best CEO Awards 2016. She is BA (Economic Honours) from Delhi University and an MBA from IIM Calcutta.

Rajani R. Gupte

Rajani Gupte is the Vice Chancellor of the Symbiosis International (Deemed University), Pune.

She joined Symbiosis as a founding member of the Symbiosis Institute of International Business in 1992. She was the Director of the Institute between 2004 and 2012. She has also earlier held the positions of Dean- Faculty of Management, Dean-Academics and Pro-Vice Chancellor at the Symbiosis International (Deemed University).

She is an independent Director on the Governing Board of NSDL and subsidiaries of the Company. She has been frequently invited on committees of important organizations, such as International Trade Panel - Confederation of Indian Industries (CII), World Trade Organization Committee, Government of Maharashtra, and Chemtech World Expo. She has also served on committees appointed by the UGC and on working groups on higher education.

She has received several awards for her outstanding contribution to education. A distinguished academic, she received her Doctorate degree in Economics from the prestigious Gokhale Institute of Economics and Politics, Pune.

Pavninder Singh

Pavninder Singh serves as the Managing Director at Bain Capital Private Equity, LP, as part of the Asia Pacific Private Equity team. He leads their efforts in India and South East Asia with a focus on Financial & Business Services and Industrial & Energy Verticals. Prior to that he was based in the New York Office as part of the North American Private Equity industrials team. He has been closely involved with a number of Bain Capital's investments in the region, including Axis Bank, Hero MotoCorp, L&T Financial Services, Quest Engineering, Bridge Data Centres, Emcure Pharmaceuticals and Trans Maldivian Airways.

He currently serves on the boards of Quest, Bridge Data Centres, TMA and Brillio. Prior to Bain, he served as a Co-Chief Executive Officer of Medrishi.com. He also served as a Consultant at Mercer Management Consulting, where he consulted in the e-commerce, retail and energy industries.

He received an M.B.A. from Harvard Business School, where he was a Baker Scholar. He received a B.A. from Harvard College.

Prabhakar B.

Prabhakar B. retired as Chairman and Managing Director of Andhra Bank in August 2013 after serving various banks for about 37 years. Prior to that, he had served as the Executive Director of Bank of India for a period of over 3 years. Before that, he had served with Bank of Baroda having worked in all areas of banking with stints at Zambia and U.K. He was the Chief Executive of Bank of Baroda, UK operations.

He is a commerce graduate from the University of Mysore and a Chartered Accountant.

Built on the foundation of Assurance, we are creating an organization geared towards generating perpetual value for all stakeholders. We are proud to play our part in the India growth story and believe that together we can shape a future even more illustrious than the past.

Dinanath Dubhashi
Managing Director & Chief Executive Officer

Group Executive Committee

Kailash Kulkarni
Chief Executive - Investment Management
Group Head - Marketing

Sunil Prabhune
Chief Executive - Rural Finance
Group Head - Digital, IT & Analytics

Virender Pankaj
Chief Executive - Wholesale Finance
Group Head - Sell Down

Srikanth JR
Chief Executive - Housing Finance
Group Head - Central Operations

Manoj Shenoy
Chief Executive - Wealth Management
Group Head - CSR

Sachinn Joshi
Group Chief Financial Officer

Raju Dodti
Chief Executive - Special Situations Group
Group Head - Legal & Compliance

S. Anantharaman
Chief Risk Officer
Head - Internal Audit

Soumendra Nath Lahiri
Chief Investment Officer- Investment Management

Shiva Rajaraman
Chief Executive - L&T Infra Debt Fund

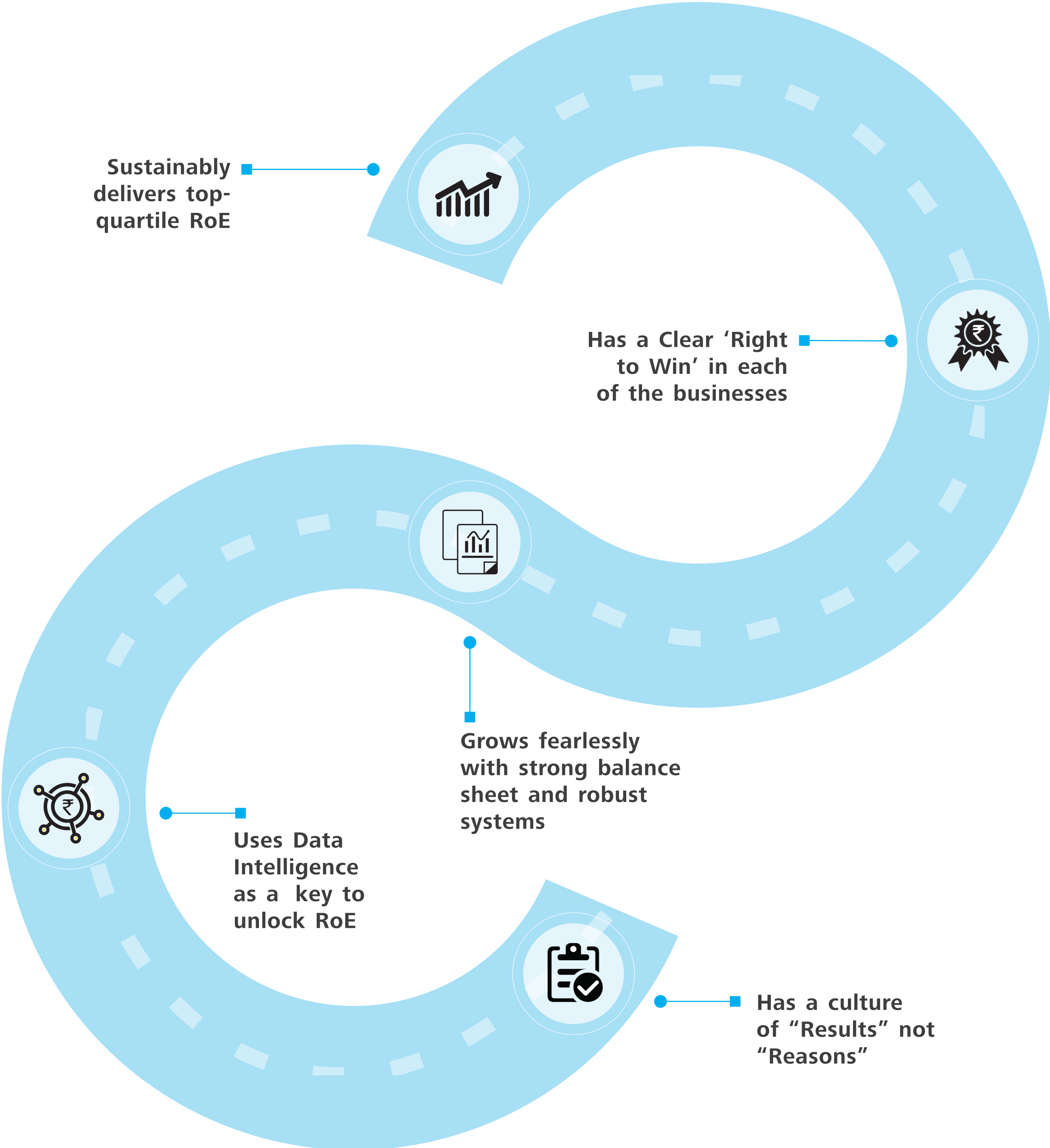
Abhishek Sharma
Chief Digital Officer

Management
DISCUSSION & ANALYSIS

LTFH 2.0

Our Commitment

TO BE A COMPANY WHICH:



Macro Economic Review

India's GDP is estimated to have grown by 6.8% in FY19 compared to 7.2% in FY18. This was due to lower growth in agriculture and mining sectors, lower government spending on public administration and weaknesses in domestic and external demand conditions. However, on the structural reforms front, the Goods and Services Tax (GST) and the Insolvency and Bankruptcy Code (IBC) continued evolving during the year. Also, in the World Bank's Ease of Doing Business rankings, India continued its ascent for the second consecutive year and reached the 77th rank.

Uneven distribution of rainfall coupled with deflation in food prices caused broad based disruption of farm sector activity during FY19. Responding to the situation, several farm-supportive measures have been announced by the Central as well as State Governments in recent months to protect farmer's income, at least partially. While both manufacturing and services sectors remained supportive of overall growth, it was not evenly spread across various sub-segments. On the positive side, the Gross Fixed Capital Formation rate improved from 31.4% in FY18 to 32.3% in FY19, reflecting a good pick-up in investment spending.

The Indian economy faced a slew of challenges around mid-FY19 from the external front. This was triggered by a sharp increase in the global Brent price, leading to a sharp depreciation in the Rupee along with other emerging market currencies. Around the same time, the debt defaults by IL&FS group triggered a crisis of confidence in the NBFC sector – a critical source of finance for the real sector. The liquidity tightness faced by NBFCs post the IL&FS debt defaults impacted leveraged consumer demand for auto varieties, consumer durables, housing etc, and credit flows to small and micro borrowers during Q3FY19. While pragmatic and timely regulatory interventions helped easing the situation in Q4FY19, the gap between top-rung NBFCs and others widened significantly in the aftermath of this crisis. The AAA rated NBFCs, with a strong promoter and shareholder backing and proactive economic intelligence and risk management practices, withstood volatile market conditions without hurting core operations.

Outlook for FY20

Several global forecasters, including the International Monetary Fund, have lowered their projections for the global economic growth in 2019 from a year earlier because of ongoing trade frictions, tightening of financial conditions and Brexit-related uncertainties.

Global slowdown and tight financial conditions are likely to impact India's GDP growth during FY20 which may remain flattish over its last year's level. Going by past trends, India's growth mix remains skewed towards consumption and away from investment during the general election year. Due to impact of general elections, financial markets and capital inflows too may witness volatility in Q1FY20. Also, the new political regime will most probably follow fiscal prudence in H2FY20 and this may impact public investments and growth in the latter part of the year.

On the positive side, a strong political mandate ensures political stability and policy continuity. Retail (CPI) inflation is projected by the Reserve Bank of India (RBI) to remain below 4% up to December 2019. This should enable the Monetary Policy Committee of RBI to implement easy monetary policy during a major part of FY20. Additionally, the RBI's continued purchase of government bonds (open-market operations), recent recapitalisation of Public Sector Banks (PSBs), release of five PSBs from the Prompt Corrective Action Framework (PCA) and the ongoing resolution of chronic stressed-asset cases through IBC should remain supportive of lending environment and cap a significant downside to growth.

Possible Threats

At this juncture, there are several uncertainties that cloud India's growth outlook and macro economic stability during FY20.

First of all, if global growth falters significantly, it may impact India's export growth and trade balance during FY20. Also, domestic political uncertainties would lead to some delays in decision-making and hurt investment spending during H1FY20, especially in sectors such as infrastructure, construction and real estate. If Brent crude price resurges towards its peak level of October 2018, due to geopolitical tensions, it will impact India's macro stability indicators. Significant fiscal slippages typically associated with elections may increase the quantum of government market borrowings and escalate the cost of borrowing for private companies and financial entities.

There is also a threat of formation of a weak El Nino. This is likely to bring in lower-than-normal monsoon rainfall in FY20 and further aggravate the ongoing distress in the Indian farm sector.

FY19 in Perspective

First year of delivering top-quartile RoE

Achieved leadership positions across various businesses with a clear 'Right to Win'

Faster than budgeted retailisation

Strengthening of balance sheet

Managed the liquidity headwinds through prudent asset-liability management

Strong risk management framework

Your Company continued to walk on the strategic roadmap that was put in place in FY17 with the objective of delivering top-quartile RoE. We are delighted to report that in FY19, we have delivered on that promise, and that too a year ahead of the committed timeline. The execution engine that was kick-started in FY17 continued to ensure the delivery of our stated intent.

Achieved leadership positions across various businesses with a clear 'Right to Win'

Being in the 'Right Businesses' forms an important part of the strategy, in which your Company has identified five core businesses based on a three filtered approach - industry attractiveness, company profitability and our ability to extract value from it. Our strong digitally backed sourcing mechanism and data analytics-led appraisal framework have helped your Company grow market share, improve margins and profitability and achieve leadership positions in various products.

Faster than budgeted Retailisation

Your Company is focusing on building a well-diversified book. Strong sell-down capabilities have helped your Company to limit the wholesale book growth without slowing down the business. As a result, the wholesale book has reduced from 56% in FY18 to 47% in FY19. For FY20 as well, your Company will continue to focus on increasing rural and housing portfolios. More importantly, the investments into digital and data analytics, branch network, relationship with manufacturers, improved customer service and best-in-class turnaround time (TAT) are helping your Company gain leadership positions in the aforementioned segments.

Strengthening of Balance Sheet

Your Company's three-pronged strategy of conservative underwriting, strong early warning signals and prudent provisioning helped in enhancing the portfolio quality and strengthening the balance sheet. Its initiative to set up a specialist recovery and resolution group expedited the turnaround of stressed assets.

The milestones achieved include:

- Reduction in GS3 assets from 8.71% to 5.90% (NS3 reduction from 3.34% to 2.40%)
- Strong provisioning of 61%
- Creation of ₹350 cr of macro-prudential provisions over and above GS3 provisions

Managed the liquidity headwinds through prudent asset-liability management

Your Company strongly believes in a robust ALM and strong risk-management framework, which enabled your Company to tide over the recent liquidity crisis. Our commitment is reflected in:

- Maintaining positive liquidity gaps for upto 1 year through our policy framework set-up by our Asset Liability Management Committee
- 3-tier structure followed for asset liability management

Your Company also maintained a positive gap consistently even under '1 in 10' stress scenario in the 1-month bucket. In H2FY19, one of the most volatile times in recent history, your Company raised about ~₹43,000 cr through market instruments. This has been achieved on the back of prudent ALM, AAA ratings, strong performance and parentage.

Your Company is also looking to diversify its source of funding through retail NCDs, ECBs, USD bonds, masala bonds etc. Towards this objective, it has already raised ₹2,500 cr through retail NCDs in two tranches (March and April 2019) and ₹1,152 cr from the International Finance Corporation (World Bank group).

Structural Liquidity Statement

Strong risk management framework

Your Company set up a Risk Management Committee in 2012 i.e. well before it become mandatory. Your Company adopted a focused strategy to build an effective risk culture and put in place an effective, comprehensive and reliable risk-management system, integrated in all business activities through appropriate risk limits and hot spots.

Financial Ratios

In the current year, with significant growth in retailisation and your Company's focus on high-margin businesses as highlighted in various sections above, your Company's Operating Profit Margin increased from 14.16% to 23.50% and Net Profit margin increased from 12.29% to 17.14%.

Our Businesses: Aligned to the Needs of Our Nation

GDP COMPONENTS

AGRICULTURE AND ALLIED

CONSTRUCTION

INFRASTRUCTURE

HOUSEHOLD SAVING

OUR BUSINESSES

RURAL FINANCE
Book - 25,577

HOUSING FINANCE
Book - 25,519

WHOLESALE FINANCE
Book - 47,178

INVESTMENT MANAGEMENT
AAuM - 70,944

WEALTH MANAGEMENT
AuS - 28,164

All figures are in ₹ cr and as on March 31, 2019

OUTPUTS

- INCOME GENERATION
- EMPLOYMENT GENERATION
- LIVELIHOOD GENERATION
- NATIONAL FOOD SECURITY
- FINANCIAL INCLUSION

OUTPUTS

- HOUSING
- INFRASTRUCTURE DEVELOPMENT
- NATIONAL ENERGY SECURITY
- CHANNELIZED SAVING

VALUE CREATION

- SHAREHOLDERS
- CUSTOMERS
- EMPLOYEES
- SOCIETY

Our Businesses

RURAL FINANCE

Your Company maintained growth while gaining share in a mature market and achieving a book growth of 50%. The usage of cutting-edge technology and deep analytical skills were key to increased market penetration, improved portfolio quality and timely detection of early warning signals. As a result, we have been able to improve collections and reduce GS3 not only in percentage terms but also in absolute amount (reduction by ₹193 cr).

Farm Equipment Finance

In FY19, the tractor industry has grown by 10% to record high sales of 7.8 lakh tractors during the year. Continuing on an upward trajectory, your Company has displayed healthy growth in disbursements by 19% and book by 27% over the previous year leading to increase in market share. This growth has been achieved with extensive use of data analytics to determine where to do business based on a combination of multiple macro-economic factors like monsoon, sowing status, reservoir levels, prevailing MSPs etc.

In FY20, with uncertainty of normal monsoon, the industry is expected to either de-grow or grow marginally. In the coming year, your Company expects to consolidate on the gains further and maintain market share while improving its portfolio quality through better collections. Your Company will also explore adjacencies by offering financing against used tractors, top-up loans for existing good customers and refinance.

Strategy

- Create a portfolio with an optimum mix of preferred Original Equipment Manufacturer (OEMs) and geographies
- Build on allied business – refinance, certified used vehicles and implements – in order to provide a comprehensive product suite to our customers
- Roll out digital proposition to further improve service levels

Funding purchase of **1 in every 7 Tractors**

Two-Wheeler Finance

In FY19, the industry grew by 10% to 2.2 cr units of two-wheelers sold. While the first three quarters of the previous year witnessed higher growth, there was a slowdown in the last quarter. There have been multiple changes in the regulatory framework in the industry which started with mandatory insurance cover of 5 years and increase in personal accident cover from ₹1 lakh to ₹15 lakh. Further, new regulations mandate two-wheelers to have Anti-lock Braking System (ABS) and Combi Brake System (CBS) from April 1, 2020.

These changes have resulted in increasing the cost of vehicle ownership in the range of ₹6,000 to ₹15,000, leading to an increase in financial penetration from ~35% in FY18 to ~40% in FY19. Your Company expects the trend to continue in FY20.

Through rigorous execution of digital proposition on the ground and domain expertise, your Company has been able to increase its market share. With this clear strategy in place, your Company has grown the disbursement by 67% and book by 68% through increased penetration in identified geographies. Through the year, your Company has been able to improve the 100% automated credit-decisioning algorithm, which has led to improvement in collections.

Strategy

- Maintaining leadership position with quality portfolio in existing and new geographies
- Constant recalibration in sourcing and collection scorecard to stay ahead of competition
- Early intervention in collections through the use of analytics to enhance portfolio quality

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Micro Loans

The industry has grown by ~38% year-on-year on the back of consolidation on the gains made post recovery from the slowdown caused by demonetization. The industry has gone through natural calamities, such as Kerala deluge and Gaja cyclone, which have caused temporary disruptions in collections. But the industry has recovered and resumed its growth trajectory.

Your Company has been able to increase disbursements by 51% and book by 60% during the year. This was on the back of increasing penetration in existing geographies. The increased disbursement was also supported by the opening of new geographies in existing states, and the addition of new states such as Jharkhand and Tripura. New states entered in the past two years have contributed ~28% to the business during Q4FY19. The increase in business has been achieved with improved collections efforts and reduction in debtors, which has reached the pre-demonetisation levels. Your Company focuses on acquisition of new customers rather than increasing exposure to those with high indebtedness.

Strategy

- Diversify in under-penetrated geographies
- Introduction of digital initiatives to ensure best turnaround time (TAT) in the industry
- Retention of customer base with a holistic association approach
- Building a robust portfolio governance mechanism and constant strengthening of risk framework to set up structures to drive future growth

KEY DIFFERENTIATORS: RURAL FINANCE

- Dynamic target allocation, preferred OEM tie-ups
- Driving decision and strategy through data-backed algorithms
- Expansion into new untapped geographies, borrower-level Early Warning Signals, analytics-based collection

One of leading players in micro lending industry serving more than **59 lakh** borrowers

HOUSING FINANCE

Your Company maintained growth while gaining market share in home loans and developer financing, resulting in a book growth of 34%. Strength in the housing business lies in developing and maintaining relationships with reputed developers to grow the home loan business and increase the share of salaried customers in the segment. In real estate, your Company has continued to focus on lending to Category A developers, which also helps in leveraging relationships to provide home loans.

Your Company focuses on direct sourcing of home loans with emphasis on best-in-class digital offering for low-risk salaried customers. In the real estate business, your Company's expertise lies in close monitoring of the project and tracking early warning signals of any potential stress.

Home Loans

During FY19, overall housing credit grew by 15% to reach ₹19.1 lakh cr. Within this, housing finance companies (HFCs) grew at a slower pace of 9% whereas banks grew by 19%. This was primarily because of two key reasons - the first being lower disbursements in H2FY19 following the liquidity crisis faced by HFCs since September 2018 and the second being portfolio sales made by HFCs through securitization.

The long-term prospects for the segment are expected to remain good on account of performance in terms of asset quality, government initiatives such as GST rate cut, concession in Income Tax and Credit Linked Subsidy Scheme (CLSS). Your Company focuses on the home loan market through its presence in 24 locations across India. Our digital lending model leading to paperless sanction of home loans to salaried customers is a unique offering that has helped in quick turnaround of proposals.

Home loans disbursement registered a growth of 51% from ₹1,765 cr in FY18 to ₹2,661 cr in FY19. Home Loans book has grown from ₹4,600 cr in Q4FY18 to ₹6,243 cr in Q4FY19, registering a growth of 36%. In FY20, your Company will continue to focus on direct sourcing of low risk salaried customers through developer relationships and analytics led sourcing.

LAP

From an industry perspective, the share of LAP in the housing finance portfolio has declined from 17% in March 2018 to 15% in March 2019. Moreover, the NPA of LAP portfolio deteriorated from 1% in March 2018 to 1.3% in March 2019. As market liquidity remains tight, the self-employed profile which holds major share in LAP product could face longer working capital cycles and increased borrowing costs. Thus, delays in fresh financing / refinancing are expected to impact the business performance of these borrowers.

Your Company has chosen cautious approach in sourcing of LAP proposals through policy tightening for assessment of self employed profiles. On account of this, LAP disbursements have witnessed a de-growth of 40% from ₹1,914 cr in FY18 to ₹1,141 cr in FY19. As a result, there is a decline in the share of LAP book of housing finance from 22% in FY18 to 17% in FY19. In continuation to the overall strategic focus on low risk home loans segment, your Company will adopt a cautious approach towards sourcing LAP business in FY20.

Strategy (Home Loans and LAP)

- Leverage relationships with real estate developers for sourcing home loans with emphasis on salaried profiles
- Continued focus on increasing the share of direct sourcing volumes through the use of analytics
- Cautious approach towards sourcing of LAP business
- Strong focus on early-bucket delinquency through dynamic alignment of credit and collection policies

Disbursement growth of **51%** in home loan with growth in salaried home loan segment of **148%**

Real Estate Finance

The Real Estate sector started stabilizing in FY19 post the new regulatory framework (RERA, GST reforms) and the impact of demonetization. These regulatory reforms have led to increased transparency and consolidation across cities, with both sales and launches rising YoY.

In H2FY19, squeeze in liquidity led to slowdown in disbursement by certain HFCs / NBFCs to real estate sector. This has led to lack of liquidity in projects funded by these NBFCs / HFCs. Given that funding has dried-up in this segment for smaller developers, there is perceived risk of default by these developers which may lead to contagion risk in the sector.

Post RERA, smaller developers are entering into Joint Ventures, Joint Development Agreements and Development Management arrangements with top developers. Government initiatives such as cut in GST rate for under construction properties and with new launches focused towards affordable / mid segment projects, it should lead to increased demand and gradual decrease in unsold inventory levels across key markets.

Your Company has continued to leverage on the group synergies and has established itself as a key player in real estate finance across the six cities it operates in. During the NBFC sector turbulence in FY19, your Company has continued to support its existing projects while selectively sourcing new business.

Your Company has continued to deliver strong results on the back of following strategy put in place since FY17:

- Focus on Category A & B developers with proven track record of project completion and ability to sell. Currently 79% of exposure is towards Category A developers
- Concentrate on affordable and mid segment projects as their demands are less cyclical
- Robust underwriting with focus on project completion while maintaining strong security and cash flow cover
- Sole lenders in almost all projects financed
- Strong early warning signals through robust project monitoring and control of cash flows through escrow

Real estate disbursement had a de-growth of 7% from ₹7,107 cr in FY18 to ₹6,633 cr in FY19.

Your Company's real estate loan book grew by 47% over last year to stand at ₹15,027 cr in FY19.

In FY20, your Company will continue to focus on lending to Category A developers with strong structuring / underwriting ensuring project completion.

Strategy

- Continue to focus on Category A developers by capitalizing on opportunities in current market situation
- Monitor projects closely for identification and actioning of early warning signals
- Limiting deal / portfolio level concentration risk through sell-down

KEY DIFFERENTIATORS: HOUSING FINANCE

- Use of knowledge repository of L&T group to appropriately identify developers and projects
- Digital-lending model for home loans to provide best-in class turnaround time (TAT)
- Comprehensive and robust Early Warning Signals framework
- Strong structuring / underwriting capability with focus on project completion

79% of the portfolio
Category A developers

WHOLESALE FINANCE

Wholesale finance constitutes three businesses namely – Infrastructure Finance, Debt Capital Market & Structure Corporate Finance.

Infrastrucure finance is executed principally through 2 subsidiaries – L&T Infrastructure Finance Company Limited (LTIF) and L&T Infra Debt Fund Limited (LTIDF).

FY19 was impacted by tight liquidity conditions leading to slowdown in refinancing and sell-down activity in the market. Your Company decided to further sharpen its focus on its core strength areas in infrastructure finance where it commands leadership position i.e. renewable energy, roads and transmission. The erstwhile supply chain finance business was divested during the year. The year saw multiple important developments in the business environment such as reduction in capacity addition in renewable energy of 8.2 GW in FY19 as compared to 13.7 GW in FY18. The issue of safeguard duty which initially impacted cost and investment by developers in the solar power sub-sector, was resolved through a landmark decision by the regulatory commission which permitted compensation to developers.

Infrastructure investment continues to be the key focus area of the Government and ranked top of the list in the dimensions of Vision 2030 during the Union Budget 2018-19, reiterating Government's commitment towards infrastructure development. The emphasis on renewable energy and road construction is expected to lead to rapid commissioning of projects under different state and central policies. This augurs well for your Company which is involved in 'Nation Building'. Going forward, your Company emphasis will be on Infrastructure Finance - both greenfield and operational.

Infrastructure Finance

Your Company has built sustainable advantages in terms of its strong underwriting ability and sell-down capabilities in its focused infrastructure financing segments and sees continued sustainable growth opportunities in these segments.

In FY19, tighter liquidity conditions led to slowdown in sell-down during H2FY19. Even under the current market situation, your Company was able to sell-down substantially by taking concrete efforts to diversify investor base. In FY19, your Company was awarded The Asset Triple A Asia Infrastructure Awards for "Infrastructure Fund Deal of the Year" & "Airport Deal of the Year".

In FY20, your Company expects the pace of implementation of solar projects improving.

Strategy

- Continue to focus on financing greenfield and operational projects in Renewables, Roads and Transmission
- Focus on strong underwriting and consequent sell-down to various investors

Ranked no. 1 as "Mandated Lead Arranger" in India by Thomson Reuters in H1 FY2019

Foremost Indian "Mandated Lead Arranger" in India for Asia Pacific Project Finance Loans by Bloomberg

Ranked no. 2 (APAC Ex Japan) in mandated lead arranger for green loans by Bloomberg

Refinance of operational Infrastructure through IDF

Through the subsidiary LTIDF, your Company has been able to make significant progress towards achieving all the objectives set by Government of India and RBI for Infrastructure Debt Funds (a relatively new class of financial intermediaries), as well as improve the viability of projects by providing long-tenor and low-cost structured refinance solutions. Your Company's asset book has shown steady growth over the years and is one of the leaders in refinancing of operational road and renewable energy projects in India.

Your Company has recently entered into definitive agreements with Apis Growth Fund II, a financial services focussed private equity fund managed by Apis Partners LLP for upto 25.1% equity stake sale for USD 110 mn (~₹770 cr), primarily to support the growth of your Company's loan book and strengthen its capital structure. Apis Growth Fund II investors include leading institutional investors, developmental finance institutions, global banks and insurance companies, sovereign wealth funds, family offices and HNIs across Europe, North America, Asia, Africa and Latin America.

In FY19, your Company was awarded The Asset Triple A Asia Infrastructure Awards for innovative refinance relating to "Private Equity M&A Deal of the Year".

In FY20, your Company will continue to grow in core infrastructure sector (operating projects in renewables and roads)

Strategy

- Focus on solar power, wind energy, roads and transmission
- Further diversify into new sectors, geographies, promoter groups and business models, tap new sources of funding, and optimise leverage and returns
- IDF would continue to remain as the hold book in the infrastructure finance portfolio

KEY DIFFERENTIATORS: WHOLESALE FINANCE

- Bouquet of products through project life cycle
- Leadership in focused infra sectors, renewables, roads and transmission
- Strong credit appraisal, structuring, risk and asset-management expertise coupled with industry-leading down-selling desk

Market Leader in renewable sector financing and Hybrid Annuity Model (HAM) space

MUTUAL FUNDS

After the highs of the previous financial year we witnessed a very volatile market throughout FY19. The worsening liquidity situation in Q3FY19, along with global trade wars and the impending general elections, resulted in the markets being nervous, leading to a sub-par growth for the mutual fund industry.

The mutual fund industry in India witnessed a 6% growth in FY19, increasing the Average Assets under Management (AAUM) to ₹24,48,148 cr as compared to ₹23,05,217 cr in FY18.

The average AUM of your Company increased by around 8% to ₹70,944 cr during FY19 as against ₹65,932 cr in FY18.

Significant regulatory actions during the year also impacted the way business was done, necessitating a complete redrawing of the business plan across the industry.

Major regulatory changes are

- No upfront commission to distributors
- All distribution-related expenses to be paid from scheme, not from the AMC
- Charges under various heads in a direct plan cannot exceed those under a regular plan

Due to the regulatory changes, total expense ratio (TER) for direct plans has come down by 20-25 bps as all charges are borne by the scheme.

In FY20, digital advancement could see increase in the number of investors moving from traditional ways of investing to investing through digital platforms.

Strategy

- Continued focus on building core assets to achieve the dual purpose of higher profitability and stability in overall AUM
- Focus on achieving higher market share across all channels.
- Enhancing the SIP book significantly
- Leveraging the digital / social channels to increase engagement with individual customers

KEY DIFFERENTIATORS: MUTUAL FUNDS

- Equity-focused fund, amongst the industry-best
- Consistent fund performance and excellent distribution franchisee

2nd Highest asset growth since March 2016 among top 15 industry players

Source: AMFI data

WEALTH MANAGEMENT

India's wealth management industry is witnessing key trends which are shaping the way business is going to be conducted for years to come. Changing regulatory environment coupled with changing approach towards distribution commissions, sensitivity of clients towards fund management expenses and client's expectations in terms of quality of advice were some of the key trends last year. The regulatory changes prohibiting upfront commission to distributors and implementation of AUM-based expense ratio reduction for MF schemes were aimed at lowering the fund management expenses and aligning it with client's interests. This has had a significant impact on the industry, as the primary source of revenue was impacted.

Additionally, FY19 remained a challenging year for the wealth management industry due to market volatility which impacted new fund flows across categories.

Despite the challenging operating environment, the Assets Under Service (AuS) of the wealth management business grew by 53% for the year, with the FY19 AuS being ₹28,164 cr led by growth in advisory assets, alternates and debt mutual funds.

During the year, in order to showcase your Company's long-term commitment to building offshore wealth advisory business, your Company upgraded the business licence to become an External Asset Manager in Dubai International Financial Centre (DIFC). Your Company also restructured the operations from a branch office to a wholly owned subsidiary.

In FY19, your Company increased focus on the international business where the yield on assets is higher and the business serves as a natural hedge to the India business.

India HNW population is expected to be worth USD 2.7 Trillion by the year 2021^. Although the household savings rate has declined from 22.5% in FY13 to 17.2% in FY18# HNW population has witnessed more than 87% growth rate over the past 5-year period^. HNW families are gradually warming up to the concept of professional wealth management which bodes well for your Company. Today, cost of service, global reach, transparency in pricing, digital interface and analytics capability have become very important parameters to consider while selecting a wealth manager. Your Company already has offshore presence coupled with analytics and advisory capabilities which will help in servicing the needs of the clients efficiently.

Strategy

- Focus would be to build a long-term sustainable trail income
- Acquisition of new clients will continue to remain a key area of focus
- Sales productivity will be the key driver
- Increase in the footprint of the international business

KEY DIFFERENTIATORS: WEALTH MANAGEMENT

- Tailored client-centric advice
- Use of cutting-edge portfolio analytics tools
- Offshore presence
- Wide range of products across major asset classes

53% growth in AuS to ₹28,164 cr

^Asian Private Banker estimates #RBI Data

HUMAN RESOURCES

Your Company is committed to delivering sustainable growth. The Human Resources department plays a crucial role in the journey towards this objective, with a clear plan for capitalising and building upon current capabilities, while simultaneously acquiring and leveraging new capabilities. This requires your Company to constantly communicate with employees and build their capabilities continuously.

The glue that bind us together are our values and performance-oriented culture with a firm belief in 'Results not Reasons'.

As on March 31, 2019, your Company had a headcount of 21,042 across all its subsidiaries.

Performance Management

Your Company's performance management process aligns the goals of each employee with the goals of the organisation. In addition to the goal-setting process your organisation believes that managers and senior leaders play an immensely important role in ensuring sustained high performance of their teams. This conscious way of managing performance is built into the Leading Performance workshop for managers and senior leaders. The program has been tailored to focus on drivers of performance, managing performance of teams across levels and cultural anchors.

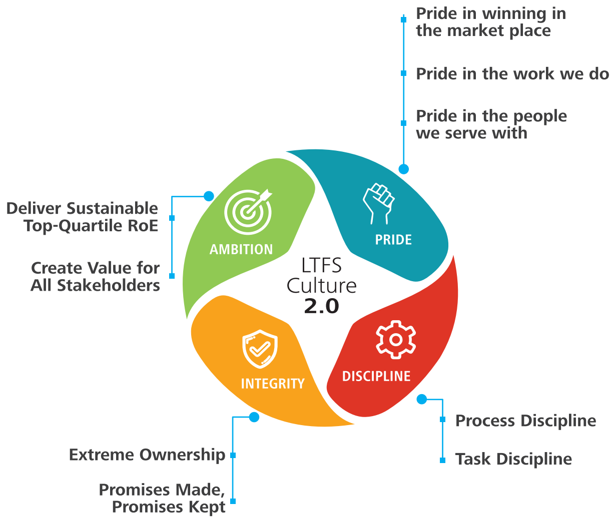
Another critical aspect of performance management that your Company focuses upon is linkage between performance and rewards. Human Resources department constantly communicates the philosophy of differential rewards. All employees have clarity that a certain level of performance would result in a certain reward both monetary and non-monetary.

Culture based on values

Our values serve as a guiding light. They direct your Company's thoughts, words and actions. This year your Company has elaborated and reinforced four core values of Pride, Integrity, Discipline and Ambition. These values have guided your Company in overcoming challenges and are prevalent in all our endeavours.

There has been constant communication of these values by senior leaders so that these are internalised and become an integral part of the culture of your Company. In order to inculcate these values, the rewards and recognition programs have been aligned to them.

Our Guiding Light
Values that drive our employees



Capability Building

Your Company believes that capability-building initiatives must lead to tangible increase in on the job performance of employees across all levels and groom high potential employees for the next level roles. There are focused learning interventions to cater to both the requirements.

For supporting on the job performance, the Parichay programme orients new joinees to your Company and gives them the necessary know-how to move up the learning curve quickly. For frontline employees, the program helps in quickly achieving the desired productivity levels. Programmes like Varchasva and Lakshya impact business acumen and help front line supervisors manage their field forces.

For grooming future leaders, your Company has focused on developing employees who have demonstrated the right capability, the right attitude and the desire to take up next level roles. Performance in the current role is a threshold criterion to identify such employees. While domain knowledge and expertise are important, your Company believes in evaluating the individual's potential and actively encouraging cross-functional movements. The high potential individuals are nurtured and supported in their new roles.

Talent Development at your Company is based on the following pillars:

- **Experience:** Opportunities to lead strategically important cross-functional projects or a challenging role in a new function
- **Exposure:** Platforms to develop skills outside of their functional domains
- **Education**: 'Transformational Leadership Development' programme specifically tailored for senior leaders with an intent to move your Company to a culture of high performance with accountability, while sustaining the growth path it is in

Your Company believes in differentially rewarding these employees when they succeed.

Benefits

Your Company is committed to ensuring the well-being of all employees. All full-time employees are eligible for wide range of benefits which include gratuity, insurance (medical, accident and life), maternity leave, leave encashment and provident funds.

The National Pension System (NPS) scheme launched by the Government of India has been extended as a benefit to employees this year. Under the scheme, individuals can regularly contribute money and get a lump sum at retirement and a fixed monthly income for a lifetime. In order to enable long-term wealth creation for employees, your Company has revised the Matching Grant Scheme (MGS). Under this scheme, the organisation matches (subject to limits) the contribution made by employees to schemes of L&T Mutual Fund. The MGS scheme has become more attractive and easier to subscribe for employees.

RISK MANAGEMENT

A comprehensive risk management architecture to ensure proactive management of risk within the defined risk tolerance limits.

The market witnessed substantial turbulence in the previous year stemming from multiple sources impacting the industry. As your Company fundamentally has been built on the principle of sound risk management practices, it has successfully weathered the market turbulence and achieved stability within a very short span of time.

The focused strategy of the management to build an effective risk culture and framework has helped your Company stay ahead as one of the leading NBFCs with highest credit rating of AAA.

Your Company has put an effective, comprehensive and reliable risk management system, integrated in all business activities through appropriate risk limits and hot spots.

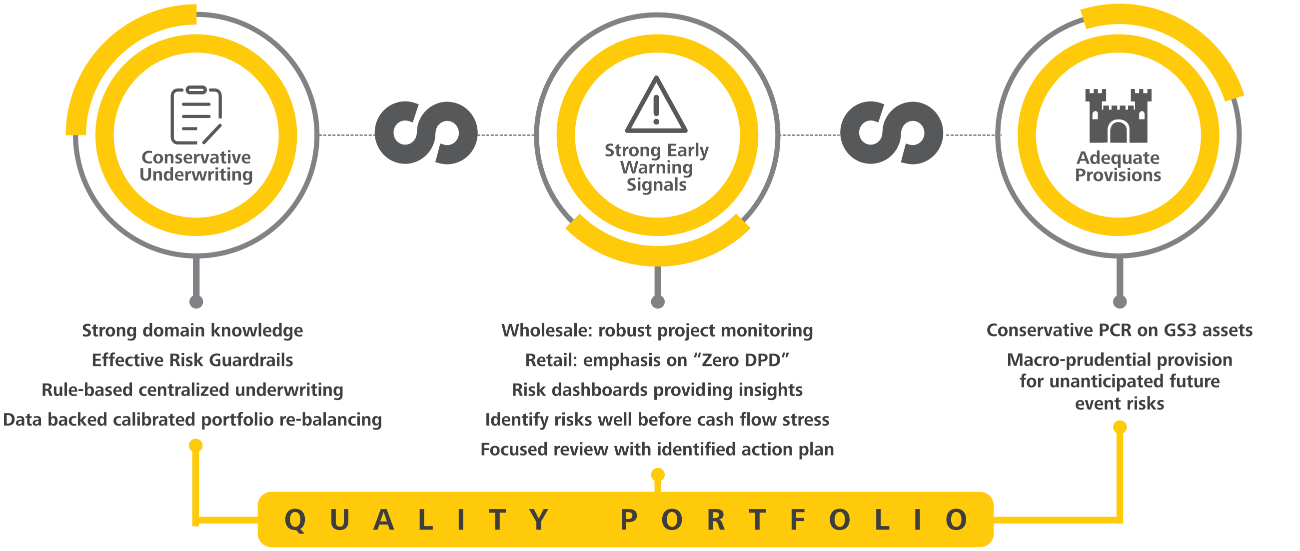
With the objective of growing responsibly, your Company has put in place an effective risk management framework comprising mainly of credit risk, market risk, liquidity risk, operational risk, IT security risk and compliance risk.

The framework comprises of:

- Risk Management strategies and policies: A well-defined risk appetite statement covering company-wide overall risk limits dovetailed with detailed individual / sector / group limits covering multiple risk dimensions.
- Effective risk management processes and procedures covering all types of risks your Company is exposed to or can potentially be exposed to.
- Robust internal control systems supported by continual information gathering to ensure overall control systems operate optimally at all times.
- Appropriate, independent risk-management structures with clearly defined risk metrics for continuous monitoring with close oversight of Risk Management Committee.

Further, your Company reviews the risk management framework periodically or when significant events occur to enable them to stay relevant and forward-looking.

Robust Risk Management Architecture



Credit Risk

This is the risk of adverse impact on the financial result and capital of your Company due to failure of a counterparty to meet the maturing obligation. Your Company has implemented a comprehensive underwriting framework to guide individual businesses to optimum credit decisions, which is supported by an algorithm to price the risk assumed effectively. Further, effective review mechanism with state-of-the-art early warning signals are in place to promptly identify potentially weak credit, and enable your Company to mitigate the risk appropriately.

During the year, there has been a major change in the provision policy of your Company due to the adoption of IND-AS. The concept and provision for impaired loans changed from rule-based incurred-loss approach to expected-loss approach. Your Company successfully rolled out expected-loss models for computing credit impairments.

Operational Risk

Your Company has an effective and proactive operational risk framework to identify and mitigate operational risk. Process reviews are conducted periodically to ensure the effectiveness of control mechanism. A dedicated team has been put in place to monitor operational risks and incidents and to ensure that each process and system continues to be robust. Periodic process walk-throughs are conducted to ensure that redundancies in processes are identified and weeded out to enable your Company to stay competitive in a fast-moving digital environment.

Market / Liquidity Risk

The conservative policy of maintaining a liquidity buffer to address stressed liquidity conditions was tested during the year. This policy enabled your Company to tide over the liquidity pressure during the third quarter of the year with minimal impact on growth.

Further, your Company continues to maintain a positive ALM and interest-risk gap over one-year horizon to counter any unforeseen market turbulences.

IT Security Risk

Your Company has a dedicated team which has put in place processes to identify, monitor and mitigate IT security risks. Pursuant to the security gap and vulnerability assessments carried out on a continuous basis, your Company has established a secure IT platform to run the business safely. Cyber security is integrated in the IT security policies and procedures to mitigate the risk.

In addition to the IT Infrastructure having multiple layers of security with in depth defense by design, your Company has defined early warning signals to detect and respond to cyber threats. There is a process for regular review of access to protect from insider threats and frauds. Employee education programs are also conducted on dealing with security risks and cyber threats. The Reserve Bank of India has come up with a framework on IT which got rolled out during the year.

Note: For details on internal control systems & their adequacy please refer the Board's Report.

CORPORATE SOCIAL RESPONSIBILITY

In its commitment to embrace good Corporate Citizenship, your Company is determined to create positive social changes. Your Company's Corporate Social Responsibility (CSR) initiatives attempt to transform the landscape of the financial services industry with focus on creating value for indigent communities that desire a secure future, by creating Sustainable Livelihoods for them.

Your Company considers stakeholder inclusivity as a critical driver for conceptualising projects. Every CSR programme of your Company is co-created through continuous engagement with internal (employees and senior management) and external stakeholders (implementation partners, government authorities and rural communities).

The CSR committee has devised a group-wide policy (available on https://www.ltfs.com/csr.html) that outlines the activities to be undertaken by your Company to create value for communities. Your Company's social responsibility agenda is aligned with the United Nation's global development agenda of Sustainable Development Goals (SDG) particularly 'No Poverty' (SDG-1), 'Gender equality' (SDG-5), 'Climate Action' (SDG-13) and 'Partnership for the goals' (SDG-17).

For example, your Company's core focused areas of Integrated Water Resource Management (IWRM) and Digital Financial Inclusion are designed to ensure sustainable livelihood opportunities with intent to bring the deserving but vulnerable population into the mainstream economy. Additionally, your Company also works in areas of Disaster Relief and Road Safety.

During FY19, your Company spent a total of ₹13.38 cr on CSR initiatives across its subsidiaries.

Digital Financial Inclusion - 'Digital Sakhi'

Through the Digital Financial Inclusion initiative, your Company's efforts are aimed at creating livelihood opportunities for rural women entrepreneurs and educating them to imbibe the nuances of financial literacy, leading to enhanced absorption of facilities and schemes of the Government and various financial institutions. The programme also strives to further the national agenda of creating a cashless economy by bringing in digital modes of payment into their daily lives.

Disaster Relief

Climate changes are contributing to rising incidents of natural disasters in India. Your Company supports disaster-recovery efforts through a number of practical methods. These include prompt affected-area assessments and ensuring provisions for immediate relief.

Integrated Water Resource Management - 'Jalvaibhav'

As water is a key enabling resource in determining rural livelihoods, its efficient management becomes crucial. That is why your Company is committed to charting out long-term innovative solutions benefitting water-deprived communities. The IWRM programme engages with the communities, especially farmers, in order to address their core needs in water and soil health management.

Road Safety

Besides spreading awareness on road safety, your Company has partnered with Mumbai Traffic Police to support and strengthen the road traffic management and facilitate seamless traffic control. Also, to ensure a sustainable livelihood opportunity, youth traffic wardens are being supported by your Company.

Project-based approach

We follow a project-based accountability approach to emphasise the long-term sustainability of our CSR interventions. Our action plan is clearly defined for mid-term and long-term projects wherein we conduct baseline, midline and end-line surveys with clearly defined measurable outcomes.

Awards & Accolades

Asian Centre for Corporate Governance & Sustainability

BEST AUDIT COMMITTEE

GOLDEN PEACOCK AWARDS

WINNER

EXCELLENCE IN CORPORATE GOVERNANCE

MANAGEMENT OF CHANGE AND EXCELLENCE IN HRM

MOST EFFECTIVE RECRUITMENT AND RETENTION STRATEGY

ASSET ASIAN AWARDS 2018 TRIPLE A

The Asset Triple A
Asia Infrastructure Awards 2018

Country deal awards (South Asia)

INDIA'S Super 50 COMPANIES

FORBES INDIA SUPER 50 COMPANIES

Dear Members,

The Directors of your Company have the pleasure in presenting the Eleventh Annual Report together with the audited financial statements for the financial year ("FY") ended March 31, 2019.

FINANCIAL RESULTS

The summary of the Company's financial performance, both on a consolidated and standalone basis, for FY 2018-19 as compared to the previous FY 2017-18 is given below:

(₹ cr)

Particulars	**Consolidated**		**Standalone**	
	2018-19	**2017-18**	**2018-19**	**2017-18**
Total income	13,301.52	10,266.26	526.48	477.82
Less: Total expenses	10,249.54	8,820.50	222.45	185.12
Profit before tax	**3,051.98**	**1,445.76**	**304.03**	**292.70**
Less: Tax expense	819.95	168.24	36.97	26.65
Profit after tax	**2,232.03**	**1,277.52**	**267.06**	**266.05**
Add: Share in profit of associate company	–	0.83	–	–
Net profit after tax and share in profit of associate company	2,232.03	1,278.35	267.06	266.05
Profit for the year (owners of the Company)	**2,226.30**	**1,254.68**	**267.06**	**266.05**
Actuarial gain on defined benefit plan (gratuity) net of income tax	(1.50)	(0.94)	(0.32)	0.62
Total comprehensive income for the year (owners of the Company)	2,224.80	1,253.74	266.74	266.67
Add: Balance brought forward from previous year	1,300.94	580.68	189.57	142.21
Balance Available	**3,525.74**	**1,834.42**	**456.31**	**408.88**
Appropriations				
Dividend paid	199.71	145.74	199.70	145.74
Additional tax on dividend paid	70.67	76.73	–	–
Transfer to Reserve u/s 45-IC of Reserve Bank of India Act, 1934	295.32	176.66	53.41	73.57
Transfer to Debenture Redemption Reserve	62.41	48.07	–	–
Transfer to Reserve u/s 36(1)(viii) of Income Tax Act, 1961	114.35	85.62	–	–
Transfer to Reserve u/s 29-C of National Housing Bank Act, 1987	11.87	0.66	–	–
Surplus in the Statement of Profit and Loss	**2,771.41**	**1,300.94**	**203.20**	**189.57**

FINANCIAL PERFORMANCE

Your Company has adopted Indian Accounting Standards ("Ind AS") pursuant to notification dated March 30, 2016 issued by the Ministry of Corporate Affairs ("MCA") and under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 from April 1, 2018 and the effective date of such transition is April 1, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ("RBI") (collectively referred to as the "Previous GAAP"). The figures have been presented in accordance with the format prescribed for financial statements for NBFC whose financial statements are drawn up in compliance with the Companies (Indian Accounting Standards) Rules, 2015, in Division III of Notification No. GSR1022 (E) dated October 11, 2018, issued by MCA.

Being a Core Investment Company, the Company's standalone revenue is, substantially, dividend from its subsidiaries and hence, it is meaningful to look at the consolidated performance.

Consolidated

- Total income grew by 29.57% from ₹ 10,266.26 cr in FY 2017-18 to ₹ 13,301.52 cr in FY 2018-19.
- Profit before taxes grew from ₹ 1,445.76 cr in FY 2017-18 to ₹ 3,051.68 cr in FY 2018-19.
- Profit for the year attributable to owners of the Company also grew from ₹ 1,254.68 cr in FY 2017-18 to ₹ 2,226.30 cr in FY 2018-19.

During the year, the net loan book size grew from ₹ 77,088.34 cr to ₹ 91,324.63 cr reflecting a growth of 18.47%.

The Average Assets Under Management ("AAUM") in the Mutual Fund business stood at ₹ 70,944.36 cr for the quarter ended March 31, 2019 as against ₹ 65,931.65 cr for the quarter ended March 31, 2018, reflecting a growth of around 8%.

The Assets Under Service ("AUS") of the Wealth Management business stood at ₹ 28,164.05 cr for the quarter ended March 31, 2019 as against ₹ 18,353.66 cr for the quarter ended March 31, 2018, reflecting a growth of around 53%.

Standalone

- Total income grew by 10.18% from ₹ 477.82 cr in FY 2017-18 to ₹ 526.48 cr in FY 2018-19.
- Profit before taxes grew from ₹ 292.70 cr in FY 2017-18 to ₹ 304.03 cr in FY 2018-19.
- Profit for the year also grew from ₹ 266.05 cr in FY 2017-18 to ₹ 267.06 cr in FY 2018-19.

Appropriations

The Company proposes to transfer ₹ 53.41 cr (previous year ₹ 73.57 cr) to Special Reserve created u/s 45–IC of the Reserve Bank of India Act, 1934.

The Company is not required to maintain cost records as per the provisions of Section 148(1) of the Act.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The information on the affairs of the Company has been given as part of the Management Discussion & Analysis Report forming part of this Report.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

The Dividend Distribution Policy of the Company approved by the Board is in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The Policy has been uploaded on the Company's website at *https://www.ltfs.com/investors.html*.

The Board of Directors had declared and paid an interim dividend @ 9.00%, 8.50%, 8.35%, 8.15% and 8.95% per share (on a pro rata basis for the issuances made during the year), as applicable, on the five series of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("CCRPS") of face value of ₹ 100 each of the Company, during FY 2018-19, entailing an outflow of ₹ 88.60 cr (excluding Dividend Distribution Tax).

The Board of Directors is pleased to recommend a final dividend of ₹ 1 per Equity Share of ₹ 10 each (previous year ₹ 1 per Equity Share) subject to approval of the Members in the ensuing Annual General Meeting ("AGM"). In terms of Ind AS-10, events after the reporting period as notified by the MCA, the proposed dividend of ₹ 199.88 cr is not recognised as liability as on March 31, 2019.

The dividend, if approved at the ensuing AGM, would be paid to those Members whose names appear in the Register of Members / Beneficial Owners maintained by the depositories as stated in Notice of the ensuing AGM.

CREDIT RATING

During the year under review, CARE Ratings Limited ("CARE"), ICRA Limited ("ICRA") and India Ratings and Research Private Limited ("India Ratings") reviewed the ratings on various debt instruments of the Company.

CARE reaffirmed its rating on the Non-Convertible Debentures ("NCD") at "CARE AAA / Stable" (Triple A; Outlook: Stable by CARE) and the rating on CCRPS was reaffirmed at "CARE AAA (RPS) / Stable" (Triple A [Redeemable Preference Shares]; Outlook: Stable by CARE). CARE has also reaffirmed the rating on the commercial papers issued by the Company at "CARE A1+" (A One Plus by CARE).

ICRA upgraded its ratings on NCDs to "ICRA AAA / Stable" (Triple A; Outlook: Stable by ICRA) from "ICRA AA+ / Stable" (Double A Plus; Outlook: Stable by ICRA). ICRA has also reaffirmed the rating on the commercial papers issued by the Company at "ICRA A1+" (A One Plus by ICRA).

India Ratings has reaffirmed its rating on NCDs at "IND AAA / Stable" (Triple A; Outlook: Stable by India Ratings) and a rating of "IND A1+" (A One Plus by India Ratings) to the commercial paper issued by the Company.

The instruments / bank facilities with long term ratings of AAA are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The instruments with short term ratings of A1+ are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

SHARE CAPITAL

During the year under review, the Company has issued 3,85,800 Equity Shares and 27,49,600 Equity Shares to employees of the Company and its subsidiary companies pursuant to the exercise of stock options under the Employee Stock Option Scheme - 2010 and Employee Stock Option Scheme – 2013 ("ESOP Scheme") respectively.

During the year under review, to maintain adequate working capital including redemption of Preference Shares and funding the operation of the Company and that of its subsidiaries, the Company had issued 2,50,00,000 CCRPS of face value ₹ 100 each for cash at par aggregating to ₹ 250 cr on a private placement basis which were subsequently listed on BSE Limited in accordance with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013.

During the year under review, 2,50,00,000 CCRPS amounting to ₹ 250 cr, which were due for redemption were duly redeemed by the Company.

Pursuant to the allotment of Equity Shares under ESOP Scheme and CCRPS and subsequent redemption of CCRPS, the paid-up share capital of the Company was ₹ 3,033.21 cr (including preference share capital of ₹ 1,034.40 cr) as at March 31, 2019 as compared to ₹ 3,030.08 cr (including preference share capital of ₹ 1,034.40 cr) as at March 31, 2018.

INVESTMENT IN SUBSIDIARIES

During the year under review, the Company has infused capital in its following subsidiaries by subscribing to the Equity Shares offered by them:

Name of the subsidiary company	Amount of capital subscribed (₹ cr)
L&T Infrastructure Finance Company Limited	265.39
L&T Capital Markets (Middle East) Limited	5.41

REGISTRATION AS A CORE INVESTMENT COMPANY

The Company is a registered Non-Banking Financial Institution - Core Investment Company ("NBFC-CIC") pursuant to the receipt of Certificate of Registration from the RBI dated September 11, 2013, under Section 45-IA of the Reserve Bank of India Act, 1934.

STATUTORY DISCLAIMER

The Company is having a valid Certificate of Registration dated September 11, 2013 issued by RBI under Section 45-IA of the Reserve Bank of India Act, 1934. However, RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits / discharge of liabilities by the Company.

FIXED DEPOSITS

The Company being non-deposit taking NBFC-CIC, has not accepted any deposits from the public during the year under review.

DIRECTORS

The composition of the Board is in accordance with the provisions of Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations, with an appropriate combination of Non-Executive Directors and Independent Directors. The complete list of Directors of the Company has been provided as part of the Corporate Governance Report.

During the year under review, Ms. Vaishali Kasture resigned from the Board of Directors due to personal reasons and other commitments and accordingly, ceased to be a Director of the Company with effect from May 29, 2018. Mr. Harsh Mariwala, an Independent Director whose term expired on March 31, 2019, did not seek re-appointment as an Independent Director of the Company due to other commitments and ceased to be an Independent Director effective April 1, 2019.

The Board places on record its appreciation of the valuable services rendered by Ms. Kasture and Mr. Mariwala during their tenure as Independent Directors of the Company.

During the year under review, the Company appointed Dr. (Mrs.) Rajani R. Gupte as an Independent Director in accordance with the provisions of Sections 149, 152 and 161 of the Act and Mr. Prabhakar B. as the Non-Executive Director in accordance with the provisions of Sections 152 and 161 of the Act, with effect from June 28, 2018, pursuant to approval of the Members at the Tenth AGM held on August 28, 2018.

Mr. S. V. Haribhakti and Mr. P. V. Bhide were appointed as Independent Directors of the Company at the Sixth AGM, held on July 24, 2014 for a term of 5 consecutive years, from April 1, 2014 to March 31, 2019. Pursuant to the provisions of Section 149 of the Act read with relevant rules made thereunder, an Independent Director can hold the office for a term of upto 5 consecutive years on the Board of a company, but is eligible for re-appointment on passing of a special resolution by the company, based on the report of evaluation of their performance for another term of upto 5 years. No independent director can hold office for more than two consecutive terms.

Further to the aforesaid and based on the recommendation of the Nomination and Remuneration Committee of the Company ("NRC"), the Board at its Meeting held on March 19, 2019 has approved the re-appointment of Mr. S. V. Haribhakti and Mr. P. V. Bhide as Independent Directors for a second term of upto 5 consecutive years from April 1, 2019 to March 31, 2024, subject to the approval of the shareholders by way of a special resolution, and continuation of Mr. S. V. Haribhakti as the Non-Executive Chairman of the Company.

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company (excluding the independent directors) shall be persons whose period of office is liable to determination by retirement of directors by rotation, of which one-third are liable to retire by rotation. Accordingly, Mr. R. Shankar Raman, Non-Executive Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

The terms and conditions of appointment of Independent Directors are also available on the website of the Company at https://www.ltfs.com/investors.html.

Declaration by Independent Directors

All Independent Directors have submitted the declaration of independence, as required pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulations 16(1)(b) and 25(8) of the SEBI Listing Regulations and are not disqualified from continuing / getting appointed as Independent Directors.

Familiarization Programme

The Company has familiarized the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. The details relating to the familiarization programme are available on the website of the Company at https://www.ltfs.com/investors.html.

Fit and Proper Criteria & Code of Conduct

All the Directors meet the fit and proper criteria stipulated by RBI.

All the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL ("KMPs")

There was no change in the KMPs of the Company during the year under review. As at March 31, 2019, the Company had following KMPs:

1) Mr. Dinanath Dubhashi – Managing Director & Chief Executive Officer
2) Mr. Sachinn Joshi – Chief Financial Officer
3) Ms. Apurva Rathod – Company Secretary

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

A. Background and objectives

Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations, requires the NRC to formulate a policy relating to the remuneration of the Directors, Senior Management / KMPs and other employees of the Company and recommend the same for approval of the Board.

Further, Section 134 of the Act stipulates that the Board's Report is required to include a statement on Company's Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMPs and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMP and other employees, which is available on the website of the Company at https://www.ltfs.com/investors.html.

B. Brief framework of the Policy

The objective of this Policy is :

a) to determine inter-alia, qualifications, positive attributes and independence of a Director;

b) to guide on matters relating to appointment and removal of Directors and Senior Management;

c) to lay down criteria / evaluate performance of the Directors; and

d) to guide on determination of remuneration of the Directors, Senior Management / KMPs and other employees.

C. Appointment of Director(s) – Criteria Identification

The NRC identifies and ascertains the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his / her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder and SEBI Listing Regulations. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act and SEBI Listing Regulations, before the appointment as an Independent Director.

No person is eligible to be appointed as a Director, if he / she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Appointment of Managing Director and Whole-time Director is subject to the provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules thereunder. The NRC ensures that a person does not occupy the position as a Managing Director / Whole-time Director beyond the age of seventy years, unless the appointment is approved by a special resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

D. Evaluation criteria of Directors and Senior Management / KMPs / Employees

- **Independent Directors / Non-Executive Directors**

  The NRC carries out evaluation of performance of Independent Directors / Non-Executive Directors every year ending March 31st on the basis of the following criteria:

  a) Membership & Attendance - Board and Committee Meetings;

  b) Contribution during such meetings;

  c) Active participation in strategic decision making;

  d) Inputs to executive management on matters of strategic importance; and

  e) Such other matters, as the NRC / Board may determine from time to time.

- **Executive Directors**

  The NRC carries out evaluation of performance of Executive Directors ("EDs") every year ending March 31st. The evaluation is on the basis of Key Performance Indicators ("KPIs"), which are identified well in advance for EDs and weights assigned for each measure of performance keeping in view the distinct roles of EDs. The identified KPIs for EDs are approved by the Board, pursuant to recommendation of the NRC, if required.

- **Senior Management / KMPs / Employees**

  The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the Department Head(s) / Management concerned. KPIs are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s) / Management / Department Head(s) to determine whether the performance benchmarks are achieved. The payment of remuneration / annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

  The HR Department of the Company is authorised to design the framework for evaluating the EDs / Senior Management / KMPs / employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during a financial year. Training and Development Orientation programmes on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E. Criteria for Remuneration

NRC while determining and / or recommending the criteria for remuneration / remuneration for Directors, Senior Management / KMPs and other employees ensure that:

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to Directors, Senior Management / KMPs involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

During the year under review, the changes as mandated under regulatory provisions have been duly carried out in the Policy.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually and the Committees of the Board.

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and individual directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, Independent Directors / Non-Executive Directors / Managing Director and Chief Executive Officer and Chairperson of the Company.

The process of the annual performance evaluation broadly comprises:

a) Board and Committee Evaluation:

- Evaluation of Board as a whole and the Committees is done by the individual directors / members, followed by submission of collation to NRC and feedback to the Board.

b) Independent / Non-Executive Directors Evaluation:

- Evaluation done by Board members excluding the Director being evaluated is submitted to the Chairperson of the Company and individual feedback provided to each Director.

c) Chairperson / Managing Director & Chief Executive Officer Evaluation:

- Evaluation as done by the individual directors is submitted to the Chairperson of the NRC and Chairperson of the NRC provides feedback to the NRC and subsequently to the Board.

EMPLOYEE STOCK OPTION SCHEME

The disclosures required to be made under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is available on the website of the Company at *https://www.ltfs.com/investors.html*.

The certificate from the Statutory Auditors, confirming compliance with the aforesaid provisions has been appended as **Annexure A** to this Report.

SUSTAINABILITY REPORT AND BUSINESS RESPONSIBILITY REPORT

The Company has issued its first Sustainability Report for FY 2018-19. The information disclosed is aligned to the Global Reporting Initiative's (GRI) Standards for sustainability reporting, and is in accordance with the core option. The principles applied for defining contents of the report and quality are as prescribed by the GRI Standards. The detailed Sustainability Report is available on the website of the Company at *https://www.ltfs.com/investors.html*.

Further, in terms of Regulation 34(2)(f) of the SEBI Listing Regulations, top 500 listed entities based on their market capitalisation as on March 31, 2019 are required to submit a Business Responsibility Report ("BRR") as a part of the Annual Report. The Company's BRR describing the initiatives taken by the Company has been hosted on the website of the Company at *https://www.ltfs.com/investors.html*. Any Member interested in obtaining a copy of the BRR may write to the Company Secretary of the Company at the registered office address.

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance for the year under review, is forming part of the Annual Report. The certificate from the Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance is appended to the Corporate Governance Report.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Eighth AGM held on August 23, 2016, had appointed M/s. B. K. Khare & Co., Chartered Accountants (ICAI Firm's Registration Number 105102W) and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm's Registration Number 117366W/W-100018) as the Joint Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Eighth AGM till the conclusion of the Thirteenth AGM. Joint Statutory Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company.

AUDITORS' REPORT

The Auditors' Report to the Members for the year under review does not contain any qualification. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act, the Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI Listing Regulations, the Company had appointed Ms. Naina R. Desai, Practicing Company Secretary to undertake the Secretarial Audit of the Company for FY 2018-19.

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 issued by SEBI, Ms. Desai has issued the Annual Secretarial Compliance Report, confirming compliance by the Company of the applicable SEBI Regulations and circulars / guidelines issued thereunder.

The Secretarial Audit Report is appended as **Annexure B** to this Report.

There is no adverse remark, qualification, reservation or disclaimer in the Secretarial Audit Report.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company has been appended as **Annexure C** to this Report.

In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said Annexure is available for inspection by the Members at the registered office of the Company during the business hours on any working day of the Company till the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary at the registered office address.

The Board of Directors affirms that the remuneration paid to the employees of the Company is as per the Policy on Directors' appointment and remuneration for Directors, KMPs and other employees and is in accordance with the requirements of the Act and SEBI Listing Regulations and none of the employees listed in the said Annexure are related to any Directors of the Company.

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

Considering that the Company is a Core Investment Company carrying out its activities through its subsidiaries, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to the Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities.

Some of the steps taken at the group level for conservation of energy includes:

- Installation of sensor-based lighting within the office premises which automatically turns the lights off when not in use.
- Set up of variable frequency drives for air handling units and pumps for optimum use of electricity.
- Installation of LED-based energy efficient lighting fixtures in the office premises.
- Installation of a sewage treatment plant for treatment of waste water to be reused for gardening and air conditioning.

There were no foreign exchange earnings during the year (previous year also Nil); while the expenditure in foreign currency by the Company during the year was ₹ 0.30 cr (previous year ₹ 1.47 cr) towards professional fees and travelling expenses.

DEPOSITORY SYSTEM

The Company's Equity Shares are compulsorily tradable in electronic form. As on March 31, 2019, out of the Company's total equity paid-up share capital comprising of 1,99,88,12,360 Equity Shares, only 7,926 Equity Shares were in physical form and the remaining capital is in dematerialized form. As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) cannot be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Members are requested to take necessary action to dematerialize their holdings.

SUBSIDIARY COMPANIES

The Company conducts its business through its subsidiaries in the various business segments. As of March 31, 2019, the Company had 12 subsidiaries (including step down subsidiaries).

L&T Capital Markets (Middle East) Limited, wholly owned subsidiary of the Company was incorporated under the Companies Law, Dubai International Financial Centre (DIFC) Law No. 2 of 2009 on July 1, 2018. Dubai Financial Authority Services Authority has granted a license to L&T Capital Markets (Middle East) Limited to operate as an authorized firm w.e.f. December 12, 2018.

MATERIAL SUBSIDIARIES

As required under Regulations 16(1)(c) and 46 of the SEBI Listing Regulations, the Board of Directors has approved the Policy for determining Material Subsidiaries ("Policy"). The details of the Policy are available on the website of the Company at *https://www.ltfs.com/investors.html*.

PERFORMANCE AND FINANCIAL POSITION OF EACH SUBSIDIARY / ASSOCIATE AND JOINT VENTURE COMPANIES

As required under Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, a report on the performance and financial position of each of the subsidiaries and associates of the Company has been appended as **Annexure D** to this Report. The highlights of performance of subsidiaries and the contribution by such subsidiaries is given as a part of the Management Discussion & Analysis Report forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirms that, to the best of its knowledge and belief:

1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
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 the Company as at March 31, 2019 and of the profit of the Company for that period;
3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4) the Directors have prepared the annual accounts on a going concern basis;
5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws including applicable secretarial standards and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit ("IA") function. The scope and authority of the IA function is defined in the IA Charter.

The IA function of L&T Financial Services Group ("LTFS") monitors and evaluates the efficacy and adequacy of the internal control system in the Company and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of the IA function, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee ("AC") of the Company from time to time.

BOARD MEETINGS

The details of the Board meetings held during FY 2018-19 are disclosed in the Corporate Governance Report appended to this Report.

COMPOSITION OF AUDIT COMMITTEE

The Company has constituted an AC in terms of the requirements of the Act, Regulation 18 of the SEBI Listing Regulations and RBI Regulations. The details of the same are disclosed in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee are provided in the Corporate Governance Report.

The Company has also formulated a CSR Policy ("Policy") in accordance with the requirements of the Act and containing details specified therein which is available on the website of the Company at *https://www.ltfs.com/csr.html*. During the year under review, the Policy has been updated to include some components within the already approved thrust areas like providing aid to women entrepreneurs, digital financial inclusion and adding of sustainable development goals as per United Nations. An annual report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure E** to this Report.

VIGIL MECHANISM

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 177(9) of the Act, the Company has adopted a Vigil Mechanism Framework, under which the "Whistle Blower Investigation Committee" ("the Committee") has been set up. The objective of the framework is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which the Directors and employees can raise actual or suspected violations.

The Chief Internal Auditor of LTFS acts as an Ombudsman. The role of Ombudsman is to review the grievance at the initial stage and in case the grievance is material, the same is forwarded to the Committee, for investigation. After investigation, the complaint with investigation report is forwarded to AC / Managing Director / Whole-time Director as the case may be. At the AC, brief update is presented to the Members for their review. The Committee takes necessary actions to maintain confidentiality within the organization on matters brought to its attention.

The mechanism framed by the Company is in compliance with the requirements of the Act and SEBI Listing Regulations and the same is available on the website of the Company at *https://www.ltfs.com/investors.html.*

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Details of loans, guarantees and investments are given in the Notes to the Financial Statements, as applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved the policy on transactions with related parties ("RPT Policy"), pursuant to the recommendation of the AC. In line with the requirements of the Act, RBI Regulations and the SEBI Listing Regulations, the Company has formulated the RPT Policy which is also available on the Company's website at *https://www.ltfs.com/investors.html.* The RPT Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval, irrespective of its materiality. The AC, also approves any subsequent modification in the RPTs. The process of approval of RPTs by the Board and Shareholders is as under:

  a) **Board:**

  Generally, all RPTs are in the ordinary course of business and at arm's length price.

  RPTs which are not at arm's length and which are not in the ordinary course of business are approved by the Board.

  b) **Shareholders:**

  All material RPTs require prior approval of the shareholders, based on recommendation of the Board, through ordinary resolution passed at the general meeting.

  Where any contract or arrangement is entered into by a director or any other employee without obtaining the consent of the Board or approval by ordinary resolution in the general meeting, it is to be ratified by the Board or the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into.

  The related parties are abstained from voting on such resolutions whether the entity is a related party to the particular transaction or not.

- All RPTs that were entered into during FY 2018-19 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, KMPs or Body Corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

The Company has constituted a Risk Management Committee ("RMC") in terms of the requirements of Regulation 21 of the SEBI Listing Regulations. The details of the same are disclosed in the Corporate Governance Report.

The Company and its subsidiaries have a risk management framework and Board members are informed about risk assessment and minimization procedures and periodical review to ensure management controls risk by means of a properly designed framework. The AC is kept apprised of the proceedings of the meetings of the RMC and also apprised about the risk management framework at subsidiaries.

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a policy for prevention, prohibition and redressal of sexual harassment at work place. Further, the Company has constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, where employees can register their complaints against sexual harassment. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity.

During the year under review, the Company has not received any complaints in this regard.

ANNUAL RETURN AS PRESCRIBED UNDER THE ACT AND RULES MADE THEREUNDER

The extract of Annual Return in Form MGT-9 as required under Section 92(3) of the Act and as prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014, is enclosed as **Annexure F** to this Report.

The Annual Return in Form MGT-7 as required under Section 92(3) of the Act shall be hosted on the website of the Company viz. https://www.ltfs.com/investors.html.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Further, no penalties have been levied by RBI / any other Regulators during the year under review.

RBI REGULATIONS

The Company has complied with all the applicable regulations of RBI as on March 31, 2019.

OTHER DISCLOSURES

During the year under review, except as specified in this Report, the Company has not obtained any registration / license / authorisation, by whatever name called from any other financial sector regulators.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries across all levels, resulting in successful performance during the year.

For and on behalf of the Board of Directors

S. V. Haribhakti Chairperson DIN: 00007347	**Dinanath Dubhashi** Managing Director & Chief Executive Officer DIN: 03545900

Place: Mumbai
Date: April 28, 2019

UDIN: 19039826AAAAAH4846

TO THE MEMBERS OF
L&T FINANCE HOLDINGS LIMITED

INDEPENDENT AUDITORS' CERTIFICATE IN RESPECT OF THE IMPLEMENTATION OF EMPLOYEE STOCK OPTION SCHEMES OF THE COMPANY

1. This certificate is issued in accordance with the terms of our engagement letter reference no. SVP/2018-2019/6685 dated September 05, 2018.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W/W-100018), the Statutory Auditors of **L&T Finance Holdings Limited (the "Company")**, pursuant to the requirement of clause 13 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments thereto (the "Regulations") are required to certify for the year ended March 31, 2019 that the Employee Stock Option Schemes, L&T Finance Holdings Limited ESOP Scheme - 2010 and L&T Finance Holdings Limited ESOP Scheme - 2013 (the "Schemes") have been implemented in accordance with the Regulations and in accordance with the special resolution passed by the Shareholders of the Company at the Extra Ordinary General Meeting held on November 29, 2010 for approval of the L&T Finance Holdings Limited ESOP Scheme 2010; special resolution passed by the shareholders of the Company through Postal Ballot on June 14, 2012 for ratification of L&T Finance Holdings Limited ESOP Scheme - 2010 instituted by the Company prior to the Initial Public Offer and special resolution passed by the shareholders of the Company through Postal Ballot on April 04, 2014 for approval of the L&T Finance Holdings Limited ESOP Scheme 2013 (the "Resolutions").

Managements' Responsibility

3. The Management is responsible for implementation of the Schemes in accordance with the Regulations and Resolutions. This responsibility includes the design, implementation and maintenance of internal control relevant to the implementation of the Schemes in accordance with the Regulations and Resolutions. The Management is also responsible for ensuring compliance with the terms and conditions contained in the Regulations and for providing all relevant information to us in this regard.

Auditor's Responsibility

4. It is our responsibility to provide a certificate on compliance with the Regulations and Resolutions by the Company while implementing the Schemes during the year ended March 31, 2019, based on our examination of the books of accounts and other records of the Company for the year on that date, which been subjected to our audit vide our report dated April 28, 2019.

5. We conducted our examination and obtained the explanations in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 which includes test check and materiality. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Criteria and Scope

7. The criteria against which the information is evaluated are the following:
   a. the Regulations;
   b. the Schemes;
   c. the Resolution; and
   d. written representation from the Management.

Opinion

8. Based on our examination, as stated above, and according to the information, explanations and representations provided to us by the Management of the Company, in our opinion, the Schemes implemented by the Company are in accordance with the Regulations and the Resolutions.

Restriction on Use

9. This certificate is addressed to and provided to the Members of the Company solely for the purpose of compliance with Clause 13 of the Regulations. This certificate should not be circulated, copied, used /referred to for any other purpose, without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care of for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Mumbai, April 28, 2019

UDIN : 19039826AAAAAH4846

ANNUAL REPORT 2018-19 - ANNEXURE B TO BOARD'S REPORT

FORM NO. MR-3

Secretarial Audit Report

for the financial year ended March 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
L&T FINANCE HOLDINGS LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T FINANCE HOLDINGS LIMITED** (hereinafter called the **"Company"**). Secretarial Audit was conducted in a manner that provided me, a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019, according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"), **as applicable:-**

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014;**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(vi) Other specific business/industry related laws that are applicable to the Company, viz.

NBFC – CIC – The Reserve Bank of India Act, 1934 and all applicable Laws, Rules, Regulations, Guidelines, Circulars, Notifications, etc.

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time** and the Uniform Listing Agreements entered into by the Company with Stock Exchange(s), applicable as follows:

a. **Equity Shares listed on BSE Limited and National Stock Exchange of India Limited (NSE);**

b. **Cumulative Compulsorily Redeemable Non-Convertible Preference Shares listed on BSE Limited.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company as on the date of this report is constituted with 1 Executive Director, 2 Non-Executive Directors, 5 Independent Directors and 1 Investor Director. The Independent Directors are more than 1/3rd of the required Board strength. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, **in case of dissent**.

I further report that, based on review of the compliance mechanism established by the Company and the Compliance Certificates taken on record by the Board of Directors at their meetings, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the **following** events / actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc., viz. –

Issue of 2,50,00,000 Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("CCRPS") of face value ₹ 100 each for cash at par aggregating to ₹ 2,50,00,00,000 on a private placement basis, which were subsequently listed on BSE Limited.

(ii) Redemption / buy-back of securities-

Redemption of 2,50,00,000 CCRPS of face value ₹ 100 each aggregating to ₹ 2,50,00,00,000.

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 – **NIL**.

(iv) Merger / amalgamation / reconstruction, etc.- **NIL**

(v) Foreign technical collaborations – **NIL.**

(vi) Other Events

Subscription /acquisition of Equity Shares of the following subsidiary companies of the Company:

Sr. No.	Name of the Company	No. of Shares
1	L&T Infrastructure Finance Company Limited	26,53,86,914 Equity Shares
2	L&T Capital Markets (Middle East) Limited	750,000 Ordinary Class Shares

NAINA R DESAI
Practicing Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 22, 2019

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

Annexure-A

To,

The Members
L&T FINANCE HOLDINGS LIMITED

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

NAINA R DESAI
Practicing Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 22, 2019

ANNUAL REPORT 2018-19 - ANNEXURE C TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Particulars	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year[(1)]	N.A.[(2)]	
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year[(1)]	Managing Director & Chief Executive Officer – 14% Chief Financial Officer – 8% Company Secretary – 20%	
3	The percentage increase in the median remuneration of employees in the financial year.	11.8%	
4	The number of permanent employees on the rolls of Company.	2	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification[(3)] thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		8%	14%
6	Affirmation that the remuneration is as per remuneration policy of the Company.	We affirm that the remuneration is as per the nomination and remuneration policy of the Company	

(1) *For the purpose of determining the ratio of remuneration and percentage increase in remuneration of directors as stipulated in Sr. No. 1 & 2 above, only remuneration of Executive Director is considered.*

(2) *Considering that the Company is a Core Investment Company which carries on its business through its underlying subsidiaries and in view of the fact that the Executive Director is entrusted with group level responsibilities, comparing the ratio of the remuneration of the Director to the median remuneration of the employees of the Company would not be meaningful.*

(3) *Increase in remuneration is after taking into consideration performance of an individual and the Company.*

For and on behalf of the Board of Directors

S. V. Haribhakti
Chairperson
DIN: 00007347

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
DIN: 03545900

Place: Mumbai
Date: April 28, 2019

ANNUAL REPORT 2018-19 - ANNEXURE D TO BOARD'S REPORT

Form AOC - I

[Statement pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]
Statement containing salient features of the financial statement of subsidiaries, associate companies and joint ventures

Part - A: Subsidiaries

(₹ cr)

Sr. No.	1	2	3	4	5	6	7	8	9	10	11	12
Name of the subsidiary	L&T Infrastructure Finance Company Limited	L&T Finance Limited	L&T Housing Finance Limited	L&T Infra Debt Fund Limited	L&T Investment Management Limited	L&T Mutual Fund Trustee Limited	L&T Capital Markets Limited	L&T Financial Consultants Limited	L&T Infra Investment Partners Advisory Private Limited	L&T Infra Investment Partners Trustee Private Limited	Mudit Cement Private Limited	L&T Capital Markets (Middle East) Limited [(1)]
Financial year ending on	March 31, 2019											
Currency	-	-	-	-	-	-	-	-	-	-	-	USD
Exchange rate on the last day of financial year	-	-	-	-	-	-	-	-	-	-	-	69.16
Date of acquisition	-	December 31, 2012	October 9, 2012	-	-	-	-	-	-	-	December 27, 2013	-
Share capital	1,255.30	1,599.14	165.37	490.18	251.82	0.15	52.31	18.75	5.00	0.10	2.10	5.41
Other equity	2,675.06	7,301.29	1,366.55	571.05	275.40	1.28	30.14	48.55	6.21	(0.05)	(28.30)	(3.87)
Total assets	28,408.78	55,836.72	13,095.05	8,606.40	604.37	1.49	99.62	482.19	12.72	0.06	38.36	19.79
Total liabilities	24,478.42	46,936.29	11,563.14	7,545.17	77.15	0.07	17.16	414.89	1.51	0.01	64.56	18.24
Investments	2,080.54	4,684.30	1,617.18	167.04	277.79	1.11	68.50	4.26	8.23	0.03	-	-
Turnover	2,817.18	7,182.81	1,510.37	754.81	628.94	0.13	79.88	81.05	7.37	0.03	-	1.90
Profit before taxation	421.87	1,303.08	394.04	131.66	88.35	(0.08)	40.89	16.60	(5.91)	0.00	(6.25)	(1.56)
Provision for taxation	189.98	457.12	124.59	-	-	0.02	7.62	4.66	(1.64)	(0.00)	0.63	-
Profit after taxation	231.89	845.96	269.45	131.66	88.35	(0.10)	33.27	11.93	(4.26)	0.00	(6.88)	(1.56)
Proposed dividend	-	191.90	61.19	-	30.22	-	-	6.75	-	-	-	-
% of shareholding	100%											

[(1)] *Wholly owned subsidiary of the Company incorporated under the Companies Law, Dubai International Financial Centre (DIFC) Law No. 2 of 2009 on July 1, 2018.*

Name of subsidiaries which are yet to commence operations: Mudit Cement Private Limited
Name of subsidiaries which have been liquidated or sold during the year: –

Part - B: Associate and Joint Venture

[Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Company and Joint Venture]

Name of Associate	Grameen Capital India Private Limited
1. Latest audited Balance Sheet Date	March 31, 2018
2. Date on which the Associate was associated	June 5, 2015
3. Shares of Associate held by the company as at March 31, 2019	
Number of shares	21,26,000
Amount of equity investment in Associate (₹ cr)	2.12
Amount of preference investment in Associate (₹ cr)	3.87
4. Holding % / Description of significant influence	26% of shareholding
5. Reason of non consolidation of the associate	No Significance influence as per IndAS 28
6. Networth attributable to Shareholding as per latest Audited Balance Sheet (₹ cr)	-
7. Profit/Loss for the year:	
i. Considered in Consolidation (₹ cr)	-
ii. Not Considered in Consolidation (₹ cr)	-

Name of associates or joint ventures which are yet to commence operations –
Name of associates or joint ventures which have been liquidated or sold during the year –

For and on behalf of board of directors of L&T Finance Holdings Limited

S. V. Haribhakti
Chairperson
(DIN: 00007347)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN: 03545900)

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place: Mumbai
Date: April 28, 2019

ANNUAL REPORT 2018-19 - ANNEXURE E TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility ("CSR")
[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

As required under Section 135(4) of the Companies Act, 2013 and Rule 9 of Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

1) A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

L&T Financial Services aspires to bring in inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The policy clearly states the organization's core CSR thrust areas as Integrated Water Resource Management and Financial Inclusion. The policy defines the Company's CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and is available on the website of the Company at *https://www.ltfs.com/csr.html.*

2) Composition of the CSR Committee:

The composition of CSR Committee is disclosed in the Corporate Governance Report.

3) Average Net Profit of the Company for the last three financial years: ₹ 34.22 cr.

4) Prescribed CSR expenditure and details of CSR spend during the financial year:

Particulars	Amount (₹ cr)
Prescribed CSR Expenditure	0.68
Amount spent as CSR	0.68
Amount unspent	-

5) Manner in which amount spent during the financial year:

(₹ cr)

Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or programme coverage	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes. Sub heads: (a) Direct expenditure & (b) Overheads	Cumulative expenditure upto the reporting period	Amount spent - Direct or through implementing agencies
1.	**Integrated Water Resource Management (IWRM)** Improve the crop yield for the marginalized farmers in the semi-arid regions through Integrated Water Resource Management, reaching to 15,000 farmers from 30 villages of Solapur, Latur, Osmanabad	(i) eradicating extreme hunger and poverty; (iv) ensuring environmental sustainability x) rural development project	**State:** Maharashtra **Districts:** Solapur, Latur, Osmanabad	0.50	(a) 0.48 (b) 0.02	0.50	Indirect**
2.	**Digital Sakhi - Maharashtra** • Interventions of Digital Financial Literacy & Entrepreneurship Development by 100 Digital Sakhis in Maharashtra • Inclusion of 1,000 women (micro-entrepreneurs) in digital payments space • Community reach to 1 lakh rural population in Maharashtra	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) rural development project	**State:** Maharashtra **Districts:** Osmanabad, Pune and Solapur	0.15	(a) 0.14 (b) 0.01	0.15	Indirect**

Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or programme coverage	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes. Sub heads: (a) Direct expenditure & (b) Overheads	Cumulative expenditure upto the reporting period	Amount spent - Direct or through implementing agencies
3.	**Digital Sakhi –Madhya Pradesh** • Interventions of Digital Financial Literacy & Entrepreneurship Development by 100 Digital Sakhis in Madhya Pradesh • Inclusion of 1,000 women (micro-entrepreneurs) in digital payments space • Community reach to 50,000 rural population in Madhya Pradesh	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) rural development project	**State:** Madhya Pradesh **District:** Dhar and Barwani	0.02	(a) 0.02 (b) 0#	0.02	Indirect**
4.	**CSR Administration, NGO capacity building**	Capacity building	-	0.01	(a) 0.01 (b) -	0.01	Direct*
Total CSR Spend in FY 2018-19				**0.68**	**0.68**	**0.68**	

 # Indicates figures less than ₹ 50,000.

Note:

Direct = CSR projects/ initiatives directly implemented by the Company.*

*Indirect** = CSR activities/ projects have been carried out by partnering with several Non-Governmental Organizations/ Charitable Institutions like Action for Agricultural Renewal in Maharashtra (AFARM) and SEWA Bharat.*

6) Responsibility Statement:

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

S. V. Haribhakti
Chairperson
CSR Committee
DIN: 00007347

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
DIN: 03545900

Place: Mumbai
Date: April 28, 2019

ANNUAL REPORT 2018-19 - ANNEXURE F TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	**CIN**	L67120MH2008PLC181833
ii)	**Registration Date**	May 1, 2008
iii)	**Name of the Company**	L&T Finance Holdings Limited
iv)	**Category/Sub-category of the Company**	Company limited by shares / Indian Non-Government Company
v)	**Address of the Registered office & contact details**	Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India. Phone: +91 22 6212 5000 Fax: +91 22 6212 5553 E-mail: igrc@ltfs.com Website: www.ltfs.com
vi)	**Whether listed company**	Yes
vii)	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	**M/s. Link Intime India Private Limited** C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 1800 102 7796

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. No.	Name & Description of main products/ services	NIC Code of the Product /service	% to total turnover of the company
1	Non-Banking Financial Institution – Core Investment Company (NBFC-CIC)	64200	91.57%

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	**Larsen and Toubro Limited** L&T House, N. M. Marg, Ballard Estate, Mumbai – 400 001, Maharashtra, India.	L99999MH1946PLC004768	Holding Company	63.91	2(46)
2	**L&T Infrastructure Finance Company Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U67190MH2006PLC299025	Subsidiary Company	100	2(87)(ii)
3	**L&T Investment Management Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U65991MH1996PLC229572	Subsidiary Company	100	2(87)(ii)

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
4	**L&T Mutual Fund Trustee Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U65993MH1996PLC211198	Subsidiary Company	100	2(87)(ii)
5	**L&T Financial Consultants Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai–400 098, Maharashtra, India.	U65100MH2011PLC299024	Subsidiary Company	100	2(87)(ii)
6	**L&T Housing Finance Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai–400 098, Maharashtra, India.	U45200MH1994PLC259630	Subsidiary Company	100	2(87)(ii)
7	**L&T Finance Limited** Technopolis, 7th Floor, A - Wing, Plot No. - 4, Block - BP, Sector - V, Salt Lake, Kolkata – 700 091, West Bengal, India.	U65910WB1993FLC060810	Subsidiary Company	100	2(87)(ii)
8	**L&T Capital Markets Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U67190MH2013PLC240261	Subsidiary Company	100	2(87)(ii)
9	**L&T Infra Investment Partners Advisory Private Limited** Plot No. 177, Vidyanagari Marg, C.S.T Road, Kalina, Santacruz (East), Mumbai–400 098, Maharashtra, India.	U67190MH2011PTC218046	Subsidiary Company	100	2(87)(ii)
10	**L&T Infra Investment Partners Trustee Private Limited** Plot No. 177, Vidyanagari Marg, C.S.T Road, Kalina, Santacruz (East), Mumbai–400 098, Maharashtra, India.	U67190MH2011PTC220896	Subsidiary Company	100	2(87)(ii)
11	**L&T Infra Debt Fund Limited** Plot No. 177, Vidyanagari Marg, C.S.T Road, Kalina, Santacruz (East), Mumbai–400 098, Maharashtra, India.	L67100MH2013PLC241104	Subsidiary Company	100*	2(87)(ii)
12	**Mudit Cement Private Limited** 5th Floor, DCM Building, 16, Barakhamba Road, Cannaught Place, New Delhi - 110 001.	U26942DL1990PTC041941	Subsidiary Company	100	2(87)(ii)
13	**L&T Capital Markets (Middle East) Limited** Office No. 501-502, Level 5, Liberty House, DIFC, Dubai, United Arab Emirates.	2908**	Subsidiary Company	100	2(87)(ii)
14	**Grameen Capital India Private Limited** 306, A Wing, 3rd Floor, 36 Turner Road, Opp. Tavaa Restaurant, Bandra West, Mumbai – 400 050, Maharashtra, India.	U65923MH2007PTC168721	Associate Company	26	2(6)

** Company along with its wholly-owned subsidiaries.*

*** DIFC registration number.*

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS % OF TOTAL EQUITY)

(i) Category – wise Shareholding :-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% change during the year*
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF.	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt (s).	–	–	–	–	–	–	–	–	–
d) Bodies Corporate	1,27,75,20,203	–	1,27,75,20,203	64.01	1,27,75,20,203	–	1,27,75,20,203	63.91	-0.10
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-total: (A) (1)	**1,27,75,20,203**	**–**	**1,27,75,20,203**	**64.01**	**1,27,75,20,203**	**–**	**1,27,75,20,203**	**63.91**	**-0.10**
(2) Foreign									
a) NRIs- Individuals	–	–	–	–	–	–	–	–	–
b) Other– Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**1,27,75,20,203**	**–**	**1,27,75,20,203**	**64.01**	**1,27,75,20,203**	**–**	**1,27,75,20,203**	**63.91**	**-0.10**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	10,43,97,227	–	10,43,97,227	5.23	4,90,40,817	–	4,90,40,817	2.45	-2.78
b) Banks/FI	97,57,141	–	97,57,141	0.49	87,88,514	–	87,88,514	0.44	-0.05
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s).	–	–	–	–	–	–	–	–	–
e) Venture Capital Fund	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs / FPIs	18,35,03,993	–	18,35,03,993	9.20	22,76,95,268		22,76,95,268	11.39	2.20
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)									
i) Alternate Investment Funds	14,47,478	–	14,47,478	0.07	13,41,150	–	13,41,150	0.07	-0.01
Sub-total (B)(1):	**29,91,05,839**	**–**	**29,91,05,839**	**14.99**	**28,68,65,749**		**28,68,65,749**	**14.35**	**-0.64**
(2) Non - Institutions									
(a) Bodies corporate	9,49,07,392	–	9,49,07,392	4.76	9,06,63,447	–	9,06,63,447	4.54	-0.22
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% change during the year*
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	15,84,79,672	20,313	15,84,99,985	7.94	17,42,93,154	7,926	17,43,01,080	8.72	0.78
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 Lakh	5,32,96,805	–	5,32,96,805	2.67	5,42,84,275	–	5,42,84,275	2.79	0.05
(c) Others (specify)									
i) Non-Resident Repatriates	61,10,429	–	61,10,429	0.31	74,65,009	–	74,65,009	0.37	0.07
ii) Foreign Companies	9,56,57,961	–	9,56,57,961	4.79	9,56,57,961	–	9,56,57,961	4.79	–0.01
iii) Foreign Nationals	2,397	–	2,397	~	1,923	–	1,923	~	~
iv) Non-Resident Non Repatriates	18,86,472	–	18,86,472	0.09	26,23,426	–	26,23,426	0.13	0.04
v) Trusts	72,65,716	–	72,65,716	0.36	77,06,845	–	77,06,845	0.39	0.02
vi) Directors & their Relatives & Friends	14,23,761	–	14,23,761	0.07	15,82,422	–	15,82,422	0.08	0.01
vii) NBFCs registered with RBI	–	–	–	–	1,40,020	–	1,40,020	0.01	0.01
Sub-total (B)(2):	**41,90,30,605**	**20,313**	**41,90,50,918**	**21.00**	**43,42,78,462**	**7,926**	**43,42,86,388**	**21.73**	**0.73**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**71,81,36,444**	**20,313**	**71,81,56,757**	**35.99**	**72,12,84,231**	**7,926**	**72,12,92,157**	**36.09**	**0.10**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**1,99,56,56,647**	**20,313**	**1,99,56,76,960**	**100.00**	**1,99,88,04,434**	**7,926**	**1,99,88,12,360**	**100.00**	**–**

**After considering increase in paid up share capital of the Company on allotment of shares pursuant to exercise of options granted under ESOP scheme(s).*
~ less than 0.01%

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2018)			Shareholding at the end of the year (As on March 31, 2019)			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Larsen and Toubro Limited	1,27,75,20,203	64.01	–	1,27,75,20,203	63.91	–	-0.10*
	Total	**1,27,75,20,203**	**64.01**	**–**	**1,27,75,20,203**	**63.91**	**–**	**-0.10**

** After considering increase in paid up share capital of the Company on allotment of shares pursuant to exercise of options granted under ESOP scheme(s).*

(iii) Change in Promoters' Shareholding

Sr. No.	Name of the Promoter	Date	Shareholding at the beginning of the Year (As on April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
			No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	**Larsen and Toubro Limited**					
	At the beginning of the year	April 01, 2018	1,27,75,20,203	64.01	–	–
	At the end of the year	March 31, 2019	–	–	1,27,75,20,203	63.91*

** After considering increase in paid up share capital of the Company on allotment of shares pursuant to exercise of options granted under ESOP scheme(s).*

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sr. No.	Name of the Shareholder	Date[#]	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
1	**BC Asia Growth Investments**					
	At the beginning of the year	April 01, 2018	6,38,20,990	3.20	-	-
	At the end of the year	March 31, 2019	-	-	6,38,20,990	3.19
2	**ICICI Prudential Life Insurance Company Limited**					
	At the beginning of the year	April 01, 2018	2,51,87,016	1.26	-	-
	Purchase	April 06, 2018	16,745	~	2,52,03,761	1.26
	Purchase	April 13, 2018	16,662	~	2,52,20,423	1.26
	Purchase	April 27, 2018	1,90,925	0.01	2,54,11,348	1.27
	Purchase	May 04, 2018	5,283	~	2,54,16,631	1.27
	Purchase	May 11, 2018	4,20,354	0.02	2,58,36,985	1.29
	Purchase	May 18, 2018	12,301	~	2,58,49,286	1.30
	Purchase	May 25, 2018	3,32,037	0.02	2,61,81,323	1.31
	Purchase	June 01, 2018	18,98,178	0.10	2,80,79,501	1.41
	Purchase	June 08, 2018	9,72,434	0.05	2,90,51,935	1.46
	Purchase	June 15, 2018	1,21,058	0.01	2,91,72,993	1.46
	Purchase	June 22, 2018	2,11,185	0.01	2,93,84,178	1.47
	Purchase	June 30, 2018	5,80,393	0.03	2,99,64,571	1.50
	Purchase	July 06, 2018	24,11,302	0.12	3,23,75,873	1.62
	Purchase	July 13, 2018	8,37,743	0.04	3,32,13,616	1.66
	Purchase	July 20, 2018	8,67,641	0.04	3,40,81,257	1.71
	Purchase	July 27, 2018	1,93,605	0.01	3,42,74,862	1.72
	Purchase	August 03, 2018	2,45,447	0.01	3,45,20,309	1.73
	Purchase	August 10, 2018	3,11,209	0.02	3,48,31,518	1.74
	Purchase	August 17, 2018	37,908	~	3,48,69,426	1.75
	Purchase	August 24, 2018	1,06,403	0.01	3,49,75,829	1.75
	Purchase	August 31, 2018	10,03,221	0.05	3,59,79,050	1.80
	Purchase	September 07, 2018	27,32,777	0.14	3,87,11,827	1.94
	Purchase	September 14, 2018	26,83,152	0.13	4,13,94,979	2.07
	Purchase	September 21, 2018	7,41,961	0.04	4,21,36,940	2.11
	Purchase	September 29, 2018	31,93,524	0.16	4,53,30,464	2.27
	Purchase	October 05, 2018	30,26,407	0.15	4,83,56,871	2.42
	Purchase	October 12, 2018	18,02,760	0.09	5,01,59,631	2.51
	Purchase	October 19, 2018	5,31,275	0.03	5,06,90,906	2.54
	Sale	October 26, 2018	-11,716	~	5,06,79,190	2.54
	Sale	November 02, 2018	-9,962	~	5,06,69,228	2.54
	Purchase	November 09, 2018	15,27,982	0.08	5,21,97,210	2.61
	Sale	November 23, 2018	-48,885	~	5,21,48,325	2.61
	Sale	November 30, 2018	-15,05,374	-0.08	5,06,42,951	2.54
	Sale	December 07, 2018	-3,86,392	-0.02	5,02,56,559	2.52
	Sale	December 14, 2018	-6,52,299	-0.03	4,96,04,260	2.48
	Sale	December 21, 2018	-1,31,195	-0.01	4,94,73,065	2.48
	Sale	December 28, 2018	-1,70,756	-0.01	4,93,02,309	2.47
	Sale	December 31, 2018	-91,415	~	4,92,10,894	2.46
	Purchase	January 04, 2019	3,12,296	0.02	4,95,23,190	2.48

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
	Purchase	January 11, 2019	59,249	~	4,95,82,439	2.48
	Sale	January 18, 2019	-2,88,239	-0.01	4,92,94,200	2.47
	Sale	January 25, 2019	-6,66,362	-0.03	4,86,27,838	2.43
	Purchase	February 01, 2019	54,946	~	4,86,82,784	2.44
	Purchase	February 08, 2019	68,111	~	4,87,50,895	2.44
	Purchase	February 15, 2019	27,374	~	4,87,78,269	2.44
	Purchase	February 22, 2019	74,387	~	4,88,52,656	2.44
	Purchase	March 01, 2019	38,139	~	4,88,90,795	2.45
	Purchase	March 08, 2019	10,36,922	0.05	4,99,27,717	2.50
	Purchase	March 15, 2019	38,33,390	0.19	5,37,61,107	2.69
	Purchase	March 22,2019	17,72,604	0.09	5,55,33,711	2.78
	Purchase	March 29, 2019	38,03,596	0.19	5,93,37,307	2.97
	At the end of the year		-	-	5,93,37,307	2.97
3	**Citigroup Global Markets Mauritius Private Limited**					
	At the beginning of the year	April 01, 2018	5,83,11,354	2.92	-	-
	Sale	April 13, 2018	-2,00,000	-0.01	5,81,11,354	2.91
	Sale	June 08, 2018	-2,07,068	-0.01	5,79,04,286	2.90
	Sale	June 30, 2018	-34,294	~	5,78,69,992	2.90
	Purchase	January 11, 2019	2,08,338	0.01	5,80,78,330	2.91
	Sale	February 15, 2019	-2,08,338	-0.01	5,78,69,992	2.90
	At the end of the year	March 31, 2019	-	-	5,78,69,992	2.90
4	**Smallcap World Fund, Inc**					
	At the beginning of the year	April 01, 2018	Nil	-	-	-
	Purchase	November 30, 2018	61,72,552	0.31	61,72,552	0.31
	Purchase	December 07,2018	1,01,54,758	0.51	1,63,27,310	0.82
	Purchase	December 14, 2018	76,62,580	0.38	2,39,89,890	1.20
	Purchase	January 11, 2019	14,60,463	0.07	2,54,50,353	1.27
	Purchase	March 08, 2019	24,38,939	0.12	2,78,89,292	1.40
	Purchase	March 15, 2019	33,62,473	0.17	3,12,51,765	1.56
	Purchase	March 22, 2019	41,21,669	0.21	3,53,73,434	1.77
	Purchase	March 29, 2019	8,03,419	0.04	3,61,76,853	1.81
	At the end of the year	March 31, 2019	-	-	3,61,76,853	1.81
5	**Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Frontline Equity Fund**					
	At the beginning of the year	April 01, 2018	6,25,47,292	3.13	-	-
	Sale	April 06, 2018	-4,00,000	-0.02	6,21,47,292	3.11
	Sale	April 13, 2018	-11,98,834	-0.06	6,09,48,458	3.05
	Sale	April 20, 2018	-2,79,000	-0.01	6,06,69,458	3.04
	Sale	April 27, 2018	-26,917	~	6,06,42,541	3.04
	Sale	May 18, 2018	-5,00,000	-0.03	6,01,42,541	3.01
	Sale	May 25, 2018	-20,27,000	-0.10	5,81,15,541	2.91
	Sale	June 01, 2018	-3,50,000	-0.02	5,77,65,541	2.89
	Sale	June 08, 2018	-54,768	~	5,77,10,773	2.89
	Sale	June 15, 2018	-3,50,000	-0.02	5,73,60,773	2.87
	Purchase	June 30, 2018	1,50,000	0.01	5,75,10,773	2.88
	Purchase	July 06, 2018	6,73,000	0.03	5,81,83,773	2.92

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
	Purchase	July 20, 2018	77,500	~	5,82,61,273	2.92
	Purchase	July 27, 2018	6,90,000	0.03	5,89,51,273	2.95
	Sale	August 10, 2018	-5,34,400	-0.03	5,84,16,873	2.93
	Sale	August 24, 2018	-12,65,600	-0.06	5,71,51,273	2.86
	Sale	August 31, 2018	-9,00,000	-0.05	5,62,51,273	2.82
	Sale	September 07, 2018	-10,34,083	-0.05	5,52,17,190	2.76
	Sale	September 14, 2018	-11,48,000	-0.06	5,40,69,190	2.71
	Sale	September 21, 2018	-43,81,349	-0.22	4,96,87,841	2.49
	Sale	September 29, 2018	-19,36,776	-0.10	4,77,51,065	2.39
	Sale	October 05, 2018	-18,46,100	-0.09	4,59,04,965	2.30
	Sale	October 12, 2018	-12,97,000	-0.06	4,46,07,965	2.23
	Sale	October 19, 2018	-2,62,000	-0.01	4,43,45,965	2.22
	Purchase	October 26, 2018	20,88,000	0.10	4,64,33,965	2.32
	Sale	November 02, 2018	-8,94,500	-0.04	4,55,39,465	2.28
	Purchase	November 09, 2018	25,30,000	0.13	4,80,69,465	2.41
	Purchase	November 16, 2018	13,00,000	0.07	4,93,69,465	2.47
	Purchase	November 23, 2018	50,000	~	4,94,19,465	2.47
	Sale	November 30, 2018	-7,78,500	-0.04	4,86,40,965	2.44
	Sale	December 07, 2018	-21,51,000	-0.11	4,64,89,965	2.33
	Sale	December 14, 2018	-10,58,484	-0.05	4,54,31,481	2.27
	Purchase	December 21, 2018	7,32,897	0.04	4,61,64,378	2.31
	Sale	December 28, 2018	-11,38,960	-0.06	4,50,25,418	2.25
	Sale	January 04, 2019	-16,21,100	-0.08	4,34,04,318	2.17
	Sale	January 11, 2019	-25,08,822	-0.13	4,08,95,496	2.05
	Sale	January 18, 2019	-12,60,500	-0.06	3,96,34,996	1.98
	Sale	January 25, 2019	-7,11,000	-0.04	3,89,23,996	1.95
	Purchase	February 01, 2019	13,73,000	0.07	4,02,96,996	2.02
	Sale	February 08, 2019	-7,16,900	-0.04	3,95,80,096	1.98
	Sale	February 15, 2019	-5,02,000	-0.03	3,90,78,096	1.96
	Purchase	February 22, 2019	2,30,500	0.01	3,93,08,596	1.97
	Purchase	March 01, 2019	11,046	~	3,93,19,642	1.97
	Purchase	March 08, 2019	2,49,488	0.01	3,95,69,130	1.98
	Sale	March 15, 2019	-29,99,211	-0.15	3,65,69,919	1.83
	Sale	March 22, 2019	-16,43,000	-0.08	3,49,26,919	1.75
	Sale	March 29, 2019	-30,80,678	-0.15	3,18,46,241	1.59
	At the end of the year	March 31, 2019	-	-	3,18,46,241	1.59
6	**BC Investments VI Limited**					
	At the beginning of the year	April 01, 2018	3,18,36,971	1.60	-	-
	At the end of the year	March 31, 2019	-	-	3,18,36,971	1.59
7	**East Bridge Capital Master Fund I Ltd**					
	At the beginning of the year	April 01, 2018	Nil	N.A.	-	-
	Purchase	October 05, 2018	32,38,663	0.16	32,38,663	0.16
	Purchase	October 12, 2018	73,45,353	0.37	1,05,84,016	0.53
	Purchase	January 18, 2019	6,14,010	0.03	1,11,98,026	0.56
	Purchase	January 25, 2019	4,58,000	0.02	1,16,56,026	0.58
	At the end of the year	March 31, 2019	-	-	1,16,56,026	0.58

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
8	**ITPL - Invesco India Contra Fund**					
	At the beginning of the year	April 01, 2018	31,79,084	0.16	-	-
	Purchase	April 06, 2018	3,53,104	0.02	35,32,188	0.18
	Purchase	April 13, 2018	7,06,741	0.04	42,38,929	0.21
	Purchase	April 20, 2018	1,92,524	0.01	44,31,453	0.22
	Purchase	April 27, 2018	4,40,782	0.02	48,72,235	0.24
	Purchase	May 04, 2018	1,63,099	0.01	50,35,334	0.25
	Purchase	May 11, 2018	17,17,317	0.09	67,52,651	0.34
	Purchase	May 18, 2018	54,456	~	68,07,107	0.34
	Purchase	May 25, 2018	29,710	~	68,36,817	0.34
	Purchase	June 22, 2018	14,25,714	0.07	82,62,531	0.41
	Purchase	June 30 2018	71,808	~	83,34,339	0.42
	Purchase	July 06, 2018	1,57,316	0.01	84,91,655	0.43
	Purchase	July 13, 2018	5,12,029	0.03	90,03,684	0.45
	Purchase	July 20, 2018	2,16,051	0.01	92,19,735	0.46
	Purchase	July 27, 2018	1,20,087	0.01	93,39,822	0.47
	Purchase	August 24, 2018	2,09,351	0.01	95,49,173	0.48
	Purchase	August 31, 2018	3,60,809	0.02	99,09,982	0.50
	Sale	September 07, 2018	-7,76,150	-0.04	91,33,832	0.46
	Purchase	September 14, 2018	3,94,297	0.02	95,28,129	0.48
	Purchase	September 21, 2018	5,60,119	0.03	1,00,88,248	0.51
	Purchase	September 29, 2018	4,20,944	0.02	1,05,09,192	0.53
	Purchase	October 05, 2018	4,33,718	0.02	1,09,42,910	0.55
	Purchase	October 12, 2018	2,36,041	0.01	1,11,78,951	0.56
	Purchase	October 19, 2018	2,54,197	0.01	1,14,33,148	0.57
	Sale	October 26, 2018	-34,37,001	-0.17	79,96,147	0.40
	Purchase	November 02, 2018	2,29,616	0.01	82,25,763	0.41
	Sale	November 09, 2018	-1,94,855	-0.01	80,30,908	0.40
	Purchase	December 07, 2018	7,526	~	80,38,434	0.40
	Purchase	December 21, 2018	57,870	~	80,96,304	0.41
	Sale	December 28, 2018	-4,03,435	-0.02	76,92,869	0.39
	Sale	December 31, 2018	-1,97,771	-0.01	74,95,098	0.38
	Purchase	January 04, 2019	32,764	~	75,27,862	0.38
	Sale	January 11, 2019	-2,63,913	-0.01	72,63,949	0.36
	Purchase	February 01, 2019	1,06,775	0.01	73,70,724	0.37
	Purchase	February 15, 2019	1,11,010	0.01	74,81,734	0.37
	Purchase	March 01, 2019	30,901	~	75,12,635	0.38
	Purchase	March 08, 2019	30,394	~	75,43,029	0.38
	Purchase	March 15, 2019	6,38,328	0.03	81,81,357	0.41
	Purchase	March 22, 2019	2,81,815	0.01	84,63,172	0.42
	Purchase	March 29, 2019	71,215	~	85,34,387	0.43
	At the end of the year	March 31, 2019	-	-	85,34,387	0.43
9	**Vanguard Total International Stock Index Fund**					
	At the beginning of the year	April 01, 2018	58,65,356	0.29	-	-
	Purchase	June 08, 2018	4,43,878	0.02	63,09,234	0.32
	Purchase	June 22, 2018	3,04,835	0.02	66,14,069	0.33
	Purchase	July 20, 2018	3,73,553	0.02	69,87,622	0.35
	Purchase	November 16, 2018	3,48,057	0.02	73,35,679	0.37

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
	Purchase	March 01, 2019	3,93,957	0.02	77,29,636	0.39
	At the end of the year	March 31, 2019	-	-	77,29,636	0.39
10	**Matthews Emerging Asia Fund**					
	At the beginning of the year	April 01, 2018	Nil	N.A.	-	-
	Purchase	January 25, 2019	42,56,869	0.21	42,56,869	0.21
	Purchase	February 01, 2019	15,43,256	0.08	58,00,125	0.29
	Purchase	February 22, 2019	17,25,879	0.09	75,26,004	0.38
	At the end of the year	March 31, 2019	-	-	75,26,004	0.38
11	**Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds**					
	At the beginning of the year	April 01, 2018	70,40,143	0.35	-	-
	Sale	May 04, 2018	-12,700	~	70,27,443	0.35
	Sale	May 11, 2018	-12,065	~	70,15,378	0.35
	Sale	June 01, 2018	-9,525	~	70,05,853	0.35
	Sale	June 15, 2018	-9,525	~	69,96,328	0.35
	Sale	June 22, 2018	-30,053	~	69,66,275	0.35
	Sale	June 30, 2018	-48,378	~	69,17,897	0.35
	Sale	July 06, 2018	-19,791	~	68,98,106	0.35
	Sale	July 13, 2018	-31,519	~	68,66,587	0.34
	Purchase	November 16, 2018	13,125	~	68,79,712	0.34
	Purchase	November 23, 2018	34,125	~	69,13,837	0.35
	Purchase	December 07, 2018	16,625	~	69,30,462	0.35
	Purchase	December 21, 2018	47,250	~	69,77,712	0.35
	Purchase	February 01, 2019	44,370	~	70,22,082	0.35
	Purchase	February 08, 2019	1,41,525	0.01	71,63,607	0.36
	Purchase	March 29, 2019	17,595	~	71,81,202	0.36
	At the end of the year	March 31, 2019	-	-	71,81,202	0.36
12	**Morgan Stanley India Investment Fund, Inc.**					
	At the beginning of the year	April 01, 2018	81,10,331	0.41	-	-
	Sale	July 13, 2018	-3,78,885	-0.02	77,31,446	0.39
	Purchase	October 05, 2018	4,460	~	77,35,906	0.39
	Purchase	October 12, 2018	1,88,758	0.01	79,24,664	0.40
	Sale	November 09, 2018	-12,72,849	-0.06	66,51,815	0.33
	Sale	January 18, 2019	-5,75,388	-0.03	60,76,427	0.30
	Sale	January 25, 2019	-1,81,798	-0.01	58,94,629	0.29
	At the end of the year	March 31, 2019	-	-	58,94,629	0.29
13	**Morgan Stanley Investment Funds Indian Equity Fund**					
	At the beginning of the year	April 01, 2018	1,13,51,419	0.57	-	-
	Purchase	April 27, 2018	7,60,592	0.04	1,21,12,011	0.61
	Sale	June 01, 2018	-4,65,442	-0.02	1,16,46,569	0.58
	Sale	June 08, 2018	-13,37,409	-0.07	1,03,09,160	0.52
	Sale	June 30, 2018	-7,37,383	-0.04	95,71,777	0.48
	Sale	July 06, 2018	-6,53,089	-0.03	89,18,688	0.45
	Sale	July 13, 2018	-9,53,349	-0.05	79,65,339	0.40
	Sale	July 20, 2018	-7,67,062	-0.04	71,98,277	0.36
	Purchase	September 29, 2018	9,879	~	72,08,156	0.36

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
	Sale	October 05, 2018	-18,28,555	-0.09	53,79,601	0.27
	Sale	October 12, 2018	-16,43,515	-0.08	37,36,086	0.19
	Sale	January 04, 2019	-2,19,530	-0.01	35,16,556	0.18
	Sale	February 01, 2019	-5,27,483	-0.03	29,89,073	0.15
	At the end of the year	March 31, 2019	-	-	29,89,073	0.15
14	**HDFC Life Insurance Company Limited**					
	At the beginning of the year	April 01, 2018	1,06,82,478	0.54	-	-
	Purchase	April 06, 2018	1,70,000	0.01	1,08,52,478	0.54
	Sale	April 13, 2018	-4,891	~	1,08,47,587	0.54
	Purchase	April 20, 2018	34,741	~	1,08,82,328	0.55
	Sale	May 11, 2018	-2,34,355	-0.01	1,06,47,973	0.53
	Sale	May 18, 2018	-3,064	~	1,06,44,909	0.53
	Sale	June 01, 2018	-16,145	~	1,06,28,764	0.53
	Purchase	June 30, 2018	2,00,000	0.01	1,08,28,764	0.54
	Purchase	July 06, 2018	2,50,000	0.01	1,10,78,764	0.56
	Purchase	July 20, 2018	2,46,298	0.01	1,13,25,062	0.57
	Sale	July 27, 2018	-45,63,412	-0.23	67,61,650	0.34
	Sale	August 03, 2018	-34,28,702	-0.17	33,32,948	0.17
	Sale	August 10, 2018	-30,04,305	-0.15	3,28,643	0.02
	Sale	August 31, 2018	-1,220	~	3,27,423	0.02
	Purchase	October 05, 2018	1,538	~	3,28,961	0.02
	Purchase	October 12, 2018	159	~	3,29,120	0.02
	Purchase	October 19, 2018	95	~	3,29,215	0.02
	Purchase	October 26, 2018	681	~	3,29,896	0.02
	Purchase	November 02, 2018	605	~	3,30,501	0.02
	Purchase	November 16, 2018	400	~	3,30,901	0.02
	Purchase	November 23, 2018	110	~	3,31,011	0.02
	Sale	November 30, 2018	-2,688	~	3,28,323	0.02
	Purchase	December 07, 2018	33,952	~	3,62,275	0.02
	Purchase	December 14, 2018	67	~	3,62,342	0.02
	Purchase	December 21, 2018	9	~	3,62,351	0.02
	Purchase	December 28, 2018	9	~	3,62,360	0.02
	Purchase	January 11, 2019	2,634	~	3,64,994	0.02
	Sale	January 18, 2019	-1,048	~	3,63,946	0.02
	Sale	February 08, 2019	-10,527	~	3,53,419	0.02
	Sale	March 08, 2019	-1,245	~	3,52,174	0.02
	At the end of the year	March 31, 2019	-	-	3,52,174	0.02
15	**Prazim Trading and Investment Co. Pvt. Ltd.**					
	At the beginning of the year	April 01, 2018	1,30,63,722	0.65	-	-
	Sale	Jun 08, 2018	-44,15,000	-0.22	86,48,722	0.43
	Sale	June 30, 2018	-41,47,327	-0.21	45,01,395	0.23
	Sale	July 06, 2018	-45,01,395	-0.23	Nil	NA
	At the end of the year	March 31, 2019	-	-	Nil	NA

Note: All figures rounded off upto two decimals

* *After considering increase in paid up share capital of the Company on allotment of shares pursuant to exercise of options granted under ESOP scheme(s).*

As stated in the beneficiary position data of Depositories.

~ less than 0.01%

(v) Shareholding of Directors and Key Managerial Personnel (KMP)

Sr. No.	Name of Director/KMP		Date	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
1	**Mr. S. V. Haribhakti (Chairperson)**						
		At the beginning of the year	April 01, 2018	2,00,000	0.01	-	-
		Purchase	September 07, 2018	2,00,000	0.01	4,00,000	0.02
		Purchase	September 25, 2018	1,00,000	0.01	5,00,000	0.03
		At the end of the year	March 31, 2019	-	-	5,00,000	0.03
2	**Mr. Dinanath Dubhashi (Managing Director & Chief Executive Officer)**						
		At the beginning of the year	April 01, 2018	7,86,087	0.04	-	-
		Sale	May 14, 2018	-1,00,000	-0.01	6,86,087	0.03
		Sale	July 25, 2018	-1,00,000	-0.01	5,86,087	0.03
		Sale	August 01, 2018	-1,00,000	-0.01	4,86,087	0.02
		Sale	December 04, 2018	-1,45,000	-0.01	3,41,087	0.02
		Sale	December 04, 2018	-55,000	~	2,86,087	0.01
		ESOP	January 21, 2019	2,00,000	0.01	4,86,087	0.02
		At the end of the year	March 31, 2019	-	-	4,86,087	0.02
3	**Mr. R. Shankar Raman (Non-Executive Director)**						
		At the beginning of the year	April 01, 2018	24,461	~	-	-
		At the end of the year	March 31, 2019	-	-	24,461	~
4	**Mr. P. V. Bhide (Independent Director)**						
		At the beginning of the year	April 01, 2018	4,990	~	-	-
		At the end of the year	March 31, 2019	-	-	4,990	~
5	**Mr. Thomas Mathew T. (Independent Director)**						
		At the beginning of the year	April 01, 2018	Nil	N.A.	-	-
		At the end of the year	March 31, 2019	-	-	Nil	N.A.
6	**Ms. Nishi Vasudeva (Independent Director)**						
		At the beginning of the year	April 01, 2018	Nil	N.A.	-	-
		Purchase	October 05, 2018	1,703	~		
		At the end of the year	March 31, 2019	-	-	1,703	~
7	**Dr. (Mrs.) Rajani R. Gupte (1) (Independent Director)**						
		At the time of joining	June 28, 2018	Nil	N.A.	-	-
		At the end of the year	March 31, 2019	-	-	Nil	N.A.
8	**Mr. Pavninder Singh (Nominee Director)**						
		At the beginning of the year	April 01, 2018	Nil	N.A.	-	-
		At the end of the year	March 31, 2019	-	-	Nil	N.A.
9	**Mr. Prabhakar B.(2) (Non-Executive Director)**						
		At the time of joining	June 28, 2018	353	~	-	-
		At the end of the year	March 31, 2019	-	-	353	~

Sr. No.	Name of Director/KMP	Date	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
10	**Mr. Harsh Mariwala[(3)] (Independent Director)**					
	At the beginning of the year	April 01, 2018	4,00,000	0.02	-	-
	Purchase	September 21, 2018	1,30,000	0.01	5,30,000	0.03
	At the end of the year	March 31, 2019	-	-	5,30,000	0.03
11	**Mr. Sachinn Joshi (Chief Financial Officer)**					
	At the beginning of the year	April 1, 2018	1,83,500	0.01	-	-
	Purchase	August 02, 2018	286	~	183,786	0.01
	Purchase	August 03, 2018	275	~	184,061	0.01
	Purchase	August 06, 2018	279	~	184,340	0.01
	Purchase	August 08, 2018	286	~	184,626	0.01
	At the end of the year	March 31, 2019	-	-	184,626	0.01
12	**Ms. Apurva Rathod (Company Secretary)**					
	At the beginning of the year	April 1, 2018	200	~	-	-
	At the end of the year	March 31, 2019	-	-	200	~

** After considering increase in paid up share capital of the Company on allotment of shares pursuant to exercise of option granted under ESOP Scheme(s).*

(1) Appointed as Independent Director with effect from June 28, 2018.

(2) Appointed as Non-Executive Director with effect from June 28, 2018.

(3) Ceased to be an Independent Director with effect from April 1, 2019.

~ less than 0.01%.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	404.96	-	404.96
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	63.73	-	63.73
Total (i+ii+iii)	**-**	**468.70**		**468.70**
Change in Indebtedness during the financial year				
i) Additions	-	7,401.41	-	7,401.41
ii) Reduction	-	6,638.89	-	6,638.89
iii) Interest accrued but not due	-	(63.73)	-	(63.73)
Net Change	**-**	**698.78**	**-**	**698.78**
Indebtedness at the end of the financial year				
i) Principal Amount	-	1,167.48	-	1,167.48
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**1,167.48**	**-**	**1,167.48**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole time director (WTD) and/or Manager

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the MD/WTD/Manager
		Mr. Dinanath Dubhashi (Managing Director & Chief Executive Officer)
1.	Gross salary:	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961.	4,71,16,100
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961[(1)]	1,16,39,800
	(c) Profit in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
2.	Stock option (Number of options)	20,00,000
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others (specify)	-
5.	Others, please specify	-
	Total (A)	**5,87,55,900**
	Ceiling as per the Act	**₹ 15.20 cr (being 5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**

[(1)] *Includes perquisite on ESOPs exercised during the year.*

B. Remuneration to other Directors

(Amount in ₹)

Particulars of Remuneration	Name of the Directors										Total Amount
	Independent Directors							Non-Executive Directors			
Independent Directors	**Mr. S. V. Haribhakti**	**Mr. P. V. Bhide**	**Mr. Thomas Mathew T.**	**Ms. Nishi Vasudeva**	**Dr. (Mrs.) Rajani R. Gupte[(1)]**	**Mr. Harsh Mariwala[(2)]**	**Ms. Vaishali Kasture[(3)]**	**Mr. R. Shankar Raman**	**Mr. Pavninder Singh**	**Mr. Prabhakar B.[(4)]**	
(a) Fee for attending Board and Committee meetings	7,00,000	4,50,000	5,80,000	3,90,000	2,00,000	4,20,000	1,00,000	-	1,90,000	2,00,000	32,30,000
(b) Commission	50,00,000	11,25,000	13,87,000	11,32,000	6,00,000	12,60,000	1,50,000	-	5,85,000	6,00,000	1,18,39,000
(c) Others, please specify	-	-	-	-	-	-	-	-	-	-	-
Total (B)	**57,00,000**	**15,75,000**	**19,67,000**	**15,22,000**	**8,00,000**	**16,80,000**	**2,50,000**	**-**	**7,75,000**	**8,00,000**	**1,50,69,000**
Total Managerial Remuneration = (A) + (B)											**7,38,24,900**
Overall Ceiling as per the Act	**₹ 33.44 cr (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**										

[(1)] *Appointed as an Independent Director with effect from June 28, 2018.*

[(2)] *Ceased to be an Independent Director with effect from April 1, 2019.*

[(3)] *Ceased to be an Independent Director with effect from May 29, 2018.*

[(4)] *Appointed as Non-Executive Director with effect from June 28, 2018.*

C. Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the Key Managerial Personnel		Total Amount
		Mr. Sachinn Joshi (CFO)	Ms. Apurva Rathod (CS)	
1	Gross Salary:			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,11,23,088	85,54,782	2,96,77,870
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	28,800	-	28,800
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option (Number of options)	4,00,000	2,50,000	6,50,000
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	**2,11,51,888**	**85,54,782**	**2,97,06,670**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NONE

For and on behalf of the Board of Directors

S. V. Haribhakti
Chairperson
DIN: 00007347

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
DIN: 03545900

Place: Mumbai
Date: April 28, 2019

Corporate Governance Report

[Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

A. L&T Finance Holdings Limited ("the Company") Philosophy on Corporate Governance

At L&T Financial Services Group ("LTFS"), we believe that corporate governance is a continuous journey towards sustainable value creation for all the stakeholders, which is driven by our values. Our Corporate Governance principles are a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values. The Board of Directors ("Board") helps ensure that we have appropriate governance in place, both to support our operations and protect our Members' interest. As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success.

The requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") mandated by the Securities and Exchange Board of India ("SEBI") have been fully complied with. A report on compliance with the SEBI Listing Regulations as prescribed by SEBI is given below:

B. Board of Directors

The members of the Board of the Company are eminent personalities from various fields and are entrusted with the responsibilities of management, general affairs, direction and performance of the Company. The Board is responsible for and committed to sound principles of Corporate Governance in the Company.

1. Composition of Board:

The composition of Board is in compliance with the provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI Listing Regulations. As on the date of this Report, the Board consists of nine Directors comprising five Independent Directors (including two women Independent Directors), one Executive Director, two Non-Executive Directors and one Nominee Director. On the date of this Report, Mr. S. V. Haribhakti is the Non-Executive Chairman of the Company. Ms. Vaishali Kasture an Independent Director of the Company, resigned from the Board due to personal reasons and several other commitments and accordingly ceased to be a Director of the Company with effect from May 29, 2018. Mr. Prabhakar B. was appointed as the Non-Executive Director on the Board of the Company in accordance with the provisions of Sections 152 and 161 of the Act and Dr. (Mrs.) Rajani R. Gupte was appointed as an Independent Director in accordance with the provisions of Sections 149, 152 and 161 of the Act with effect from June 28, 2018, pursuant to approval of the Members at the Tenth Annual General Meeting held on August 28, 2018. Mr. Harsh Mariwala, an Independent Director whose term expired on March 31, 2019, did not seek re-appointment as an Independent Director of the Company and ceased to be an Independent Director effective April 1, 2019. The Board at its Meeting held on March 19, 2019 approved the re-appointment of Mr. S. V. Haribhakti and Mr. P. V. Bhide as Independent Directors for a second term of upto 5 consecutive years from April 1, 2019 to March 31, 2024, subject to the approval of the shareholders by a special resolution and continuance of Mr. Haribhakti as the Non-Executive Chairman of the Company. Commensurate with the size of the Company, complexity and nature of various underlying businesses, the composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the businesses carried on through its subsidiaries. All the Independent Directors have confirmed to the Board that they meet the criteria for independence in terms of the definition of 'Independent Director' stipulated under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. These confirmations have been placed before the Board. Further, no Whole-time Director / Managing Director of the Company is serving as an Independent Director in any company. None of the Directors of the Company are inter-se related to each other.

2. Board Procedure:

The Board meets at regular intervals to discuss and decide on policy of the Company / business and strategy apart from other Board business. The Board meetings (including Committee meetings) of the Company as well as of its subsidiaries are scheduled in advance and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolution(s) by circulation, as permitted by law, which is noted in the subsequent Board meeting.

The business / department heads communicate with the Company Secretary in advance with regard to matters requiring the approval of the Board to enable inclusion of the same in the agenda for the Board meetings. The detailed agenda together with the relevant attachments is circulated amongst the Directors in advance. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

Where it is not practicable to circulate any document in advance or if the agenda is of a confidential nature, the same is tabled at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the approval of the Chair and majority of Directors. Senior Management Personnel are invited to the Board / Committee meeting(s) to provide additional inputs for the items being discussed by the Board / Committee(s) thereof as and when necessary. The Board members interact with the Chief Executive of the various operating subsidiary companies frequently at the Board meetings.

Further, presentations are made on business operations to the Board by the respective Chief Executives of various businesses of LTFS. Additionally, presentations are made on various matters including the financial statements, fund raising program, operations related issues, the regulatory environment or any other issue which the Board wants to be apprised of.

The Company Secretary is responsible for preparation of the agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises / assures the Board on compliance and governance principles and ensures appropriate recording of minutes of the meetings.

With a view to leveraging technology and reducing paper consumption, the Company has adopted a web-based application for transmitting Board / Committee agenda and minutes. The Directors of the Company receive the agenda in electronic form through this application, which can be accessed only through i-Pad. The application meets the high standards of security and integrity that is required for storage and transmission of Board / Committee agenda in electronic form.

The draft minutes of the proceedings of the meetings of the Board / Committee(s) are circulated to all the members of the Board or the Committee for their perusal, within fifteen days from the date of the conclusion of the meeting. Comments, if any, received from the Directors are incorporated in the minutes. The minutes are approved by the members of the Board / Committee(s) and confirmed.

3. Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act and Regulation 25(3) of SEBI Listing Regulations require the Independent Directors of the Company to hold at least one meeting as per regulatory requirements without the attendance of non-independent directors and members of the management. In view of the aforesaid requirements, the Independent Directors of the Company met on May 3, 2018.

4. Meetings & Attendance:

During the financial year ended March 31, 2019, 5 (five) Board meetings were held on May 3, 2018, July 20, 2018, October 24, 2018, January 21, 2019 and March 19, 2019. The meetings of the Board are generally held at 8th Floor, Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.

The attendance of the members of the Board at the meetings held during the year and at the last AGM and also the number of other Directorships and Memberships / Chairmanships of Committees held by them as on March 31, 2019 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held/ conducted during the tenure of Director / year	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships in other companies[(1)]	No. of Committee Memberships / Chairmanships (including in Company)[(2)]		No. of Independent Directorships (including in Company)[(3)]
							Member	Chairman	
Mr. S. V. Haribhakti	00007347	C (ID)	5	5	Present	15	10	5	7
Mr. Dinanath Dubhashi	03545900	MD & CEO	5	5	Present	7	6	2	-
Mr. R. Shankar Raman	00019798	NED	5	3	Present	8	4	-	-
Mr. P. V. Bhide	03304262	ID	5	5	Absent	10	10	4	6
Mr. Thomas Mathew T.	00130282	ID	5	5	Present	4	4	2	2
Ms. Nishi Vasudeva	03016991	ID	5	5	Present	4	6	1	2
Dr (Mrs.) Rajani R Gupte[(4)]	03172965	ID	4	4	Present	3	3	1	1
Mr. Pavninder Singh[(5)]	03048302	NED/ND	5	3	Present	-	-	-	-
Mr. Prabhakar B.[(6)]	02101808	NED	4	4	Present	4	5	4	1
Mr. Harsh Mariwala[(7)]	00210342	ID	5	4	Absent	14	1	-	4
Ms. Vaishali Kasture[(8)]	01837395	ID	1	1	N.A	-	-	-	-

Notes:

(1) *Excludes Directorship in foreign company.*

(2) *Memberships include Chairmanships. Only memberships of Audit Committee and Stakeholders Relationship Committee are considered. This includes memberships in deemed public company.*

(3) *Only equity listed companies are considered.*

(4) *Appointed as an Independent Director with effect from June 28, 2018.*

(5) *Nominee Director of BC Investment VI Limited and BC Asia Growth Investments (Equity Investors).*

(6) *Appointed as an Non-Executive Director with effect from June 28, 2018.*

(7) *Ceased to be a Director with effect from April 1, 2019.*

(8) *Ceased to be a Director with effect from May 29, 2018.*

C – Chairperson MD – Managing Director CEO – Chief Executive Officer ND – Nominee Director

NED – Non-Executive Director ID – Independent Director

The details pertaining to the directorships held by a Director in listed companies other than the Company as on March 31, 2019 is as follows:

Name of the Director	Name of the listed entity[(1)]	Category of Directorship
Mr. S. V. Haribhakti	Torrent Pharmaceuticals Limited Future Lifestyle Fashions Limited Blue Star Limited Mahindra Life Space Developers Limited Ambuja Cements Limited ACC Limited	Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director
Mr. Dinanath Dubhashi	-	-
Mr. R. Shankar Raman	Larsen & Toubro Limited Larsen & Toubro Infotech Limited	Whole Time Director & CFO Non-Executive Director
Mr. P. V. Bhide	Nocil Limited Tube Investments of India Limited Glaxosmithkline Pharmaceuticals Limited Heidelberg Cement India Limited[(2)] Quick Heal Technologies Limited[(2)] VST Industries Limited	Independent Director Independent Director Independent Director Independent Director Independent Director Non-Executive Director
Mr. Thomas Mathew T.	Larsen & Toubro Limited	Independent Director

Name of the Director	Name of the listed entity[1]	Category of Directorship
Ms. Nishi Vasudeva	HCL Technologies Limited	Independent Director
Dr (Mrs.) Rajani R Gupte	-	-
Mr. Pavninder Singh	-	-
Mr. Prabhakar B.	The Karnataka Bank Limited	Independent Director
Mr. Harsh Mariwala[3]	Thermax Limited Zensar Technologies Limited JSW Steel Limited Marico Limited Kaya Limited	Independent Director Independent Director Independent Director Chairman and Non-Executive Director Chairman and Managing Director

[1] *Only equity listed companies are considered.*

[2] *Ceased to be an Independent Director with effect from April 1, 2019.*

[3] *Ceased to be a Director with effect from April 1, 2019.*

5. Information to the Board:

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

- Annual revenue budgets and capital expenditure plans of the Company and its subsidiaries.
- Quarterly results and results of operations of subsidiaries.
- Minutes of the meetings of the Board of Directors and Committees of the Board.
- Minutes of the Board meetings of subsidiaries.
- Details of potential acquisitions or collaboration agreement, if any.
- Material default, if any, in the financial obligations to and by the Company or substantial non-payment for services rendered, if any.
- Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, if any, which may have strictures on the conduct of the Company.
- Developments in respect of human resources.
- Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any.

6. Post-meeting internal communication system:

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

7. Board-skills/expertise/competencies:

The core skills / expertise / competencies identified by the Board pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations and available with the Board are as given below:

Sr. No.	Skills/Expertise/Competencies
1.	Leadership qualities
2.	Industry knowledge and experience
3.	Experience and exposure in policy shaping and industry advocacy
4.	Understanding of relevant laws, rules, regulations and policies
5.	Corporate governance
6.	Financial expertise
7.	Risk Management
8.	Global experience /International exposure
9.	Information Technology

8. Performance Evaluation:

The Nomination and Remuneration Committee has approved a policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of the Company. The process for the aforesaid board evaluation is given in the Board's Report.

9. Succession Planning:

The Company has a mechanism in place for ensuring orderly succession for appointments to the Board and to Senior Management.

10. Familiarization programme:

All new Independent Directors inducted on the Board are given an orientation. Presentations are made by Chief Executives and Senior Management giving an overview regarding the group structure, its businesses including that of its subsidiaries, the environment in which it operates, its various regulators, Board constitution and guidelines.

The details relating to the familiarization programme are available on the website of the Company at *https://www.ltfs.com/investors.html*.

11. **Confirmation of Independent Directors:**

In the opinion of the Board, both the existing Independent Directors and those who are proposed to be re-appointed at the Annual General Meeting of the Company fulfill the conditions required for independent directors as per the provisions of the Act, the SEBI Listing Regulations and all other applicable laws and are independent of the management.

C. Board Committees

The structure of a Board and the planning of the Board's work are key elements to effective governance. Establishing Committees is one way of managing the work of the Board, thereby strengthening the Board's governance role. The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities of the Company. The business transacted by the Committees of the Board is placed before the Board for noting.

The Board has currently constituted the following Committees including pursuant to the provisions of the Act, SEBI Listing Regulations and Reserve Bank of India regulations:

- Audit Committee ("AC");
- Stakeholders Relationship Committee ("SRC");
- Nomination and Remuneration Committee ("NRC");
- Corporate Social Responsibility Committee ("CSR");
- Committee of Directors ("COD");
- Asset Liability Management Committee ("ALCO");
- Risk Management Committee ("RMC");
- IT Strategy Committee ("ITC").

1. Audit Committee ("AC")

Terms of reference:

The role of the AC includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of the auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the Annual Financial Statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Act
  b. Changes, if any, in the accounting policies and practices and reasons for the same
  c. Major accounting entries involving estimates based on the exercise of judgment by management
  d. Significant adjustments made in the financial statements arising out of audit findings
  e. Compliance with listing and other legal requirements relating to financial statements
  f. Disclosure of any related party transactions
  g. Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management,

performance of statutory and internal auditors, adequacy of the internal control systems;

- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the functioning of the Whistle Blower Mechanism / Vigil Mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Investigating into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- Right to call for the comments of the auditors on internal control systems, the scope of audit, including the observations of the auditors and review of financial statements before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company;
- Reviewing of information as prescribed under the SEBI Listing Regulations;
- Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding ₹ 100 cr or 10% of the asset size of the subsidiary, whichever is lower including loans / advances / investments existing as on April 1, 2019 (effective April 1, 2019); and
- Carrying out any other function as may be mentioned in the terms of reference of the AC.

Composition:

The AC as on March 31, 2019 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S. V. Haribhakti	Chairperson	ID
Mr. R. Shankar Raman	Member	NED
Mr. Thomas Mathew T.	Member	ID

Meetings and Attendance:

The AC met four times during the year on May 3, 2018, July 20, 2018, October 23, 2018, and January 21, 2019. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. S. V. Haribhakti	4	4
Mr. R. Shankar Raman	4	4
Mr. Thomas Mathew T.	4	4

All the members of the AC are financially literate and have accounting or related financial management expertise. The Company Secretary is the Secretary to the Committee.

2. Stakeholders Relationship Committee ("SRC")

Terms of reference:

The role of the SRC includes the following:

- Reviewing of cases for refusal of transfer / transmission of shares, debentures and other securities, if any;
- Redressal of stakeholders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of interest, etc.;
- Reference to statutory and regulatory authorities regarding security holders' grievances;
- Ensuring proper and timely attendance and redressal of security holders' queries and grievances;
- Reviewing of measures taken for effective exercise of voting rights by shareholders (effective April 1, 2019);
- Reviewing of adherence to the service

standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent (effective April 1, 2019); and

- Reviewing of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the company (effective April 1, 2019).

Composition:

The SRC as on March 31, 2019 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. P. V. Bhide	Chairperson	ID
Mr. R. Shankar Raman	Member	NED
Ms. Nishi Vasudeva	Member	ID
Mr. Harsh Mariwala(1)	Member	ID

(1) *Ceased to the member of the Committee with effect from April 1, 2019.*

Meetings and Attendance:

The SRC met once during the year on May 3, 2018 and all the members of the SRC had attended the meeting.

Details of Shareholders' requests / complaints:

The Company resolves investor grievances expeditiously. The Company / its Registrar and Share Transfer Agents received the following complaints from SEBI / Stock Exchanges and queries from the shareholders, which were resolved within the time frame laid down by SEBI:

Particulars	Opening	Received	Resolved	Pending
Complaints :				
SEBI/Stock Exchanges(1)	0	2	2	0
Queries :	0	0	0	0
Transmission/Transfer	0	0	0	0
Demat/Remat	0	0	0	0

(1) *SEBI-1, Stock Exchange-1*

The Board has delegated the powers to approve transfer / transmissions of physical shares and to remat of shares to a Share Transfer Committee comprising of three Senior Executives. This Committee held two meetings during the year for conducting the business delegated to it. Ms. Apurva Rathod, Company Secretary of the Company, is the Compliance Officer / Investor Relations Officer, who deals with matters pertaining to Shareholders' grievances.

3. Nomination and Remuneration Committee ("NRC")

Terms of reference:

The role of the NRC includes the following:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carrying out evaluation of every director's performance;
- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- Ensuring that:
  a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
  b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- Laying down the evaluation criteria for performance evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Formulating the Employee Stock Option Scheme (ESOS), decide the terms and conditions, make appropriate recommendations to the Board of Directors and administering and superintending ESOS; and
- Determining the remuneration payable to the senior management as defined under the SEBI Listing Regulations including Chief Financial Officer and Company Secretary of the Company (effective April 1, 2019).

Composition:

The NRC as on March 31, 2019 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Thomas Mathew T.	Chairperson	ID
Mr. S. V. Haribhakti	Member	ID
Mr. P. V. Bhide	Member	ID
Mr. Pavninder Singh	Member	ND
Mr. Harsh Mariwala(1)	Member	ID

(1) Ceased to the member of the Committee with effect from April 1, 2019.

Meetings and Attendance:

The NRC met thrice during the year on May 3, 2018, October 23, 2018 and March 19, 2019. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. Thomas Mathew T.	3	3
Mr. S. V. Haribhakti	3	3
Mr. P. V. Bhide	3	3
Mr. Pavninder Singh	3	1
Mr. Harsh Mariwala(1)	3	2

(1) Ceased to the member of the Committee with effect from April 1, 2019.

Remuneration Policy:

The remuneration of the Board members is based on the Company's size, its economic and financial position, industrial trends and compensation paid by peer companies. The compensation reflects each Board member's responsibility and performance. The Directors on the Board who are in the service of Larsen & Toubro Limited / LTFS Group draw remuneration from Larsen & Toubro Limited / LTFS Group and are not paid any commission or sitting fees for attending the meetings of the Board and / or any Committee of the Company.

While the Company pays remuneration to Executive Director(s) by way of salary, perquisites, retirement benefits (fixed components) and variable remuneration, the Non-Executive Directors ("NEDs") are paid remuneration by way of commission and sitting fees. The remuneration to NEDs is based on the recommendations of the NRC and approval of the Board, subject to the limits approved by the Members, to the extent required as per regulatory requirements.

None of the Non-Executive Directors have any pecuniary relationship with the Company.

As required under Schedule V of the SEBI Listing Regulations, the criteria for payment to NEDs is available on the website of the Company at https://www.ltfs.com/investors.html. Further, the performance evaluation criteria for Independent Directors as required under Schedule V of the SEBI Listing Regulations is contained in the Board's Report.

Details of remuneration paid to Directors for the financial year ended March 31, 2019:

a) Remuneration to Executive Director(s)

Mr. Dinanath Dubhashi was paid remuneration during FY 2018-19 in accordance with the terms and conditions of the agreement entered into by the Company with him.

The details of remuneration paid to Mr. Dubhashi are as follows:

(₹ cr)

Name of the Director	Salary and Perquisites(1)	Variable Remuneration(2)	Retirement Benefits	Total
Mr. Dinanath Dubhashi	3.95	1.68	0.25	5.88

(1) Includes perquisite on ESOPs exercised during the year.

(2) Based on policy formulated by the NRC and approved by the Board.

- *Notice period for termination of appointment of Managing Director and Chief Executive Officer is six months on either side.*
- *No severance pay is payable on termination of appointment.*
- *Details of options granted under Employees Stock Options Schemes are provided on the website of the Company at https://www.ltfs.com/investors.html.*

b) Remuneration to Non-Executive Directors

The Company follows a transparent process for determining the remuneration of NEDs. Their remuneration is governed by the role assumed, number of meetings of the Board and the Committees thereof attended by them, active participation in strategic decision making and inputs to executive management on matters of strategic importance. Besides these, the Board also takes into consideration the external competitive environment, track record, individual performance of such Directors and performance of the Company as well as the industry standards in determining the remuneration of NEDs including Independent Directors.

In the backdrop of growing complexities and increasing regulatory requirements, the NEDs have contributed significantly and given useful feedback from time to time. The commission paid in respect of NEDs for the year is mentioned below. The commission paid is as per the limits approved by the Members, subject to the limit not exceeding 1% p.a. of the net profits of the Company.

In addition to the commission, the Company pays sitting fees of ₹ 50,000 per Board and Independent Directors meetings, ₹ 40,000 per Audit Committee and Nomination and Remuneration Committee meeting and ₹ 30,000 per meeting for other Committee meetings.

The details of remuneration to the NEDs are as follows:

(₹ cr)

Name of the Director	Sitting Fees for Board Meetings/ Independent Director Meeting	Sitting Fees for Committee Meetings	Commission(1)	Total
Mr. S. V. Haribhakti	0.03	0.04	0.50	0.57
Mr. R. Shankar Raman(2)	-	-	-	-
Mr. P. V. Bhide	0.03	0.02	0.11	0.16
Mr. Thomas Mathew T.	0.03	0.03	0.14	0.20
Ms. Nishi Vasudeva	0.03	0.01	0.11	0.15
Dr. (Mrs.) Rajani R Gupte	0.02	-	0.06	0.08
Mr. Pavninder Singh	0.02	-*	0.06	0.08
Mr. Prabhakar B.	0.02	-	0.06	0.08
Mr. Harsh Mariwala(3)	0.02	0.02	0.13	0.17
Ms. Vaishali Kasture	0.01	-	0.02(4)	0.03

(1) Based on guidelines formulated by the NRC and approved by the Board.
(2) Draws remuneration from Larsen & Toubro Limited.
(3) Ceased to be a Director with effect from April 1, 2019.
(4) Upto May 29, 2018.
** ₹ 40,000*

Details of shares / convertible instruments, if any, held by the NEDs as on March 31, 2019 are as follows:

Name of the Director	No. of Equity Shares
Mr. S. V. Haribhakti	5,00,000
Mr. R. Shankar Raman	24,461
Mr. P. V. Bhide	4,990
Ms. Nishi Vasudeva	1,703
Mr. Prabhakar B.	353
Mr. Harsh Mariwala(1)	5,30,000

(1) Ceased to be a Director with effect from April 1, 2019.

4. Corporate Social Responsibility ("CSR") Committee

Terms of reference:

The role of CSR Committee includes the following:

- Formulation of CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommendation of the same to the Board;
- Recommending to the Board the amount to be spent on CSR activities from time to time; and
- Monitoring the CSR Policy of the Company from time to time.

Composition:

The CSR Committee as on March 31, 2019 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S. V. Haribhakti	Chairperson	ID
Mr. Dinanath Dubhashi	Member	MD & CEO
Mr. R. Shankar Raman	Member	NED
Ms. Nishi Vasudeva	Member	ID
Mr. Harsh Mariwala(1)	Member	ID

(1) Ceased to the member of the Committee with effect from April 1, 2019.

Meetings and Attendance:

The Committee met twice during the year on May 3, 2018 and July 20, 2018. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. S. V. Haribhakti	2	2
Mr. Dinanath Dubhashi	2	2
Mr. R. Shankar Raman	2	2
Ms. Nishi Vasudeva	2	2
Mr. Harsh Mariwala(1)	2	2

(1) Ceased to the member of the Committee with effect from April 1, 2019.

5. Committee of Directors ("COD")

Terms of reference:

The COD of the Company was constituted to facilitate the operational decisions within the broad framework laid down by the Board such as day to day operational decisions of the Company in terms of borrowing power, additional investment in subsidiaries, etc.

Composition:

The COD as on March 31, 2019 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S. V. Haribhakti	Member	ID
Mr. Dinanath Dubhashi	Member	MD & CEO
Mr. R. Shankar Raman	Member	NED

Meetings and Attendance:

The Committee met twice during the year on October 8, 2018 and October 23, 2018. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. S. V. Haribhakti	2	2
Mr. Dinanath Dubhashi	2	2
Mr. R. Shankar Raman	2	2

6. Asset Liability Management Committee ("ALCO")

Terms of reference:

The role of the ALCO includes the following:

- Monitoring market risk management systems, compliance with the asset liability management policy and prudent gaps and tolerance limits and reporting systems set out by the Board of Directors and ensuring adherence to the RBI Guidelines issued in this behalf from time to time;
- Monitoring the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives;
- Reviewing the effects of various possible changes in the market conditions related to the balance sheet and recommend the action needed to adhere to the Company's internal limits; and
- Balance Sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks.

Composition:

The ALCO as on March 31, 2019 comprises:

Details of the Member	Designation in the Committee
Managing Director and Chief Executive Officer	Chairperson
Mr. Vipul Chandra[(1)]	Member
Chief Investment Officer	Member
Group Chief Economist	Member
Chief Financial Officer	Member
Group Head-Treasury	Member
Chief - Risk Officer	Member

[(1)]*Inducted as a Member with effect from January 21, 2019.*

Meeting details:

The Committee met twelve times during the year on April 23, 2018, May 23, 2018, June 18, 2018, July 16, 2018, August 21, 2018, September 17, 2018, October 17, 2018, November 16, 2018, December 12, 2018, January 14, 2019, February 15, 2019 and March 22, 2019.

7. Risk Management Committee ("RMC")

Terms of reference:

The role of the RMC includes the following:

- Managing the integrated risk which would include Liquidity Risk, Interest Rate Risk, Currency risk, etc;
- Reviewing risk pertaining to cyber security (effective April 1, 2019); and
- Such other functions as the Board may from time to time delegate to it.

Composition:

The RMC as on March 31, 2019 comprises:

Details of the Member	Designation in the Committee	Nature of Directorship
Managing Director and Chief Executive Officer	Member	-
Mr. R. Shankar Raman	Member	NED
Mr. Pavninder Singh	Member	ND
Chief Risk Officer	Member	-

Meetings and Attendance:

The Committee met twice during the year on September 7, 2018 and March 18, 2019. The attendance of members at the meetings was as follows:

Details of the Member	No. of Meetings held during the year	No. of Meetings attended
Managing Director and Chief Executive Officer	2	2
Mr. R. Shankar Raman	2	1
Mr. Pavninder Singh	2	0
Chief Risk Officer	2	2

8. **IT Strategy Committee ("ITC"):**

As a part of good corporate governance, the Board of Directors of the Company at its meeting held on July 21, 2018, constituted an ITC on a voluntary basis.

Terms of Reference:

The role of ITC includes the following:

- Approving Information Technology ("IT") strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls; and
- Instituting an effective governance mechanism and risk management processes for all outsourced IT operations.

Composition:

Details of the Member	Designation in the Committee
Mr. S. V. Haribhakti (Independent Director)	Chairperson
Managing Director and Chief Executive Officer	Member
Chief Information Officer	Member
Chief Technology Officer	Member
Chief Risk Officer	Member
Chief Information Security Officer	Member

Meetings and Attendance:

The Committee met twice during the year on September 7, 2018 and March 18, 2019. The attendance of members at the meetings was as follows:

Details of the Member	No. of Meetings held during the year	No. of Meetings attended
Mr. S. V. Haribhakti (Independent Director)	2	2
Managing Director and Chief Executive Officer	2	2
Chief Information Officer	2	2
Chief Technology Officer	2	2
Chief Risk Officer	2	2
Chief Information Security Officer	2	2

D. Directors on Boards of Material Subsidiaries

At least one Independent Director of the Company is a Director on the Board of each Material Subsidiary of the Company. As on the date of this Report, Mr. P. V. Bhide and Dr. (Mrs.) Rajani R. Gupte are Directors on the Board of L&T Finance Limited and L&T Housing Finance Limited. Mr. Thomas Mathew T. and Ms. Nishi Vasudeva are Directors on the Board of L&T Infrastructure Finance Company Limited.

E. Other Information

Training of Directors:

All Directors of the Company are aware and are also updated as and when required, of their roles, responsibilities and liabilities.

Information to Directors:

The Directors have access to the information within the Company, which inter alia, includes items as mentioned in point no. B5 of the Corporate Governance Report. Presentations are made regularly to the Board and its Committees, where Directors get an opportunity to interact with the management. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings, when Senior Management Personnel are asked to make presentations about the performance of the Company / business to the Board.

Statutory Auditors:

Mr. Sanjiv V. Pilgaonkar, Partner of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants and Ms. Padmini Khare Kaicker, Partner of M/s. B. K. Khare & Co., Chartered Accountants, Joint Statutory Auditors of the Company have signed the Audit Report for FY 2018-19.

Code of Conduct:

The Company has laid down a Code of Conduct for all the Board members including Independent Directors and Senior Management Personnel. The Code of Conduct is available on the website of the Company at *https://www.ltfs.com/investors.html*. The declaration of Managing Director and Chief Executive Officer is given below:

To the Members of
L&T Finance Holdings Limited

Sub: Compliance with Code of Conduct

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

Dinanath Dubhashi
Managing Director & Chief Executive Officer

Date: April 28, 2019
Place: Mumbai

Vigil Mechanism Framework/Whistle Blower Mechanism:

The Company has Vigil Mechanism Framework for directors and employees to report genuine concern about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The details of establishment of such mechanism have been disclosed on the website of the Company at https://www.ltfs.com/investors.html.

As on March 31, 2019, no complaint has been received by the Company from any directors or employees of the Company with respect to any wrongdoings that may have an adverse impact on the Company's image or financials of the Company. During the year, no person has been declined access to the Audit Committee, wherever desired.

General Body Meetings:

The details of AGM of the Company for the previous three years are as under:

Year	Date	Time	Venue
2015-16	August 23, 2016	3.00 P.M.	Patkar Hall, SNDT Women's University, New Marine Lines, Churchgate, Mumbai – 400 020
2016-17	August 28, 2017	3.00 P.M.	ST. Andrew's Auditorium, ST. Dominic Road, Bandra (West), Mumbai – 400 050
2017-18	August 28, 2018	3.00 P.M.	Y. B. Chavan Center, General Jagannathrao Bhonsale Marg, Opposite Mantralaya, Mumbai – 400 021

The following special resolutions were passed by the Shareholders during the past three Annual General Meetings:

Year	Date	Resolution
2015-16	August 23, 2016	➢ Issue of Non-Convertible Debentures / Bonds on a private placement basis during FY 2016-17 for an amount not exceeding ₹ 2,000 cr. ➢ Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 cr.
2016-17	August 28, 2017	➢ Issue of Non-Convertible Debentures / Bonds on a private placement basis during FY 2017-18 for an amount not exceeding ₹ 2,000 cr. ➢ Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 cr.
2017-18	August 28, 2018	➢ Issue of Non-Convertible Debentures / Bonds on a private placement basis during FY 2018-19 for an amount not exceeding ₹ 2,000 cr. ➢ Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 cr.

Postal Ballot:

The Company had not passed any Resolution through Postal Ballot during FY 2018-19.

Other Disclosures:

- During the year, there were no transactions of material nature with the Directors, management, their relatives or the subsidiaries, which had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the Financial Statements as required under Ind AS-24 and the same forms part of the Annual Report.
- The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 as amended from time to time while preparing the Financial Statements.

- There were no instances of non-compliance on any matter relating to capital markets, during the last three years nor any penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any Statutory Authority.
- The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations.
- The web link with respect to the policy for determining 'material subsidiaries' and policy on dealing with related party transactions is mentioned in the Board's Report.
- The Company has also substantially complied with the discretionary requirements stipulated under Regulation 27 of the SEBI Listing Regulations.
- As on March 31, 2019, there were no funds unutilized requiring disclosure as specified under Regulation 32(7A) of the SEBI Listing Regulations.
- Ms. Naina R. Desai, Practising Company Secretary has certified that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as a Director of the Company by SEBI or Ministry of Corporate Affairs or any other statutory authority. The said certificate forms part of this report.
- During FY 2018-19, total consolidated fees of ₹ 3.28 cr was paid to the Statutory Auditors (i.e. M/s Deloitte Haskins & Sells LLP and M/s B. K. Khare & Co.) and all entities in the network firm/network entity of which the Statutory Auditors are a part of, for all the services rendered to the Company and its subsidiaries.
- There were no complaints of sexual harassment of women at workplace received by the Company during FY 2018-19 and FY 2017-18.
- In terms of amendments made to the SEBI Listing Regulations, the Board of Directors confirm that during the year, it has accepted all recommendations received from its mandatory committees.
- For disclosure pertaining to credit rating, please refer the Board's Report.

Means of Communication:

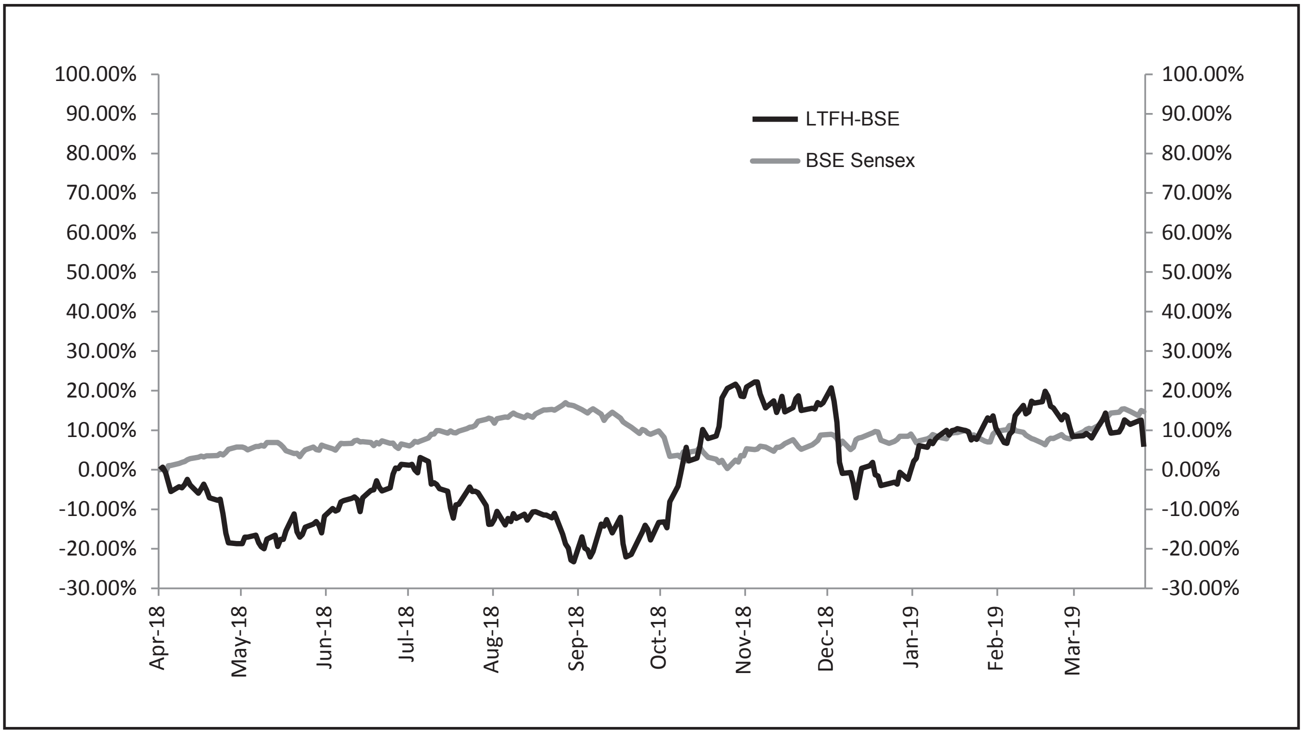
- Quarterly Results are communicated through a Press Release and Newspaper Advertisements in prominent national and regional dailies like Financial Express and Loksatta.
- The financial results, official news releases and presentations are also displayed on the website of the Company at *https://www.ltfs.com/investors.html*.
- The Annual Report is circulated to all the Members and all others like auditors, equity analysts, etc.
- Management Discussion and Analysis forms a part of the Annual Report which is mailed / dispatched to the Members of the Company.

General Shareholders' Information

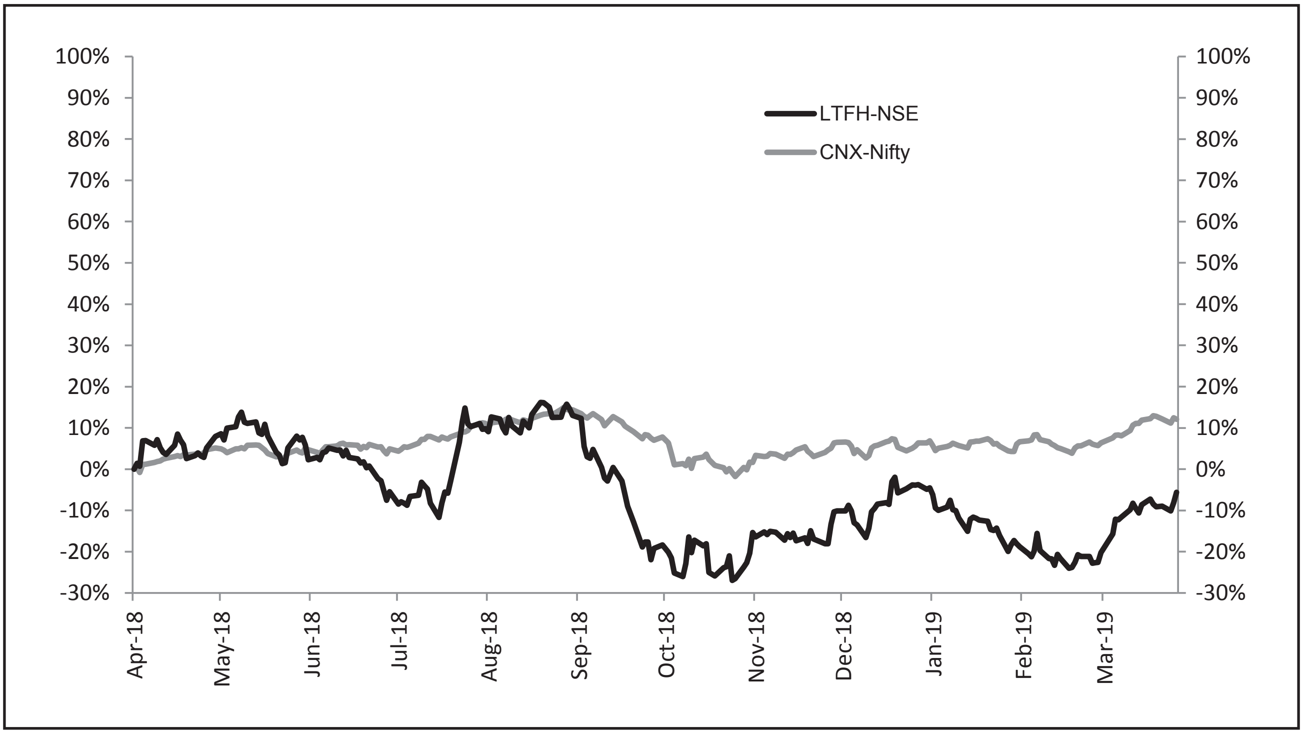
Annual General Meeting	Monday, July 29, 2019 at 3.00 P.M.
Financial Year	April 1, 2018 to March 31, 2019.
Date of Book Closure	Tuesday, July 23, 2019 to Monday, July 29, 2019 (both days inclusive).
Dividend Payment	The dividend of ₹ 1 per Equity Share of face value of ₹ 10 each, if approved by the Members at the ensuing AGM, will be credited / dispatched before August 28, 2019.
Listing on Stock Exchanges (Equity Shares)	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001. 2. National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051. The Company has paid the listing fees to the Stock Exchanges.
Listing of Preference Shares	All the series of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("CCRPS") issued by the Company on a private placement basis till date are listed on BSE Limited.
Stock Code (Equity)	BSE : 533519 NSE : L&TFH
Stock Code (Preference)	BSE : 715010, 715012, 715014, 715027
CIN	L67120MH2008PLC181833

Market Price Data and Performance in comparison to broad based indices

Month	LTFH BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
Apr-2018	175.05	157.10	173.00	35,213.30	32,972.56	35,160.36
May-2018	183.95	159.65	170.35	35,993.53	34,302.89	35,322.38
Jun-2018	171.05	147.75	151.45	35,877.41	34,784.68	35,423.48
Jul-2018	185.45	140.60	175.80	37,644.59	35,106.57	37,606.58
Aug-2018	189.55	172.65	181.85	38,989.65	37,128.99	38,645.07
Sep-2018	186.30	120.80	129.50	38,934.35	35,985.63	36,227.14
Oct-2018	136.30	111.20	127.60	36,616.64	33,291.58	34,442.05
Nov-2018	145.50	127.95	144.20	36,389.22	34,303.38	36,194.30
Dec-2018	159.20	131.25	152.95	36,554.99	34,426.29	36,068.33
Jan-2019	154.35	124.55	131.45	36,701.03	35,375.51	36,256.69
Feb-2019	137.05	119.05	124.30	37,172.18	35,287.16	35,867.44
Mar-2019	155.45	124.70	152.45	38,748.54	35,926.94	38,672.91



Month	LTFH NSE Price (₹)			CNX-NIFTY		
	High	Low	Month Close	High	Low	Month Close
Apr-2018	175.45	157.05	173.20	10,759.00	10,111.30	10,739.35
May-2018	184.10	159.25	169.85	10,929.20	10,417.80	10,736.15
Jun-2018	170.95	147.25	151.65	10,893.25	10,550.90	10,714.30
Jul-2018	185.85	140.55	176.00	11,366.00	10,604.65	11,356.50
Aug-2018	189.50	172.40	181.40	11,760.20	11,234.95	11,680.50
Sep-2018	184.20	120.50	129.60	11,751.80	10,850.30	10,930.45
Oct-2018	136.35	110.65	127.75	11,035.65	10,004.55	10,386.60
Nov-2018	145.65	127.75	144.20	10,922.45	10,341.90	10,876.75
Dec-2018	159.25	130.65	152.60	10,985.15	10,333.85	10,862.55
Jan-2019	154.35	124.45	131.45	10,987.45	10,583.65	10,830.95
Feb-2019	137.05	120.10	124.20	11,118.10	10,585.65	10,792.50
Mar-2019	155.15	124.50	152.55	11,630.35	10,817.00	11,623.90



In case the securities are suspended from trading, the Board's Report shall explain the reason thereof	Not applicable
Registrar and Share Transfer Agent ("RTA")	**M/s. Link Intime India Private Limited** C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India. Tel: +91 22 4918 6000 Fax:+91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 1800 102 7796
Share Transfer System	The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Share Transfer Committee. The Company ensures that the half yearly Compliance Certificate pursuant to Regulations 40(9) and 40(10) of the SEBI Listing Regulations are filed with the Stock Exchanges. As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) cannot be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Members holding shares in physical form are requested to take necessary action to dematerialize the holdings. Pursuant thereto, the Company has sent letters to those shareholders holding shares in physical form advising them to dematerialize their holding.

Distribution of Shareholding as on March 31, 2019:

Category (Shares)	Shareholders		Shareholding	
	Number	**%**	**Number**	**%**
Up to 500	4,15,442	83.97	6,40,57,705	3.20
501-1000	42,181	8.53	3,29,39,699	1.65
1001-2000	20,763	4.20	3,02,09,587	1.51
2001-3000	6,357	1.28	1,61,64,454	0.81
3001-4000	2,731	0.55	97,64,343	0.49
4001-5000	1,989	0.40	93,46,199	0.47
5001-10000	2,944	0.59	2,12,81,586	1.06
10001 and above	2,361	0.48	1,81,50,48,787	90.81
TOTAL	**4,94,768**	**100.00%**	**1,99,88,12,360**	**100.00%**

Categories of the Shareholders as on March 31, 2019:

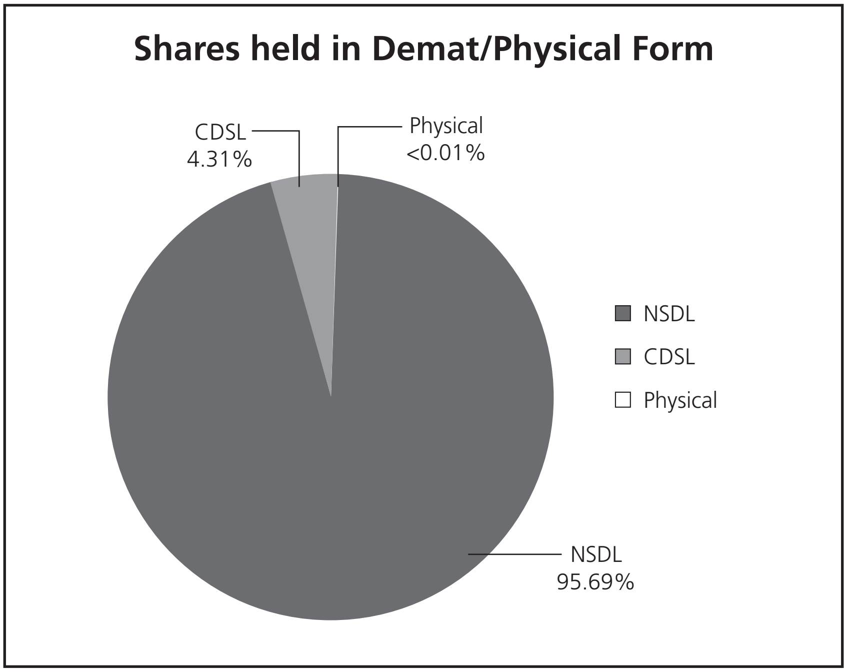
Category	No. of Shares	%
Promoters	1,27,75,20,203	63.91%
Financial Institutions	86,78,433	0.43%
Foreign Institutional Investors, Foreign Portfolio Investors & Alternate Investment Funds	32,46,94,379	16.24%
Mutual Funds	4,90,40,817	2.45%
Bodies Corporate	9,06,63,447	4.54%
Directors & Relatives	15,82,422	0.08%
Resident Individuals & Others	23,62,94,123	11.82%
Banks	2,50,101	0.01%
Non-Resident Indians	1,00,88,435	0.50%
TOTAL	**1,99,88,12,360**	**100.00%**

Dematerialization of Shares:

The Company's shares are required to be compulsorily traded on the Stock Exchanges in dematerialized form. The number of shares held in dematerialized and physical form are as under:

Particulars	No. of Shares	%
NSDL	1,91,25,95,274	95.69%
CDSL	8,62,09,160	4.31%
Physical	7,926	~
TOTAL	**1,99,88,12,360**	**100.00%**

~ less than 0.01%



Dematerialization of shares and liquidity	As on March 31, 2019 almost the entire equity capital was held in the dematerialized form with NSDL and CDSL. Only 7,926 shares were held in physical form.
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs / ADRs / warrants or any convertible instruments as on March 31, 2019.
Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
Plant Locations	As the Company is engaged in the business of Non-Banking Financial Services, this section is not applicable.
Address for correspondence	**Link Intime India Private Limited** C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 1800 102 7796
Name and address of the Compliance Officer	**Ms. Apurva Rathod** Company Secretary and Compliance Officer L&T Finance Holdings Limited Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India. Phone: +91 22 6212 5000 Fax: +91 22 6212 5553 E-mail: igrc@ltfs.com

Unclaimed shares lying in the Suspense Account:

In terms of Regulation 34 and Schedule V of the SEBI Listing Regulations, the Company reports the following details in respect of Equity Shares lying in the suspense account which were issued in dematerialized form:

Sr. No.	Particulars	No. of Shareholders	No. of Equity Shares Outstanding
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year April 1, 2018.	6	689
(ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2018-19.	Nil	Nil
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2018-19.	Nil	Nil
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year March 31, 2019.	6	689

• *The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.*

Transfer of Amounts/ Shares to Investor Education and Protection Fund ("IEPF")

Pursuant to the provisions of Sections 124 and 125 of the Act read with the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, dividend / interest / refund of applications which remains unclaimed / unpaid for a period of 7 years is required to be transferred to IEPF. Further, the IEPF Rules mandate the companies to transfer all shares on which dividend remains unclaimed / unpaid for a period of 7 consecutive years to the demat account of the IEPF Authority.

During the year under review, the Company has transferred to IEPF a sum of ₹ 40,05,022, being the amount towards unpaid / unclaimed application money received for allotment of Equity Shares in FY 2011-12 and due for refund.

For the Company, the amount which is unpaid / unclaimed for a period exceeding 7 years is now due to be transferred to IEPF by August 11, 2020. Subsequently, the shares in respect of which dividend is unpaid / unclaimed for a period of 7 consecutive years will also be transferred to IEPF. The details of unpaid and unclaimed amounts lying with the Company as on August 28, 2018 (date of last AGM) are available on the website of the Company at *https://www.ltfs.com/investors.html* and Ministry of Corporate Affairs at *www.iepf.gov.in.* The Company requests the Members to claim the unclaimed dividend within the prescribed period. Members can contact Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company for claiming the unclaimed amount standing to the credit in their account. The Members / claimants whose shares or unclaimed dividends get transferred to IEPF may claim the shares or apply for refund from the IEPF Authority by following the refund procedure as detailed on the website of IEPF Authority at *http://www.iepf.gov.in/IEPF/refund.html*.

Securities Dealing Code

The Company has framed the Securities Dealing Code in line with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of the Code is to prevent purchase and / or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information.

Under this Code, Designated Persons are prohibited from dealing in the shares of the Company during the closure of Trading Window. They are required to obtain compliance approval when trading in securities beyond a specified limit. They are prohibited from executing a contra trade for a period of six months and from taking positions in the derivatives segment. They are also required to make relevant periodic disclosures as defined in the Code.

Ms. Vinda Wagh, Head – Group Regulatory Compliance has been designated as the Compliance Officer for monitoring compliances with this Code. Ms. Apurva Rathod, Company Secretary has been designated as the Chief Investor Relations Officer under the Code to deal with dissemination of information and disclosure of unpublished price sensitive information.

Secretarial Audit

The Board of Directors of the Company at its meeting held on July 20, 2018 appointed Ms. Naina R. Desai, Practising Company Secretary as the Secretarial Auditor of the Company for FY 2018-19. Ms. Naina R. Desai was appointed as a Secretarial Auditor for its material unlisted subsidiary company i.e. L&T Finance Limited and L&T Infrastructure Finance Company Limited, for FY 2018-19.

As stipulated by the SEBI, a qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

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

[Issued in accordance with the provisions of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

To the Board of Directors of L&T Finance Holdings Limited

Dear Sirs / Madams,

We have reviewed the financial statements read with the cash flow statement of L&T Finance Holdings Limited for the year ended March 31, 2019 and that to the best of our knowledge and belief, we state that;

a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

(i) that there were no significant changes in internal control over financial reporting during the period;

(ii) that there were no significant changes in accounting policies made during the period; and

(iii) that there were no instances of significant fraud of which we have become aware of.

Yours sincerely,

Dinanath Dubhashi
Managing Director &
Chief Executive Officer

Sachinn Joshi
Chief Financial Officer

Place: Mumbai

Date: April 28, 2019

TO THE MEMBERS OF
L&T FINANCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter reference no. SVP/2018-2019/6685 dated September 05, 2018.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of **L&T Finance Holdings Limited (the "Company")**, have examined the compliance of conditions of Corporate Governance by the Company, as at and for the year ended on March 31 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (the "Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAL.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations as at and for the year ended March 31, 2019.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Mumbai, April 28, 2019

UDIN: 19039826AAAAAI780S

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To

The Members of L&T Finance Holdings Limited

I have examined the relevant records of L&T Finance Holdings Limited for the purpose of certifying compliance of requirements in Schedule V (C) 10(i) under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended March 31, 2019.

In my opinion, to the best of my knowledge and belief, according to the explanations and information furnished to me and based on the confirmation received from the Company and each of the Directors of the Company, I certify that, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies, by the Board / Ministry of Company Affairs or any such statutory authority.

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Mumbai, April 25, 2019

DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Indiabulls Finance Centre, Tower 3
27th – 32nd Floor, Senapati Bapat Marg
Elphinstone Road (West)
Mumbai 400013.

B. K. KHARE & CO.
Chartered Accountants
706/708, Sharda Chambers
New Marine Lines
Mumbai 400004.

Independent Auditors' Report

To The Members of L&T Finance Holdings Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **L&T Finance Holdings Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
Impairment of Investments The impairment review of unquoted equity instruments in subsidiaries, is considered to be a risk area due to the size of the balances as well as the judgmental nature of key assumptions, which may be subject to management override. The carrying value of such unquoted equity instruments is at risk of recoverability. The net worth of the underlying entity has significantly eroded. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows and there is limited headroom available.	Principal audit procedures performed: • Benchmarking assumptions: Comparing the Company's assumptions to externally derived data in relation to key inputs such as long-term growth rates and discount rates. • Our experience: Assessing the appropriateness of the forecasted cash flows within the budgeted period based on our understanding of the business and sector experience. • Sensitivity analysis: Performing sensitivity analysis in relation to the key assumptions.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis of Board's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equityof the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The comparative financial information of the Company for the year ended March 31, 2018 and the related transition date opening balance sheet as at April 1, 2017 included in these standalone financial statements, have been prepared after adjusting previously issued the standalone financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued standalone financial statements were audited by us and we expressed an unmodified opinion on those standalone financial statements. Adjustments made to the previously issued standalone financial statements to comply with Ind AS have been audited by us.

Our opinion on the standalone financial statements is not modified in respect of this the above matters on the comparative financial information.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we reportthat:

    a) We have sought and 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 including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 39826)

Mumbai, April 28, 2019

For B. K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
(Partner)
(Membership No. 044784)

Mumbai, April 28, 2019

Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Finance Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date which includes internal financial controls over financial reporting.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 39826)

Mumbai, April 28, 2019

For B. K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
(Partner)
(Membership No. 044784)

Mumbai, April 28, 2019

Annexure 'B' to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. To the best of our knowledge and belief, the Company was not required to deposit or pay any dues in respect of Custom Duty, Excise Duty and corresponding cess during the year.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees'

State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Service Tax and Value Added Tax as on March 31, 2019 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 39826)

Mumbai, April 28, 2019

For B. K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
(Partner)
(Membership No. 044784)

Mumbai, April 28, 2019

Balance Sheet as at March 31, 2019

(₹ in crore)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS:				
(1) Financial assets				
(a) Cash and cash equivalents	**2**	0.49	11.26	0.53
(b) Bank balance other than (a) above	**3**	1.87	1.00	1.69
(c) Receivables	**4**			
(I) Trade receivables		9.17	57.63	26.99
(II) Other receivables		–	–	–
(d) Loans	**5**	563.98	1,014.08	585.58
(e) Investments	**6**	9,146.19	7,840.39	5,644.75
(f) Other financial assets	**7**	290.62	224.01	86.26
(2) Non-financial assets				
(a) Current tax assets (net)	**8**	1.21	1.54	14.04
(b) Deferred tax assets (net)	**9**	33.66	34.76	41.96
(c) Property, plant and equipment	**10**	0.79	0.01	0.01
(d) Other intangible assets	**10**	–	–	0.02
(e) Other non-financial assets	**11**	0.90	2.18	0.69
TOTAL ASSETS		**10,048.88**	**9,186.86**	**6,402.52**
LIABILITIES AND EQUITY:				
LIABILITIES				
(1) Financial liabilities				
(a) Payables				
(I) Trade payables				
(i) Total outstanding dues of micro enterprises and small enterprises		–	–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	**12**	0.01	0.02	0.19
(II) Other payables				
(i) Total outstanding dues of micro enterprises and small enterprises		–	–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		–	–	–
(b) Debt securities	**13**	1,162.49	–	568.97
(c) Borrowings (other than debt securities)	**14**	4.99	468.70	433.99
(d) Subordinated liabilities	**15**	1,032.29	1,030.12	1,206.24
(e) Other financial liabilities	**16**	5.95	10.80	8.02
(2) Non-financial liabilities				
(a) Current tax liabilities (net)	**17**	7.85	–	–
(b) Provisions	**18**	2.08	1.83	2.86
(c) Other non-financial liabilities	**19**	2.87	1.70	37.94
(3) Equity				
(a) Equity share capital	**20**	1,998.81	1,995.68	1,755.72
(b) Other equity	**21**	5,831.54	5,678.01	2,388.59
TOTAL LIABILITIES AND EQUITY		**10,048.88**	**9,186.86**	**6,402.52**
Significant accounting policies	**1**			
See accompanying notes forming part of the financial statements	**2 to 52**			

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : April 28, 2019

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership no. 044784

Place : Mumbai
Date : April 28, 2019

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

S. V. Haribhakti
Non-Executive Chairman
(DIN: 00007347)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN: 03545900)

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2019

Statement of Profit and Loss for the year ended March 31, 2019

(₹ in crore)

Particulars		Note No.	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations				
(i)	Interest income	**22**	137.94	73.01
(ii)	Dividend income	**23**	343.79	376.92
(iii)	Net gain on fair value changes	**24**	0.38	4.65
(I)	**Total revenue from operations**		**482.11**	**454.58**
(II)	Other income	**25**	44.37	23.24
(III)	**Total income (I+II)**		**526.48**	**477.82**
Expenses				
(i)	Finance costs	**26**	202.05	161.96
(ii)	Impairment on financial instruments	**27**	(3.91)	1.98
(iii)	Employee benefit expenses	**28**	15.08	10.03
(iv)	Depreciation, amortization and impairment	**10**	0.11	0.02
(v)	Other expenses	**29**	9.12	11.13
(IV)	**Total expenses**		**222.45**	**185.12**
(V)	**Profit before tax (III-IV)**		**304.03**	**292.70**
(VI)	**Tax expense:**	**30**		
	(1) Current tax		35.87	7.02
	(2) Deferred tax		1.10	7.19
	(3) Provision for tax related to earlier years		–	12.44
(VII)	**Profit for the year (V - VI)**		**267.06**	**266.05**
	Other comprehensive income			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of defined benefit plans (net)		(0.32)	0.62
(VIII)	**Other comprehensive income**		**(0.32)**	**0.62**
(IX)	**Total comprehensive income for the year (VII+VIII)**		**266.74**	**266.67**
(X)	**Earnings per equity share**	**40**		
	Basic (₹)		1.34	1.46
	Diluted (₹)		1.33	1.44
Significant accounting policies		**1**		
See accompanying notes forming part of the financial statements		**2 to 52**		

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : April 28, 2019

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership no. 044784

Place : Mumbai
Date : April 28, 2019

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

S. V. Haribhakti
Non-Executive Chairman
(DIN: 00007347)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN: 03545900)

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2019

Statement of changes in equity for the year ended March 31, 2019

A. Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	1,99,56,76,960	1,995.68	1,75,57,21,861	1,755.72
Add: Shares issued during the year:				
- On a preferential basis	–	–	17,16,31,889	171.64
- On a qualified institutional placement	–	–	6,30,51,702	63.05
- Against employee stock option	31,35,400	3.13	52,71,508	5.27
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**1,99,88,12,360**	**1,998.81**	**1,99,56,76,960**	**1,995.68**

B. Other equity

(₹ in crore)

Particulars	Securities premium account	General reserve	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Employee stock option outstanding account	Retained earnings	Money received against share warrants	Total
Balance as at April 01, 2017	1,800.35	1.60	294.29	32.07	142.21	118.07	2,388.59
Profit for the year (a)	–	–	–	–	266.05	–	266.05
Actuarial gain on defined benefit plan (gratuity) net of income tax (b)	–	–	–	–	0.62	–	0.62
Total comprehensive income for the year (a+b)	**–**	**–**	**–**	**–**	**266.67**	**–**	**266.67**
Issue of equity shares	3,273.29	–	–	–	–	–	3,273.29
Share issue expenses	(18.53)	–	–	–	–	–	(18.53)
Employee stock option (net)	–	–	–	31.80	–	–	31.80
Shares issued against share warrants	–	–	–	–	–	(118.07)	(118.07)
Transfer to general reserve	–	0.23	–	(0.23)	–	–	–
Transfer from retained earnings	–	–	73.57	–	(73.57)	–	–
Dividend paid	–	–	–	–	(145.74)	–	(145.74)
Balance as at March 31, 2018	**5,055.11**	**1.83**	**367.86**	**63.64**	**189.57**	**–**	**5,678.01**
Profit for the year (a)	–	–	–	–	267.06	–	267.06
Actuarial loss on defined benefit plan (gratuity) net of income tax (b)	–	–	–	–	(0.32)	–	(0.32)
Total comprehensive income for the year (a+b)	**–**	**–**	**–**	**–**	**266.74**	**–**	**266.74**
Issue of equity shares	28.15	–	–	–	–	–	28.15

Statement of changes in equity for the year ended March 31, 2019

(₹ in crore)

Particulars	Securities premium account	General reserve	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Employee stock option outstanding account	Retained earnings	Money received against share warrants	Total
Share issue expenses	(0.02)	–	–	–	–	–	(0.02)
Employee stock option (net)	–	–	–	58.36	–	–	58.36
Transfer to general reserve	–	0.06	–	(0.06)	–	–	–
Transfer from retained earnings	–	–	53.41	–	(53.41)	–	–
Dividend paid	–	–	–	–	(199.70)	–	(199.70)
Balance as at March 31, 2019	**5,083.24**	**1.89**	**421.27**	**121.94**	**203.20**	**–**	**5,831.54**

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : April 28, 2019

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership no. 044784

Place : Mumbai
Date : April 28, 2019

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

S. V. Haribhakti
Non-Executive Chairman
(DIN: 00007347)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN: 03545900)

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2019

Statement of Cash Flows for the year ended March 31, 2019

(₹ in crore)

	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A.	**Cash flow from operating activities**		
	Profit before tax	304.03	292.70
	Adjustments for:		
	Depreciation and amortisation expense	0.11	0.02
	Impairment loss allowance	(3.91)	1.98
	Fair value (gain)/loss on investment	–	0.57
	Expenses on employee stock options	7.66	5.25
	Contribution to gratuity	0.11	(0.42)
	Contribution to superannuation fund	0.22	0.20
	Gain on sale of investments (net)	(0.38)	(5.22)
	Operating profit before working capital changes	**307.84**	**295.08**
	Changes in working capital:		
	(Increase) / decrease in financial assets	435.86	(564.18)
	(Increase) / decrease in non-financial assets	1.28	(1.48)
	Increase / (decrease) in financial liabilities	(3.78)	5.99
	Increase / (decrease) in non-financial liabilities	61.48	(0.48)
	Cash generated from / (used in) operations	**802.68**	**(265.07)**
	Net income tax paid	(27.69)	(6.96)
	Net cash generated from / (used in) operating activities (A)	**774.99**	**(272.03)**
B.	**Cash flow from investing activities**		
	Purchase of property, plant and equipment	(0.90)	–
	Investment in subsidiaries	(1,305.80)	(2,466.36)
	Purchase of investments	(665.00)	(3,060.47)
	Proceeds from sale of investments	665.38	3,335.83
	Net cash used in investing activities (B)	**(1,306.32)**	**(2,191.00)**

Statement of Cash Flows for the year ended March 31, 2019

(₹ in crore)

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
C.	**Cash flow from financing activities**		
	Proceeds from issue of equity shares including securities premium	21.50	3,385.97
	Proceeds from issue of preference shares	250.00	–
	Payment on redemption of preference shares	(250.00)	(179.00)
	Share issue expenses	(0.02)	(18.53)
	Dividend paid	(199.70)	(145.74)
	Repayment of borrowings	(463.71)	(568.94)
	Proceeds from borrowings	1,162.49	–
	Net cash generated from financing activities (C)	**520.56**	**2,473.76**
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(10.77)**	**10.73**
	Cash and cash equivalents at the beginning of the year	**11.26**	**0.53**
	Cash and cash equivalents at the end of the year	**0.49**	**11.26**
Notes:			
1.	Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.		
2.	Net cash used in operating activity is determined after adjusting the following:		
	Interest received	133.55	63.51
	Dividend received	277.46	239.20
	Interest paid	261.85	123.48

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : April 28, 2019

In terms of our report attached
For B. K. KHARE & CO.
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Padmini Khare Kaicker
Partner
Membership no. 044784

Place : Mumbai
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For and on behalf of the Board of Directors of L&T Finance Holdings Limited

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Non-Executive Chairman
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Managing Director & Chief Executive Officer
(DIN: 03545900)

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2019

Brief Profile:

L&T Finance Holdings Limited (the "Company" or "LTFH") is a subsidiary of Larsen & Toubro Limited. The Company is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Deposit Accepting Core Investment Company ("NBFC-CIC"). As an NBFC-CIC, the Company is a primary holding company, holding investments in its subsidiaries and other group companies and carries out only such activities as are permitted under the guidelines issued by RBI for NBFC-CICs. The Company's subsidiaries are engaged in a businesses in the financial services sector.

1. Significant Accounting Policies:

1.1. Statement of compliance:

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations require a different treatment.

The financial statements for the year ended March 31, 2019 of the Company is the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2017. The financial statements upto the year ended March 31, 2018, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2018 have now been restated under Ind AS to provide comparability. Refer Note 43 for the details of first-time adoption exemptions availed by the Company.

1.2. Basis of preparation:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at reporting date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

1.3. Presentation of financial statements:

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in Crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

1.4. Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable as reduced for estimated customer credits and other similar allowances.

(i) Interest and dividend income

Interest income is recognised in the Statement of Profit and Loss and for all financial instruments except for those classified as held for trading or those measured or designated as at fair value through profit or loss (FVTPL) is measured using the effective interest method (EIR).

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date and no significant uncertainty as to collectability exists.

(ii) Fee and commission income:

Fee and commission income and expense include fees other than those that are an integral part of EIR. The fees included in the Company statement of profit and loss include among other things fees charged for servicing a loan, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan advisory fees.

Fee and commission expenses with regards to services are accounted for as the services are received.

(iii) Net gain or fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in "Net gains or fair value changes" under revenue from operations and if there is a net loss the same is disclosed "Expenses", in the statement of profit and loss.

(iv) Other operational revenue:

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

1.5. Property, plant and equipment (PPE):

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes all direct cost related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per Previous GAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017. In respect of revalued assets, the value as determined by valuers as reduced by accumulated depreciation and cumulative impairment is taken as cost on transition date.

Land and buildings held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land)) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets held under finance leases are depreciated over the shorter of lease term and their useful life on the same basis as owned assets. However, when there is no reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the Company for similar assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

1.6. Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

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

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

1.7. Impairment of tangible and intangible assets other than goodwill

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (the smallest identifiable Company of assets that generates independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit), except for allocated goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

1.8. Employee benefits:

(i) Short term employee benefits:

Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(ii) Post-employment benefits:

(a) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/ payable under the schemes is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the Company, the post-retirement medical care plan and the Parent Company pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

(iii) Long term employee benefits:

The obligation recognised in respect of long term benefits such as long term compensated absences is measured at present value of estimated future cash flows expected to be made by the Company and is recognised in a similar manner as in the case of defined benefit plans vide (ii) (b) above.

(iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier.

1.9. Leases:

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

(i) Finance leases:

A. Leases where the Company has substantially transferred all the risks and rewards of ownership of the related assets are classified as finance leases. Assets under finance lease are capitalised at the commencement of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount.

Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

B. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

(ii) Operating leases:

The leases which are not classified as finance lease are operating leases.

A. Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

B. Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight line basis over the term of the relevant lease.

1.10. Financial instruments:

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

(i) Financial assets

(a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(c) Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For an asset to be classified and measured at FVTOCI, the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

(d) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

(e) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(ii) Financial liabilities

(a) Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher.

All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

(b) A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

1.11. Write off:

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

1.12. Impairment:

The Company recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt investment securities;
- Trade and other receivable;
- Lease receivables;
- Irrevocable loan commitments issued; and
- Financial guarantee contracts issued.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Significant increase in credit risk

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a corporate loans becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets. In respect of the corporate loan assets, shifting to Stage 2 has been rebutted using historical evidence from own portfolio to a threshold of 60 days past due, which is reviewed annually.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Company recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

  A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently to credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

  ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

1.13. Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then;

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

  - the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
  - the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

1.14. Presentation of allowance for ECL in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

1.15. Cash and bank balances:

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

1.16. Securities premium account:

(i) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

(ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

1.17. Borrowing costs:

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.18. Share-based payment arrangements:

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

1.19. Accounting and reporting of information for Operating Segments:

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Company.

1.20. Foreign currencies:

(i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

(iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:

A. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;

B. income and expenses for each income statement are translated at average exchange rates; and

C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

1.21. Taxation:

Current Tax:

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

1.22. Provisions, contingent liabilities and contingent assets:

Provisions are recognised only when:

(i) an Company entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

(ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

1.23. Commitment:

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

(a) estimated amount of contracts remaining to be executed on capital account and not provided for;

(b) uncalled liability on shares and other investments partly paid;

(c) funding related commitment to associate companies; and

(d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

1.24. Statement of cash flows:

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities.cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

(i) changes during the period in operating receivables and payables transactions of a non-cash nature;

(ii) non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; and

(iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

1.25. Earnings per share:

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

1.26. Key source of estimation:

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

1.27. Operating cycle for current and non-current classification:

Based on the nature of products / activities of the Company entities and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.28. Changes in Accounting Standard and recent accounting pronouncements (New Accounting Standards issued but not effective):

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease, rentals are charged to the statement of profit and loss. The Company is currently evaluating the implication of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019

a. Ind AS 12, Income taxes — Appendix C on uncertainty over income tax treatments

b. Ind AS 19— Employee benefits

c. Ind AS 23 – Borrowing costs

d. Ind AS 28— investment in associates and joint ventures

e. Ind AS 103 and Ind AS 111 — Business combinations and joint arrangements

f. Ind AS 109 — Financial instruments

The Company is in the process of evaluating the impact of such amendments.

2 Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balances with banks in current accounts	0.49	11.26	0.53
Total	**0.49**	**11.26**	**0.53**

3 Bank balance other than note 2 above

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Unclaimed dividend on equity shares	1.27	0.95	0.95
Unclaimed redemption proceeds and dividend on preference shares	0.60	0.05	0.74
Total	**1.87**	**1.00**	**1.69**

4 Receivables

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade receivables (considered good - unsecured)			
Receivables from related parties (refer note 39)	9.17	57.63	26.99
Other Receivables	–	–	–
Total	**9.17**	**57.63**	**26.99**

5 Loans

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(A) At amortised cost			
Loans to related parties (Refer note 39)	564.08	1,018.09	587.61
Less: Impairment loss allowance	(0.10)	(4.01)	(2.03)
Total	**563.98**	**1,014.08**	**585.58**
(B) At amortised cost			
- Unsecured	564.08	1,018.09	587.61
Less: Impairment loss allowance	(0.10)	(4.01)	(2.03)
Total	**563.98**	**1,014.08**	**585.58**
(C)			
(I) Loans in India			
(i) At amortised cost			
- Others	548.27	1,018.09	587.61
Less: Impairment loss allowance	(0.09)	(4.01)	(2.03)
(II) Loans outside India			
(i) At amortised cost			
- Others	15.81	–	–
Less: Impairment loss allowance	(0.01)	–	–
Total net loans at amortised cost	**563.98**	**1,014.08**	**585.58**

6 Investments

(₹ in crore)

Particulars	As at March 31, 2019 Nos.	As at March 31, 2019 Amount	As at March 31, 2018 Nos.	As at March 31, 2018 Amount	As at April 01, 2017 Nos.	As at April 01, 2017 Amount
(A) At fair value through profit or loss						
Investment in mutual funds						
L&T Floating Rate Fund Direct Plan - Growth (Face value of ₹ 10 each)	–	–	–	–	12,36,63,286	200.29
L&T Banking and PSU Debt Fund Direct Plan - Growth (Face value of ₹ 10 each)	–	–	–	–	3,55,41,308	52.32
L&T Flexi Bond Fund Direct Plan - Growth (Face value of ₹ 10 each)	–	–	–	–	98,87,321	18.10
Total		**–**		**–**		**270.71**
(B) At amortised cost						
Investment in subsidiaries						
L&T Infrastructure Finance Company Limited (Equity shares of ₹ 10 each fully paid)	1,25,53,00,609	3,425.49	98,99,13,695	2,125.10	89,20,87,609	1,675.10
L&T Financial Consultants Limited (Equity shares of ₹ 10 each fully paid)	1,87,50,000	18.75	1,87,50,000	18.75	1,87,50,000	18.75
L&T Access Distribution Services Limited # (Equity shares of ₹ 10 each fully paid)	–	–	–	–	2,13,50,000	21.35
L&T Housing Finance Limited (Equity shares of ₹ 10 each fully paid)	16,53,65,110	1,142.88	16,53,65,110	1,142.88	12,96,50,825	542.88
L&T Finance Limited (Equity shares of ₹ 10 each fully paid)	1,59,91,38,199	3,469.10	1,59,91,38,199	3,469.10	1,44,00,47,294	2,069.10
L&T Capital Markets Limited (Equity shares of ₹ 10 each fully paid)	5,23,12,000	71.10	5,23,12,000	71.10	4,97,50,000	49.75
L&T Investment Management Limited (Equity shares of ₹ 10 each fully paid)	25,18,24,329	867.56	25,18,24,329	867.56	25,18,24,329	867.56
L&T Mutual Fund Trustee Company Limited (Equity shares of ₹ 10 each fully paid)	1,50,000	0.15	1,50,000	0.15	1,50,000	0.15
L&T Infra Debt Fund Limited (Equity shares of ₹ 10 each fully paid)	11,44,91,100	145.75	11,44,91,100	145.75	10,99,33,333	129.40
L&T Capital Markets (Middle East) Limited (Equity shares of $ 1 each fully paid) ##	7,50,000	5.41	–	–	–	–
Total		**9,146.19**		**7,840.39**		**5,374.04**
(C) Total(A+B)		**9,146.19**		**7,840.39**		**5,644.75**
(D)						
(I) Investments outside India						
(i) At amortised cost		5.41		–		–
(II) Investments in India						
(i) At amortised cost		9,140.78		7,840.39		5,374.04
(ii) At fair value through profit or loss		–		–		270.71
Total		**9,146.19**		**7,840.39**		**5,644.75**
(E)						
Less: Allowance for impairment loss		–		–		–
(F) Total (D-E)		**9,146.19**		**7,840.39**		**5,644.75**

During the previous year, L&T Access Distribution Services Limited merged into L&T Capital Markets Limited w.e.f. April 01, 2017 being the appointed date.

During the current year L&T Capital Markets (Middle East) Limited, a wholly owned subsidiary of L&T Finance Holdings Ltd was incorporated w.e.f. July 01, 2018

7 Other financial assets (₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Other receivables	0.17	–	–
Dividend receivable from related parties (refer note 39)	290.05	223.72	86.00
Security deposits	0.40	0.29	0.26
Total	**290.62**	**224.01**	**86.26**

8 Current tax assets (net) (₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Advance income tax (net of provision for tax)	1.21	1.54	14.04
Total	**1.21**	**1.54**	**14.04**

9 Deferred tax assets (net) (₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Deferred tax assets	0.86	1.96	9.16
Minimum alternate tax credit entitlement	32.80	32.80	32.80
Total	**33.66**	**34.76**	**41.96**

10 Property, plant and equipment /Intangible assets

Property, plant and equipment: (₹ in crore)

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 01, 2018	Additions	Disposals	As at March 31, 2019	As at April 01, 2018	For the Year	Disposals	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Computers*	0.01	–	–	0.01	0.00	0.00	–	0.00	0.00	0.01
Office equipment*	0.00	–	–	0.00	0.00	0.00	–	0.00	0.00	0.00
Motor vehicles	–	0.90	–	0.90	–	0.11	–	0.11	0.79	–
	0.01	**0.90**	**–**	**0.91**	**0.00**	**0.11**	**–**	**0.11**	**0.79**	**0.01**

Intangible assets: (₹ in crore)

Particulars	Gross carrying amount				Accumulated amortisation				Net carrying amount	
	As at April 01, 2018	Additions	Disposals	As at March 31, 2019	As at April 01, 2018	For the Year	Disposals	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Specialised softwares	0.16	–	–	0.16	0.16	–	–	0.16	–	–
	0.16	**–**	**–**	**0.16**	**0.16**	**–**	**–**	**0.16**	**–**	**–**

Property, plant and equipment: (₹ in crore)

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 01, 2017	Additions	Disposals	As at March 31, 2018	As at April 01, 2017	For the Year	Disposals	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Computers*	0.01	–	–	0.01	–	0.00	–	0.00	0.01	0.01
Office equipment*	0.00	–	–	0.00	–	0.00	–	0.00	0.00	–
	0.01	**–**	**–**	**0.01**	**–**	**0.00**	**–**	**0.00**	**0.01**	**0.01**

Intangible assets: (₹ in crore)

Particulars	Gross carrying amount				Accumulated amortisation				Net carrying amount	
	As at April 01, 2017	Additions	Disposals	As at March 31, 2018	As at April 01, 2017	For the Year	Disposals	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Specialised softwares	0.16	–	–	0.16	0.14	0.02	–	0.16	–	0.02
	0.16	**–**	**–**	**0.16**	**0.14**	**0.02**	**–**	**0.16**	**–**	**0.02**

* amounts less than ₹ 50,000

11 Other non-financial assets

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Prepaid expenses	0.24	0.26	0.27
Goods and service tax credit (input) receivable	0.11	1.15	0.09
Other non financial assets	0.55	0.77	0.33
Total	**0.90**	**2.18**	**0.69**

12 Payables

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade payables			
Micro enterprises and small enterprises	–	–	–
Due to others	–	–	–
Due to related parties (refer note 39)	0.01	0.02	0.19
Total trade payables	**0.01**	**0.02**	**0.19**
Other payables	**–**	**–**	**–**
Total	**0.01**	**0.02**	**0.19**

13 Debt securities

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(A) At amortised cost:			
Commercial paper (net) (refer note 13a)	1,162.49	–	568.97
Total	**1,162.49**	**–**	**568.97**
(B) Debt securities in India			
At amortised cost	1,162.49	–	568.97
Total	**1,162.49**	**–**	**568.97**

13a Commercial paper (net) : Unsecured

(₹ in crore)

Repayment Term	Tenure	Interest Range	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Bullet	upto 1 year	6.50% to 7.50%	–	–	568.97
		7.50% to 8.50%	717.34	–	–
		8.50% to 9.50%	445.15	–	–
Total			**1,162.49**	**–**	**568.97**

14 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(A) At amortised cost			
Loan repayable on demand from banks (refer note 14a)	4.99	4.96	4.93
Loan from parties other than banks (refer note 14b)	–	463.74	429.06
Total	**4.99**	**468.70**	**433.99**
(B) Borrowings (other than debt securities) in India			
At amortised cost	4.99	468.70	433.99
Total	**4.99**	**468.70**	**433.99**

14a Cash credit : Unsecured

(₹ in crore)

Repayment Term	Tenure	Interest Range	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Bullet	upto 5 years	11.50% to 12.50%	4.99	4.96	4.93
Total			**4.99**	**4.96**	**4.93**

14b Loan from parties other than banks : Unsecured

(₹ in crore)

Repayment Term	Tenure	Interest Range	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Bullet	upto 5 years	8.50% to 9.50%	–	463.74	429.06
Total			**–**	**463.74**	**429.06**

15 Subordinated liabilities

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(A) Subordinated liabilities			
At amortised cost			
Cumulative compulsarily redeemable preference shares (CRPS) to the extent that do not qualify as equity (refer footnote)	1,032.29	1,030.12	1,206.24
Total	**1,032.29**	**1,030.12**	**1,206.24**
(B) Subordinated liabilities in India			
At amortised cost	1,032.29	1,030.12	1,206.24
Total	**1,032.29**	**1,030.12**	**1,206.24**

Footnote:

i. **Terms/rights attached to CRPS**

The CRPS do not have voting rights other than in respect of matters directly affecting it. In the event of any due and payable dividends remain unpaid for aggregate period of at least 2 years prior to the start of any general meeting of the equity shareholders, CRPS holders shall have voting rights in line with their voting rights of the equity shareholders. The CRPS will be redeemed at the end of 3 to 5 years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of Preference Shares. On winding or repayment of capital, CRPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid up and shall include any unpaid dividends and any fixed premium (if applicable).

ii. During the year ended March 31, 2019, the Company has paid a dividend of ₹ 90.82 crore (including Dividend Distribution Tax of ₹ 2.19 crore) on CRPS of ₹ 100 each fully paid (previous year ₹ 95.95 crore).

iii. During the year ended March 31, 2019, the company has alloted 8.95% CRPS amounting to ₹ 250 crore having face value ₹ 100 each fully paid up.

iv. Details for CRPS: (₹ in crore)

Particulars	Face value	Date of allotment	Date of redemption	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
CRPS bearing interest rate:						
9.00%	100.00	15-Oct-13	15-Oct-18	–	249.55	248.77
8.95%	100.00	12-Oct-18	12-Oct-21	249.67	–	–
8.50%	100.00	30-Jun-14	30-Jun-19	124.23	123.58	122.98
8.40%	100.00	30-Jun-14	30-Jun-17	–	–	138.84
8.35%	100.00	13-Aug-14	13-Aug-19	59.96	59.87	59.78
8.35%	100.00	13-Aug-14	13-Aug-17	–	–	39.93
8.15%	100.00	08-May-15	08-May-20	598.44	597.13	595.93
Total				**1,032.29**	**1,030.12**	**1,206.24**

16 Other financial liabilities

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Unclaimed redemption proceeds and dividend on preference shares	0.60	0.05	0.74
Unclaimed dividend on equity shares	1.27	0.95	0.95
Liability for expenses	4.06	6.53	6.28
Other payables	0.02	3.27	0.05
Total	**5.95**	**10.80**	**8.02**

17 Current tax liabilities (net)

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provision for tax (net)	7.85	–	–
Total	**7.85**	**–**	**–**

18 Provisions

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Provision for employee benefits			
Compensated absences	1.01	0.98	1.59
Super annuation fund	0.82	0.82	0.71
Gratuity (refer note 38)	0.25	0.03	0.56
Total	**2.08**	**1.83**	**2.86**

19 Other non-financial liabilities

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Statutory dues payable	0.68	1.70	0.38
Revenue received in advance	–	–	16.51
Dividend distribution tax payable	2.19	–	21.05
Total	**2.87**	**1.70**	**37.94**

20 Equity Share capital

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Subscribed and paid up equity share capital	1,998.81	1,995.68	1,755.72
Total	**1,998.81**	**1,995.68**	**1,755.72**

(I) Share capital authorised, issued, subscribed and paid up

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Authorised:						
Equity Shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
Preference shares of ₹ 100 each	50,00,00,000	5,000.00	50,00,00,000	5,000.00	50,00,00,000	5,000.00
Issued, subscribed and paid up:						
Equity shares of ₹ 10 each fully paid up	1,99,88,12,360	1,998.81	1,99,56,76,960	1,995.68	1,75,57,21,861	1,755.72

(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 share 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 forthcoming Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(III) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
At the beginning of the year	**1,99,56,76,960**	**1,995.68**	**1,75,57,21,861**	**1,755.72**	**1,75,33,98,551**	**1,753.40**
Issued during the year						
- On a preferential basis	–	–	17,16,31,889	171.64	–	–
- On a qualified institutional placement	–	–	6,30,51,702	63.05	–	–
- Against employee stock option	31,35,400	3.13	52,71,508	5.27	23,23,310	2.32
Outstanding at the end of the year	**1,99,88,12,360**	**1,998.81**	**1,99,56,76,960**	**1,995.68**	**1,75,57,21,861**	**1,755.72**

(IV) Equity shares in the Company held by the holding company

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and it's nominee	1,27,75,20,203	1,277.52	1,27,75,20,203	1,277.52	1,16,97,09,304	1,169.71
	1,27,75,20,203	**1,277.52**	**1,27,75,20,203**	**1,277.52**	**1,16,97,09,304**	**1,169.71**

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

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,27,75,20,203	63.91%	1,27,75,20,203	64.01%	1,16,97,09,304	66.62%

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Citigroup Global Markets Mauritius Private Limited	–	–	–	–	10,04,21,992	5.72%

(VI) Details of shares reserved to be issued under Employee stock option

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity Shares of ₹ 10 each	4,65,86,600	46.25	3,42,94,925	34.29	2,66,11,795	26.61
	4,65,86,600	**46.25**	**3,42,94,925**	**34.29**	**2,66,11,795**	**26.61**

(VII) Capital Management

- The objective of the Company's Capital Management is to maximise shareholder value, safeguard business continuity and support the growth of its subsidiaries. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated. The debt equity ratio is 0.28 as at March 31, 2019 (as at March 31, 2018 is 0.20) (as at April 01, 2017 is 0.53)
- During the year ended March 31, 2019, the Company paid the final dividend of ₹ 1 per equity share for the year ended March 31, 2018 amounting to ₹ 199.70 crore.
- On April 28, 2018, the Board of Directors have recommended the final dividend of ₹ 1 per equity share for the year ended March 31, 2019 subject to approval from shareholders. On approval, the total dividend payment based on number of shares outstanding as at March 31, 2019 is expected to be ₹ 199.88 crore.

(VIII) Employee stock option scheme

- The Company has formulated Employee Stock Option Schemes 2010 (ESOP Scheme-2010) and 2013 (ESOP Scheme 2013). The grant of options to the employees under the stock option scheme is on the basis of their performance and other eligibility criteria. The options allotted under scheme 2010 are vested over a period of 4 years in ratio of 15%, 20%, 30% and 35% respectively from the date of grant, subject to the discretion of the management and fulfilment of certain conditions. The options granted under scheme 2013 are vested in a graded manner over a period of four years with 0%, 33%, 33% and 34% of grants vesting each year, commencing from the end of 24 months from the date of grant.
- Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The options granted under scheme 2013 can be exercised anytime within a period of 8 years from the date of grant. Management has discretion to modify the exercise period.
- The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 was at market price which was the last closing price on National Stock Exchange preceding the dates of grant respectively.
- During the year ended March 31, 2019, 385,800 and 27,49,600 options were allotted under scheme 2010 and 2013 respectively.
- The details of the grants are summarised below:

Particulars	Scheme 2010		Scheme 2013	
	2018-19	2017-18	2018-19	2017-18
Options granted and outstanding at the beginning of the year	42,04,925	28,18,795	3,00,90,000	2,37,93,000
Options granted during the year	15,10,000	33,30,000	1,64,90,000	1,37,20,000
Options cancelled/ lapsed during the year	3,77,125	2,52,862	21,95,800	38,42,500

Particulars	Scheme 2010		Scheme 2013	
	2018-19	2017-18	2018-19	2017-18
Options exercised during the year	3,85,800	16,91,008	27,49,600	35,80,500
Options granted and outstanding at the end of the year of which:				
- Options vested	5,04,000	1,71,425	44,32,000	14,30,000
- Options yet to vest	44,48,000	40,33,500	3,72,02,600	2,86,60,000
Weighted average remaining contractual life of options (in years)	5.63	6.01	5.92	6.15

- During the year, the Company has debited to the Statement of Profit and Loss ₹ 7.66 crore (Previous year ₹ 5.25 crore) {net of recovery from its subsidiary companies during the year ₹ 60.49 crore (Previous year: ₹ 35.75 crore)} towards the stock options granted to their employees, pursuant to the employee stock option schemes.
- Weighted average fair values of options granted during the year is ₹ 58.54 (Previous year: ₹ 63.25) per options.
- The fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Particulars	2018-19	2017-18
Weighted average risk-free interest rate	7.42%	6.58%
Weighted average expected life of options	3.24 years	3.27 years
Weighted average expected volatility	32.78%	32.57%
Weighted average expected dividends over the life of the options	₹ 3.65 per option	₹ 3.31 per option
Weighted average share price	₹ 168.93 per option	₹ 145.59 per option
Weighted average exercise price	₹ 161.05 per option	₹ 116.58 per option
Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option.	

21 Other equity

(₹ in crore)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
Retained earning		203.20		189.57		142.21
Money received against share warrants		–		–		118.07
Securities premium account [1]		5,083.24		5,055.11		1,800.35
Reserve u/s 45 IC of Reserve Bank of India Act, 1934 [2]		421.27		367.86		294.29
General reserve [3]		1.89		1.83		1.60
Employee Stock Option Outstanding	155.30		107.36		67.35	
Deferred Employee Compensation Expense	(33.36)		(43.72)		(35.28)	
Employee stock option outstanding account [4]		121.94		63.64		32.07
Total		**5,831.54**		**5,678.01**		**2,388.59**

Notes:

1. **Securities premium account:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium account. The account is utilised in accordance with the provisions of the Companies Act 2013.

2. **Reserve u/s 45 IC of the Reserve Bank of India Act, 1934:** The Company created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared.

3. **General reserve:** Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

   However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

4. **Employee stock option outstanding account :** The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary companies under Company's employee stock option scheme.

22 Interest income

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Financial assets measured at amortised cost:		
Interest on loans	137.94	73.01
Total	**137.94**	**73.01**

23 Dividend income

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Dividend from subsidiaries	343.79	376.92
Total	**343.79**	**376.92**

24 Net gain on fair value changes

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Gain on sale of investments	0.38	4.65
Total net gain on fair value changes	**0.38**	**4.65**
Fair value changes:		
- Realised	0.38	4.65
- Unrealised	–	–
Total net gain on fair value changes	**0.38**	**4.65**

25 Other income (₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Income from cross sell	28.00	16.51
Management fees	16.35	6.54
Other income	0.02	0.19
Total	**44.37**	**23.24**

26 Finance cost (₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	26.31	35.02
Interest on debt securities	80.98	30.07
Interest on subordinated liabilities	90.82	93.07
Other interest expense	3.94	3.80
Total	**202.05**	**161.96**

27 Impairment on financial instruments (₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
On financial instruments measured at amortised cost:		
Loans	(3.91)	1.98
Total	**(3.91)**	**1.98**

28 Employee benefits expenses (₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries	6.78	4.08
Contribution to provident fund	0.27	0.29
Contribution to gratuity (refer note 38)	0.11	0.17
Contribution to superannuation fund	0.22	0.20
Share based payment to employees	7.66	5.25
Staff welfare expenses	0.04	0.04
Total	**15.08**	**10.03**

29 Other expenses

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Rent, rates and taxes	1.32	1.10
Auditor's remuneration		
Statutory audit fees	0.10	0.09
Limited review fees	0.10	0.09
Tax audit fees	0.01	0.01
Other services	0.09	0.11
Legal and professional charges	1.24	2.61
Repairs and maintenance	0.53	0.48
Directors sitting fees	0.35	0.41
Remuneration to non executive directors	1.36	1.55
Advertising and publicity	1.18	0.85
Telephone and postage	0.13	0.27
Printing and stationery	0.32	0.44
Listing and custodian charges	0.95	0.87
Travelling and conveyance	0.27	0.73
Membership fees	0.03	0.25
Corporate social responsibility expenses (refer note 32)	0.68	0.60
Donations (refer note 44)	0.04	–
Miscellaneous expenses	0.42	0.67
Total	**9.12**	**11.13**

30 Tax expense

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax	35.87	7.02
Deferred tax charge	1.10	7.19
Provision for tax related to earlier years	–	12.44
Total	**36.97**	**26.65**

31 Particulars in respect of loan to related parties and investment in subsidiaries as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(a) Particulars in respect of loans and advances in the nature of loans given to subsidiaries:

(₹ in crore)

S. No.	Name of subsidiaries	Balance as at*			Maximum outstanding during		
		March 31, 2019	March 31, 2018	April 01, 2017	March 31, 2019	March 31, 2018	April 01, 2017
1	L&T Infrastructure Finance Company Limited	–	–	–	714.00	1,500.00	395.00
2	L&T Finance Limited	166.11	660.54	201.18	2,449.04	1,680.93	626.55
3	L&T Housing Finance Limited	–	15.01	–	500.00	500.00	371.00
4	L&T Infra Investment Partners Advisory Private Limited	–	–	–	0.15	–	–

(₹ in crore)

S. No.	Name of subsidiaries	Balance as at*			Maximum outstanding during		
		March 31, 2019	March 31, 2018	April 01, 2017	March 31, 2019	March 31, 2018	April 01, 2017
5	L&T Investment Management Limited	–	–	–	25.22	–	–
6	L&T Capital Markets Limited	–	–	–	–	5.77	–
7	L&T Capital Markets (Middle East) Limited	15.82	–	–	15.66	–	–
8	L&T Financial Consultant Limited	382.15	342.54	386.43	403.91	13.62	381.80
9	L&T Access Distribution Services Limited	–	–	–	–	–	14.94
	Total	**564.08**	**1,018.09**	**587.61**	**4,107.98**	**3,700.32**	**1,789.29**

* above figures include interest accrued

(b) Particulars in respect of investment in subsidiaries

S. No.	Name of subsidiaries	Balance as at		
		March 31, 2019	March 31, 2018	April 01, 2017
1	L&T Infrastructure Finance Company Limited	3,425.49	2,125.10	1,675.10
2	L&T Finance Limited	3,469.10	3,469.10	2,069.10
3	L&T Housing Finance Limited	1,142.88	1,142.88	542.88
4	L&T Infra Debt Fund	145.75	145.75	129.40
5	L&T Investment Management Limited	867.56	867.56	867.56
6	L&T Capital Markets Limited	71.10	71.10	49.75
7	L&T Capital Markets (Middle East) Limited	5.41	–	–
8	L&T Financial Consultant Limited	18.75	18.75	18.75
9	L&T Access Distribution Services Limited	–	–	21.35
10	L&T Mutual Fund Trustee Company Limited	0.15	0.15	0.15
	Total	**9,146.19**	**7,840.39**	**5,374.04**

32 Disclosure pertaining to corporate social responsibility expenses

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year is ₹ 0.68 crore (previous year ₹ 0.60 crore)

The amount recognised as an expense in the Statement of Profit and Loss on CSR related activities is ₹ 0.68 crore (previous year ₹ 0.60 crore) (refer note 29 of financial statements), which comprises of :

(₹ in crore)

S. No.	Particulars	2018-19			2017-18		
		In cash	Yet to paid In cash	Total	In cash	Yet to paid In cash	Total
	Amount spent during the year on:						
	(i) construction/ acquisition of any asset	–	–	–	–	–	–
	(ii) On purpose other than (i) above	0.68	–	0.68	0.60	–	0.60
	Total	**0.68**	**–**	**0.68**	**0.60**	**–**	**0.60**

33 Disclosure pursuant to Ind AS 17 "Leases"

Operating leases:

i) The Company has taken premise under non-cancellable operating leases, These lease agreements are normally renewed on expiry.

ii) Non-cancellable operating lease commitments (₹ in crore)

	As at 31 March, 2019	As at 31 March, 2018	As at 1 April, 2017
Not later than 1 year	0.39	1.01	0.97
Later than 1 year and not later than 5 years	0.08	0.09	1.10
Later than 5 years	–	–	–
Total	**0.47**	**1.10**	**2.07**

iii) Lease rental expense in respect of operating leases: ₹ 1.31 crore (previous year: ₹ 1.08 crore)

iv) Contingent rent recognised in the Statement of Profit and Loss: ₹ Nil (previous year: ₹ Nil)

34 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures": Financial risk management

The Company being a Core Investment Company as per the Core Investment Companies (RBI) Directions, 2016 is required to invest or lend majority of it's fund to subsidiaries. The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inter corporate deposites, loans, cash and cash equivalents and other receivables.

The Company is exposed to market risk, credit risk, liquidity risk and operational and business risk. The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Committee provides assurance to the Company's senior management the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and risk objectives. The major risks are summarised below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. In the case of the Company, market risk primarily impacts financial instruments measured at fair value through profit or loss.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rate as it has debt obligations with fixed interest rates which are measured at amortised cost.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities towards inter corporate deposits to subsidiaries, where no significant impact on cedit risk has been identified

Equity price risk:

The Company's investment in non-listed equity securities are accounted at cost in the financial statement net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. The Company manages its liquidity requirement by analysing the maturity pattern of the Company's cash flow of financial assets and financial liabilities . The Company's objective is to maintain a balance between continuity of funding and flexibility through issuance of equity shares, commercial paper etc. The Company invests its surplus funds in debt schemes of mutual funds, which carry low mark to market risks."

35 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures":

(a) Category-wise classification for applicable financial assets and financial liabilities:

(₹ in crore)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	FVTPL	Amortised cost	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets						
Cash and cash equivalents	–	0.49	–	11.26	–	0.53
Bank balance other than above	–	1.87	–	1.00	–	1.69
Trade Receivables	–	9.17	–	57.63	–	26.99
Loans	–	563.98	–	1,014.08	–	585.58
Investments	–	–	–	–	270.71	–
Other financial assets	–	290.62	–	224.01	–	86.26
Total financial assets	**–**	**866.13**	**–**	**1,307.98**	**270.71**	**701.05**
Financial liabilities						
Trade payables	–	0.01	–	0.02	–	0.19
Debt securities	–	1,162.49	–	–	–	568.97
Borrowings (other than debt securities)	–	4.99	–	468.70	–	433.99
Subordinated liabilities	–	1,032.29	–	1,030.12	–	1,206.24
Other financial liabilities	–	5.95	–	10.80	–	8.02
Total financial liabilities	**–**	**2,205.73**	**–**	**1,509.64**	**–**	**2,217.41**

Note: No financial assets and liabilities has been measured at fair value through other comprehensive income

(b) Fair value of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets						
Loans*	564.08	563.98	1,018.09	1,014.08	587.61	585.58
Total financial assets	**564.08**	**563.98**	**1,018.09**	**1,014.08**	**587.61**	**585.58**
Financial liabilities						
Debt securities	1,162.49	1,179.25	–	–	568.97	576.50
Borrowings (other than debt securities):						
Cash Credit	4.99	4.99	4.96	4.96	4.93	4.93
Inter Corporate Borrowings	–	–	463.74	402.73	429.06	410.92
Subordinated Liabilities	1,032.29	1,081.41	1,030.12	1,084.40	1,206.24	1,299.99
Total financial liabilities	**2,199.77**	**2,265.65**	**1,498.82**	**1,492.09**	**2,209.20**	**2,292.34**

Note: Carrying amounts of cash and cash equivalents, trade receivables, other payables as at March 31, 2019, March 31, 2018 and April 01, 2017 approximate the fair value because of their short term nature. The carrying amounts of loans given and borrowings taken for short term are considered to be close to the fair value.

* In the absence of unobservable market for these loan assets, the fair value have been determined from the perspective of the Company's asset considering the changes in performance and risk indicators (including delinquencies and interest rate)

(c) Fair value hierarchy of financial assets and financial liabilities at fair value:

(₹ in crore)

As at April 01, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Mutual funds	270.71	–	–	270.71
Total financial assets	**270.71**	**–**	**–**	**270.71**

(d) Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

As at March 31, 2019	Level 1	Level 2	Level 3	Total	Valuation Technique for level 3 items
Financial assets					
Loans	–	–	563.98	563.98	Carrying value approximately equal to fair value.
Total financial assets	**–**	**–**	**563.98**	**563.98**	
Financial Liabilities					
Debt Securities	–	–	1,179.25	1,179.25	Carrying value approximately equal to fair value.
Borrowings (other than debt securities)					
Cash Credit	–	–	4.99	4.99	Carrying value approximately equal to fair value.
Inter Corporate Borrowings	–	–	–	–	Carrying value approximately equal to fair value.
Subordinated Liabilities	–	–	1,081.41	1,081.41	Carrying value approximately equal to fair value.
Total financial liabilities	**–**	**–**	**2,265.65**	**2,265.65**	

As at March 31, 2018	Level 1	Level 2	Level 3	Total	Valuation Technique for level 3 items
Financial assets					
Loans	–	–	1,014.08	1,014.08	Carrying value approximately equal to fair value.
Total financial assets	**–**	**–**	**1,014.08**	**1,014.08**	
Financial Liabilities					
Debt Securities	–	–	–	–	
Borrowings (other than debt securities)					
Cash Credit	–	–	4.96	4.96	Carrying value approximately equal to fair value.
Inter Corporate Borrowings	–	–	402.73	402.73	Carrying value approximately equal to fair value.
Subordinated Liabilities	–	–	1,084.40	1,084.40	Carrying value approximately equal to fair value.
Total financial liabilities	**–**	**–**	**1,492.09**	**1,492.09**	

As at April 01, 2017	Level 1	Level 2	Level 3	Total	Valuation Technique for level 3 items
Financial assets					
Loans	–	–	585.58	585.58	Carrying value approximately equal to fair value.
Total financial assets	**–**	**–**	**585.58**	**585.58**	
Financial Liabilities					
Debt Securities	–	–	576.50	576.50	Carrying value approximately equal to fair value.
Borrowings (other than debt securities)					
Cash Credit	–	–	4.93	4.93	Carrying value approximately equal to fair value.
Inter Corporate Borrowings	–	–	410.92	410.92	Carrying value approximately equal to fair value.
Subordinated Liabilities	–	–	1,299.99	1,299.99	Carrying value approximately equal to fair value.
Total financial liabilities	**–**	**–**	**2,292.34**	**2,292.34**	

(e) Maturity profile of assets and liabilities

(₹ in crore)

Particulars	March 31, 2019			March 31, 2018			April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets									
Cash and cash equivalents	0.49	–	0.49	11.26	–	11.26	0.53	–	0.53
Bank balance other than above	1.87	–	1.87	1.00	–	1.00	1.69	–	1.69
Receivables	9.17	–	9.17	57.63	–	57.63	26.99	–	26.99
Loans	563.98	–	563.98	1,014.08		1,014.08	585.58	–	585.58
Investments	–	9,146.19	9,146.19	–	7,840.39	7,840.39	270.71	5,374.04	5,644.75
Other financial assets	290.62	–	290.62	224.01	–	224.01	86.26	–	86.26
Non-Financial Assets									
Current tax assets (net)	–	1.21	1.21	–	1.54	1.54	–	14.04	14.04
Deferred tax assets (net)	–	33.66	33.66	–	34.76	34.76	–	41.96	41.96
Property, plant and equipment	–	0.79	0.79	–	0.01	0.01	–	0.01	0.01
Other intangible assets	–	–	–	–	–	–	–	0.02	0.02
Other non-financial assets	0.90	–	0.90	2.18	–	2.18	0.69	–	0.69
Total	**867.03**	**9,181.85**	**10,048.88**	**1,310.16**	**7,876.70**	**9,186.86**	**972.45**	**5,430.07**	**6,402.52**
Financial Liabilities									
Payables	0.01	–	0.01	0.02	–	0.02	0.19	–	0.19
Debt Securities	1,162.49	–	1,162.49	–	–	–	568.97	–	568.97
Borrowings (Other than debt securities)	4.99	–	4.99	468.70	–	468.70	4.93	429.06	433.99

(₹ in crore)

Particulars	March 31, 2019 Within 12 months	After 12 months	Total	March 31, 2018 Within 12 months	After 12 months	Total	April 01, 2017 Within 12 months	After 12 months	Total
Subordinated liabilities	184.19	848.10	1,032.29	249.55	780.57	1,030.12	178.82	1,027.42	1,206.24
Other financial liabilities	5.95	–	5.95	10.80	–	10.80	8.02	–	8.02
Non-Financial Liabilities									
Current tax liabilities (net)	7.85	–	7.85	–	–	–	–	–	–
Provisions	1.01	1.07	2.08	0.98	0.85	1.83	1.59	1.27	2.86
Other non-financial liabilities	2.87	–	2.87	1.70	–	1.70	37.94	–	37.94
Total	**1,369.36**	**849.17**	**2,218.53**	**731.75**	**781.42**	**1,513.17**	**800.46**	**1,457.75**	**2,258.21**

(f) The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities :

The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in crore)

Particulars	March 31, 2019 Within twelve months	After twelve months	Total	March 31, 2018 Within twelve months	After twelve months	Total	April 1, 2017 Within twelve months	After twelve months	Total
Non-derivatives									
Borrowings*	1,501.26	909.46	2,410.71	719.54	877.19	1,596.73	832.66	1,645.42	2,478.08

* Borrowings are net of offsetting respective derivative gain/loss

(g) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

- *Interest rate risk exposure*

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in crore)

Particulars	As at 31 March, 2019	As at 31 March, 2018	As at 1 April, 2017
Variable rate borrowings	4.99	4.96	4.94
Fixed rate borrowings	2,209.40	1,434.40	2,188.40
Total borrowings	**2,214.39**	**1,439.36**	**2,193.34**

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Weighted average interest rate (%)	Balance (₹ in crore)	% of total loans	Weighted average interest rate (%)	Balance (₹ in crore)	% of total loans	Weighted average interest rate (%)	Balance (₹ in crore)	% of total loans
Borrowings	12.00	4.99	0.23%	12.00	4.96	0.34%	12.00	4.94	0.23%
Net exposure to cash flow interest rate risk	12.00	4.99	0.23%	12.00	4.96	0.34%	12.00	4.94	0.23%

An analysis by maturities is provided in above note. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

Particulars	Impact on profit after tax		Impact on other components of equity	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Interest rates – increase by 25 basis points *	-0.01	-0.01	-0.01	-0.01
Interest rates – decrease by 25 basis points*	0.01	0.01	0.01	0.01

* Impact on P/L upto 1 year, holding all other variables constant

(h) Expected credit loss - loans (₹ in crore)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Estimated gross carrying amount at default	Expected Credit Loss	Carrying amount net of impairment provision	Estimated gross carrying amount at default	Expected Credit Loss	Carrying amount net of impairment provision	Estimated gross carrying amount at default	Expected Credit Loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses: Financial assets for which credit risk has not increased significantly since initial recognition	564.08	0.10	563.98	1,018.09	4.01	1,014.08	587.61	2.03	585.58

Reconciliation of loss allowance provision - Loans:

Particulars	Stage 1	Stage 2	Stage 3
Loss allowance as on April 01, 2017	**2.03**	**-**	**-**
New assets originated or purchased	-	-	-
Amount written off	-	-	-
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Impact on ECL of Exposure transferred between stages during the year	-	-	-
Increase / (decrease) in provision on existing financial assets (Net of recovery)	1.98	-	-
Loss allowance as on March 31, 2018	**4.01**	**-**	**-**
New assets originated or purchased	0.01	-	-
Amount written off	-	-	-

Particulars	Stage 1	Stage 2	Stage 3
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Impact on ECL of Exposure transferred between stages during the year	-	-	-
Increase / (decrease) in provision on existing financial assets (Net of recovery)	(3.92)	-	-
Loss allowance as on March 31, 2019	**0.10**	**-**	**-**

Reconciliation of gross carrying amount - Loans: (₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at April 01, 2017	**587.61**	**-**	**-**
New assets originated or purchased	-	-	-
Amount written off	-	-	-
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Net recovery	430.48	-	-
Gross carrying amount as at March 31, 2018	**1,018.09**	**-**	**-**
New assets originated or purchased	15.81	-	-
Amount written off	-	-	-
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Net recovery	(469.82)	-	-
Gross carrying amount as at March 31, 2019	**564.08**	**-**	**-**

36 Disclosure pursuant to Ind AS 108 "Operating Segment"

The company operates mainly in the business segment of investment activity. As such there are no reportable segments as per IND AS 108 on operating segment.

37 Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

(₹ in crore)

S. No.	Particulars	2018-19	2017-18
	Statement of Profit and Loss:		
(a)	**Profit and Loss section:**		
	(i) Current Income tax :		
	Current income tax expense	35.87	7.02
	Tax expense in respect of earlier years	–	12.44
		35.87	19.46
	(ii) Deferred Tax:		
	Tax expense on origination and reversal of temporary differences	1.10	7.19
		1.10	7.19
	Income tax expense reported in the statement of profit and loss[(i)+(ii)]	**36.97**	**26.65**

(₹ in crore)

S. No.	Particulars	2018-19	2017-18
(b)	**Other Comprehensive Income (OCI) Section:**		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	–	–
	On re-measurement of defined benefit plans	–	–
		–	–
	(B) Deferred tax expense/(income):		
	On re-measurement of defined benefit plans	–	–
	Income tax expense reported in the other comprehensive income [(i)+(ii)]	–	–

(b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

(₹ in crore)

S. No.	Particulars	2018-19	2017-18
(a)	**Profit before tax**	304.03	292.70
(b)	Corporate tax rate as per Income tax Act, 1961	34.944%	34.608%
(c)	Tax on accounting profit (c)=(a)*(b)	106.24	101.30
(d)	(i) Tax on Income exempt from tax :	(120.14)	(130.45)
	(ii) Tax on expense not tax deductible:	50.87	43.04
	(iii) Effect on deferred tax due to change in Income tax rate	–	(0.02)
	(iv) Effect of tax expenses for prior years	–	12.44
	(v) Tax effect on various other Items	–	0.34
	Total effect of tax adjustments [(i) to (v)]	(69.27)	(74.65)
(e)	**Tax expense recognised during the year (e)=(c)-(d)**	36.97	26.65
(f)	**Effective tax Rate (f)=(e)/(a)**	12.16%	9.10%

(c) Major components of deferred tax liabilities and deferred tax assets:

(₹ in crore)

Particulars	Deferred tax (liabilities)/ assets as at April 01, 2018	Charge/(credit) to Statement of Profit and Loss	Deferred tax (liabilities)/ assets as at March 31, 2019
Deferred tax (liabilities):			
- Difference between book base and tax base of property, plant & equipment, investment property and intangible assets*	0.00	(0.01)	(0.01)
Net Deferred tax (liabilities)	0.00	(0.01)	(0.01)
Deferred tax assets:			
- Impairment on financial instruments	1.40	(1.37)	0.04
- Unutilised MAT credit	32.80	–	32.80
- Defined benefit obligation	0.34	0.30	0.63
- Provision for Expenses	0.22	(0.02)	0.20
Net Deferred tax assets	34.76	(1.09)	33.67
Net deferred tax (liability)/assets	**34.76**	**(1.10)**	**33.66**

* Amount less than ₹ 50,000

(₹ in crore)

Particulars	Deferred tax (liabilities)/ assets as at April 01, 2017	Charge/(credit) to Statement of Profit and Loss	Deferred tax (liabilities)/ assets as at March 31, 2018
Deferred tax (liabilities):			
- Difference between book base and tax base of property, plant & equipment, investment property and intangible assets*	(0.00)	0.01	0.00
- Fair value of investments at FVTPL	(0.13)	0.13	–
Net Deferred tax (liabilities)	(0.13)	0.14	0.00
Deferred tax assets:			
- Impairment on financial instruments	0.70	0.70	1.40
- Carried forward tax losses	7.89	(7.89)	0.00
- Unutilised MAT credit	32.80	–	32.80
- Defined benefit obligation	0.55	(0.21)	0.34
- Provision for Expenses	0.15	0.07	0.22
Net Deferred tax assets	42.09	(7.33)	34.76
Net deferred tax (liability)/assets	41.96	(7.19)	34.76

* Amount less than ₹ 50,000

38 Disclosure pursuant to Ind AS 19 "Employee Benefits":

(i) Defined contribution plans

The Company recognise charges of ₹ 0.27 crore (previous year ₹ 0.29 crore) as an expense for provident fund contribution and is included in Note 28 "employee benefits expenses" in the statement of profit and loss.

(ii) Defined benefits gratuity plans

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favorable compared to the obligation under the Payment of Gratuity Act, 1972.

a) The amounts recognised in balance sheet are as follows:

(₹ in crore)

S. No.	Particulars	Gratuity Plan		
		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
A)	**Present Value of Defined Benefit Obligation**			
	- Wholly funded	1.08	0.85	1.32
	- Wholly unfunded	–	–	–
		1.08	0.85	1.32
	Less : Fair Value of plan assets	(0.83)	(0.82)	(0.76)
	Amount to be recognised as liability or (asset)	0.25	0.03	0.56
B)	**Amounts reflected in Balance Sheet**			
	Liabilities	0.25	0.03	0.56
	Assets	–	–	–
	Net liability/(asset)	**0.25**	**0.03**	**0.56**

b) The amounts recognised in the statement of profit and loss are as follows:

(₹ in crore)

S. No.	Particulars	Gratuity Plan As at March 31, 2019	Gratuity Plan As at March 31, 2018
1	Current Service Cost	0.11	0.17
2	Interest Cost	(0.01)	0.03
3	Actuarial losses/(gains) - others	0.06	(0.62)
4	Actuarial losses/(gains) - difference between actuarial return on plan assets and interest income	0.26	0.00
	Total (1 to 4)	**0.42**	**(0.42)**
i	Amount included in "employee benefits expenses"	0.11	0.17
ii	Amount included in as part of "finance cost'	(0.01)	0.03
iii	Amount included as part of "Other Comprehensive income"	0.32	(0.62)
	Total (i + ii + iii)	**0.42**	**(0.42)**

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

(₹ in crore)

Particulars		Gratuity Plan	
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Opening balance of the present value of defined benefit obligation	0.85	1.32	10.63
Add : Current Service Cost	0.11	0.17	0.09
Add : Interest Cost	0.06	0.09	0.41
Add : Actuarial losses/(gains)			
i) Actuarial (gains)/losses arising from changes in financial assumptions	0.02	0.10	0.06
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	0.00	–	–
ii) Actuarial (gains)/losses arising from changes in experience adjustments	0.04	(0.72)	0.19
Less : Benefits paid	–	(0.11)	(10.40)
Add : Liability assumed/(settled)	–	–	0.34
Closing balance of the present value of defined benefit obligation	**1.08**	**0.85**	**1.32**

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

(₹ in crore)

Particulars		Gratuity Plan	
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Opening balance of the fair value of the plan assets	0.82	0.76	8.57
Add : interest income of plan assets	0.07	0.06	0.25
Add/(less) : Actuarial gains/(losses)	(0.26)	(0.01)	0.11
Add : Contribution by the employer	0.21	0.12	2.23
Less : Benefits paid	–	(0.11)	(10.40)
Closing balance of plan assets	**0.84**	**0.82**	**0.76**

e) The fair value of major categories of plan assets are as follows:

(₹ in crore)

Particulars		Gratuity Plan As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
1	Insurer managed funds (unquoted)	0.84	0.82	0.76

f) Principal actuarial assumptions at the valuation date:

S. No.	Particulars	Gratuity Plan As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
1	Discount rate (per annum)	7.20%	7.70%	6.90%
2	Salary escalation rate (per annum)	9.00%	9.00%	6.00%

Discount Rate:

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

Salary escalation rate:

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

g) Sensitivity Analysis:

One percentage point change in actuarial assumption would have the following effects on the defined benefit obligation:

S. No.	Particulars	Effect of 1% decrease 2018-19	2017-18
1	Discount rate (per annum)	0.05	0.05
2	Salary escalation rate (per annum)	(0.05)	(0.04)
		Effect of 1% increase 2018-19	**2017-18**
3	Discount rate (per annum)	(0.05)	(0.04)
4	Salary escalation rate (per annum)	0.05	0.05

g) Attrition rate:

The attrition rate varies from 0% to 1% (previous year: 0% to 1%) for various age groups.

h) Mortality rate:

Published rates under the Indian Assured Lives Mortality (2012-14) Ult table.

Provident fund

The Company's state governed provident fund scheme are defined contribution plan for its employees. The Contribution by the employer and employee together with interest accumulated there on are payable to the employee at the time of separation from company or retirement whichever is earlier. The benefit vests immediately on rendering of services by the employee.

39 Disclosure of related parties/related party transactions pursuant to Ind AS 24 " Related Party Disclosures"

(a) Name of the related parties and description of relationship:

S. No	Particulars	Relationship
1	Larsen & Toubro Limited	Holding Company
2	L&T Infrastructure Finance Company Limited	Subsidiary Companies
3	L&T Financial Consultants Limited	Subsidiary Companies
4	L&T Investment Management Limited	Subsidiary Companies
5	L&T Housing Finance Limited	Subsidiary Companies
6	L&T Finance Limited	Subsidiary Companies
7	L&T Capital Markets Limited $	Subsidiary Companies
8	L&T Infra Debt Fund Limited	Subsidiary Companies
9	L&T Capital Markets (Middle East) Limited #	Subsidiary Companies
10	L&T Electromech LLC	Fellow Subsidiary
11	Mr. Dinanath Dubhashi	Managing Director & Chief Executive Officer
12	Dr. (Mrs) Rajani R. Gupte (appointed as director w.e.f. June 28, 2018)	Independent director
13	Mr. Harsh Mariwala	Independent director
14	Mr. P. V. Bhide	Independent director
15	Mr. Pavninder Singh (appointed as director w.e.f. June 15, 2017)	Nominee director
16	Mr. Prabhakar B. (appointed as director w.e.f. June 28, 2018)	Non-executive director
17	Mr. S. V. Haribhakti	Non-executive chairman (Independent director)
18	Mr. Thomas Mathew T.	Independent director
19	Ms. Nishi Vasudeva (appointed as director w.e.f. June 15, 2017)	Independent director
20	Ms. Vaishali Kasture (appointed as director w.e.f. June 15, 2017 and ceased to be director w.e.f. May 29,2018)	Independent director
21	Mr. B.V. Bhargava (ceased to be director w.e.f. August 31, 2017)	Independent director
22	Mr. Y. M. Deosthalee (ceased to be director w.e.f. May 31, 2017)	Non-executive chairman
23	Mr. Amit Chandra (ceased to be director w.e.f. June 15, 2017)	Nominee director

During the current year L&T Capital Markets (Middle East) Limited, a wholly owned subsidiary of L&T Finance Holdings Ltd was incorporated in Dubai w.e.f. July 01, 2018

$ During the previous year, L&T Access Distribution Services Limited merged into L&T Capital Markets Limited w.e.f. April 01, 2017, being the appointed date.

Note: The above list contains name of only those related parties with whom the company has undertaken transactions in current or previous year.

(b) Related parties transactions:

(₹ in crore)

S. No.	Nature of Transactions	2018-19	2017-18
1	**Subscription to equity shares of**		
	L&T Infrastructure Finance Company Limited	1,300.39	450.00
	L&T Finance Limited	–	1,400.00

(₹ in crore)

S. No.	Nature of Transactions	2018-19	2017-18
	L&T Housing Finance Limited	–	600.00
	L&T Infra Debt Fund Limited	–	16.35
	L&T Capital Markets (Middle East) Limited	5.41	–
2	**Inter corporate deposits disbursed**		
	L&T Infrastructure Finance Company Limited	2,754.75	4,224.65
	L&T Finance Limited	8,036.51	7,421.03
	L&T Housing Finance Limited	1,917.72	2,340.07
	L&T Infra Investment Partners Advisory Private Limited	0.15	–
	L&T Investment Management Limited	36.22	–
	L&T Capital Markets Limited	–	16.52
	L&T Capital Markets (Middle East) Limited	15.66	–
	L&T Financial Consultants Limited	371.29	392.68
3	**Inter corporate deposits repaid (including interest)**		
	L&T Infrastructure Finance Company Limited	2,759.11	4,231.36
	L&T Finance Limited	8,626.02	6,992.96
	L&T Housing Finance Limited	1,936.31	2,327.92
	L&T Infra Investment Partners Advisory Private Limited	0.15	–
	L&T Investment Management Limited	36.31	–
	L&T Capital Markets Limited	–	16.55
	L&T Capital Markets (Middle East) Limited**	–	–
	L&T Financial Consultants Limited	366.34	468.68
	** amounts less than ₹ 50,000		
4	**Professional fees expense**		
	Larsen & Toubro Limited	0.04	0.04
5	**Rent & maintenance expenditure**		
	L&T Financial Consultants Limited	1.42	1.37
6	**Reimbursement of expense to**		
	Larsen & Toubro Limited	0.11	0.08
	L&T Financial Consultants Limited	0.03	–
	L&T Electromech LLC#	–	0.00
	# amounts less than ₹ 50,000		
7	**Reimbursement of expense from**		
	L&T Infrastructure Finance Company Limited	–	0.08
	L&T Finance Limited	–	0.08
	L&T Housing Finance Limited	–	0.08
	L&T Investment Management Limited	–	0.08
	L&T Capital Markets Limited	–	0.08
8	**ESOP charges recovered**		
	L&T Infrastructure Finance Company Limited	8.11	5.49
	L&T Finance Limited	25.91	15.39

(₹ in crore)

S. No.	Nature of Transactions	2018-19	2017-18
	L&T Housing Finance Limited	1.33	0.69
	L&T Infra Debt Fund Limited	0.38	0.13
	L&T Investment Management Limited	20.88	11.57
	L&T Capital Markets Limited	3.51	2.35
	L&T Financial Consultants Limited	0.37	0.13
9	**Inter corporate borrowings taken**		
	Larsen & Toubro Limited	1,000.00	–
	L&T Infrastructure Finance Company Limited	469.00	–
10	**Inter corporate borrowings repaid (including interest)**		
	Larsen & Toubro Limited	1,017.95	–
	L&T Infrastructure Finance Company Limited	469.44	–
9	**Interest income on inter corporate deposit**		
	L&T Infrastructure Finance Company Limited	4.36	6.71
	L&T Finance Limited	95.09	31.29
	L&T Housing Finance Limited	3.58	2.86
	L&T Infra Investment Partners Advisory Private Limited^	0.00	–
	L&T Investment Management Limited	0.09	–
	L&T Financial Consultants Limited	34.66	32.12
	L&T Capital Markets Limited	–	0.03
	L&T Capital Markets (Middle East) Limited	0.16	–
	^amounts less than ₹ 50,000		
10	**Interest expense on inter corporate borrowings**		
	Larsen & Toubro Limited	17.95	–
	L&T Infrastructure Finance Company Limited	0.44	–
11	**Management fees income**		
	L&T Infrastructure Finance Company Limited	4.09	1.96
	L&T Finance Limited	7.36	2.62
	L&T Housing Finance Limited	2.45	0.65
	L&T Infra Debt Fund Limited	0.82	0.33
	L&T Investment Management Limited	0.82	0.65
	L&T Capital Markets Limited	0.82	0.33
12	**Dividend income**		
	L&T Infrastructure Finance Company Limited	–	151.46
	L&T Finance Limited	191.90	–
	L&T Housing Finance Limited	114.92	173.44
	L&T Investment Management Limited	30.22	–
	L&T Financial Consultants Limited	6.75	52.03
13	**Subscription to equity shares of the company by**		
	Larsen & Toubro Limited	–	2,000.00
14	**Repayment of security deposit to**		
	L&T Financial Consultants Limited	0.06	–

(₹ in crore)

S. No.	Nature of Transactions	2018-19	2017-18
15	**Remuneration to key management personnel**		
	Short-term employee benefits paid to		
	Mr. Dinanath Dubhashi	5.63	8.21
	Dr. (Mrs) Rajani R. Gupte	0.08	–
	Mr. Harsh Mariwala	0.17	0.27
	Mr. P. V. Bhide	0.16	0.25
	Mr. Pavninder Singh	0.08	0.15
	Mr. Prabhakar B.	0.08	–
	Mr. S. V. Haribhakti	0.57	0.57
	Mr. Thomas Mathew T.	0.20	0.26
	Ms. Nishi Vasudeva	0.15	0.12
	Ms. Vaishali Kasture	0.03	0.07
	Mr. B.V. Bhargava	–	0.07
	Mr. Y. M. Deosthalee	–	0.08
	Mr. Amit Chandra	–	0.03

(c) Amount due to/from related parties:

(₹ in crore)

S. No.	Nature of Transactions	2018-19	2017-18	2016-17
1	**Receivable from/ (payable to)**			
	L&T Infrastructure Finance Company Limited	1.10	8.17	2.68
	L&T Finance Limited	3.59	27.56	14.42
	L&T Housing Finance Limited	0.50	1.22	0.86
	L&T Infra Debt Fund	0.22	0.13	–
	L&T Investment Management Limited	2.91	16.49	7.17
	L&T Capital Markets Limited	0.40	3.95	1.60
	L&T Financial Consultants Limited	0.04	0.13	0.00
	L&T Capital Markets (Middle East) Limited	0.41	–	–
	Larsen & Toubro Limited	(0.01)	(0.02)	0.07
2	**Outstanding balance of inter corporate deposits given**			
	L&T Finance Limited	166.11	660.54	201.18
	L&T Housing Finance Limited	–	15.01	–
	L&T Capital Markets (Middle East) Limited	15.82	–	–
	L&T Financial Consultants Limited	382.15	342.54	386.43
3	**Security deposit given to**			
	L&T Financial Consultants Limited	0.25	0.31	0.31
4	**Dividend receivable from**			
	L&T Infrastructure Finance Company Limited	–	151.46	86.00
	L&T Finance Limited	191.90	–	–
	L&T Housing Finance Limited	61.18	72.26	–
	L&T Investment Management Limited	30.22	–	–
	L&T Financial Consultants Limited	6.75	–	–

40 Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share":

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
Basic			
Profit after tax (₹ crore)	A	267.06	266.05
Weighted average number of equity shares outstanding during the year (Nos.)	B	1,99,71,65,629	1,82,44,19,741
Basic earning per share (₹)	**A/B**	**1.34**	**1.46**
Diluted			
Profit after tax (₹ crore)	A	267.06	266.05
Weighted average number of equity shares outstanding during the year (Nos.)	B	1,99,71,65,629	1,82,44,19,741
Add: Weighted average no. of potential equity shares on account of employee stock options (Nos.)	C	77,03,279	1,76,13,844
Weighted average number of shares outstanding for diluted EPS (Nos.)	D=B+C	2,00,48,68,908	1,84,20,33,585
Diluted earnings per share (₹)	**A/D**	**1.33**	**1.44**
Face value of shares (₹)		10.00	10.00

41 Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:

(₹ in crore)

Particulars	April 1, 2018	Cash flows	Changes in fair values	Others	March 31, 2019
Debt Securities	–	1,162.49	–	–	1,162.49
Borrowings (other than debt securities)	468.70	(463.71)	–	–	4.99
Subordinated debt	1,030.12	–	–	2.17	1,032.29

(₹ in crore)

Particulars	April 1, 2017	Cash flows	Changes in fair values	Others	March 31, 2018
Debt Securities	568.97	(568.94)	–	(0.03)	–
Borrowings (other than debt securities)	433.99	–	–	34.71	468.70
Subordinated debt	1,206.24	(179.00)	–	2.88	1,030.12

42 Contingent liabilities and commitments (₹ in crore)

Particulars	2018-19	2017-18	2016-17
Contingent Liabilities			
Income tax matter in dispute	–	–	4.51

43 Expenditure in foreign currency: (₹ in crore)

Nature of Transactions	2018-19	2017-18
Professional and other fees (including reimbursement)	0.30	1.35
Directors sitting fees and commission (including reimbursements)	–	0.12
Total	**0.30**	**1.47**

44 Contribution to political parties during the year 2018-19 is ₹ Nil (previous year ₹ Nil).

45 Trade payable includes amount payable to Micro and Small Enterprises as follows:

Particulars	2018-19	2017-18
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	–	–
(ii) the amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year;	–	–
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	–	–
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;	–	–
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

Footnote: The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company. Based on the information available with the Company, as at the year end, there are no dues to micro and small Enterprises that are reportable under the MSMED Act, 2006.

46 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2019

47 Events after the reporting period

There have been no events after the reporting date that require disclosure in the financial statements.

48 The Company has obtained the Certificate of Registration from the RBI as a Non-Banking Financial Institution - Core Investment Company (NBFC-CIC) on September 11, 2013 under Section 45-IA of the Reserve Bank of India Act, 1934.

49 Disclosures in terms of RBI Master Direction for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Master Direction- Core Investment Companies (Reserve Bank) Directions , 2016 have been given under Annexure-I to these financial statements.

50 First time adoption of Ind AS

The company has prepared opening Balance Sheet as per Ind AS as of April 01, 2017 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, derecognising items of assets or liabilities which are not permitted to be recognised by Ind AS, reclassifying items from Previous GAAP to Ind AS as required, and applying Ind AS to measure the recognised assets and liabilities. The exemptions availed by the company under Ind AS 101 are as follows:

(i) The company has adopted the carrying value determined in accordance with Previous GAAP for all of its property plant & equipment and investment property as deemed cost of such assets at the transition date.

(ii) Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before April 01, 2017.

(iii) The estimates as at April 01, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Previous GAAP.

(a) Statement of reconciliation of equity under Ind AS and equity reported under Previous GAAP:

(₹ in crore)

S. No.	Particulars	Note	As at March 31, 2018	As at April 1, 2017
	Equity as per Previous GAAP		8,651.57	5,323.73
(a)	Redeemable preference capital classified as liability	a	(1,034.40)	(1,213.40)
(b)	Incremental cost on fair valuation of employee stock options plan previously recognised on the basis of intrinsic value	b	52.22	26.43
(c)	Increase in borrowing cost pursuant to application of effective interest rate method as issue expenses were previously adjusted against Securities Premium account	a	4.28	7.16
(d)	Others		0.02	0.59
(e)	Deferred taxes	d	–	(0.20)
	Equity as per Ind AS		**7,673.69**	**4,144.31**

(b) Statement of reconciliation for the year ended March 31,2018: (₹ in crore)

S. No.	Particulars	Note	Year ended March 31, 2018
	Net profit after tax as per Previous GAAP		**367.84**
(a)	Incremental cost on fair valuation of employee stock options plan previously recognised on the basis of intrinsic value	b	(4.83)
(b)	Increase in borrowing cost pursuant to application of effective interest rate method as issue expenses were previously adjusted against Securities Premium Account	a	(95.95)
(c)	Others		(1.21)
(d)	Deferred taxes	d	0.20
	Net profit/(loss) after tax as per Ind AS		**266.05**
(e)	Other comprehensive income (net of tax) attributable to owners of the Company	c	0.62
	Total comprehensive income as per Ind AS		**266.67**

(c) Statement of reconciliation of cash flow statement under Ind AS and cash flow statement reported under Previous GAAP:

(₹ in crore)

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash used in operating activities (A)	(157.92)	114.11	(272.03)
Net cash used in investing activities (B)	(2,191.00)	–	(2,191.00)
Net cash generated from financing activities (C)	2,359.65	(114.11)	2,473.76
Net increase in cash and cash equivalents (A+B+C)	**10.73**		**10.73**
Cash and cash equivalents at beginning of the year	**0.53**		**0.53**
Cash and cash equivalents at the end of the year	**11.26**		**11.26**

Notes to previous GAAP and Ind AS

a Under IGAAP, CRPS formed part of the Equity Share Capital. The share issue expenses were debited to securities premium account. As per Ind AS 32, since there is no term for conversion of the instrument on the date of issuance, such instrument is classified as a liability and interest cost is accrued at the rate of dividend applicable along with dividend distribution tax (DDT) thereto. The share issue expenses are net off upon initial recognition from the borrowings and amortised under effective interest rate method, resulting in increase in security premium account and decrease in borrowings on account of CRPS.

b Under IGAAP, the ESOPs of the holding company given to employees of the Group were recorded at intrinsic value. Under Ind AS, the option fair value cost is amortised over the vesting period in the Statement of Profit and Loss and a corresponding liability for ESOP outstanding is created.

c Actuarial gains and losses pertaining to defined benefit obligations and re-measurement pertaining to return on plan assets are recognised in Other Comprehensive Income in accordance with Ind AS 19 and are not reclassified to profit or loss.

d Deferred tax under Ind AS has been recognised for temporary differences between tax base and the book base of the relevant assets and liabilities. Under the Previous GAAP, the deferred tax was accounted based on timing differences impacting the Statement of Profit and Loss for the period.

51 Previous year previous GAAP figures have been regrouped / reclassified to make them comparable with IND AS presentation

52 The above financial statements have been reviewed by the audit committee and subsequently approved by the Board of Directors at its meeting held on April 28, 2019.

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

S. V. Haribhakti
Non-Executive Chairman
(DIN: 00007347)

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
(DIN: 03545900)

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2019

Annexure-I

The disclosures as required by the RBI Master Directions have been prepared after giving effect of below mentioned adjustments to the amounts reported in the financial statements:

(i) The amount of allowances for expected credit losses on loan assets were added to the loan asset balances and the amount of provisions on Standard, non-performing and stressed loan assets were recomputed based on the Companies provisioning policy as approved by the Board of Directors read together with the RBI Master Directions;

(ii) The deferred tax relating to the adjustments listed in item listed above;

The disclosures for the previous year ended March 31, 2018 are on the basis of the financial statements prepared as per Previous GAAP

1) Exposure to Real Estate Sector

(₹ in crore)

Category	2018-19	2017-18
a) Direct exposure		
(i) Residential Mortgages -		
Lending secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)	Nil	Nil
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

2) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

As at March 31, 2019

(₹ in crore)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	As at March 31, 2019
Liabilities:									
Borrowings from banks	–	–	–	–	–	4.99	–	–	4.99
Market Borrowings	325.00	250.00	724.40	60.00	–	850.00	–	–	2,209.40
Assets:									
Advances	52.59	180.55	2.12	17.66	292.37	–	–	–	545.29
Investments	–	–	–	–	–	–	–	9,146.19	9,146.19

Footnote: The above bucketing has been arrived on the extant regulatory guidelines and the policy approved by the Board of Directors at its meeting held on October 24, 2018.

Annexure-I (continued)

3) Liabilities side:

Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid

(₹ in crore)

S. No.	Particulars	As at March 31, 2019 Amount Outstanding	As at March 31, 2019 Amount Overdue	As at March 31, 2018 Amount Outstanding	As at March 31, 2018 Amount Overdue
(a)	Debentures:				
	Secured	–	–	–	–
	Unsecured (Other than falling within the meaning of Public Deposits)	–	–	–	–
(b)	Deferred Credits	–	–	–	–
(c)	Term Loans	–	–	–	–
(d)	Inter-Corporate Loans and borrowings*	–	–	463.74	–
(e)	Commercial Paper (net of unexpired discount charges)	1,162.49	–	–	–
(f)	Other Loans (Cash Credit)	4.99	–	4.96	–

4) Assets side:

Break-up of Loans and Advances including bills receivables [Other than those included in (3) below]

(₹ in crore)

S. No.	Particulars	As at March 31, 2019 Amount Outstanding	As at March 31, 2018 Amount Outstanding
(a)	Secured	–	–
(b)	Unsecured*	564.08	1,003.68

* inclusive of interest accrued

5) Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities

S. No.	Particulars	As at March 31, 2019 Amount Outstanding	As at March 31, 2018 Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial Lease	Nil	Nil
	(b) Operating Lease	Nil	Nil
(ii)	Stock on hire including hire charges under sundry debtors		
	(a) Assets on Hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
(iii)	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil

Annexure-I (continued)

6) Break-up of Investments

(₹ in crore)

S. No.	Particulars			As at March 31, 2019 Amount Outstanding	As at March 31, 2018 Amount Outstanding
	Current investments				
1	**Quoted**				
	i.	Shares:	a. Equity	-	-
			b. Preference	-	-
	ii.	Debentures and bonds		-	-
	iii.	Units of mutual funds		-	-
	iv.	Government scurities		-	-
	v.	Others (please specify)		-	-
2	**Unquoted**				
	i.	Shares:	a. Equity	-	-
			b. Preference	-	-
	ii.	Debentures and bonds		-	-
	iii.	Units of mutual funds		-	-
	iv.	Government scurities		-	-
	v.	Others (please specify)		-	-
	Long term investments				
1	**Quoted**				
	i.	Shares:	a. Equity	-	-
			b. Preference	-	-
	ii.	Debentures and bonds		-	-
	iii.	Units of mutual funds		-	-
	iv.	Government scurities		-	-
	v.	Others (please specify)		-	-
2	**Unquoted**				
	i.	Shares:	a. Equity	9,146.19	7,840.39
			b. Preference	-	-
	ii.	Debentures and bonds		-	-
	iii.	Units of mutual funds		-	-
	iv.	Government scurities		-	-
	v.	Others (please specify)		-	-

Annexure-I (continued)

7) Borrower group-wise classification of assets financed as in (2) and (3) above:

(₹ in crore)

S. No.	Particulars	As at March 31, 2019			As at March 31, 2018		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties						
	(a) Subsidiaries	–	564.08	564.08	–	1,003.68	1,003.68
	(b) Companies in the same group	–	–	–	–	–	–
	(c) Other related parties	–	–	–	–	–	–
2	Other than related parties		–	–		–	–
	Total	**–**	**564.08**	**564.08**	**–**	**1,003.68**	**1,003.68**

8) Investor group-wise classification of all investments (current and non-current) in shares and securities (both quoted and unquoted):

(₹ in crore)

S. No.	Category	As at March 31, 2019 Market Value / Break up or fair value or NAV	As at March 31, 2019 Book Value (Net of Provisions)	As at March 31, 2018 Market Value / Break up or fair value or NAV	As at March 31, 2018 Book Value (Net of Provisions)
1	Related Parties				
	(a) Subsidiaries	9,146.19	9,146.19	7,840.39	7,840.39
	(b) Companies in the same group	–	–	–	–
	(c) Other related parties	–	–	–	–
2	Other than related parties	–	–	–	–
	Total	**9,146.19**	**9,146.19**	**7,840.39**	**7,840.39**

9) Other information

S. No.	Particulars	As at March 31, 2018 Amount Outstanding	As at March 31, 2018 Amount Outstanding
(i)	Gross Non-Performing Assets		
	(a) Related parties	–	–
	(b) Other than related parties	–	–
(ii)	Net Non-Performing Assets		
	(a) Related parties	–	–
	(b) Other than related parties	–	–
(iii)	Assets acquired in satisfaction of debt	–	–

Annexure-I (continued)

10) Investments:

(₹ in crore)

S. No.	Particulars	As at March 31, 2019	As at March 31, 2018
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	9,140.78	7,840.39
	(b) Outside India	5.41	–
	(ii) Provisions for Depreciation		
	(a) In India	–	–
	(b) Outside India	–	–
	(iii) Net Value of Investments		
	(a) In India	9,140.78	7,840.39
	(b) Outside India	5.41	–
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	–	–
	(ii) Add: Provisions made during the year	–	–
	(iii) Less: Write -off/write back of excess provisions during the year	–	–
	(iv) Closing balance	–	–

11) Derivatives:

1) **Forward Rate Agreement / Interest Rate Swap:** The Company has not traded in Forward Rate Agreement/ Interest Rate Derivative during the financial year ended March 31, 2019 (Previous year: Nil)

2) **Exchange Traded Interest Rate (IR) Derivatives:** The Company has not traded in Exchange Traded Interest Rate (IR) Derivative during the financial year ended March 31, 2019 (Previous year: Nil)

12) Securitization: No securitization deal (including assignment deal) has carried out during the financial year ended March 31, 2019 (Previous year: Nil)

13) Asset Liability Management Maturity Pattern: Refer note no. 2 of Annexure-I for details of Asset Liability Management Maturity Pattern

14) Exposures:

1) Exposures to Real Estate Sector: Refer note no. 1 of Annexure-I for details of exposures to Real Estate Sector

II) Exposures to Capital Markets: None

III) Details of financing of parent company products: None

IV) The particulars of unsecured advances net off provision are given below:

(₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018
Intercorporate Deposit*	564.08	1,003.68

* inclusive of interest accrued

Annexure-I (continued)

15) Miscellaneous

I) Registration obtained from other financial sector regulators: No registration has been obtained from other financial sector regulators.

II) Penalties imposed by RBI and other regulators: No penalties have been imposed by RBI or other regulators during the year. (Previous Year: NIL)

III) Ratings assigned by credit rating agencies and migration of ratings during the year:

Instrument	2018-19		
	INDIA RATINGS	CARE	ICRA
Non-Convertible Debentures	IND AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Stable)
CRPS	–	CARE AAA (RPS) (Stable)	–
Commercial Paper	IND A1+	CARE A1+	ICRA A1+

Instrument	2017-18		
	INDIA RATINGS	CARE	ICRA
Non-Convertible Debentures	IND AAA (Stable)	CARE AAA (Stable)	ICRA AA+ (Stable)
CRPS	–	CARE AAA (RPS) (Stable)	-
Commercial Paper	IND A1+	CARE A1+	ICRA A1+

IV) Postponements of revenue recognition: Current year: Nil (Previous year: Nil)

16) Provisions and Contingencies:

I) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account:

(₹ in crore)

Particulars	2018-19	2017-18
Provisions for depreciation on investment	Nil	Nil
Provision towards non-performing assets	Nil	Nil
Provision made towards Income tax		
(shown below profit before tax)		
Current tax	35.87	7.00
MAT credit entitlement	–	–
Deferred tax	0.85	7.39
Short provision relating to earlier years	–	12.44
Other provision and contingencies	–	
Provision for standard assets	(1.83)	1.98

17) Concentration of Advances and NPAs:

I) Concentration of Advances: (₹ in crore)

Particulars	As at March 31, 2019*	As at March 31, 2018
Total Inter corporate deposit to twenty largest borrowers	564.08	1,003.68
Percentage of advances to twenty largest borrowers to total advances of the company	100%	100%

*including interest accrued

Annexure-I (continued)

II) Concentration of NPAs: (₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to top four NPA accounts	-	-

18) Disclosure of customer complaints:

S. No.	Particulars	2018-19	2017-18
(i)	No. of complaints pending at the beginning of the year	Nil	Nil
(ii)	No. of complaints received during the year	Nil	Nil
(iii)	No. of complaints redressed during the year	Nil	Nil
(iv)	No. of complaints pending at the end of the year	Nil	Nil

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Independent Auditors' Report

To The Members of L&T Finance Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **L&T Finance Holdings Limited** (the "Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
Impairment of goodwill on consolidation: There is a risk that the Group's Goodwill may be impaired due to the inherent uncertainty involved in forecasting and discounting future cash flows, determination of discount and terminal growth rates, which are the basis of the assessment of recoverability. These are the key judgement areas for our audit. The Group annually carries out an impairment assessment of goodwill using a value-in-use model which is based on the net present value of the forecast earnings of the cash-generating units. This is calculated using certain assumptions around discount rates, growth rates and cash flow forecasts.	Principle procedures performed: Besides obtaining an understanding of Management's processes and controls with regard to testing the goodwill for impairment the procedures included the following: • Engaged internal fair valuation experts to challenge management's underlying assumptions and appropriateness of the valuation model used. • Compared the Group's assumptions with comparable benchmarks in relation to key inputs such as long-term growth rates and discount rates. • Assessed the appropriateness of the forecast cash flows within the budgeted period based on their understanding of the business and sector experience. • Considered historical forecasting accuracy, by comparing previously forecasted cash flows to actual results achieved. • Performed a sensitivity analysis in relation to key assumptions.

For Key Audit Matters identified by Component Auditors, refer "Annexure I" attached herewith.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the management discussion and analysis included Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements / financial information of 7 subsidiaries, whose financial statements / financial information reflect total assets of ₹ 1,238.80 crore as at March 31, 2019, total revenues of ₹ 797.41 crore and net cash outflows amounting to ₹ 13.33 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

(b) The comparative financial statements/ information for the year ended March 31, 2018 in respect of 7 subsidiaries and the related transition date opening balance sheet as at April 01, 2017 prepared in accordance with the Ind AS and included in these consolidated financial statements have been audited by other auditors, whose reports have been furnished to us by the Management and in so far as it relates to the comparative amounts and disclosures included in respect of these subsidiaries, made in these consolidated financial statements, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified in respect of the above matters on the comparative financial information.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,as amended in our opinion and to the best of our information and according to the explanations given to us:

   i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii) The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 39826)

Mumbai, April 28, 2019

For B. K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
(Partner)
(Membership No. 044784)

Mumbai, April 28, 2019

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of L&T Finance Holdings Limited (hereinafter referred to as (the "Parent") and its subsidiary companies, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 7 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 39826)

Mumbai, April 28, 2019

For B. K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
(Partner)
(Membership No. 044784)

Mumbai, April 28, 2019

Annexure I

Sr. No.	Components	Key Audit Matter	Auditor's Response
	L&T Infrastructure Company Finance Limited; L&T Finance Limited and L&T Housing Finance Limited	Provision for Expected Credit Loss: The Components exercises significant judgement using subjective assumptions over both when and how much to record as loan impairment, and estimation of the amount of the impairment provision for loans and advances. Because loans form a major portion of the Component's assets, and due to the significance of the judgments used in classifying these loans into various stages stipulated in Ind AS 109 and determining related provision requirements, this audit area is considered a key audit risk.	Audit procedure performed: • We gained understanding of the Component's key credit processes comprising granting, booking, monitoring and provisioning and tested the operating effectiveness of key controls over these processes; • We read the Component's Ind AS 109 based impairment provisioning policy and compared it with the requirements of Ind AS 109; • We obtained an understanding of the Component's internal rating models for loans and advances and read the rating validation report prepared by the Component to gain comfort that the discrimination and calibration of the rating model is appropriate;

Sr. No.	Components	Key Audit Matter	Auditor's Response
			• We understood the theoretical soundness and tested the mathematical integrity of the Models. Where relevant, we used Information System specialists to gain comfort on data integrity; • We checked consistency of various inputs and assumptions used by the Component's management to determine impairment provisions; • We checked the appropriateness of the Component's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages; • We checked and understood the key data sources and assumptions for data used in the Expected Credit Loss (ECL) models (the Models) used by the Component to determine impairment provisions; • For forward looking assumptions used by the Component's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information; • For a sample of exposures, we checked the appropriateness of the Component's staging, appropriateness of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations; • For Probability of Default (PD) used in the ECL calculations we checked the Through the Cycle (TTC) PDs calculation and checked the appropriateness of conversion of the TTC PDs to point in time (PIT) PDs; • We checked the calculation of the Loss Given Default (LGD) used by the Component in the ECL calculations, including the appropriateness of the use of collateral and the resultant arithmetical calculations;

Sr. No.	Components	Key Audit Matter	Auditor's Response
			• We checked the completeness of the loans, off balance sheet items, investment securities, placements and other financial assets included in the ECL calculations as at the period end; • For provision against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Component's provisioning methodology, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the management. • For exposures determined to be individually impaired, we tested a sample of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations; and • We checked the appropriateness of the opening balance adjustments.
	L&T Finance Limited	Multiple and discrete Information Technology (IT) Systems: The Component is highly dependent on technology due to the significant number of transactions that are processed daily and discrete IT Systems. The interest income is computed through various IT Systems and the interfacing of these system with the accounting system is critical aspect of audit. The audit approach relies on automated controls and controls around interface of different systems, therefore on the effectiveness of controls over IT systems. IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. Management has implemented preventive and detective controls across critical applications and infrastructure to reduce the risk over IT applications in the financial reporting process. Due to the pervasive nature, we assessed the risk of a material misstatement arising from technology as significant for the audit.	Audit procedures performed: We have performed a range of audit procedures, which included of the following: a) Access rights were tested over applications, operating systems and databases relied upon for financial reporting. Specifically, the tests were designed to cover the following: New access requests for new recruits were properly reviewed and authorised; User access rights were removed on a timely basis when an individual left or moved role; Access rights to applications, operating systems and databases were periodically monitored for appropriateness; and Highly privileged access is restricted to appropriate personnel. b) Other procedures were performed: ◘ Where inappropriate access was identified, we understood the nature of the access, and, where possible, obtained additional evidence on the appropriateness of the activities performed;

Sr. No.	Components	Key Audit Matter	Auditor's Response
			c) Other areas that were independently assessed included password policies, security configurations, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. Testing of automated controls and interface testing was carried out.
	L&T Infra Debt Fund Limited and **L&T Infrastructure Finance Company Limited**	Revenue recognition on loans and advances: Revenue recognition is considered to be a significant audit risk as it is a key driver of return to investors and there is a risk that there could be misstatement or omission of amounts recorded in the system. There is an inherent risk around the accuracy of the revenue recorded given the complexity of the IT system and impact of the terms of loan/debenture agreements to the revenue recognition. Revenue mainly comprises of interest income on term loans & debentures & financial advisory fee income forming part of other operating income. • Interest income: Interest income is recognised as per Effective Interest Rate (EIR) model for the purpose of determining revenue recognition in accordance with the requirements of Ind AS 109. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate. While recognising an Interest income as per Effective Interest Rate (EIR) model in accordance with the requirements of Ind AS 109, the significant judgements have been applied for inclusion/ exclusion of certain components from EIR methodology and also recognising Interest on performing & under performing assets (till the period of 90 days past due; Stage 1 & 2) on gross carrying value of a loan asset and on non-performing assets (more than 90 days past due; Stage 3) on net carrying value of the asset	Audit procedures performed: Our audit procedures included considering the appropriateness of Component's revenue recognition accounting policies and assessing compliance with the policies in terms of the applicable accounting standards. As regards to the Interest income: Performed test of controls, assisted by our IT specialists wherever required, over revenue recognition with specific focus on whether an interest income is recorded as per EIR model over the contract term on a straight-line basis or other applicable basis as per the terms of the contract. We have performed tests of details, on a sample basis, to review the case contracts entered into, with the customers to assess whether interest income recorded is as per the contract terms. Reviewed the completeness of interest income recorded during the year by comparing the income as appearing in component's loan management system with that of accounts. We also performed detailed substantive analytical procedures for select periods and gained more understanding on any variations / corroboration with the results drawn as per the process. As regards to the Fee based income: We have performed tests of details, on a sample basis, to review the underlying agreement / executed memo along with evidences of contractual services performed as stated per the agreed terms. Reviewed the management assessment of compliance with the conditions put under Ind AS 109 for income recognition based on the principles of Ind AS 115 in respect of certain items which did not form a part of EIR.

Sr. No.	Components	Key Audit Matter	Auditor's Response
		• Financial advisory fee based income: Such revenues are recognised when the certain criteria are met which includes persuasive evidence of an arrangement exists, evidences of rendering of services available, the fee or commission is fixed or determinable, and collectability is reasonably assured.	
	L&T Infra Debt Fund Limited and L&T Infrastructure Finance Company Limited	Transition to Ind AS: Pursuant MCA circular dated January 18, 2016, Component being an NBFC has been transitioned to Ind AS wef. April 1, 2018. Application of Ind AS requires an entity to make key changes in its significant accounting policy/ practices and thereby affecting recognition, measurement & disclosure requirements. Hence, this has been identified as a key audit matter.	Audit procedures performed: Our audit procedures primarily involved the application of Ind AS framework per the requirements of Companies (Indian Accounting Standards) (Amendment) Rules, 2016 inter-alia including: • Review of preparation & presentation of Opening balance sheet - on the date of transition i.e. April 1, 2017 as per provisions of Ind AS 101 - First time adoption with a retrospective application of Ind AS principles after applying certain mandatory exceptions & optional exemptions • Ensuring application and alignment of significant accounting policies per the requirements of Ind AS. • Ensuring the application of relevant Ind AS requirements in terms of recognition, measurement and disclosure.

Sr. No.	Components	Key Audit Matter	Auditor's Response
	L&T Infrastructure Finance Company Limited	Valuation of unquoted shares/ debentures and the related diminution in value of investments: Component's investments mainly comprises of investments in quoted instruments, Subsidiaries/associates, unquoted instruments including invoked equity shares of some delinquent borrowers, and subscription to Securities Receipts (SRs) issued by Asset Reconstruction Companies (ARCs) etc. As per the policy adopted by the Component, investments have been fair valued as at the reporting date. Considering that these investments are unquoted and illiquid, the assessment of fair valuation is subjective and requires number of significant estimates and complex judgments to be made by management. The exit value will be determined by the market at the time of realisation and therefore despite the valuation policy adopted and judgments made by management, the final sales value may differ materially from the valuation at the yearend date. There is the risk that inaccurate judgments could be made in the assessment of fair value	Audit procedures performed: Our audit procedures primarily included reviewing the appropriateness of fair valuation methodology used by the Component and to determine whether they are as per the Component's policy and are also in line with applicable accounting standards / regulations. We also reviewed the related control & substantive procedures. • Test of detail: Review of Investment specific information provided including underlying working/ reports/ methodology/ assumptions provided by the Component for each type of investment. • We obtained an understanding of management's processes and controls for determining the fair valuation of unquoted investments. This included discussing with management the valuation governance structure and protocols around their oversight of the valuation process and corroborating our understanding by applying independent assessments wherever possible. • Wherever feasible, we formed an independent range for the key assumptions used in the valuation of a sample of unquoted investments, with reference to the relevant industry and market valuation considerations and critically challenged appropriateness of significant management assumptions/estimates.

Consolidated Balance Sheet as at March 31, 2019

(₹ in crore)

Particulars				Note	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS:							
1	**Financial assets**						
	(a)	Cash and cash equivalents		**2**	1,826.65	1,049.39	462.50
	(b)	Bank balance other than (a) above		**3**	47.50	59.14	163.59
	(c)	Derivative financial instruments		**4**	7.20	–	0.03
	(d)	Receivables		**5**			
		(I)	Trade receivables		106.37	126.44	77.84
		(II)	Other receivables		10.63	3.33	1.17
	(e)	Loans		**6**	91,324.63	77,088.34	60,308.69
	(f)	Investments		**7**	8,640.81	5,301.49	6,565.90
	(g)	Other financial assets		**8**	126.29	73.66	65.68
					1,02,090.08	**83,701.79**	**67,645.40**
2	**Non-financial assets**						
	(a)	Current tax assets (net)			642.97	593.37	450.17
	(b)	Deferred tax assets (net)			1,777.15	1,846.40	1,482.97
	(c)	Investment property		**9**	367.66	395.11	401.04
	(d)	Property, plant and equipment		**10**	67.69	97.05	184.89
	(e)	Capital work-in-progress		**10**	-	0.14	0.27
	(f)	Intangible assets under development		**10**	38.65	19.20	1.27
	(g)	Goodwill on consolidation			638.91	638.91	638.91
	(h)	Other intangible assets		**10**	53.04	19.65	10.49
	(i)	Other non-financial assets		**11**	378.95	465.36	330.27
					3,965.02	**4,075.19**	**3,500.28**
	Total assets				**1,06,055.10**	**87,776.98**	**71,145.68**
	LIABILITIES AND EQUITY						
	LIABILITIES						

Consolidated Balance Sheet as at March 31, 2019

(₹ in crore)

Particulars	Note	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
1 Financial liabilities				
(a) Derivative financial instruments	**4**	–	0.10	6.66
(b) Payables	**12**			
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		–	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		120.05	168.43	90.51
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		–	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		16.12	16.62	11.37
(c) Debt securities	**13**	51,268.31	40,996.13	34,977.92
(d) Borrowings (other than debt securities)	**14**	35,785.15	29,853.50	23,545.02
(e) Subordinated liabilities	**15**	4,453.52	4,398.65	4,562.26
(f) Other financial liabilities	**16**	569.22	520.17	581.63
		92,212.37	**75,953.60**	**63,775.37**
2 Non-Financial Liabilities				
(a) Current tax liabilities (net)		33.51	30.03	9.42
(b) Provisions	**17**	42.04	27.57	26.89
(c) Deferred tax liabilities (net)		5.19	4.56	2.39
(d) Other non-financial liabilities	**18**	91.13	131.00	106.18
		171.87	**193.16**	**144.88**
3 EQUITY				
(a) Equity share capital	**19**	1,998.81	1,995.68	1,755.72
(b) Other equity	**20**	11,449.79	9,411.06	5,217.80
Equity attributable to owners of the company		**13,448.60**	**11,406.74**	**6,973.52**
4 Non-controlling interest		222.26	223.48	251.91
Total liabilities and equity		**1,06,055.10**	**87,776.98**	**71,145.68**
Significant accounting policies	**1**			
See accompanying notes forming part of the financial statements	**2 to 54**			

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : April 28, 2019

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership no. 044784

Place : Mumbai
Date : April 28, 2019

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

S. V. Haribhakti
Non-Executive Chairman
(DIN: 00007347)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN: 03545900)

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2019

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

(₹ in crore)

Particulars		Note	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations				
(i)	Interest income	21	11,637.90	8,869.22
(ii)	Dividend income	22	0.21	0.78
(iii)	Rental income	23	18.84	37.23
(iv)	Fees and commission income	24	1,277.11	1,219.92
(v)	Net gain on fair value changes	25	55.66	85.58
I	**Total revenue from operations**		**12,989.72**	**10,212.73**
II	Other income	26	311.80	53.53
III	**Total income (I + II)**		**13,301.52**	**10,266.26**
Expenses				
(i)	Finance costs	27	6,860.03	5,449.24
(ii)	Fees and commission expense	28	325.71	395.12
(iii)	Net loss on fair value changes	29	383.16	36.60
(iv)	Net loss on derecognition of financial instruments under amortised cost category	30	384.01	529.76
(v)	Impairment on financial instruments	31	700.88	1,418.16
(vi)	Employee benefits expenses	32	824.73	408.70
(vii)	Depreciation, amortization and impairment	33	49.62	51.93
(viii)	Other expenses	34	721.40	530.99
IV	**Total expenses (IV)**		**10,249.54**	**8,820.50**
V	**Profit before exceptional items and tax (III - IV)**		**3,051.98**	**1,445.76**
VI	Exceptional items		–	–
VII	**Profit before tax (V - VI)**		**3,051.98**	**1,445.76**
VIII	**Tax expense**			
(i)	Current tax	35	749.49	518.48
(ii)	Deferred tax	35	70.46	(362.22)
(iii)	Provision for tax related to earlier year	35	–	11.98
IX	**Net profit after tax (VII -VIII)**		**2,232.03**	**1,277.52**
X	Share in profit of associates		–	0.83
XI	**Net profit after tax and share in profit of associate company (IX+X)**		**2,232.03**	**1,278.35**
	Profit for the year attributable to:			
	Owners of the company		2,226.30	1,254.68
	Non-controlling interest		5.73	23.67

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

(₹ in crore)

	Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
XII	**Other comprehensive income**			
A	**Items that will not be reclassified to profit or loss**			
	(a) Remeasurements of the defined benefit plans (net of tax)		(1.50)	(0.94)
	(b) Exchange differences in translating the financial statements of foreign operations, net		(0.23)	–
B	**Items that will be reclassified to profit or loss**			
	(a) Change in fair value of debt instruments measured at fair value through other comprehensive income (net of tax)		(0.68)	(4.02)
	(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		–	(0.03)
	Other comprehensive income for the year attributable to:			
	Owners of the company		(2.41)	(4.99)
	Non-controlling interest		–	–
XIII	**Total comprehensive income (XI+XII)**		**2,229.62**	**1,273.36**
	Total comprehensive income for the year attributable to:			
	Owners of the company		2,223.89	1,249.69
	Non-controlling interest		5.73	23.67
XIV	**Earnings per equity share**	**41**		
	Basic (₹)		11.15	6.88
	Diluted (₹)		11.10	6.81
	Significant accounting policies	**1**		
	See accompanying notes to the financial statements	**2 to 54**		

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : April 28, 2019

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership no. 044784

Place : Mumbai
Date : April 28, 2019

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

S. V. Haribhakti
Non-Executive Chairman
(DIN: 00007347)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN: 03545900)

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2019

Consolidated Statement of changes in equity for the year ended March 31, 2019

A. Equity share capital

Particulars	As at March 31, 2019 No. of Shares	As at March 31, 2019 (₹ in crore)	As at March 31, 2018 No. of Shares	As at March 31, 2018 (₹ in crore)
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	1,99,56,76,960	1,995.68	1,75,57,21,861	1,755.72
Add: Shares issued during the year:				
- On a preferential basis	–	–	17,16,31,889	171.64
- On a qualified institutional placement	–	–	6,30,51,702	63.05
- Against employee stock option	31,35,400	3.13	52,71,508	5.27
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**1,99,88,12,360**	**1,998.81**	**1,99,56,76,960**	**1,995.68**

B. Other equity

(₹ in crore)

Particulars	Reserve and surplus: Securities premium account	General reserve	Debenture redemption reserve	Capital reserve on consolidation	Reserve under section 36 (1)(viii) of Income tax Act, 1961	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Reserve under section 29C of National Housing Bank Act, 1987	Employee stock option outstanding account	Retained earnings	Money received against share warrants
Balance as at April 01, 2017	1,787.08	38.03	424.30	492.36	501.53	1,224.69	14.90	32.06	580.68	118.07
Profit for the year (a)	–	–	–	–	–	–	–	–	1,254.68	–
Other comprehensive income, net of tax (b)	–	–	–	–	–	–	–	–	(0.94)	–
Total comprehensive income for the year (c)=(a)+(b)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,253.74**	**–**
Issue of equity shares	3,273.32	–	–	–	–	–	–	–	–	(118.07)
Share issue expenses	(21.01)	–	–	–	–	–	–	–	–	–
Employee share options (net)	–	–	–	–	–	–	–	31.80	–	–
Transfer to general reserve	–	50.15	(49.92)	–	–	–	–	(0.23)	–	–
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	–	–	–	–	–	176.66	–	–	(176.66)	–
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	–	–	–	–	85.62	–	–	–	(85.62)	–
Transfer to reserve u/s 29C of National Housing Bank Act, 1987	–	–	–	–	–	–	0.66	–	(0.66)	–
Transfer to debenture redemption reserve	–	–	48.07	–	–	–	–	–	(48.07)	–
Dividend paid for previous year	–	–	–	–	–	–	–	–	(145.74)	–
Additional tax on dividend paid for the previous year	–	–	–	–	–	–	–	–	(76.73)	–
Net gain/(loss) on transaction with non-controlling interest	–	–	–	–	–	–	–	–	–	–
Balance as at March 31, 2018	**5,039.39**	**88.18**	**422.45**	**492.36**	**587.15**	**1,401.35**	**15.56**	**63.63**	**1,300.94**	**–**
Profit for the year (a)	–	–	–	–	–	–	–	–	2,226.30	–
Other comprehensive income, net of tax (b)	–	–	–	–	–	–	–	–	(1.50)	–
Total comprehensive income for the year (c)=(a)+(b)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,224.80**	**–**
Issue of equity shares	28.14	–	–	–	–	–	–	–	–	–
Share issue expenses	(1.29)	–	–	–	–	–	–	–	–	–
Employee share options (net)	–	–	–	–	–	–	–	58.37	–	–
Transfer to general reserve	–	29.33	(29.27)	–	–	–	–	(0.06)	–	–
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	–	–	–	–	–	295.32	–	–	(295.32)	–
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	–	–	–	–	114.35	–	–	–	(114.35)	–
Transfer to reserve u/s 29C of National Housing Bank Act, 1987	–	–	–	–	–	–	11.87	–	(11.87)	–
Transfer to debenture redemption reserve	–	–	62.41	–	–	–	–	–	(62.41)	–
Dividend paid for previous year	–	–	–	–	–	–	–	–	(199.71)	–
Additional tax on dividend paid for the previous year	–	–	–	–	–	–	–	–	(70.67)	–
Net gain/(loss) on transaction with non-controlling interest	–	–	–	–	–	–	–	–	–	–
Balance as at March 31, 2019	**5,066.24**	**117.51**	**455.59**	**492.36**	**701.50**	**1,696.67**	**27.43**	**121.94**	**2,771.41**	**–**
Significant accounting policies	**1**									
See accompanying notes forming part of the financial statements	**2 to 54**									

Consolidated Statement of changes in equity for the year ended March 31, 2019

B. Other equity (contd.)

₹ in crore)

Particulars	Items of other comprehensive income			Total Other Equity	Non-Controlling interest	Total
	Foreign currency translation reserve	Fair value changes of financial instrument measured at fair value through other comprehensive income	Effective portion of cash flow hedge			
Balance as at April 01, 2017	–	4.07	0.03	5,217.80	251.91	5,469.71
Profit for the year (a)	–	–	–	1,254.68	23.67	1,278.35
Other comprehensive income, net of tax (b)	–	(4.02)	(0.03)	(4.99)		(4.99)
Total comprehensive income for the year (c)=(a)+(b)	**–**	**(4.02)**	**(0.03)**	**1,249.69**	**23.67**	**1,273.36**
Issue of equity shares	–	–	–	3,155.25	–	3,155.25
Share issue expenses	–	–	–	(21.01)	–	(21.01)
Employee share options (net)	–	–	–	31.80	–	31.80
Transfer to general reserve	–	–	–	-	–	-
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	–	–	–	–	–	–
Transfer to reserve u/s 36(1)(viii) of Income tax Act	–	–	–	–	–	–
Transfer to reserve u/s 29C of National Housing Bank Act, 1987	–	–	–	–	–	–
Transfer to debenture redemption reserve	–	–	–	–	–	–
Dividend paid for previous year	–	–	–	(145.74)	–	(145.74)
Additional tax on dividend paid for the previous year				(76.73)	–	(76.73)
Net gain/(loss) on transaction with non-controlling interest	–	–	–	–	(52.10)	(52.10)
Balance as at March 31, 2018	**–**	**0.05**	–	**9,411.06**	**223.48**	**9,634.54**
Profit for the year (a)	–	–	–	2,226.30	5.73	2,232.03
Other comprehensive income, net of tax (b)	(0.23)	(0.68)	–	(2.41)	–	(2.41)
Total comprehensive income for the year (c)=(a)+(b)	**(0.23)**	**(0.68)**	**–**	**2,223.89**	**5.73**	**2,229.62**
Issue of equity shares	–	–	–	28.14	–	28.14
Share issue expenses	–	–	–	(1.29)	–	(1.29)
Employee share options (net)	–	–	–	58.37	–	58.37
Transfer to general reserve	–	–	–	–	–	–
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	–	–	–	–	–	–
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	–	–	–	–	–	–
Transfer to reserve u/s 29C of National Housing Bank Act, 1987	–	–	–	–	–	–
Transfer to debenture redemption reserve	–	–	–	–	–	–
Dividend paid for previous year	–	–	–	(199.71)	–	(199.71)
Additional tax on dividend paid for the previous year	–	–	–	(70.67)	–	(70.67)
Net gain/(loss) on transaction with non-controlling interest	–	–	–	–	(6.95)	(6.95)
Balance as at March 31, 2019	**(0.23)**	**(0.63)**	**–**	**11,449.79**	**222.26**	**11,672.05**
Significant accounting policies	**1**					
See accompanying notes forming part of the financial statements	**2 to 54**					

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : April 28, 2019

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership no. 044784

Place : Mumbai
Date : April 28, 2019

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

S. V. Haribhakti
Non-Executive Chairman
(DIN: 00007347)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN: 03545900)

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2019

Consolidated Statement of Cash Flows for the year ended March 31, 2019

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	3,051.98	1,445.76
Adjustment for:		
Depreciation and amortisation	49.62	51.93
Loss on sale of property, plant and equipment (net)	7.46	2.09
Fair value change in loan asset	49.02	27.80
Net loss arising on financial assets (investments)	257.27	(72.21)
Net loss on derecognition of financial instruments under amortised cost category	384.01	529.76
Provision for expected credit loss	700.88	1,418.16
Expense on employee stock option plan	68.16	41.01
Operating profit before working capital changes	**4,568.40**	**3,444.30**
Changes in working capital		
(Increase)/decrease in financial and non-financial assets	(21.04)	(369.41)
Increase/(decrease) in financial and non-financial liabilities	(27.28)	619.42
Cash generated from operations		
Direct taxes paid	(795.60)	(649.14)
Loans disbursed (net of repayments)	(15,367.93)	(18,684.88)
Net cash flow generated from/(used) in operating activities (A)	**(11,643.45)**	**(15,639.71)**
B. Cash flows from investing activities		
Add: Inflow from investing activities		
Proceeds from sale of property, plant and equipment	11.33	108.99
Proceed from sale of Investments	123,016.63	134,161.78
Less: Outflow from investing activities		
Purchase of property, plant and equipment1	(91.20)	(83.25)
Purchase of Investments	(126,524.17)	(132,638.72)
Net cash flow generated from/(used) in investing activities (B)	**(3,587.41)**	**1,548.80**

Consolidated Statement of Cash Flows for the year ended March 31, 2019

(₹ in crore)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
C. Cash flows from financing activities		
Add: Inflow from financing activities		
Proceeds from issue of share capital including security premium on account of employee stock options	21.50	3,385.97
Proceeds from issue of preference share	250.00	–
Proceeds from borrowings	43,173.22	48,492.11
Less: Outflow from financing activities		
Payment to non-controlling interests	(6.95)	(52.10)
Share issue expenses	(1.29)	(21.01)
Dividend paid (including dividend distribution tax)	(270.38)	(222.47)
Repayment of borrowing	(26,907.92)	(36,725.71)
Redemption of preference shares	(250.00)	(179.00)
Net cash generated from/(used in) financing activities (C)	**16,008.19**	**14,677.79**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**777.33**	**586.89**
Cash and cash equivalents as at beginning of the year	1,049.39	462.50
Exchange difference on translation of foreign currency cash and cash equivalents	(0.07)	–
Cash and cash equivalents as at end of the year	**1,826.65**	**1,049.39**
Notes:		
1. Purchase of property, plant and equipment represents additions to property, plant and equipment and other intangible assets adjusted for movement of (a) capital-work-in-progress for property, plant and equipment and (b) intangible assets under development during the year.		
2. Net cash used in operating activity is determined after adjusting the following:		
Interest received	11,051.55	8,561.40
Interest paid	6,848.01	4,751.14

Significant accounting policies	**1**
See accompanying notes to the financial statements	**2 to 54**

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : April 28, 2019

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership no. 044784

Place : Mumbai
Date : April 28, 2019

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

S. V. Haribhakti
Non-Executive Chairman
(DIN: 00007347)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN: 03545900)

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2019

1. Significant Accounting Policies:

1.1. Statement of compliance:

The Consolidated financial statements of L&T Finance Holdings Limited (the "Company") and its subsidiaries and associates (together the "Group") have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations require a different treatment.

The financial statements for the year ended March 31, 2019 of the Group are the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 01, 2017. The financial statements upto the year ended March 31, 2018, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2018 have now been restated under Ind AS to provide comparability. Refer Note 51 for the details of first-time adoption exemptions availed by the Group.

1.2. Basis of preparation:

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at reporting date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

1.3. Presentation of financial statements:

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in Crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

1.4. Basis of consolidation:

(i) The consolidated financial statements incorporate the financial statements of the parent company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control is achieved when the Company, directly or indirectly:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

(ii) The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

(iii) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to the non-controlling interests (NCI) and have been shown separately in the financial statements. Total comprehensive income of the subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iv) Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company.

(v) All intragroup assets and liabilities, equity, income, expenses, unrealised profits/losses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

(vi) The consolidated financial statements of the Group combines financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses.

(vii) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

1.5. Investments in associates:

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using equity method of accounting. Under the equity method, an investment in associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The carrying amount of investment in associates is reduced to recognize impairment, if any, when there is objective evidence of impairment.

1.6. Business combinations:

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12- Income taxes and Ind AS 19- Employee benefits, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non-controlling interest in the aquiree, and the fair value of acquirer's previously held equity instrument in the aquiree (if any) over the net of acquisition date fair value of identifiable assets acquired and liabilities assumed. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

1.7. Goodwill:

Goodwill on consolidation as on the date of transition represents the excess of cost of acquisition at each point of time of making the investment in the subsidiary over the Group's share in the net worth of a subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents excess of the Group's share in the net worth of a subsidiary over the cost of acquisition at each point of time of making the investment in the subsidiary. Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.8. Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable as reduced for estimated customer credits and other similar allowances.

(i) Interest and dividend income

Interest income is recognised in the Consolidated Statement of Profit and Loss and for all financial instruments except for those classified as held for trading or those measured or designated as at fair value through profit or loss (FVTPL) is measured using the effective interest method (EIR).

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Dividend income is recognised when the Group's right to receive dividend is established by the reporting date and no significant uncertainty as to collectability exists.

(ii) Fee and commission income:

Fee and commission income and expense include fees other than those that are an integral part of EIR. The fees included in the Consolidated statement of profit and loss include among other things fees charged for servicing a loan, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan advisory fees.

Fee and commission expenses with regards to services are accounted for as the services are received.

(iii) Net gain or fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in "Net gains or fair value changes" under revenue from operations and if there is a net loss the same is disclosed "Expenses", in the statement of profit and loss.

(iv) Investment management fees, guarantee fees and portfolio management fees:

Income from investment management fees is recognised in accordance with the Investment Management Agreement and the SEBI regulations based on average Assets Under Management (AUM) of mutual fund schemes over the period of the agreement in terms of which services are performed.

Guarantee fees is recognised on pro rata basis over the period of the guarantee.

Portfolio management fees are recognised on accrual basis in accordance with Portfolio Management Agreement entered into with respective clients over the period of the agreement in terms of which the services are rendered.

(v) Income from financial instruments at FVTPL:

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL except those that are held for trading.

(vi) Other operational revenue:

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

1.9. Property, plant and equipment (PPE):

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes all direct cost related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

For transition to Ind AS, the Group has elected to adopt as deemed cost, the carrying value of PPE measured as per Previous GAAP less accumulated depreciation and cumulative impairment on the transition date of April 01, 2017. In respect of revalued assets, the value as determined by valuers as reduced by accumulated depreciation and cumulative impairment is taken as cost on transition date.

Land and buildings held for use are stated in the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land)) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets held under finance leases are depreciated over the shorter of lease term and their useful life on the same basis as owned assets. However, when there is no reasonable certainty that the Group shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the Group for similar assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

1.10. Investment property:

Investment properties are properties (including those under construction) held to earn rentals and/ or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs.

For transition to Ind AS, the group has elected to adopt as deemed cost, the carrying value of investment property as per Previous GAAP less accumulated depreciation and cumulative impairment on the transition date of April 01, 2017. In respect of revalued assets, the value as determined by valuers as reduced by accumulated depreciation and cumulative impairment is taken as cost on transition date.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis. Freehold land and properties under construction are not depreciated.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

1.11. Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

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

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

1.12. Impairment of tangible and intangible assets other than goodwill

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (the smallest identifiable group of assets that generates independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit), except for allocated goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

1.13. Employee benefits:

(i) Short term employee benefits:

Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(ii) Post-employment benefits:

(a) Defined contribution plans: The Group's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the Group, the post-retirement medical care plan and the Parent Company pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Group recognises related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

(iii) Long term employee benefits:

The obligation recognised in respect of long term benefits such as long term compensated absences is measured at present value of estimated future cash flows expected to be made by the Group and is recognised in a similar manner as in the case of defined benefit plans vide (ii) (b) above.

(iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Group's offer of the termination benefit is accepted or when the Group recognises the related restructuring costs whichever is earlier.

1.14. Leases:

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

(i) Finance leases:

A. Leases where the Group has substantially transferred all the risks and rewards of ownership of the related assets are classified as finance leases. Assets under finance lease are capitalised at the commencement of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount.

Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

B. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

(ii) Operating leases:

The leases which are not classified as finance lease are operating leases.

A. Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

B. Assets leased out under operating leases are continued to be shown under the respective class of assets. Rental income is recognised on a straight line basis over the term of the relevant lease.

(Also refer to policy on depreciation, above)

1.15 Financial instruments:

Financial assets and financial liabilities are recognised in the Consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

(i) Financial assets

(a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(c) Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For an asset to be classified and measured at FVTOCI, the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has more than one business model for managing its financial instruments which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Group does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

(d) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

(e) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(ii) Financial liabilities

(a) Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher.

All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

(b) A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

1.16 Write off:

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

1.17 Impairment:

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt investment securities;
- Trade and other receivable;
- Lease receivables;
- Irrevocable loan commitments issued; and
- Financial guarantee contracts issued.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Significant increase in credit risk

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a corporate loans becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets. In respect of the corporate loan assets, shifting to Stage 2 has been rebutted using historical evidence from own portfolio to a threshold of 60 days past due, which is reviewed annually.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently to credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

1.18 Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then;

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

  - the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
  - the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

1.19 Presentation of allowance for ECL in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

1.20 Derivative financial instruments :

The Group enters into a derivative financial instruments which are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Derivative held include foreign exchange forward contracts, cross currency and interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations (net investment hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1.21 Cash and bank balances:

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

1.22 Securities premium account:

(i) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

(ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

1.23 Borrowing costs:

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.24 Share-based payment arrangements:

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

1.25 Accounting and reporting of information for Operating Segments:

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Group.

1.26 Foreign currencies:

(i) The functional currency and presentation currency of the Group is Indian Rupee. Functional currency of the Group and foreign operations has been determined based on the primary economic environment in which the Group and its foreign operations operate considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the

Statement of Profit and Loss in the period in which they arise.

(iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:

A. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;

B. income and expenses for each income statement are translated at average exchange rates; and

C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

1.27 Taxation:

Current Tax

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

1.28 Provisions, contingent liabilities and contingent assets:

Provisions are recognised only when:

(i) an Group entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

(ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

1.29 Commitment:

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

(a) estimated amount of contracts remaining to be executed on capital account and not provided for;

(b) uncalled liability on shares and other investments partly paid;

(c) funding related commitment to associate companies; and

(d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

1.30 Non-current assets held for sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

1.31 Statement of cash flows:

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

(i) changes during the period in operating receivables and payables transactions of a non-cash nature;

(ii) non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; and

(iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

1.32 Earnings per share:

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

1.33 Key source of estimation:

The preparation of financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

1.34 Operating cycle for current and non-current classification:

Based on the nature of products / activities of the Group entities and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

1.35 First time adoption of Ind AS:

The Group has prepared opening balance sheet as per Ind AS as at April 01, 2017 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, derecognising items of assets or liabilities which are not permitted to be recognised by Ind AS, reclassifying items from Previous GAAP to Ind AS as required, and applying Ind AS to measure the recognised assets and liabilities. The exemptions availed by the Group are as follows:

(i) The Group has adopted the carrying value determined in accordance with Previous GAAP for all of its property plant and equipment and investment property as deemed cost of such assets at the transition date.

(ii) Ind AS 102 "Share-based Payment" has not been applied to equity instruments in share-based payment transactions that vested before April 01, 2017.

(iii) The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 01, 2017.

(iv) The Group has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(v) The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

Further, as permitted by Ind AS 101, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition.

(vi) The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date.

(vii) The estimates as at April 01, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with the Previous GAAP.

1.36 Changes in Accounting Standard and recent accounting pronouncements:

On March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease, rentals are charged to the statement of profit and loss. The Group is currently evaluating the implication of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019

a. Ind AS 12- Income taxes — Appendix C on uncertainty over income tax treatments and accounting for dividend distribution tax

b. Ind AS 19- Employee benefits

c. Ind AS 23- Borrowing costs

d. Ind AS 28- investment in associates and joint ventures

e. Ind AS 103 and Ind AS 111- Business combinations and joint arrangements

f. Ind AS 109- Financial instruments

The Group is in the process of evaluating the impact of such amendments.

2 Cash and cash equivalents

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Cash on hand	29.98	59.78	61.34
Balances with banks in current accounts (of the nature of cash and cash equivalents)	1,612.48	843.14	396.30
Cheques, drafts on hand	9.40	–	–
Balance with banks in fixed deposit with maturity less than 3 months	174.79	146.47	4.86
Total	**1,826.65**	**1,049.39**	**462.50**

3 Bank balance other than (Note 2) above

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Earmarked balances with banks			
Unclaimed infrastructure bonds application money	14.42	13.61	10.87
Unclaimed interest on infrastructure bonds	0.90	0.63	0.72
Unclaimed dividend on equity shares	1.27	0.95	0.95
Unclaimed redemption proceeds and dividend- for preference shares	0.60	0.05	0.74
Balance with banks in fixed deposit with maturity greater than 3 months and less than 12 months	–	0.05	127.79
Balances with banks held as margin money or security against borrowing, guarantees, other commitments	30.31	43.85	22.52
Total	**47.50**	**59.14**	**163.59**

4 Derivative financial instruments

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Currency derivatives:			
Notional Amounts			
-Currency swaps	100.00	100.00	164.79
Fair value assets			
-Currency swaps	7.20	–	0.03
Fair value liabilities			
-Currency swaps	–	0.10	6.66

5 Receivables

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade receivables			
(a) Receivables considered good - Secured	0.30	0.15	4.88
(b) Receivables considered good - Unsecured	104.00	126.29	73.96
(c) Receivables - credit impaired	8.84	1.68	1.60
(d) Impairment loss allowance	(6.77)	(1.68)	(1.60)
	106.37	**126.44**	**77.84**
Other receivables			
(a) Receivables considered good - Unsecured	6.27	0.70	0.99
(b) Receivables from related parties (Refer note 39)	4.36	2.63	0.18
	10.63	**3.33**	**1.17**
Total	**117.00**	**129.77**	**79.01**

6 Loans

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(A)			
(i) At Amortised Cost			
- Term loans	64,170.87	56,687.76	48,269.04
- Debentures	6,686.70	6,652.84	5,511.48
- Loans repayable on demand	326.64	166.21	202.41
- Bills purchased and bills discounted	295.60	2,051.75	2,668.25
- Leasing	72.61	91.41	74.05
Total gross loans at amortised cost	**71,552.42**	**65,649.97**	**56,725.23**
- Less: Impairment loss allowance	(4,624.23)	(5,392.95)	(4,316.91)
Subtotal (i)	**66,928.19**	**60,257.02**	**52,408.32**
(ii) At Fair Value Through Profit or Loss:			
- Term loans	23,196.94	14,875.75	7,441.46
- Debentures	1,216.24	2,005.48	471.41
- Loans repayable on demand	110.78	–	6.68
Total gross loans at fair value through profit or loss	**24,523.96**	**16,881.23**	**7,919.55**
- Less: Impairment loss allowance/Net fair value changes	(127.52)	(49.91)	(19.18)
Subtotal (ii)	**24,396.44**	**16,831.33**	**7,900.37**
Subtotal (i)+(ii)	**91,324.63**	**77,088.34**	**60,308.69**

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(B)			
(i) At Amortised Cost			
- Secured by tangible assets	56,581.01	53,305.14	48,366.16
- Unsecured	14,971.41	12,344.83	8,359.08
Total gross loans at amortised cost	**71,552.42**	**65,649.97**	**56,725.23**
- Less: Impairment loss allowance	(4,624.23)	(5,392.95)	(4,316.91)
Subtotal (i)	**66,928.19**	**60,257.02**	**52,408.32**
(ii) At Fair Value Through Profit or Loss:			
- Secured by tangible assets	24,523.96	16,881.23	7,919.55
- Less: Impairment loss allowance	(127.52)	(49.91)	(19.18)
Subtotal (ii)	**24,396.44**	**16,831.32**	**7,900.37**
Subtotal (i)+(ii)	**91,324.63**	**77,088.34**	**60,308.69**
(C)			
(I) Loans in India			
(i) At Amortised Cost			
- Public Sector	–	–	–
- Others	71,552.42	65,649.97	56,725.23
- Less: Impairment loss allowance	(4,624.23)	(5,392.95)	(4,316.91)
Subtotal (i)	**66,928.19**	**60,257.02**	**52,408.32**
(ii) At Fair Value Through Profit or Loss:			
- Public Sector	–	–	–
- Others	24,523.96	16,881.23	7,919.55
- Less: Impairment loss allowance	(127.52)	(49.91)	(19.18)
Subtotal (ii)	**24,396.44**	**16,831.32**	**7,900.37**
(II) Loans outside India			
(i) At Amortised Cost	**–**	**–**	**–**
- Public Sector	–	–	–
- Others	–	–	–
- Less: Impairment loss allowance	–	–	–
Subtotal (i)	**–**	**–**	**–**
(ii) At Fair Value Through Profit or Loss			
- Public Sector	–	–	–
- Others	–	–	–
- Less: Impairment loss allowance	–	–	–
Subtotal (ii)	**–**	**–**	**–**
	91,324.63	**77,088.34**	**60,308.69**

7 Investments

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value
(A) Investments in fully paid equity shares									
(i) Associate (Unquoted) (At cost)									
Feedback infra private limited	–	–	–	–	–	–	10	37,90,000	43.41
(ii) Quoted									
(a) Investments carried at fair value through profit or loss									
Hindusthan national glass and industries limited	2	4,12,808	3.40	2	1,47,765	1.57	–	–	–
Monnet ispat and energy limited	10	5,94,412	1.66	10	18,01,253	2.72	10	18,01,253	6.13
Bhushan steel limited	2	3,67,119	1.08	2	2,12,471	0.86	2	10,23,392	5.87
KSK energy ventures limited	10	1,06,88,253	0.96	10	1,06,88,253	9.23	–	–	–
3i infotech limited	10	24,26,383	0.93	10	24,26,383	0.85	10	24,26,383	1.23
Amara raja batteries limited	1	2,728	0.20	1	3,293	0.26	–	–	–
Unity infra project	2	6,94,370	0.05	2	6,94,370	0.29	2	6,94,370	0.54
Gol offshore limited	10	1,13,44,315	–	10	1,13,44,315	11.46	10	1,13,44,315	18.57
Diamond power infrastructure limited	10	28,89,921	–	10	28,89,921	2.15	10	28,89,921	11.45
Shiv vani oil gas and energy limited	10	14,96,658	–	10	14,96,658	0.33	10	14,96,658	0.34
Usher agro limited	10	3,35,344	–	10	3,35,344	0.13	–	–	–
Jaihind projects limited	10	24,797	–	10	24,797	0.01	10	1,50,000	0.09
Jaypee infratech limited	–	–	–	–	–	–	10	37,85,221	3.97
SVOGL oil gas and exploration services limited	10	19,40,514	–	10	19,40,514	–	10	19,40,514	0.49
Integrated digital info services limited	10	3,83,334	–	10	3,83,334	–	10	3,83,334	–
Elque polyesters limited	10	1,94,300	–	10	1,94,300	–	10	1,94,300	–
Monnet industries limited	10	5,640	–	10	5,640	–	10	5,640	–
Monnet project developers limited	10	11,280	–	10	11,280	–	10	11,280	–
Glodyne technoserve limited	6	3,19,262	–	6	3,19,262	–	6	3,19,262	–
MIC electronics limited	2	53,84,616	–	2	53,84,616	–	–	–	–
			8.28			**29.86**			**48.68**
(iii) Unquoted									
(a) Investments carried at fair value through profit or loss									
Soma tollways private limited	10	1,16,16,491	329.10	10	64,13,216	329.10	10	64,13,216	329.10
Bhoruka power corporation limited	10	5,87,850	134.14	10	5,87,850	134.09	10	5,87,850	124.52
Ardom telecom private limited	10	11,35,136	9.49	10	11,35,136	42.17	10	11,35,136	43.66
Grameen capital india private limited	10	21,26,000	2.13	10	21,26,000	2.13	10	21,26,000	2.13

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value
Indian highways management company limited	10	15,00,000	1.73	10	15,00,000	1.73	10	15,00,000	1.73
Tikona infinet limited	10	4,25,912	0.17	10	605	0.17	10	605	0.17
The kalyan janata sahakari bank limited	10	20,000	0.05	10	20,000	0.05	10	20,000	0.05
MF utilities india private limited	1	5,00,000	0.05	1	5,00,000	0.05	1	5,00,000	0.05
Bhoruka power india investments private limited	10	10	–	10	10	–	10	10	–
The malad sahakari bank limited	10	100	–	10	100	–	10	100	–
Athena chhattisgarh power limited	10	6,93,00,000	–	10	6,93,00,000	68.72	–	–	–
NSL tidong power generation private limited	–	–	–	10	6,27,72,331	62.77	–	–	–
Coastal projects limited	10	78,96,884	–	10	78,96,884	6.38	10	78,96,884	6.38
KSK mahanadi power company limited	10	2,63,85,109	–	10	62,21,868	5.62	–	–	–
NSL sugars limited	10	29,25,656	–	10	29,25,656	2.93	–	–	–
Soma enterprises limited	10	5,00,000	–	10	5,00,000	0.50	10	29,46,155	84.37
Supreme best value kolhapur(shiroli) sangli tollways private limited	10	5,026	–	10	5,026	0.01	–	–	–
Mission holdings private limited	–	–	–	10	100	–	10	100	–
Invent assets securitisation and reconstruction private limited	–	–	–	–	–	–	10	71,00,000	10.67
Warasgaon lakeview hotels limited	–	–	–	–	–	–	10	63,849	5.72
Saumya mining limited	10	10,77,986	–	10	10,77,986	–	10	10,77,986	2.95
Mediciti healthcare services private limited	10	16,35,003	–	10	16,35,003	–	10	16,35,003	1.07
Alpha micro finance consultants private limited	10	2,00,000	–	10	2,00,000	–	10	2,00,000	0.20
KMC infratech road holdings limited	–	–	–	–	–	–	100	100	–
Icomm tele limited	10	41,667	–	10	41,667	–	10	41,667	–
VMC systems limited	10	9,07,264	–	10	9,07,264	–	10	9,07,264	–
Hanjer biotech energies private limited	10	2,08,716	–	10	2,08,716	–	10	2,08,716	–
Metropoli overseas limited	10	99,400	–	10	99,400	–	10	99,400	–
Anil chemicals and industries limited	10	40,000	–	10	40,000	–	10	40,000	–
			476.86			**656.42**			**612.77**
(B) Investment in share application money									
NSL Tidong power generation private limited	–	–	–	–	–	–	–	–	62.77

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value
(C) Investments in debt securities									
(a) Investments carried at fair value through profit or loss									
Bhoruka power corporation limited	1,00,000	32,500	510.10	1,00,000	32,500	510.06	1,00,000	32,500	513.96
Tikona infinet limited	2,840	5,79,772	149.58	2,840	5,79,772	164.66	2,840	5,79,772	170.54
Regen infrastructure	10,00,000	728	72.82	10,00,000	764	76.40	–	–	–
RVK enterprise private limited	1,00,000	6,000	71.14	1,00,000	6,000	72.09	–	–	–
Soma enterprises limited	10	8,07,12,081	38.56	10	8,07,12,081	56.41	–	–	–
NSL sugars limited	100	21,32,310	14.74	100	21,32,310	16.24	–	–	–
NSL renewable power private limited	20,000	4,811	9.27	–	–	–	–	–	–
Indian overseas bank	–	–	–	10,00,000	850.00	86.25	10,00,000	850	86.25
KMC infratech road holdings limited	–	–	–	–	–	–	–	–	149.71
Mission holdings private limited	–	–	–	–	–	–	1,00,000	5,500	113.18
			866.21			**982.11**			**1,033.64**
(b) Investment carried at fair value through other comprehensive income									
State bank of india	10,00,000	4,100	418.65	10,00,000	4,100	426.12	–	–	–
The south indian bank limited	1,00,000	38,759	407.19	1,00,000	40,000	412.91	–	–	–
ECL finance limited	1,000	30,00,000	323.47	–	–	–	–	–	–
Dewan housing finance corporation limited	1,000	27,50,000	286.62	–	–	–	–	–	–
Dewan housing finance corporation limited	10,00,000	2,746	272.26	10,00,000	2,500	266.26	10,00,000	290	35.25
Power finance corporation limited	10,00,000	1,213	163.19	–	–	–	–	–	–
ECL finance limited	10,00,000	900	96.49	–	–	–	–	–	–
Union bank of india	10,00,000	780	77.92	10,00,000	800	79.94	–	–	–
U.P. power corporation limited	10,00,000	522	52.89	10,00,000	522	52.79	10,00,000	2,940	294.34
Axis bank	10,00,000	500	50.83	10,00,000	500	50.96	–	–	–
Cholamandlam ms general insurance company limited	10,00,000	418	43.91	10,00,000	428	44.10	–	–	–
Tata AIG general insurance company limited	10,00,000	310	31.50	10,00,000	379	38.00	10,00,000	1,530	153.39
Kotak mahindra bank limited	5	5,00,00,000	27.59	–	–	–	–	–	–
Power finance corporation limited	1,000	1,00,000	12.89	–	–	–	–	–	–
Indian overseas bank	–	–	–	10,00,000	3,399.00	344.97	10,00,000	3,399	345.15
Corporation bank limited	–	–	–	10,00,000	500	51.13	–	–	–
UCO bank	–	–	–	10,00,000	400	42.67	–	–	–
Allahabad bank	–	–	–	10,00,000	311	32.21	–	–	–
Bank of baroda	–	–	–	10,00,000	150	15.09	–	–	–

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value
Punjab national bank	–	–	–	–	–	–	10,00,000	5,000	500.31
Piramal finance limited	–	–	–	–	–	–	10,00,000	3,900	392.45
Bajaj finance limited	–	–	–	–	–	–	10,00,000	1,000	113.30
Idfc bank limited	–	–	–	–	–	–	10,00,000	400	41.36
			2,265.40			**1,857.15**			**1,875.55**
(D) Investments in mutual funds									
(a) Investments carried at fair value through profit or loss									
L&T liquid fund - Direct plan- Growth	1,000	63,69,776	1,632.31	1,000	19,59,897	467.00	1,000	36,12,831	804.46
Kotak Liquid Fund - Direct Plan- Growth	1,000	5,28,933	200.17	–	–	–	–	–	–
L&T banking and psu debt fund- Direct plan- Growth	10	5,11,06,432	85.90	10	2,75,45,112	43.40	10	6,30,86,959	92.87
SBI premier liquid fund- Direct plan- Growth	10	2,28,555	66.93	–	–	–	–	–	–
ICICI prudential liquid fund- Direct plan- Growth	10	18,10,758	50.05	–	–	–	–	–	–
ICICI prudential liquid fund- Direct plan- Growth	–	–	–	–	–	–	100	41,65,194.96	100.01
L&T money market Fund - Direct Plan - Growth	10	59,16,085	11.19	10	59,25,572	10.37	10	59,25,668	9.60
L&T india value fund - Direct plan- Growth	10	3,83,794	1.46	10	3,83,794	1.44	10	3,83,794	1.27
L&T infrastructure fund - Direct plan- Growth	10	6,94,601	1.17	10	6,94,601	1.24	10	6,94,601	1.01
L&T emerging business fund- Direct plan- Growth	10	3,32,358	0.86	10	3,32,358	0.92	10	3,32,358	0.71
L&T midcap fund - Direct plan- Growth	10	58,207	0.83	10	58,207	0.84	10	58,207	0.70
L&T business cycle fund	10	5,00,000	0.79	10	5,00,000	0.83	10	5,00,000	0.74
L&T tax advantage fund - Direct plan- Growth	10	1,32,721	0.74	10	1,32,721	0.74	10	1,32,721	0.64
L&T hybrid equity fund - Direct plan- Growth	10	2,55,493	0.71	10	2,55,493	0.69	10	2,55,493	0.62
L&T resurgent india corporate bond fund	10	5,00,000	0.71	10	5,00,000	0.67	10	5,00,000	0.62
L&T low duration fund- Direct plan- Growth	10	3,40,894	0.70	10	3,40,894	0.65	10	3,40,894	0.60
L&T arbitrage opportunity fund	10	5,00,000	0.70	10	5,00,000	0.65	10	5,00,000	0.61
L&T large and midcap fund - Direct plan- Growth	10	3,65,789	0.69	10	1,40,359	0.70	10	1,40,359	0.61
L&T credit risk fund - Direct plan- Growth	10	3,17,088	0.69	10	3,17,088	0.65	10	3,17,088	0.60
L&T flexi bond fund- Direct plan- Growth	10	3,31,794	0.69	10	3,31,794	0.64	10	1,02,19,115	18.71
L&T india large cap fund - Direct plan- Growth	10	2,43,072	0.69	10	2,43,072	0.63	10	2,43,072	0.57

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value
L&T gilt fund - Direct plan- Growth	10	1,42,010	0.69	10	1,42,010	0.64	10	1,42,010	0.62
L&T equity fund - Direct plan- Growth	10	79,561	0.68	10	79,561	0.66	10	79,561	0.59
L&T ultra short term fund - Direct plan- Growth	10	2,17,696	0.68	10	2,17,696	0.63	10	2,17,696	0.59
L&T short term bond fund- Direct plan- Growth	10	3,67,947	0.68	10	3,67,947	0.63	10	3,67,947	0.59
L&T triple ace bond fund- Direct plan- Growth	10	1,35,208	0.65	10	1,35,208	0.61	10	1,35,208	0.58
L&T cash fund direct plan - Growth	1,000	4,375	0.65	1,000	4,375	0.61	1,000	4,375	0.57
L&T conservative hybrid fund- Direct plan- Growth	10	1,78,522	0.65	10	1,78,522	0.61	10	1,78,522	0.58
L&T dynamic equity fund - Direct plan- Growth	10	2,35,213	0.61	10	2,35,213	0.56	10	2,35,213	0.53
L&T focused equity fund- Direct plan- Growth	10	5,00,000	0.54	–	–	–	–	–	–
L&T equity savings fund- Direct plan- Growth	10	2,76,932	0.52	10	2,76,932	0.49	10	2,76,932	0.46
L&T tax saver fund	–	–	–	10	1,14,239	0.42	10	1,14,239	0.37
L&T floating rate fund- Direct plan- Growth	–	–	–	–	–	–	10	12,36,63,286	200.29
UTI money market fund	–	–	–	–	–	–	1,000	7,43,282	135.04
Reliance liquid fund	–	–	–	–	–	–	1,000	3,41,530	135.04
Kotak liquid scheme plan - Growth	–	–	–	–	–	–	1,000	2,73,580.55	90.03
L&T liquid fund - Direct plan- Growth	–	–	–	–	–	–	100	68,04,028	68.14
Reliance liquid fund - Treasury plan- Direct plan- Growth	–	–	–	–	–	–	1,000	1,26,066	50.00
Axis liquid fund- Direct plan- Growth	–	–	–	–	–	–	1,000	83,208	15.00
LIC liquid fund- Direct plan- Growth	–	–	–	–	–	–	1,000	50,878	15.00
ICICI prudential liquid - Direct - Daily dividend	–	–	–	–	–	–	1,000	4,34,852	13.43
BNP paribas overnight fund - Direct plan- Growth	–	–	–	–	–	–	1,000	40,030	10.00
Sundaram money fund- Direct plan- Growth	–	–	–	–	–	–	10	29,16,583	10.00
			2,064.33			**537.92**			**1,782.40**
(E) Investments in fully paid preference shares (Unquoted)									
(a) Investment carried at fair value through profit or loss									
Grameen capital india private limited	10	38,74,000	3.87	10	38,74,000	3.87	10	38,74,000	3.87
Ardom telecom private limited	1,00,000	3,150	85.48	1,00,000	3,150	53.67	1,00,000	3,150	55.08

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value
SKS ispat power limited	10	97,73,621	9.77	10	97,73,621	9.77	10	97,73,621	9.77
3i infotech limited	5	38,96,954	0.68	5	38,96,954	0.68	5	38,96,954	1.95
10% sew vizag coal terminal private limited	10,00,000	40,91,423	–	10	40,91,423	1.43	10	40,91,423	4.08
Sew vizag coal terminal private limited	10	7,03,833	–	10	7,03,833	0.24	10	7,03,833	0.70
			99.80			**69.66**			**75.45**
(F) Investments in government securities									
(a) Investments carried at amortised cost									
12% national saving certificate 2002	–	–	–	–	–	–	–	–	–
Government of india	100	18,45,00,000	1,832.55	–	–	–	–	–	–
			1,832.55			**–**			**–**
(b) Investment carried at fair value through profit or loss									
7.50% government of india stock 2034	100	14,000	0.14	100	14,000	0.14	100	14,000	0.14
6.13% government of india stock 2028	100	40,000	0.37	100	40,000	0.36	100	40,000	0.37
			0.51			**0.50**			**0.51**
(c) Investment carried at fair value through other comprehensive income									
Rural electrification corporation limited	10,00,000	240	32.29	–	–	–	–	–	–
National highways authority of india	10,00,000	50	5.33	–	–	–	–	–	–
Telangana uday bond	–	–	–	–	–	–	100	1,30,19,000	130.61
Tamilnadu uday bond	–	–	–	–	–	–	100	1,00,00,000	101.12
Madhya pradesh uday bond	–	–	–	–	–	–	100	14,13,000	14.16
			37.62			**–**			**245.89**
(G) Investments in units of funds									
(a) Investments carried at fair value through profit or loss									
KKR india debt opportunities fund ii	1,000	17,76,074	177.61	1,000	11,25,000	112.50	1,000	8,75,000	87.50
KKR india debt opportunities fund iii	1,000	61,640	6.16	1,000	96,117	9.61	1,000	1,78,249	19.29
LICHFL urban development fund	10,000	10,000	3.86	10,000	10,000	6.53	10,000	10,000	6.53
LICHFL housing and infrastructure trust	100	1,16,000	1.16	–	–	–	–	–	–
			188.79			**128.64**			**113.32**

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value
(b) Investment carried at fair value through other comprehensive income									
Indinfravit Trust	100	1,00,000	0.98	–	–	–	–	–	–
(H) Investment in pass through certificates									
(a) Investment carried at fair value through other comprehensive income									
Smith IFMR Capital	4.00	1,20,96,782	3.85	4.00	1,20,96,782	4.84	4.20	1,20,96,782	5.33
Goldstein IFMR Capital	43.00	8,57,170	2.91	43.00	8,57,170	3.69	44.80	8,57,170	4.04
Syme IFMR Capital	1.00	1,42,10,515	1.42	1.00	1,42,10,515	1.42	1.04	1,42,10,515	1.56
Moses IFMR Capital	1.00	22,50,000	0.23	1.00	22,50,000	0.23	1.06	22,50,000	0.25
IFMR Capital Mosec Azeroth	–	–	–	0.12	59,86,64,559	6.95	0.49	59,86,64,559	31.96
Napoleon IFMR Capital	–	–	–	1.00	5,21,18,415	5.21	1.04	5,21,18,415	5.71
Zlatan IFMR Capital 2016	–	–	–	–	–	–	0.68	1,23,39,58,721	83.76
Fubelt IFMR Capital	–	–	–	–	–	–	1.04	8,08,78,031	8.86
Martell IFMR Capital	–	–	–	–	–	–	2.04	3,55,04,403	7.63
Zion IFMR Capital	–	–	–	–	–	–	3.12	1,92,37,467	6.30
Oracle IFMR Capital	–	–	–	–	–	–	202.00	2,61,793	5.55
Sentinel IFMR capital	–	–	–	–	–	–	19.69	8,87,538	1.83
Frey IFMR Capital	–	–	–	–	–	–	1.03	1,66,74,322	1.81
Mjolnir IFMR Capital	–	–	–	–	–	–	2.08	73,30,422	1.60
Libertas IFMR Capital	–	–	–	–	–	–	1.02	35,19,752	0.38
			8.41			**22.34**			**166.57**
(I) Investment in security receipts									
(a) Investments carried at fair value through profit or loss									
JM Financial (JMFARC) Trust	1,000.00	26,21,651	195.70	1,000.00	26,21,651	258.17	–	–	–
Phoenix Trust FY19-6	903.00	12,49,500	112.83	–	–	–	–	–	–
EARC Trust - SC 258 Trust	1,000.00	25,83,490	108.45	1,000.00	25,83,490	257.23	1,000.00	25,83,490	258.35
Suraksha ARC - 024 Trust	1,000.00	7,85,400	78.54	1,000.00	7,85,400	78.54	–	–	–
Suraksha ARC - 020 Trust	873.26	8,67,000	75.71	995.49	8,67,000	86.31	–	–	–
EARC Trust - SC 105 Trust	1,000.00	11,90,000	63.90	1,000.00	11,90,000	116.18	1,000.00	11,90,000	116.18
JMFARC LTF June 2017 Trust	748.14	4,80,849	35.89	984.76	4,80,849	47.35	–	–	–
Suraksha ARC - 024 Trust	1,000.00	3,01,775	30.18	1,000.00	3,01,775	30.18	–	–	–
Phoenix Trust FY 14-9	1,000.00	11,08,935	27.72	1,000.00	11,08,935	41.59	1,000.00	11,08,935	55.45
EARC Trust SC - 258 - Series I	932.90	6,46,510	27.14	995.66	6,46,510	64.37	1,000.00	6,46,510	64.65
JMFARC LTF June 2017 Trust	748.14	2,97,500	22.21	984.76	2,97,500	29.30	–	–	–
Suraksha ARC - 020 Trust (Series - II)	999.55	1,26,310	9.15	–	–	–	–	–	–
Phoenix ARF Scheme 14	1,000.00	34,882	2.62	1,000.00	34,882	2.96	1,000.00	34,882	3.49
EARC Trust - SC 132 Trust	1,000.00	8,500	0.77	1,000.00	8,500	0.85	1,000.00	8,500	0.85
Phoenix ARF Scheme 6	1,000.00	9,843	0.25	1,000.00	9,843	0.49	1,000.00	9,843	0.98

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value	Face value (₹)	Quantity	Net Carrying Value
Phoenix ARF Scheme 13	5.00	27,404	0.01	1,000.00	27,404	2.06	1,000.00	27,404	2.06
Phoenix ARF Scheme 11	1.00	44,208	–	1.00	44,208	–	1.00	44,208	0.01
Phoenix ARF Scheme 9	1	6,612	–	27.09	6,612	0.02	62.01	6,612	0.04
Phoenix ARF Scheme 10	–	–	–	922.00	18,889	1.29	982.00	18,889	1.85
JM Financial Asset Reconstruction Company Private Limited (Series I - JMFARC-IRIS December 2016 - Trust)	1,000	6,885	–	1,000.00	6,885	–	1,000.00	6,885	1.03
			791.07			**1,016.89**			**504.94**
Total investments (A)			**8,640.81**			**5,301.49**			**6,565.90**
(i) Investments outside India			–			–			–
(ii) Investments in India			8,640.81			5,301.49			6,565.90
Total Investments (B)			**8,640.81**			**5,301.49**			**6,565.90**

8 Other financials assets

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Security deposits	70.78	68.78	53.94
Receivable on sale of Investment	14.93	–	–
Forward contract receivable	–	–	10.02
Accrued interest on fixed deposits	0.24	0.56	0.13
Margin money deposits	12.50	–	–
Other receivables	27.84	4.32	1.59
Total	**126.29**	**73.66**	**65.68**

9 Investment Properties

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Gross carrying amount			
Opening gross carrying amount	403.01	405.51	415.18
Add: Additions during the year	0.84	0.53	15.78
Less: Classified as assets held for sale	–	(3.02)	(21.79)
Less: Deductions during the year	–	–	(3.66)
Less: Reclassified from CWIP to other Advances	(24.78)	–	–
Closing gross carrying amount	**379.07**	**403.01**	**405.51**
Accumulated depreciation and impairment			
Opening accumulated depreciation	7.90	4.47	2.26
Add: Depreciation and impairment	3.51	3.54	3.69
Less: Classified as assets held for sale	–	(0.11)	(1.24)
Less: Deductions during the year	–	–	(0.24)
Closing accumulated depreciation	11.41	7.90	4.47
Net carrying amount	**367.66**	**395.11**	**401.04**

Amount recognised in profit or loss for investment properties

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018
Rental Income	42.81	41.01
Other charges recovery	16.63	15.90
Less: Direct operating expenses from property that generated rental income	41.83	38.33
Profit from investment properties before depreciation and impairment	**17.61**	**18.57**
Less: Depreciation and impairment	3.51	3.54
Profit from investment properties	**14.10**	**15.04**

10 Property, plant and equipment

₹ in crore

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 01, 2018	Additions	Deductions	As at March 31, 2019	As at April 01, 2018	For the year	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Tangible										
Land :										
Freehold	0.03	–	0.03	–	–	–	–	–	–	0.03
Buildings :										
Owned :	0.38	–	–	0.38	0.01	0.01	–	0.02	0.36	0.37
Leasehold Improvements	1.32	0.21	0.32	1.21	0.49	0.31	0.20	0.60	0.61	0.83
Leasehold renovation :										
Owned	12.53	1.64	–	14.17	4.33	4.20	–	8.53	5.64	8.20
Leased out	–	–	–	–	–	–	–	–	–	–
Electrical & Installation :										
Owned	16.18	–	0.04	16.14	5.44	2.39	0.01	7.82	8.32	10.74
Leased out	–	–	–	–	–	–	–	–	–	–
Plant and equipment :										
Owned	0.44	–	–	0.44	0.04	0.03	–	0.07	0.37	0.41
Leased out	25.81	–	13.97	11.84	5.06	4.93	5.07	4.92	6.92	20.75
Computers :										
Owned	21.43	14.29	0.89	34.83	6.95	7.51	0.70	13.76	21.07	14.48
Leased out	0.74	–	0.74	–	0.55	0.10	0.65	–	–	0.19
Furniture and Fixtures :										
Owned	12.67	2.07	0.28	14.46	3.42	3.05	0.04	6.43	8.03	9.25
Leased out	7.95	–	3.21	4.74	2.08	1.51	0.59	3.00	1.74	5.87
Office Equipments :										
Owned	10.64	1.88	0.26	12.26	4.46	2.94	0.13	7.27	4.99	6.18
Leased out	0.45	–	0.44	0.01	0.31	0.05	0.36	–	0.01	0.14
Vehicles :										
Owned	2.80	0.90	–	3.70	0.45	0.78	–	1.23	2.47	2.35
Leased out	21.65	–	10.59	11.06	4.38	3.14	3.62	3.90	7.16	17.27
	135.02	20.99	30.77	125.24	37.97	30.95	11.37	57.55	67.69	97.05
Add: Capital work-in-progress									–	0.14
									67.69	97.19

Intangible assets :

₹ in crore

	Gross carrying amount				Accumulated amortisation				Net carrying amount	
	As at April 01, 2018	Additions	Deductions	As at March 31, 2019	As at April 01, 2018	For the year	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Specialised softwares	67.74	48.60	0.05	116.29	48.09	15.16	–	63.25	53.04	19.65
	67.74	48.60	0.05	116.29	48.09	15.16	–	63.25	53.04	19.65
Add: Intangible assets under development									38.65	19.20
									91.69	38.85

₹ in crore

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018	As at April 01, 2017	For the year	Deductions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Land :										
Freehold	0.03	–	–	0.03	–	–	–	–	0.03	0.03
Buildings :								–	–	
Owned :	26.11	–	25.73	0.38	–	0.50	0.49	0.01	0.37	26.11
Leasehold Improvements	1.09	0.44	0.21	1.32	0.15	0.38	0.04	0.48	0.85	0.94
Leasehold renovation :										
Owned	12.01	0.62	0.10	12.53	–	4.37	0.04	4.33	8.20	12.01
Leased out	–	–	–	–	–	–	–	–	–	–
Electrical & Installation :										
Owned	13.59	2.59	–	16.18	3.00	2.44	–	5.44	10.74	10.59
Leased out	–	–	–	–	–	–	–	–	–	–
Plant and equipment :										
Owned	0.39	0.05	–	0.44	0.01	0.03	–	0.04	0.40	0.38
Leased out	32.56	–	6.75	25.81	–	5.96	0.90	5.06	20.75	32.56
Computers :										
Owned	14.27	10.08	2.92	21.43	0.55	8.05	1.65	6.95	14.48	13.72
Leased out	1.49	–	0.75	0.74	–	0.55	–	0.55	0.19	1.49
Furniture and Fixtures :										
Owned	11.88	1.20	0.41	12.67	0.67	2.87	0.12	3.42	9.25	11.21
Leased out	7.95	–	–	7.95	–	2.08	–	2.08	5.87	7.95
Office Equipments :										
Owned	10.23	0.54	0.13	10.64	1.69	2.83	0.06	4.46	6.18	8.54
Leased out	0.45	–	–	0.45	–	0.31	–	0.31	0.14	0.45
Vehicles :										
Owned	0.00	2.80	0.00	2.80	–	0.45	–	0.45	2.35	–
Leased out	58.91	4.25	41.51	21.65	–	8.20	3.82	4.38	17.27	58.91
	190.96	22.57	78.51	135.02	6.07	39.02	7.12	37.97	97.05	184.89
Add: Capital work-in-progress									0.14	0.27
									97.19	185.16

Intangible assets :

₹ in crore

	Gross carrying amount				Accumulated amortisation				Net carrying amount	
	As at April 01, 2017	Additions	Deductions	As at March 31, 2018	As at April 01, 2017	For the year	Deductions	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Specialised softwares	49.21	18.53	–	67.74	38.72	9.37	–	48.09	19.65	10.49
	49.21	18.53	–	67.74	38.72	9.37	–	48.09	19.65	10.49
Add: Intangible assets under development									19.20	1.27
									38.85	11.76

11 Other non-financial assets

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Prepaid expenses	80.92	185.27	82.71
Property, plant and equipment held for sale	1.17	1.17	20.04
Gratuity asset (Refer note 37)	0.51	0.71	0.25
Capital advances	11.78	9.69	3.77
Amount paid under protest	46.51	46.58	9.07
Statutory dues recoverable	16.87	2.05	1.39
Assets acquired in settlement of claims	189.22	194.12	174.43
Others	31.97	25.77	38.61
Total	**378.95**	**465.36**	**330.27**

12 Payables

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade payables			
Micro and small enterprises	–	–	–
Due to others	35.58	128.88	73.63
Due to related parties (Refer note 39)	84.47	39.55	16.88
Sub total	**120.05**	**168.43**	**90.51**
Other payables			
Micro and small enterprises	–	–	–
Due to others	16.12	16.62	11.37
Sub total	**16.12**	**16.62**	**11.37**
Total	**136.17**	**185.05**	**101.88**

13 Debt securities

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(A)			
At Amortised Cost			
- Commercial paper (net)	14,358.97	10,227.80	11,154.53
- Non convertible debentures	36,909.34	30,768.33	23,823.39
Total	**51,268.31**	**40,996.13**	**34,977.92**
(B)			
(a) Debt securities in India			
(i) At Amortised cost	51,268.31	40,996.13	34,977.92
(ii) At Fair Value through Profit or Loss	–	–	–
Subtotal (i)+(ii)	**51,268.31**	**40,996.13**	**34,977.92**
(b) Debt securities outside India			
(i) At Amortised Cost	–	–	–
(ii) At Fair Value through Profit or Loss	–	–	–
Subtotal (i)+(ii)	**–**	**–**	**–**
Total (a)+(b)	**51,268.31**	**40,996.13**	**34,977.92**

14 Borrowings (other than Debt Securities)

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(A)			
At amortised Cost			
(a) Term Loans			
(i) From banks	15,591.29	12,558.23	9,454.09
(ii) From banks-FCNR	107.32	101.16	129.70
(iii) From financial institutions	2,227.13	1,475.78	–
(b) Loan from related parties (Refer note 39)	3.25	6.59	7.60
(c) Loan repayable on demand			
(i) From banks	15,456.28	15,248.00	13,491.90
(d) External commercial borrowings	–	–	32.68
(e) Loan from parties other than bank	–	463.74	429.05
(f) Corporate bond repo	780.18	–	–
(g) Collateralized borrowing and lending obligation	1,619.70	–	–
Total	**35,785.15**	**29,853.50**	**23,545.02**
(B)			
(a) Borrowings in India			
(i) At amortised cost	35,785.15	29,853.50	23,545.02
(ii) At fair value through profit or loss	–	–	–
Subtotal (i)+(ii)	**35,785.15**	**29,853.50**	**23,545.02**
(b) Borrowings outside India			
(i) At amortised cost	–	–	–
(ii) At fair value through profit or loss	–	–	–
Subtotal (i)+(ii)	**–**	**–**	**–**
Total (a)+(b)	**35,785.15**	**29,853.50**	**23,545.02**

15 Subordinated Liabilities

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(A)			
At amortised cost			
Perpetual debt instruments to the extent that do not qualify as equity	621.48	620.85	607.54
Preference shares other than those that qualify as equity	1,329.52	1,323.54	1,494.34
Subordinate debt	863.62	863.60	934.60
Tier ii debentures	1,638.90	1,590.66	1,525.78
Total	**4,453.52**	**4,398.65**	**4,562.26**
(B)			
(a) Subordinated liabilities in India			
(i) At amortised cost	4,453.52	4,398.65	4,562.26
(ii) At fair value through profit or loss	–	–	–
(iii) Designated at fair value through profit or loss	–	–	–
Sub-total	**4,453.52**	**4,398.65**	**4,562.26**
(b) Subordinated liabilities outside India			
(i) At amortised cost	–	–	–
(ii) At fair value through profit or loss	–	–	–
(iii) Designated at fair value through profit or loss	–	–	–
Sub-total	**–**	**–**	**–**
Total	**4,453.52**	**4,398.65**	**4,562.26**

16 Other financial liabilities

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Security deposits	14.69	18.60	24.33
Liabilities for expenses	198.60	123.03	187.19
Bank book credit balance	192.07	162.19	267.48
Short term obligation	19.58	10.38	16.98
Employee benefits payable	26.00	22.99	15.12
Unclaimed infrastructure bonds application money	14.42	13.61	10.87
Unclaimed interest on infrastructure bonds/ debentures	0.90	0.63	0.72
Unclaimed dividend on equity shares	1.27	0.95	0.95
Unclaimed redemption proceeds and dividend on preference shares	0.60	0.05	0.74
Payable on re-recognition of financial assets	-	109.05	-
Other payables	101.09	58.69	57.25
Total	**569.22**	**520.17**	**581.63**

17 Provisions

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(a) Provision for employee benefits			
Compensated absences	28.62	20.24	19.07
Super annuation fund	0.82	0.82	0.71
Gratuity (Refer note 37)	12.34	6.24	6.87
(b) Others			
Other provisions	0.26	0.27	0.24
Total	**42.04**	**27.57**	**26.89**

18 Other non-financial liabilities

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Revenue received in advance	1.15	2.42	21.94
Statutory dues payable	27.81	72.14	45.30
Dividend distribution tax payable	61.80	56.13	38.55
Other liabilities	0.37	0.31	0.39
Total	**91.13**	**131.00**	**106.18**

19 Equity share capital

(I) Share capital authorised, issued, subscribed and paid up

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Authorised:						
Equity Shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
Preference shares of ₹ 100 each	500,000,000	5,000.00	500,000,000	5,000.00	500,000,000	5,000.00
Issued, Subscribed & Paid up:						
Equity shares of ₹ 10 each fully paid	1,99,88,12,360	1,998.81	1,99,56,76,960	1,995.68	1,75,57,21,861	1,755.72

(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 forthcoming Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(III) Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
At the beginning of the year	**1,99,56,76,960**	**1,995.68**	**1,75,57,21,861**	**1,755.72**	**1,75,33,98,551**	**1,753.40**
Issued during the year						
- On a preferential basis	–	–	17,16,31,889	171.64	–	–
- On a qualified institutional placement	–	–	6,30,51,702	63.05	–	–
- Against employee stock option	31,35,400	3.13	52,71,508	5.27	23,23,310	2.32
Outstanding at the end of the year	**1,99,88,12,360**	**1,998.81**	**1,99,56,76,960**	**1,995.68**	**1,75,57,21,861**	**1,755.72**

(IV) Equity shares in the Company held by the holding company

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and it's nominee	1,27,75,20,203	1,277.52	1,27,75,20,203	1,277.52	1,16,97,09,304	1,169.71
	1,27,75,20,203	**1,277.52**	**1,27,75,20,203**	**1,277.52**	**1,16,97,09,304**	**1,169.71**

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

Equity Shares	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,27,75,20,203	63.91%	1,27,75,20,203	64.01%	1,16,97,09,304	66.62%
Citigroup Global Markets Mauritius Private Limited	–	–	–	–	10,04,21,992	5.72%

(VI) Details of shares reserved to be issued under ESOP

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity Shares of ₹ 10 each	4,65,86,600	46.59	3,42,94,925	34.29	2,66,11,795	26.61
	4,65,86,600	46.59	3,42,94,925	34.29	2,66,11,795	26.61

(VII) Capital Management

1 The objective of the Group's Capital Management is to maximise shareholder value, safeguard business continuity and support the growth of its Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated.

2 During the year ended March 31, 2019, the Company paid the final dividend of ₹ 1 per equity share for the year ended March 31, 2018 amounting to ₹ 199.70 crore.

3 On April 28, 2019, the Board of Directors has recommended the final dividend of ₹ 1 per equity share for the year ended March 31, 2019 subject to approval from shareholders. On approval, the total dividend payment based on number of shares outstanding as at March 31, 2019 is expected to be ₹ 199.88 crore.

(VIII) Employee stock option scheme

1 The Company has formulated Employee Stock Option Schemes 2010 (ESOP Scheme-2010) and 2013 (ESOP Scheme 2013), The grant of options to the employees under the stock option scheme is on the basis of their performance and other eligibility criteria. The options allotted under scheme 2010 are vested over a period of 4 years in ratio of 15%, 20%, 30% and 35% respectively from the date of grant, subject to the discretion of the management and fulfillment of certain conditions. The options granted under scheme 2013 are vested in a graded manner over a period of four years with 0%, 33%, 33% and 34% of grants vesting each year, commencing from the end of 24 month from the date of grant.

2 Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The option granted under scheme 2013 can be exercised anytime within a period of 8 years from the date of grant. Management has discretion to modify the exercise period.

3 The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 was at market price which was the last closing price on National stock exchange preceding the dates of grant respectively.

4 During the year ended March 31, 2019, 385,800 and 27,49,600 options were allotted under scheme 2010 and 2013 respectively.

5 The details of the grants are summarised below:

Particulars	Scheme 2010		Scheme 2013	
	2018-19	2017-18	2018-19	2017-18
Options granted and outstanding at the beginning of the year	42,04,925	28,18,795	3,00,90,000	2,37,93,000
Options granted during the year	15,10,000	33,30,000	1,64,90,000	1,37,20,000
Options cancelled/ lapsed during the year	3,77,125	2,52,862	21,95,800	38,42,500
Options exercised during the year	3,85,800	16,91,008	27,49,600	35,80,500
Options granted and outstanding at the end of the year of which:				
- Options vested	5,04,000	1,71,425	44,32,000	14,30,000
- Options yet to vest	44,48,000	40,33,500	3,72,02,600	2,86,60,000
Weighted average remaining contractual life of options (in years)	5.63	6.01	5.92	6.15

7 During the year, the Group has debited to the Statement of Profit and Loss ₹ 68.16 crore (Previous year ₹ 41.01 crore) towards the stock options granted to their employees, pursuant to the employee stock option schemes.

8 Weighted average fair values of options granted during the year is ₹ 58.54 (Previous year: ₹ 63.25) per options.

9 The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Particulars	2018-19	2017-18
Weighted average risk-free interest rate	7.42%	6.58%
Weighted average expected life of options	3.24 years	3.27 years
Weighted average expected volatility	32.78%	32.57%
Weighted average expected dividends	₹ 3.65 per option	₹ 3.31 per option
Weighted average share price	₹ 168.93 per option	₹ 145.59 per option
Weighted average exercise price	₹ 161.05 per option	₹ 116.58 per option
Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option.	

20 Other Equity

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Securities premium account[1]	5,066.24	5,039.40	1,787.08
General reserve[2]	117.51	88.18	38.03
Debenture redemption reserve[3]	455.59	422.45	424.30
Capital reserve on consolidation	492.36	492.36	492.36
Reserve u/s 36 (1)(viii) of Income tax Act 1961[4]	701.50	587.15	501.53
Reserve u/s 45-IC of Reserve Bank of India Act, 1934[5]	1,696.67	1,401.35	1,224.69
Reserve u/s 29C of National Housing Bank Act 1987[6]	27.43	15.56	14.90
Employee stock option outstanding account[7]	121.94	63.63	32.06
Retained earnings	2,771.41	1,300.94	580.68
Money received against share warrants	–	–	118.07
Other comprehensive income			
-Foreign currency translation reserve	(0.23)	–	–
-Fair value changes of financial instrument measured at fair value through other comprehensive income	(0.63)	0.05	4.07
-Effective portion of cash flow hedge	–	–	0.03
Total	**11,449.79**	**9,411.06**	**5,217.80**

1. **Securities premium account:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium account. The account is utilised in accordance with the provisions of the Companies Act 2013.

2. **General reserve:** The Companies (Transfer of Profits to Reserves) Rules, 1975 read with Section 205(2A) of the Companies Act, 1956, prohibited declaration of dividend for any financial year out of profits of the company for that year except after the transfer of a specified percentage of the profits not exceeding 10%, to its reserves. Amounts were transferred to General Reserve to comply with these provisions. The Companies Act, 2013, does not mandate such a transfer.

3. **Debenture redemption reserve:** As the Subsidiaries has issued redeemable non-convertible debentures, it has created Debenture Redemption Reserve out of its profits available for payment of dividend in accordance with the provisions of section 71(4) of the Companies Act, 2013 to be utilised for the redemption of debentures.

4. **Reserve u/s 36(1)(viii) of Income Tax Act, 1961:** In respect of any special reserve created and maintained by a specified entity, an amount not exceeding twenty percent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account.

5. **Reserve u/s 45 IC of Reserve Bank of India Act, 1934:** The Parent and Subsidiaries created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared.

6. **Reserve u/s 29C of National Housing Bank Act, 1987:** The Subsidiary created a reserve pursuant to the National Housing Bank, 1987 wherein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

7. **Employee stock option outstanding account:** The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary companies under Company's employee stock option scheme.

21 Interest income

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
On financial assets measured at:		
(i) Amortised cost		
Interest on loans	8,891.89	7,280.99
Interest on deposits with bank	40.23	9.35
Interest income from investment	101.96	16.01
Other interest income	5.26	4.44
(ii) Fair value through profit or loss		
Interest on loans	2,389.39	1,328.87
Interest income from investment	16.61	5.47
(iii) Fair value through other comprehensive income		
Income from other investments	192.56	224.09
Total	**11,637.90**	**8,869.22**

22 Dividend income

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Dividend income on investments	0.21	0.78
Total	**0.21**	**0.78**

23 Rental Income

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Lease rentals income	16.15	35.95
Other rental income	2.69	1.28
Total	**18.84**	**37.23**

24 Fees and commission Income

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Management fee	618.59	615.51
Consultancy and financial advisory fee	457.58	440.27
Other financial activities	200.94	164.14
Total	**1,277.11**	**1,219.92**

25 Net gain/(loss) on fair value changes

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(A) Net gain/(loss) on financial instruments classified at fair value through profit or loss		
(i) On trading portfolio		
- Investments	69.32	80.77
- Loans	(14.30)	2.93
(ii) On non-trading portfolio		
- Investments	0.64	1.88
Total	**55.66**	**85.58**
(B) Fair value changes:		
- Realised	71.48	83.01
- Unrealised	(15.82)	2.57
Total	**55.66**	**85.58**

26 Other income

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Income from cross sale	307.91	33.31
Interest on income tax refund	–	1.82
Net gain on derecognition of property, plant and equipment	0.16	0.92
Other income	3.73	17.48
Total	**311.80**	**53.53**

27 Finance costs

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest on borrowings	2,342.35	1,525.38
Interest on debt securities	4,074.14	3,495.72
Interest on subordinated liabilities	398.05	370.28
Other interest expenses	45.49	57.86
Total	**6,860.03**	**5,449.24**

28 Fees and commission expense

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Mutual fund scheme and distribution expenses	325.71	393.89
Advisory fees	–	1.23
Total	**325.71**	**395.12**

29 Net loss/(gain) on fair value changes

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(A) Net loss on financial instruments classified at fair value through profit or loss		
(i) On trading portfolio		
Fair value changes on investments	387.14	157.37
Fair value changes on loans	63.32	30.73
Gain on sale of investment	(46.17)	(130.08)
Gain on sale of loan assets	(7.39)	(4.57)
(B) Net gain on disposal of financial instruments classified at fair value through other comprehensive income		
Gain on sale of investment	(13.74)	(16.85)
Total	**383.16**	**36.60**
(C) Fair value changes:		
- Realised	(67.30)	(151.17)
- Unrealised	450.46	187.77
Total	**383.16**	**36.60**

30 Net loss/(gain) on derecognition of financial instruments under amortised cost category

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Loss on foreclosure and write off of loan (net off of recoveries for write off of previous years)	1,845.46	906.53
Less: Provision held reversed on derecognition of financial instruments	(1,461.08)	(337.00)
Subtotal	**384.38**	**569.53**
Gain on sell down of loan assets	(0.07)	(0.46)
Gain on sale of investment	(0.30)	(39.31)
Total	**384.01**	**529.76**

31 Impairment on financial instruments

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
On financial instruments measured at Amortised cost:		
Loans	700.88	1,418.16
Total	**700.88**	**1,418.16**

32 Employee benefits expenses

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries	679.77	316.77
Contribution provident, esic and pension fund (Refer note 37)	26.95	23.78
Contribution to gratuity fund (Refer note 37)	6.52	5.05
Share based payments to employees (Refer note 19)	68.16	41.01
Staff welfare expenses	43.33	22.09
Total	**824.73**	**408.70**

33 Depreciation, amortisation and impairment

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation	34.46	42.55
Amortisation	15.16	9.38
Total	**49.62**	**51.93**

34 Other expenses

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Rent	45.61	43.82
Rates and taxes	6.48	4.06
Repairs and maintenance	66.88	58.21
Communication expenses	12.90	14.72
Director's sitting fees	1.39	1.59
Non executive directors remuneration	2.98	3.28
Auditor's fees and expenses		
Statutory audit fees	1.23	1.22
Limited review fees	0.66	0.64
Tax audit fees	0.17	0.17
Certification fees	0.56	0.78
Others	0.26	0.30
Legal and professional charges	149.53	105.96
Insurance	5.37	1.51
Travelling and conveyance	36.31	27.44
Advertisement and publicity	42.42	35.54
Printing and stationery	13.05	8.39
Stamping charges	2.57	2.39

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Electricity charges	8.61	7.76
Bank charges	22.25	8.51
Filling fees	1.01	0.57
Brand license fee	82.55	39.17
Membership and subscription fees	3.16	3.54
Collection charges	156.98	111.15
Loan processing charges	16.10	18.49
Listing and custodian charges	0.95	0.87
Training and recruitment expenses	8.26	8.17
Loss on sale of property, plant and equipment	7.62	3.01
Donations	0.93	0.39
Corporate social responsibility expenses	13.38	10.55
Miscellaneous expenses	11.23	8.79
Total	**721.40**	**530.99**

35 Tax expense

₹ in crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current tax	749.49	518.48
Deferred tax charge/(reversal)	70.46	(362.22)
Provision for tax related to earlier years	–	11.98
Total	**819.95**	**168.24**

36 The list of subsidiaries and associates included in the Consolidated financial statement are as under:

S No.	Name of subsidiaries/ associates	Country of Incorporation	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
	Subsidiaries							
1	L&T Finance Limited	India	100%	100%	100%	100%	100%	100%
2	L&T Infrastructure Finance Company Limited	India	100%	100%	100%	100%	100%	100%
3	L&T Housing Finance Limited	India	100%	100%	100%	100%	100%	100%
4	L&T Infra Debt Fund Limited	India	100%	100%	100%	100%	100%	100%
5	L&T Investment Management Limited	India	100%	100%	100%	100%	100%	100%
6	L&T Capital Markets Limited *	India	100%	100%	100%	100%	100%	100%
7	L&T Financial Consultants Limited	India	100%	100%	100%	100%	100%	100%
8	L&T Infra Investment Partners Advisory Private Limited	India	100%	100%	100%	100%	100%	100%
9	L&T Infra Investment Partners Trustee Private Limited	India	100%	100%	100%	100%	100%	100%
10	L&T Mutual Fund Trustee Limited	India	100%	100%	100%	100%	100%	100%
11	Mudit Cements Private Limited	India	100%	100%	100%	100%	100%	100%
12	L&T Access Distribution Services Limited *	India	–	–	–	–	100%	100%
13	L&T Infra Investment Partners	India	54.93%	54.93%	54.93%	54.93%	54.86%	54.86%
14	L&T Capital Markets (Middle East) Limited $	UAE	100%	100%	–	–	–	–
	Associate							
1	Feedback infra private limited #	India	–	–	–	–	23.16%	23.16%

* Pursuant to order of National Company Law Tribunal, Mumbai Bench ("NCLT") dated October 18, 2017, the scheme of amalgamation for merger of L&T Access Distribution Services Limited (a wholly owned subsidiary of L&T Finance Holdings Limited) with L&T Capital Markets Limited is effected from November 10, 2017 with appointed date being April 01, 2017.

With effect from March 14, 2018, Feedback Infra Private Limited ceased to be an associate of the Group.

$ During the current year L&T Capital Markets (Middle East) Limited, a wholly owned subsidiary of L&T Finance Holdings Ltd was incorporated w.e.f. July 01,2018

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37 Disclosure pursuant to Ind AS 19 “Employee benefits”

(i) Defined Contribution plans

The Group recognised charges of ₹ 26.95 crore (previous year ₹ 23.78 crore) for provident fund contribution, Employee State Insurance Scheme and Superannuation fund in the Consolidated Statement of Profit and Loss.

(ii) Defined benefits gratuity Plan

(a) The amounts recognised in Balance Sheet: ₹ in crore

Particulars		Gratuity Plan		
		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
A)	Present value of defined benefit obligation			
	- Wholly funded	22.07	16.62	15.82
	- Wholly unfunded	4.60	2.95	1.58
		26.67	19.57	17.40
	Less : Fair value of plan assets	(14.85)	(14.35)	(10.78)
	Add : Amount not recognised as an asset (limit in para 64(b) of IndAS 19)	0.01	0.30	-
	Amount to be recognised as liability or (asset)	11.83	5.52	6.62
B)	Amounts reflected in Balance Sheet			
	Liabilities	12.34	6.24	6.87
	Assets	(0.51)	(0.71)	(0.25)
	Net liability/(asset)	11.83	5.53	6.62

(b) The amounts recognised in the Statement of Profit and Loss: ₹ in crore

Particulars		Gratuity Plan	
		As at March 31, 2019	As at March 31, 2018
1	Current service cost	6.52	5.05
2	Interest cost (Net of interest income on plan asset)	0.26	0.30
3	Actuarial losses/(gains) - others	2.09	0.94
4	Actuarial losses/(gains) - difference between actuarial return on plan assets and interest income	(0.03)	–
	Total	**8.84**	**6.29**
i	Amount included in “employee benefits expenses”	6.52	5.05
ii	Amount included in as part of “finance cost’	0.26	0.30
iii	Amount included as part of “Other Comprehensive income”	2.06	0.94
	Total	**8.84**	**6.29**

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance:

₹ in crore

Particulars	Gratuity Plan As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Opening balance of the present value of defined benefit obligation	19.57	17.40	18.65
Add : Current Service Cost	6.52	5.05	5.14
Add : Interest Cost	1.37	1.21	1.68
Add : Actuarial losses/(gains)			
i) Actuarial (gains)/losses arising from changes in financial assumptions	0.58	2.66	1.43
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	–	(0.80)	–
ii) Actuarial (gains)/losses arising from changes in experience adjustments	1.82	(1.22)	(1.83)
Less : Benefits paid	(3.18)	(4.73)	(16.23)
Add : Liability assumed/(settled)	(0.01)	0.00	8.56
Closing balance of the present value of defined benefit obligation	**26.67**	**19.57**	**17.40**

(d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances:

₹ in crore

Particulars	Gratuity Plan As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Opening balance of the fair value of the plan assets	14.35	10.78	12.86
Add : interest income of plan assets	1.13	0.91	1.08
Add : Actuarial gains	0.03	–	0.24
Add : Contribution by the employer	2.52	7.39	7.24
Less : Benefits paid	(3.18)	(4.73)	(16.23)
Add: Assets acquired/(settled)	–	–	5.59
Closing balance of plan assets	**14.85**	**14.35**	**10.78**

(e) Movement in asset ceiling:

₹ in crore

Particulars	Gratuity Plan As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Opening value of asset ceiling	0.30	–	–
Interest on opening balance of asset ceiling	0.02	–	–
Remeasurement due to changes in surplus/ deficit	(0.31)	0.30	–
Closing value of asset ceiling	**0.01**	**0.30**	**–**

(f) The fair value of major categories of plan assets:

₹ in crore

Particulars		Gratuity Plan		
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2018
1	Government of India Securities	1.84	1.83	1.90
2	Insurer Managed Funds (Unquoted)	9.76	7.02	5.25
3	Others (quoted)	2.55	2.38	2.36
4	Others (unquoted)	0.70	3.12	1.27
		14.85	**14.35**	**10.78**

(g) Principal actuarial assumptions at the valuation date:

Particulars		Gratuity Plan		
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2018
(i)	Discount rate (per annum)	6.80% - 7.80%	7.20% - 7.85%	6.90% - 7.85%
(ii)	Salary escalation rate (per annum)	9.00%	9.00%	6.00% - 8.00%

(iii) Discount rate:

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

(iv) Salary escalation rate:

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

(v) Attrition Rate:

The attrition rate varies from 0% to 25% (previous year: 0% to 25%) for various age groups.

(vi) Mortality:

Published rates under the Indian Assured Lives Mortality (2012-14) Ult table.

(h) Sensitivity Analysis:

One percentage point change in actuarial assumption would have the following effects on the defined benefit obligation:

₹ in crore

Particulars		Gratuity Plan			
		Effect of 1% increase		Effect of 1% decrease	
		2018-19	2017-18	2018-19	2017-18
1	Impact of change in discount rate	(1.62)	(1.24)	1.80	1.38
2	Impact of change in salary escalation rate	1.75	1.35	(1.61)	(1.24)

(iii) Defined benefits provident fund plan:

In respect of the contribution by the employer and employee to the provident fund trust constituted by the ultimate parent company, in terms of the guidance note issued by the Institution of Actuarial of India for the measurement of provident fund liabilities, the actuary engaged by the Group has provided the following information in this regards:

a. The amounts recognised in Balance Sheet:

₹ in crore

Particulars	Provident Fund Plan		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
A) Present value of defined benefit obligations			
- Wholly funded	15.72	24.07	–
- Wholly unfunded	–	–	–
	15.72	24.07	–
Assets accquired on acquistion	–	–	51.52
Less: Fair value of plan assets	(15.82)	(24.27)	(51.83)
Amount to be recognised as liability or (assets)	(0.10)	(0.20)	(0.31)
B) Amount reflected in Balance sheet			
Liabilities	–	–	–
Assets	(0.10)	(0.20)	(0.31)
Net liability/(assets)	(0.10)	(0.20)	(0.31)

b. The amounts recognised in the Statement of Profit and Loss:

₹ in crore

Particulars	Provident Fund Plan	
	As at March 31, 2019	As at April 01, 2017
Current service cost	–	–
Interest cost	1.67	2.75
Expected return on plan assets	(1.67)	(2.75)
Actuarial losses/(gain)	0.10	(2.56)
Actuarial losses/(gain) not recognised in books (limit in para 64(b) of IndAS 19)	(0.10)	2.56
Total	**–**	**–**
Amount included in "Employee benefits expenses"	–	–
Amount included in as part of "Finance cost'	–	–
Amount included as part of "Other Comprehensive income"	–	–
Total	**–**	**–**

c. The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances:

₹ in crore

Particulars	Provident Fund Plan		
	As at March 31, 2019	As at April 01, 2017	As at April 01, 2017
Opening balance of the present value of defined benefit obligation	24.07	51.53	–
Add: Assets accquired on acquistion	–	–	53.11
Add: Current service cost	–	**	3.95
Add: Interest cost	1.67	2.75	4.26
Less: Benefits paid	(10.53)	(32.08)	(14.44)
Add: Contribution by the employer	–	1.95	7.81
Add: Liability assumed/(settled)	0.51	(0.08)	(3.16)
Closing balance of the present value of defined benefit obligation	**15.72**	**24.07**	**51.53**

**Amount less than ₹ 1 lakh

d. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances:

₹ in crore

Particulars	Provident Fund Plan		
	As at March 31, 2019	As at April 01, 2017	As at April 01, 2017
Opening fair value of the plan assets	24.27	51.83	-
Add: Assets accquired on acquistion	-	-	53.25
Add: interest income of plan assets	1.67	2.75	4.26
Add/(less): Actuarial gains/(losses)	(0.10)	2.56	(0.63)
Add: Contribution by the employer	-	**	4.31
Add/(less): Contribtuion by plan participants	-	**	8.24
Less: Benefits paid	(10.53)	(32.08)	(14.44)
Add: Assets acquired/(settled)	0.51	(0.79)	(3.16)
Closing fair value of the plan assets	**15.82**	**24.27**	**51.83**

**Amount less than ₹ 1 lakh

e. The fair value of major categories of plan assets: ₹ in crore

Particulars	Provident Fund Plan		
	As at March 31, 2019	As at April 01, 2017	As at April 01, 2017
Government of india securities	7.53	10.44	21.25
Corporate bonds	3.51	4.13	7.77
Special deposit scheme	0.82	1.46	4.15
Public sector unit bond	3.48	7.04	17.10
Others (unquoted)	0.48	1.20	1.56
Total	**15.82**	**24.27**	**51.83**

f. Principal actuarial assumptions at the valuation date:

Particulars	Provident Fund Plan		
	As at March 31, 2019	As at April 01, 2017	As at April 01, 2017
Discount rate for the term of the Obligation	6.90%	7.25%	7.20%
Average Historic Yield on the Investment Portfolio	8.78%	8.82%	8.80%
Discount Rate for the remaining term to maturity of the Investment Portfolio	7.65%	7.80%	7.12%
Future Derived Return on Assets	8.03%	8.27%	8.88%
Guaranteed Rate of Return	8.65%	8.55%	8.65%

(i) Discount rate:

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

(ii) Average Historic Yield on the Investment Portfolio:

The average rate of return earned on the investment portfolio of provident fund in the previous three years.

(iii) Expected Investment Return:

Expected investment return is determined by adding the yield spread to the discount rate for a term of the obligation, where yield spread is the difference between the average historic yield on the investment portfolio & discount rate for the remaining term to maturity of the investment portfolio

(iv) Guaranteed Rate of Return:

The latest interest rate declared by the Regional Provident Fund Commissioner to its own subscribers.

(g) Characteristics of defined benefit plans

(i) Gratuity Plan

The Group operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favorable compared to the obligation under the Payment of Gratuity Act, 1972.

(ii) Provident Fund Plan

One of the subsidiary's provident fund scheme are defined contribution plan for its employees and for a certain categories of employees made to a trust viz. The Larsen & Toubro Officers & Supervisory Staff Provident Fund constituted by the ultimate parent company, which is permitted under The employee's Provident Funds and Miscellaneous Provisions Act, 1952. The Contribution by the employer and employee together with interest accumulated there on are payable to the employee at the time of separation from company or retirement whichever is earlier. The benefit vets immediately on rendering of services by the employee.

38 Disclosure pursuant to Ind AS 108 "Operating Segment"

The Board of Directors and the Managing Director of the Company together constitute the Chief Operating Decision Makers ("CODM") which allocate resources to and assess the performance of the segments of the Company.

The Group has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Rural, Housing, Wholesale, Defocused and Other businesses. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly attributable to each reportable segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as others. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment, Tax assets and liabilites are disclosed as Unallocated and all other assets and liabilities are disclosed as others. The composition of the reportable segments is as follows:

(i) Rural Business comprises of Farm Equipment Finance, Two Wheeler Finance and Micro Loans.

(ii) Housing Business comprises of Home Loans, Loan against Property and Real Estate Finance.

(iii) Wholesale Business comprises of Infrastructure Finance and Structured Corporate Loans.

(iv) Defocused Business comprises of Commercial Vehicle Finance, Construction Equipment Finance, SME term loans and Leases.

(v) Others comprises of Asset Management, Wealth Management etc.

(vi) Unallocated represents tax assets and tax liabilities

(a) Information about reportable segment

₹ in crore

Sr. No.	Particulars	Year ended As at March 31, 2019	Year ended As at March 31, 2018
I	**Gross segment revenue from continuing operations**		
(a)	Rural business	4,064.18	2,304.87
(b)	Housing business	3,018.71	2,129.75
(c)	Wholesale business	5,063.93	4,808.38
(d)	Defocused business	116.02	222.22
(e)	Others	1,303.01	1,329.43
	Segment revenue from continuing operations	**13,565.85**	**10,794.65**
(f)	Less: Inter segment revenue	(576.13)	(581.92)
	Revenue as per the Statement of Profit & Loss	**12,989.72**	**10,212.73**
II	**Segment results**		
(a)	Rural business	1,151.50	744.76
(b)	Housing business	1,084.10	720.97
(c)	Wholesale business	912.20	291.52
(d)	Defocused business	(243.45)	(394.42)
(e)	Others	147.63	82.93
	Profit before tax	**3,051.98**	**1,445.76**

₹ in crore

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
III	**Segment assets**			
(a)	Rural business	25,517.39	16,527.68	10,087.30
(b)	Housing business	27,575.72	19,785.70	13,013.40
(c)	Wholesale business	48,173.25	46,180.28	41,766.08
(d)	Defocused business	628.20	1,187.35	2,533.30
(e)	Others	11,650.33	10,784.20	7,948.14
	Sub Total	**1,13,544.89**	**94,465.21**	**75,348.22**
(f)	Less: Inter segment assets	(9,909.91)	(9,128.00)	(6,135.68)
	Segment assets	**1,03,634.98**	**85,337.21**	**69,212.54**
(g)	Unallocated	2,420.12	2,439.77	1,933.14
	Total assets	**1,06,055.10**	**87,776.98**	**71,145.68**
IV	**Segment liabilities***			
(a)	Rural business	22,181.29	14,342.06	8,959.81
(b)	Housing business	24,321.31	17,583.87	11,784.98
(c)	Wholesale business	43,447.79	42,444.11	38,927.76
(d)	Defocused business	548.24	1,030.33	2,250.15
(e)	Others	2,800.57	2,131.82	2,786.48
	Sub Total	**93,299.20**	**77,532.19**	**64,709.18**
(f)	Less: Inter segment liabilities	(731.40)	(1,196.54)	(548.83)
	Segment liabilities	**92,567.80**	**76,335.65**	**64,160.35**
(g)	Unallocated	38.70	34.59	11.81
	Total liabilities	**92,606.50**	**76,370.24**	**64,172.16**

* Includes non-controlling interest

(b) Geographical Information

Revenues from external customers attributed to an individual foreign country are immaterial.

(c) Revenue contributed by any single customer in any of the operating segments, whether reportable or otherwise, does not exceed ten percent of the group's total revenue.

39 Disclosure pursuant to Ind AS 24 " Related Party Disclosures"

(a) List of Related Parties (with whom transactions were carried out during current or previous year)

	Particulars	Relationship
1	Larsen & Toubro Limited	Holding Company
2	L&T Infotech Limited	Fellow Subsidiary Companies
3	L&T Capital Company Limited	Fellow Subsidiary Companies
4	L&T Sargent & Lundy Limited	Fellow Subsidiary Companies
5	Larsen & Toubro Electromech LLC	Fellow Subsidiary Companies
6	L&T ENC Hydrocarbon Limited	Fellow Subsidiary Companies
7	L&T-MHPS Boilers Private Limited	Fellow Subsidiary Companies

	Key Management Personnel	
1	Mr Dinanath Dubhashi	Managing Director & Chief Executive Officer
2	Mr. S. V. Haribhakti	Non-executive chairman (Independent director)
3	Mr.Y.M Deosthalee (Ceased to be Director with effect from May 31, 2017)	Non-executive chairman
4	Mr. Prabhakar B. (Appointed as Director with effect from June 28, 2018)	Non-executive director
5	Mr.B.V.Bhargava (Ceased to be Director with effect from August 31, 2017)	Independent director
6	Dr. (Mrs) Rajani R. Gupte (Appointed as Director with effect from June 28, 2018)	Independent director
7	Mr. Harsh Mariwala	Independent director
8	Mr. P. V. Bhide	Independent director
9	Mr. Thomas Mathew T.	Independent director
10	Ms. Nishi Vasudeva (Appointed as Director with effect from June 15,2017)	Independent director
11	Ms. Vaishali Kasture (Ceased to be Director with effect from May 29, 2018)	Independent director
12	Mr. Pavninder Singh (Appointed as Director with effect from June 15,2017)	Nominee director
13	Mr. Amit Chandra (Ceased to be Director with effect from June 15, 2017)	Nominee director

(b) Disclosure of related party transactions :

₹ in crore

Sr. No.	Nature of Transaction*	2018-19	2017-18
1	**Branch sharing cost recovered from**		
	Larsen and Tourbo Limited	0.05	0.05
2	**Corporate support charges recovered from**		
	Larsen and Tourbo Limited	–	***
3	**Advisory fees received from**		
	Larsen and Tourbo Limited	–	0.13
4	**Brand license fees to**		
	Larsen and Tourbo Limited	79.44	36.08
5	**Repair and maintenance to**		
	L&T Infotech Limited	–	0.57
	Larsen & Toubro Limited	0.02	0.10
6	**Reimbursement of expenses to**		
	Larsen & Toubro Limited	0.11	0.08
	Larsen & Toubro Electromech LLC	–	***
7	**Interest expense on interest corporate borrowing**		
	L&T Capital Company Limited	0.36	0.64
	Larsen and Tourbo Limited	34.52	–
8	**Professional fees to**		
	Larsen & Toubro Limited	9.22	7.78
	L&T Infotech Limited	1.62	3.12
	L&T Sargent & Lundy Limited	–	0.09
9	**Branch sharing cost to**		
	Larsen & Toubro Limited	***	0.11
10	**Advisory fees to**		
	L&T-MHPS Boilers Private Limited	0.05	0.05

₹ in crore

Sr. No.	Nature of Transaction*	2018-19	2017-18
11	**Miscellaneous expenses to**		
	Larsen & Tourbo Limited	–	0.59
	L&T Infotech Limited	–	0.20
12	**Purchase of property, plant and equipment from**		
	L&T Infotech Limited	–	0.12
	L&T Capital Company Limited	–	0.00
13	**Inter corporate deposits borrowed from**		
	L&T Capital Company Limited	5.97	8.37
	Larsen & Tourbo Limited	3,000.00	–
14	**Inter corporate deposits repaid (including interest) to**		
	L&T Capital Company Limited	9.67	10.02
	Larsen & Tourbo Limited	3,034.52	–
15	**Subscription to equity shares by**		
	Larsen & Toubro Limited	–	2,000.00

* Transactions shown above are excluding of GST, if any.

*** Amount less than ₹ 1 lakh

(c) Remuneration to Key Management Personnel**

Name of Key Management Personnel	2018-19 Short-Term employee benefits	2017-18 Short-Term employee benefits
Mr. Dinanath Dubhashi	5.63	8.21
Mr. S. V. Haribhakti	0.61	0.61
Mr. Y.M Deosthalee	-	0.08
Mr. Prabhakar B.	0.13	0.24
Mr. B.V.Bhargava	-	0.07
Dr. (Mrs) Rajani R. Gupte	0.47	0.45
Mr. Harsh Mariwala	0.17	0.27
Mr. P. V. Bhide	0.48	0.42
Mr. Thomas Mathew T.	0.51	0.52
Ms. Nishi Vasudeva	0.47	0.12
Ms. Vaishali Kasture	0.03	0.07
Mr. Pavninder Singh	0.08	0.20
Mr. Amit Chandra	-	0.03

**Key Management Remuneration excludes provision for gratuity, pension and compensated absences, since it is provided on actuarial basis for the Company as a whole.

(d) Amount due to/from related parties:

₹ in crore

S. No.	Nature of transactions	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
1	**Borrowings**			
	L&T Capital Company Limited	3.25	6.59	7.60
2	**Trade and other payable**			
	Larsen & Toubro Electromech LLC	–	0.02	0.02
	Larsen & Toubro Limited	84.32	39.42	16.54
	L&T ENC Hydrocarbon Limited	0.02	0.02	0.02
	L&T Infotech Limited	0.13	0.09	0.08
	L&T General Insurance Company Limited	–	–	0.22
3	**Trade and other receivable**			
	L&T General Insurance Company Limited	–	–	0.04
	Larsen & Tourbo Limited	4.30	2.63	0.14
	L&T-MHPS Boilers Private Limited	0.06	–	–

40 Disclosure pursuant to Ind AS 17 "Leases"

(i) Operating lease:

(a) Group as Lessee:

The Group has taken motor vehicles, furniture and fixtures and premises on operating leases. Lease payments recognized in the Statement of Profit and Loss during the year is ₹ 45.61 crore (previous year: ₹ 43.82 crore). The total of future minimum lease payments on non-cancellable operating lease as at March 31, 2019 are as follows:

₹ in crore

Particulars	As at 31 March, 2019	As at 31 March, 2018	As at 1 April, 2017
Not later than 1 year	2.72	8.99	13.22
Later than 1 year and not later than 5 years	0.95	2.21	6.35
Later than 5 years	–	–	–
Total	**3.67**	**11.20**	**19.57**

(b) Group as Lessor:

The Group has given motor vehicles, furniture and fixtures, office equipment's, plant and machineries and computers under non-cancellable operating lease. The total of future minimum lease payment receivables on non-cancellable operating lease as at March 31, 2019 are as follows:

₹ in crore

Particulars	As at 31 March, 2019	As at 31 March, 2018	As at 1 April, 2017
Not later than 1 year	5.79	12.44	34.04
Later than 1 year and not later than 5 years	1.50	18.87	40.07
Later than 5 years	–	1.45	1.45
Total	**7.29**	**32.76**	**75.56**

(ii) **Finance lease**

(a) **Group as Lessor:**

The Group has given assets on finance lease to its customers with respective underlying assets/equipment's as security. The details of gross investment, unearned finance income and present value of minimum lease payment receivable as at March 31, 2019 in respect of these assets are as under:

₹ in crore

Particulars	Minimum lease payment receivable			Present value of minimum lease payment receivable		
	As at 31 March, 2019	As at 31 March, 2018	As at 1 April, 2017	As at 31 March, 2019	As at 31 March, 2018	As at 1 April, 2017
Not Later than 1 year	29.20	25.89	28.27	22.37	18.44	21.77
Later than 1 year and not later than 5 years	50.98	87.28	50.40	44.72	72.19	41.76
Later than 5 years	–	0.01	–	–	–	–
Gross investment in lease	**80.18**	**113.18**	**78.67**	**67.09**	**90.63**	**63.53**
Less: Unearned finance income	(13.09)	(22.55)	(15.14)	–	–	–
Present value of minimum lease payment receivable	**67.09**	**90.63**	**63.53**	**67.09**	**90.63**	**63.53**

41 **Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share":**

Particulars		For the year ended March 31, 2019	For the year ended March 31, 2018
Basic			
Profit after tax (₹ crore)	A	2,226.30	1,254.68
Weighted average number of equity shares outstanding	B	1,99,71,65,629	1,82,44,19,741
Basic earning per share	A/B	11.15	6.88
Diluted			
Profit after tax (₹ crore)	A	2,226.30	1,254.68
Weighted average number of equity shares outstanding	B	1,99,71,65,629	1,82,44,19,741
Add: Weighted average number of potential equity shares on account of employee stock options	C	77,03,279	1,76,13,844
Weighted average number of shares outstanding for diluted EPS	D=B+C	2,00,48,68,908	1,84,20,33,585
Diluted earning per share (before and after extraordinary items) (₹)	A/D	11.10	6.81
Face value of shares (₹)		10.00	10.00

42 Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

₹ in crore

Sr. No.	Particulars	2018-19	2017-18
	Consolidated statement of Profit and Loss:		
(a)	**Profit and Loss section:**		
	(i) Current income tax :		
	(A) Current income tax expense	749.49	518.48
	(B) Tax expense in respect of earlier years	–	11.98
		749.49	530.46
	(ii) Deferred Tax:		
	(A) Tax expense on origination and reversal of temporary differences	70.46	(346.50)
	(B) Effect of previously recognised tax losses and tax offsets on which deferred tax benefit is recognised	–	(5.73)
	(C) Effect on deferred tax balances due to the change in income tax rate	–	(9.99)
		70.46	(362.22)
	Income tax expense reported in the consolidated statement of profit or loss[(i)+(ii)]	**819.95**	**168.24**
(b)	**Other Comprehensive Income (OCI) Section:**		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	–	–
	(B) Deferred tax expense/(income):		
	(a) On re-measurement of defined benefit plans	(0.55)	–
		(0.55)	–
	(ii) Items to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	–	–
	(B) Deferred tax expense/(income):		
	(a) On gain/(loss) on fair value of debt securities	(0.03)	(2.12)
		(0.03)	(2.12)
	Income tax expense reported in the other comprehensive income [(i)+(ii)]	**(0.58)**	**(2.12)**
(c)	**Balance sheet**		
	Current income tax	–	–
	Deferred tax	–	3.08
	Income tax expense reported in balance sheet	**–**	**3.08**

(b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

₹ in crore

Sr. No.	Particulars	2018-19	2017-18
(a)	**Profit before tax**	3,051.98	1,445.76
(b)	Corporate tax rate as per Income tax Act, 1961	34.94%	34.61%
(c)	Tax on accounting profit (c)=(a)*(b)	1,066.49	500.35
(d)	(i) Tax on Income exempt from tax :		
	(A) Deduction of special reserve u/s 36(1)(viii) of the Income Tax Act, 1961	(39.96)	(29.93)
	(B) Exempt income	(46.01)	(47.93)
	(ii) Tax on Income which are taxed at different rates	(4.44)	(14.92)
	(iii) Tax on expense not tax deductible :		
	(A) Corporate social responsibility (CSR) expenses	2.04	1.82
	(B) Provision for dimunition of investments	54.38	(10.61)
	(C) Other disallowances (Including section 14A)	51.00	48.88
	(iv) Impact of consolidation adjustments	(247.83)	(257.19)
	(v) Utilisation of brought forward losses in current year on which DTA not recognised in earlier years	(44.37)	(17.32)
	(vi) Tax effect of losses/timing differences of current year on which no deferred tax benefit is recognised	15.65	2.03
	(vii) Effect of previously recognised tax losses and tax offsets on which deferred tax benefit is recognised	–	(5.73)
	(viii) Effect on deferred tax due to change in Income tax rate	–	(9.99)
	(ix) Effect of tax for prior years	–	11.98
	(x) Tax effect on various other Items	13.00	(3.21)
	Total effect of tax adjustments [(i) to (x)]	**(246.54)**	**(332.11)**
(e)	Tax expense recognised during the year (e)=(c)-(d)	819.95	168.24
(f)	**Effective tax Rate (f)=(e)/(a)**	**26.87%**	**11.64%**

(c) (i) Unused tax losses and unused tax credits for which no deferred tax asset is recognised in Balance sheet

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	₹ in crore	Expiry year	₹ in crore	Expiry year	₹ in crore	Expiry year
Tax losses (Business loss and unabsorbed depreciation)						
- Amount of losses having expiry	34.71	AY2021-28	82.73	AY2020-27	138.66	AY2019-26
- Amount of losses having no expiry	293.26		346.87		351.91	
Tax losses (Capital loss)	38.58	AY2027-28				
Total	**366.55**		**429.60**		**495.57**	

(ii) Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet

₹ in crore

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
(a)	Towards provision for diminution in value of investments	206.16	15.95	42.43
(b)	Other items	0.46	2.77	1.44
	Total	**206.62**	**18.72**	**43.87**

(d) Major components of deferred tax assets and deferred tax liabilities:

₹ in crore

Particulars	Deferred tax assets/ (liabilities) as at April 01, 2018	Charge/(credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/(credit) to Other comprehensive income	Deferred tax assets/ (liabilities) as at March 31, 2019
Deferred tax assets:					
Expected credit loss provision on Loans	1,877.81	(231.76)	–	–	1,646.06
Amortisation of fee income	34.79	(15.57)	–	–	19.22
Unabsorbed depreciation	12.02				12.02
Unused tax losses	40.31	(8.24)	–	–	32.07
Unutilised MAT credit	70.70	6.31	–	–	77.01
Other items giving rise to temporary differences	36.01	72.91	–	0.58	109.50
Deferred tax assets	**2,071.64**	**(176.35)**	**–**	**0.58**	**1,895.88**
Offsetting of deferred tax assets with deferred tax liabilities	(225.24)	–	–	–	(118.73)
Net deferred tax assets	**1,846.40**	**(176.35)**	**–**	**0.58**	**1,777.15**

₹ in crore

Particulars	Deferred tax assets/ (liabilities) as at April 01, 2018	Charge/(credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/(credit) to Other comprehensive income	Deferred tax assets/ (liabilities) as at March 31, 2019
Deferred tax liabilities:					
Difference between book base and tax base of property, plant & equipement, investment property and intangible assets	(30.52)	68.01	–	–	37.49
Interest income recognised on Stage 3 Loans	(156.03)	35.93	–	–	(120.10)
Unamortised borrowing cost	(8.70)	2.55	–	–	(6.15)
Other items giving rise to temporary differences	(34.54)	(0.61)	–	–	(35.15)
Deferred tax liabilities	**(229.80)**	**105.88**	**–**	**–**	**(123.92)**
Offsetting of deferred tax liabilities with deferred tax assets	225.24	–	–	–	118.73
Net deferred tax liabilities	**(4.56)**	**105.88**	**–**	**–**	**(5.19)**
Net deferred tax assets/ (liabilities)	**1,841.84**	**(70.46)**	**–**	**0.58**	**1,771.96**

₹ in crore

Particulars	Deferred tax assets/ (liabilities) as at April 01, 2017	Charge/(credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/(credit) to Other comprehensive income	Deferred tax assets/ (liabilities) as at March 31, 2018
Deferred tax assets:					
Expected credit loss provision on Loans	1,476.58	401.24	–	–	1,877.81
Amortisation of fee income	37.32	(2.53)	–	–	34.79
Unabsorbed depreciation	12.02	–	–	–	12.02
Unused tax losses	57.12	(16.81)	–	–	40.31
Unutilised MAT credit	58.54	12.17	–	–	70.70
Other items giving rise to temporary differences	20.77	13.12	–	2.12	36.01
Deferred tax assets:	**1,662.33**	**407.19**	**–**	**2.12**	**2,071.64**
Offsetting of deferred tax assets with deferred tax liabilities	(179.36)	–	–	–	(225.24)
Net deferred tax assets:	**1,482.97**	**407.19**	**–**	**2.12**	**1,846.40**

₹ in crore

Particulars	Deferred tax assets/ (liabilities) as at April 01, 2017	Charge/(credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/(credit) to other comprehensive income	Deferred tax assets/ (liabilities) as at March 31, 2018
Deferred tax liabilities:					
Difference between book base and tax base of property, plant & equipement, investment property and intangible assets	(55.68)	25.16	–	–	(30.52)
Interest income recognised on stage 3 loans	(105.18)	(50.85)	–	–	(156.03)
Unamortised borrowing cost	(8.86)	3.23	(3.08)	–	(8.70)
Other items giving rise to temporary differences	(12.04)	(22.51)	–	–	(34.54)
Deferred tax liabilities	**(181.75)**	**(44.97)**	**(3.08)**	**–**	**(229.80)**
Offsetting of deferred tax liabilities with deferred tax assets	179.36	–	–	–	225.24
Net deferred tax liabilities	**(2.39)**	**(44.97)**	**(3.08)**	**–**	**(4.56)**
Net deferred tax assets/ (liabilities)	**1,480.58**	**362.22**	**(3.08)**	**2.12**	**1,841.84**

43 Contingent liabilities and commitments

₹ in crore

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
	Contingent liabilities			
1	Claims against the Group not acknowledged as debt;*			
	(i) Income tax matter in dispute	8.66	8.66	13.17
	(ii) Service tax/Sales tax/VAT matters in dispute	60.94	70.21	28.60
	(iii) Legal matters in dispute	7.55	1.35	1.09
2	Bank guarantees	483.93	268.70	71.20
3	Other money for which the Group is contingently liable;			
	Letter of Credit/Letter of Comfort	2,006.34	2,526.67	795.16
	Total (a)	**2,567.42**	**2,875.59**	**909.22**
	Commitments			
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	90.37	339.19	172.49
2	Other Undrawn/Undisbursed commitments** (standby facilities)	486.31	486.33	995.33
	Total (b)	**576.68**	**825.52**	**1,167.82**
	Total (c)=(a)+(b)	**3,144.10**	**3,701.11**	**2,077.04**

* In respect of disputes, the Group is hopeful of succeeding in appeals and does not expect any significant liabilities to materialise.

** This disclosure is given pursuant to the notification no. DNBS.CC.PD.No. 252/03.10.01/2011-12 dated December 26, 2011 issued by Reserve Bank of India.

44 Disclosure pursuant to Ind AS 107 “Financial Instruments: Disclosures“

(a) Foreign currency risk :

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Liability – External commercial borrowings	USD 1,55,06,280.04	USD 1,55,06,280.04	USD 2,50,00,000
Assets – Currency swap contracts	USD 1,55,06,280.04	USD 1,55,06,280.04	USD 2,50,00,000

(b) Interest rate risk :

The exposure of the Group’s borrowing to interest rate changes at the end of the reporting period are as follows:

₹ in crore

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Variable rate borrowings	30,363.70	27,871.74	23,229.02
Fixed rate borrowings	58,985.47	45,111.15	38,139.87
Total borrowings*	**89,349.17**	**72,982.89**	**61,368.89**

*Excluding interest accrued and amortisation

As at the end of the reporting period, the Group had the following variable rate borrowings outstanding:

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Weighted average interest rate	Balance	% of total borrowing	Weighted average interest rate	Balance	% of total borrowing	Weighted average interest rate	Balance	% of total borrowing
Variable rate borrowings	8.54%	30,363.70	33.98%	8.44%	27,871.74	38.19%	9.51%	23,229.02	37.85%
Net exposure to cash flow interest rate risk	**8.54%**	**30,363.70**	**33.98%**	**8.44%**	**27,871.74**	**38.19%**	**9.51%**	**23,229.02**	**37.85%**

(c) Sensitivity :

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

₹ in crore

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Interest rates – increase by 25 basis points *	(37.43)	(45.91)	(37.43)	(45.91)
Interest rates – decrease by 25 basis points*	37.43	45.91	37.43	45.91

* Impact on P/L upto 1 year, holding all other variables constant

45 Disclosure pursuant to Ind AS 1 and Ind AS 107 "Maturity analysis of assets and liabilities"

₹ in crore

Sr. No	Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	ASSETS:									
(1)	**Financial assets**									
(a)	Cash and cash equivalents	1,826.65	–	1,826.65	1,049.39	–	1,049.39	462.50	–	462.50
(b)	Bank balance other than (a) above	17.82	29.68	47.50	15.29	43.85	59.14	141.07	22.52	163.59
(c)	Derivative financial instruments	7.20	–	7.20	–	–	–	0.03	–	0.03
(d)	Receivables									
	(I) Trade receivables	106.37	–	106.37	126.44	–	126.44	77.84	–	77.84
	(II) Other receivables	10.63	–	10.63	2.91	0.42	3.33	0.75	0.42	1.17
(e)	Loans	42,371.37	48,953.26	91,324.63	32,095.57	44,992.77	77,088.34	21,440.95	38,867.74	60,308.69
(f)	Investments	4,944.84	3,695.97	8,640.81	2,892.55	2,408.94	5,301.49	4,495.05	2,070.85	6,565.90
(g)	Other financial assets	106.83	19.46	126.29	6.21	67.45	73.66	12.50	53.18	65.68
(2)	**Non-financial assets**									
(a)	Current tax asset (net)	–	642.97	642.97	–	593.37	593.37	–	450.17	450.17
(b)	Deferred tax assets (net)	–	1,777.15	1,777.15	–	1,846.40	1,846.40	–	1,482.97	1,482.97

₹ in crore

Sr. No	Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(c)	Investment property	–	367.66	367.66	–	395.11	395.11	–	401.04	401.04
(d)	Property, plant and equipment	–	67.69	67.69	–	97.05	97.05	–	184.89	184.89
(e)	Capital work-in-progress	–	–	–	–	0.14	0.14	–	0.27	0.27
(f)	Intangible assets under development	–	38.65	38.65	–	19.20	19.20	–	1.27	1.27
(g)	Goodwill on consolidation	–	638.91	638.91	–	638.91	638.91	–	638.91	638.91
(h)	Other intangible assets	–	53.04	53.04	–	19.65	19.65	–	10.49	10.49
(i)	Other non-financial assets	300.29	78.66	378.95	364.68	100.68	465.36	294.92	35.35	330.27
	Total Assets	**49,692.00**	**56,363.10**	**1,06,055.10**	**36,553.04**	**51,223.94**	**87,776.98**	**26,925.61**	**44,220.07**	**71,145.68**
	LIABILITIES									
(1)	**Financial Liabilities**									
(a)	Derivative financial instruments	–	–	–	–	0.10	0.10	6.66	–	6.66
(b)	Trade payables									
	(i) Total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–	–	–	–
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	119.69	0.36	120.05	163.99	4.44	168.43	88.55	1.96	90.51
(c)	Other payables									
	(i) Total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–	–	–	–
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	16.12	–	16.12	16.62	–	16.62	11.37	–	11.37
(d)	Debt securities	23,465.84	27,802.47	51,268.31	16,593.37	24,402.76	40,996.13	16,325.88	18,652.04	34,977.92
(e)	Borrowings (Other than debt securities)	12,235.44	23,549.71	35,785.15	5,988.06	23,865.44	29,853.50	777.87	22,767.15	23,545.02
(f)	Subordinated liabilities	343.31	4,110.21	4,453.52	379.47	4,019.18	4,398.65	368.37	4,193.89	4,562.26
(g)	Other financial liabilities	569.22	–	569.22	517.06	3.11	520.17	563.83	17.80	581.63
(2)	**Non-Financial Liabilities**									
(a)	Current tax liability (net)	33.51	–	33.51	30.03	–	30.03	9.42	–	9.42
(b)	Provisions	35.22	6.82	42.04	22.15	5.42	27.57	22.66	4.23	26.89
(c)	Deferred tax liabilities (net)	–	5.19	5.19	–	4.56	4.56	–	2.39	2.39
(d)	Other non-financial liabilities	91.13	–	91.13	130.79	0.21	131.00	104.78	1.40	106.18
	Total liabilities	**36,909.48**	**55,474.76**	**92,384.24**	**23,841.54**	**52,305.22**	**76,146.76**	**18,279.39**	**45,640.86**	**63,920.25**

46 Risk Management

Basis

Great importance is attached to the identification, measurement and control of risks. All employees of the Group are responsible for the management of risk, with the ultimate accountability residing with the Board of Directors. The Board of Directors and its Risk Management Committee ensure that Management takes into consideration all the relevant risk factors which could lead to unexpected fluctuations in results or to a loss of capital employed. Recommendations for risk control measures are derived from the evaluation of the risk factors. Certain risks are also recognised as opportunities. The aim in such cases is to achieve an appropriate balance between the possible losses which might result and the potential gains. Risks which primarily represent loss potential are minimised. This helps in aligning the risk appetite to the Group's strategy to deliver sustainable, long term returns to its investors.

The risks are reviewed periodically every quarter.

Types of risk

As a lending non-banking financial Group, the most important risks it is faced with are the following:

- Credit risk
- Market risk
- Capital risk

Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers or counterparties fail to fulfil their contractual obligations to the Group.

Credit risk arises mainly from wholesale and retail loans and advances and loan commitments arising from such lending activities; but could also arise from credit enhancement provided, such as financial guarantees and letters of credit. The Group is also exposed to other credit risks arising from investments in debt securities and exposures arising from its trading activities ("Trading Exposures") as well as settlement balances with market counterparties.

Credit risk is the single largest risk for the Group's business. Management therefore carefully manages its exposure to credit risk. A centralised risk management function oversees the risk management framework, which periodically presents an overview of credit risk of portfolio to the Risk Management Committee.

Credit-worthiness is checked and documented prior to signing any contracts, based on market information. Management endeavours to improve its underwriting standards to reduce the credit risk the Group is exposed to from time to time. Internal credit rating is used as an important tool to manage exposures of the "Wholesale" segment. Ratings provides a consistent and common scale for measurement of components of credit risk of a loan asset including the Probability of Default (PD) across products and sectors. Credit rating model takes into account critical success parameters relevant for each industry, competitive forces within the industry as well as regulatory issues while capturing financial parameters, management strengths, project parameters etc. of the borrower. These ratings are reviewed at least once annually.

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Group measures credit risk for each class of loan assets using inputs such as Probability of Default ("PD") and Loss Given Default ("LGD"). This is similar to the approach used for the purposes of measuring Expected Credit Loss ("ECL") under Ind AS 109.

Wholesale and retail portfolios are managed separately to reflect the differing nature of the assets; wholesale balances tend to be larger and are managed on an individual basis, while retail balances are greater in number but lesser in value and are, therefore, managed in aggregated segments.

Wholesale (Infrastructure Finance and Structured Corporate Finance) and Housing (Real Estate)

The Group uses internal credit risk grading (17 levels for loans which are not credit impaired and 1 level for loans considered to be credit impaired) that reflect its assessment of the PD of individual counterparties in respect of its "Wholesale" segment. The Group use internal rating models tailored to the various categories of counterparties. Borrower and loan specific information collected at the time of application (such as turnover and industry type for wholesale exposures) and judgement based on market intelligence on the sector or the specific borrower is used in assigning the rating. The Group's own internal ratings were benchmarked against the last published cumulative default rates for 1 year and 3 year periods as published annually by CRISIL for Stage 1 and Stage 2 loan assets.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an AAA and A- rating grade is lower than the difference in the PD between a BBB and B- rating grade.

Management also assesses the impact of economic developments in key markets on specific customers, customer segments or portfolios. If changes in credit conditions are foreseen, mitigation action, including the revision of risk appetites or limits and tenors, as appropriate are taken.

Retail (Farm Equipment Finance, Two-Wheeler Loans, Micro Loans and Others) and Housing (Home Loans and Loans Against Property)

The Group has deployed standardised credit decision rules, as approved by the designated officials for the specific product. The rules are regularly monitored to ensure that the changes in the economic environment have been factored into the credit decision rules.

Trading Exposures

For debt securities in the trading portfolio, external rating agency credit grades are used for evaluating the credit risk.

Expected Credit Loss ('ECL')

Prior to the implementation of Ind AS, the Board of Directors used the Non-Banking Financial Group Systemically Important Non-deposit taking Master Directions issued by the Reserve Bank of India, as the basis for setting up its provisioning policies.

Post the shift to Ind AS, and specifically to address the requirements of Ind AS 109, these were enhanced or supplemented, with reviews at levels regarded as appropriate.

ECL allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability weighted basis, based on certain economic scenarios. The recognition and measurement of ECL involves use of significant judgement and estimation. Forward looking economic forecasts are used in developing the ECL estimates. Three scenarios sufficient to calculate unbiased ECL were used - representing the "most likely outcome" (the "Central" scenario) and two "less likely outcome" scenarios (the "Upside" and "Downside" scenarios). The Upside and Downside scenarios have been assigned a probability of 5% to 10% and 15% to 25% respectively while the Central Scenario has been assigned a probability of 70% to 75%. The Central scenario is based on the Company outlook of GDP growth, inflation, unemployment and interest rates for India and most relevant for the Group's loan portfolio. The Upside and Downside scenarios generated at the reporting dates are designed to cover cyclical changes and are updated during the year only if the economic conditions change significantly. The Upside scenario reflects improvement in rural disposable income on account of good monsoons. The Downside scenario reflects rural stress caused by poor monsoons and drought.

Management oversees the estimation of ECL including:

i. setting requirements in policy, including key assumptions and the application of key judgements;

ii. the design and execution of models; and

iii. review of ECL results.

As required by Ind AS 109, a 'three-stage' model for impairment based on changes in credit quality since initial recognition was built as summarised below:

- A loan asset that is not credit-impaired, on initial recognition, is classified in 'Stage 1' and has its credit risk continuously monitored by Management.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the loan asset is moved to 'Stage 2' but is not yet deemed to be credit-impaired. (See note 1.17 for a description of how the Group determines when a significant increase in credit risk has occurred).

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. (See note 1.17 for a description of how the Group defines credit-impaired and default).

The following are additional considerations for each type of portfolio held by the Group:

Wholesale (Infrastructure Finance and Structured Corporate Finance) and Housing (Real Estate)

For wholesale business, the PD was determined based on the internal credit rating assigned to the borrower as explained above. The EAD is determined and the LGD estimated, at the borrower level. Updated or new information/credit assessments for credit risk evaluation are incorporated on an ongoing basis. In addition, information about the creditworthiness of the borrower is updated every year from sources such as financial statements. This will determine the updated internal credit rating and PD. The internal ratings based PD has been benchmarked to the Cumulative Default Rates for 1 year and 3 year periods as published annually by CRISIL.

The Exposure at Default ("EAD") is measured at the amortised cost as at the reporting date, after considering repayments of principal and interest received in advance and expected drawdowns on committed facilities.

The Group, in determining its Loss Given Default ("LGD") estimates, for Stage 3 loan assets as of the reporting date, has used cash flow estimates based on inputs provided by assigned business managers and external corroborating information including amounts realised on resolution of cases referred to the National Company Law Tribunal ("NCLT") under the Insolvency and Bankruptcy Code, 2016.

The Group has carried out a historical analysis of loss experience for all closed and live defaulted (Stage 3) borrowers over the previous 4 years.

Retail (Farm Equipment Finance, Two-Wheeler Loans, Micro Loans and Others) and Housing (Home Loans and Loans Against Property)

Retail lending credit quality is determined on a collective basis based on a 12-month point in time ("PIT") probability weighted PD.

A centralised impairment model summarises the historical payment behaviour of the borrowers within a retail portfolio which data is used to build the PD estimates. For estimating PD, information on the month-on-book (vintage) and the days-past-due form key differentiating characteristics. The weighted average is determined (using count of customers as the weight) from quarterly snapshots.

For credit impaired loan assets LGD is computed based on actual history of loss (on settlement/repossession and disposal of security/ enforcement action) from the same historical quarterly snapshots. The loss divided by the principal outstanding at the time of default is the loss ratio for a credit impaired loan asset in a specific snapshot. The weighted average of loss ratios (using the principal outstanding in respect of such credit impaired loan assets in the corresponding snapshot as the weight) was used to determine the LGD ratio for credit impaired loan assets.

By applying the LGD ratio to the EAD for the credit impaired loan asset portfolio, the ECL for Stage 3 loan assets was determined.

The EAD adjustment factor was used, along with the respective PD factors to arrive at the ECL for Stage 2 and Stage 1 loan assets.

Exposure at Default (EAD)

EAD is the amortised cost as at the period end, after considering repayments of principal and interest received in advance.

Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The Group's net exposure to credit risk, after taking into account credit risk mitigation, have been tabulated below:

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Outstanding	Cash collateral	Nature of Non-cash collateral	Outstanding	Cash collateral	Nature of Non-cash collateral	Outstanding	Cash collateral	Nature of Non-cash collateral
Financial assets									
Cash and cash equivalent and other bank balances	1,874.15	-		1,108.53	-		626.09	-	
Loans and advances at amortised cost	66,928.19	-	Refer footnote below	60,257.02	-	Refer footnote below	52,408.32	-	Refer footnote below
Equity instruments (Associate)	-	-		-	-		43.41	-	
Debt instruments	1,832.55	-		-	-		-	-	
Trade receivables	106.37	-		126.44	-		77.84	-	
Other receivables	10.63	-		3.33	-		1.17	-	
Other financial assets	126.29	-		73.66	-		65.68	-	
Total financial assets at amortised cost	**70,878.18**	**-**		**61,568.98**	**-**		**53,222.51**	**-**	
Derivative financial instruments	7.20	-		-	-		0.03	-	
Financial assets at fair value through profit or loss	28,892.29	-		20,253.32	-		12,134.85	-	
Total financial instruments at fair value through profit or loss	**28,899.49**	**-**		**20,253.32**	**-**		**12,134.88**	**-**	
Financial instruments at fair value through Other Comprehensive Income	2,312.41	-		1,879.49	-		2,288.01	-	
Total Financial instruments at fair value through Other Comprehensive Income	**2,312.41**	**-**		**1,879.49**	**-**		**2,288.01**	**-**	**-**
Total on-balance sheet	**102,090.08**	**-**		**83,701.79**	**-**		**67,645.40**	**-**	
Off balance sheet									
Contingent liabilities	2,567.42			2,875.59			909.22		
Other commitments	576.68			825.52			1,167.82		
Total off-balance sheet	**3,144.10**	**-**		**3,701.11**	**-**		**2,077.04**	**-**	
Total	**105,234.19**	**-**		**87,402.90**	**-**		**69,722.45**	**-**	

Footnote

(i) Retail loans, other than unsecured loans aggregating ₹ 12,911.95 crore as of March 31, 2019, are generally secured by a charge on the asset financed (farm equipment loans, two-wheeler loans, loans against property, and home loans)(as of March 31,2018 : ₹ 9,098.37 crore ; as of April 1,2017 : ₹ 6,677.35 crore). Wholesale loans are secured with current assets as well as immovable property and property, plant and equipment in some cases. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.

(ii) Housing loans, other than unsecured insurance loans aggregating ₹ 10,386.95 crore (March 31, 2018: ₹ 9,306.38; March 31, 2017: ₹ 8,368.82) are generally secured by a charge on the asset financed (loans against property and home loans). If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.

(iii) Wholesale loans are secured with current assets as well as immovable property and property, plant and equipment in some cases. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.

Of the unmitigated on balance sheet exposure, a significant portion relates to cash held with banks, settlement balances, and debt securities issued by governments all of which are considered to be lower risk.

Besides growth in the loan assets portfolio, increases in trading portfolio assets and financial assets at fair value through the Statement of Profit and Loss have also contributed to the increase in the Group's net exposure to credit risk. Investments in debt instruments are predominantly investment grade.

Where collateral has been obtained in the event of default, the Group does not, ordinarily, use such assets for its own operations and they are usually sold and off set against the outstanding loan assets.

The Group has invoked pledge of equity shares in the following companies, pledged with the Group as collateral by the borrowers and these shares are being held by the Group as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

Sr. No.	Name of Company	No. of shares held as bailee		
		As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
1	Saumya mining limited	5,13,012	5,13,012	5,13,012
2	SEW vizag coal terminal private limited	7,03,833	7,03,833	7,03,833
3	Bhushan steel limited	71,89,089	71,89,089	71,89,089
4	Sterling international enterprises limited	2,17,309	2,17,309	2,17,309
5	Tulip telecom limited	14,01,762	14,01,762	14,01,762
6	Punj lloyd limited	5	5	5
7	Golden tobacco limited	10,000	10,000	10,000
8	Gujurat highway corporation limited	70,000	70,000	70,000
9	Vakrangee limited	–	81,524	–
10	Hindusthan national glass & industries limited	34,04,499	38,02,235	–
11	Hanjer biotech energies private limited	3,25,096	3,25,096	3,25,096
12	VMC systems limited	7,17,736	7,17,736	7,17,736
13	KSK energy ventures limited	3,08,446	5,27,937	2,26,813
14	KSK mahanadi power company limited	5,96,052	5,96,052	–

Concentration of exposure

Concentrations of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Group has established a diversified borrower base and as at March 31, 2019. The Group has put in place a framework of Risk Limits, which are monitored on a quarterly basis to ensure that the overall portfolio is steered within the approved limits to minimize concentration risk. The Risk Limits cover risk of concentration to a particular geography, industry, Company/ borrower or revenue counterparty of the borrowers etc. as are relevant to the respective product.

Market Risk Management

Liquidity Risk:

The risk that the Group is unable to service its contractual or contingent liabilities or that it does not have the adequate amount of funding and liquidity to support its committed disbursements.

Liquidity risk management in the Company is managed as per the guidelines of Board-approved Asset-Liability Management ('ALM') Policy. The ALM Policy provides the governance framework for the identification, measurement, monitoring and reporting of liquidity risk arising out of Group's lending and borrowing activities. The liquidity risk is measured in terms of structural liquidity gaps across various time-buckets. Actual liquidity gaps against the Gap Limits are reported every month to the Asset Liability Management Committee ('ALCO') which provides oversight and strategic direction for the prudent asset liabilities management. As a prudent practice, the Group has been maintaining positive cumulative liquidity gaps in the current market scenario.

In the absence of any regulatory requirement, the Company of which the Company is a component, continues to maintain liquidity buffer under stress scenario by applying hair cut of 40% on undrawn lines and collection shortfall of 15% in the form of High Quality Liquidity Assets which provides adequate cushion for the survival period of minimum 30 days as on March 31, 2019.

Additionally, the Group has line of credit from the ultimate parent, Larsen & Toubro Limited.

Foreign Exchange Rate Risk:

In the normal course of its business, the Group does not deal in foreign exchange in a significant way. Any significant foreign exchange exposure on account of foreign exchange borrowings is hedged to safeguard against exchange rate risk.

Interest Rate Risk:

Interest rate risk is the risk where changes in market interest rates affect the Group's financial position due to change in its Net Interest Income (NII). Interest Rate Sensitivity Statement is prepared every month and placed before ALCO. The Statement captures the Rate Sensitive Gaps i.e. the mismatch between the Rate Sensitive Assets and Liabilities, in various time buckets. The impact of different types of changes in the yield curve on the earnings for the entire Group of which the Group is a component are also measured every month and captured in the Risk Dashboard.

Security Prices:

The Group manages investment portfolios comprising of government securities, corporate bonds and debentures. To safeguard against the credit risk and interest rate risk in the investment portfolios, risk limits in the form of portfolio size limits, concentration limits, stop loss limit and PV01 limits are stipulated. To provide early warning indicators, alarm limits have also been put in place. reporting periodicity and escalation matrix upon the breach of alarm limits as well as risk limits have been clearly defined. The Group does not invest in Equity stocks and therefore is not exposure to equity price risk on this account.

47 Other disclosure pursuant to Ind AS 107 “Financial Instruments: Disclosures”:

(a) Category-wise classification for applicable financial assets and financial liabilities:

₹ in crore

Sr. No.	Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
		FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
	Financial assets												
1	Cash and cash equivalents	–	–	1,826.65	1,826.65	–	–	1,049.39	1,049.39	–	–	462.50	462.50
2	Bank balance other than (1) above	–	–	47.50	47.50	–	–	59.14	59.14	–	–	163.59	163.59
3	Derivative financial instruments	7.20	–	–	7.20	–	–	–	–	0.03	–	–	0.03
4	Receivables												
	Trade receivables	–	–	106.37	106.37	–	–	126.44	126.44	–	–	77.84	77.84
	Other receivable	–	–	10.63	10.63	–	–	3.33	3.33	–	–	1.17	1.17
5	Loans	24,396.44	–	66,928.19	91,324.63	16,831.32	–	60,257.02	77,088.34	7,900.37	–	52,408.32	60,308.69
6	Investments				–				–				–
	Equity instruments (including investment in share application money)	485.14	–	–	485.14	686.28	–	–	686.28	724.22	–	43.41	767.63
	Preference share	99.80	–	–	99.80	69.66	–	–	69.66	75.45	–	–	75.45
	Mutual funds	2,064.33	–	–	2,064.33	537.92	–	–	537.92	1,782.40	–	–	1,782.40
	Debentures	866.21	2,265.40	–	3,131.61	982.11	1,857.15	–	2,839.26	1,033.64	1,875.55	–	2,909.19
	Security receipt	791.07	–	–	791.07	1,016.89	–	–	1,016.89	504.94	–	–	504.94
	Units of fund	188.79	0.98	–	189.77	128.64	–	–	128.64	113.32	–	–	113.32
	Government securities	0.51	37.62	1,832.55	1,870.68	0.50	–	–	0.50	0.51	245.89	–	246.40
	Pass through certificates	–	8.41	–	8.41	–	22.34	–	22.34	–	166.57	–	166.57
7	Other financial assets	–	–	126.29	126.29	–	–	73.66	73.66	–	–	65.68	65.68
	Total financial assets	**28,899.49**	**2,312.41**	**70,878.18**	**1,02,090.08**	**20,253.32**	**1,879.49**	**61,568.98**	**83,701.79**	**12,134.88**	**2,288.01**	**53,222.51**	**67,645.40**
	Financial liabilities												
1	Derivative financial instruments	–	–	–	–	0.10	–	–	0.10	6.66	–	–	6.66
2	Trade payables	–	–	120.05	120.05	–	–	168.43	168.43	–	–	90.51	90.51
3	Other payables	–	–	16.12	16.12	–	–	16.62	16.62	–	–	11.37	11.37
4	Debt securities	–	–	51,268.31	51,268.31	–	–	40,996.13	40,996.13	–	–	34,977.92	34,977.92
5	Borrowings (Other than debt securities)	–	–	35,785.15	35,785.15	–	–	29,853.50	29,853.50	–	–	23,545.02	23,545.02
6	Subordinated liabilities	–	–	4,453.52	4,453.52	–	–	4,398.65	4,398.65	–	–	4,562.26	4,562.26
7	Other financial liabilities	–	–	569.22	569.22	–	–	520.17	520.17	–	–	581.63	581.63
	Total financial liabilities	**–**	**–**	**92,212.37**	**92,212.37**	**0.10**	**–**	**75,953.50**	**75,953.60**	**6.66**	**–**	**63,768.71**	**63,775.37**

(b) Fair value hierarchy of financial assets and financial liabilities at fair value:

₹ in crore

	Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Financial assets:												
1	Investments at FVTPL:												
	Equity shares (Including share application money)	8.28	–	476.86	485.14	29.86	–	656.42	686.28	48.68	–	675.54	724.22
	Preference shares	–	–	99.80	99.80	–	–	69.66	69.66	–	–	75.45	75.45
	Mutual fund	2,064.33	–	–	2,064.33	537.92	–	–	537.92	1,782.40	–	–	1,782.40
	Government securities	–	0.51	–	0.51	–	0.50	–	0.50	–	0.51	–	0.51
	Debentures	–	–	866.21	866.21	–	86.25	895.86	982.11	–	86.25	947.39	1,033.64
	Security receipt	–	–	791.07	791.07	–	–	1,016.89	1,016.89	–	–	504.94	504.94
	Units of fund	–	–	188.79	188.79	–	–	128.64	128.64	–	–	113.32	113.32
2	Derivative financial instruments	–	7.20	–	7.20	–	–	–	–	–	0.03	–	0.03
3	Loans	–	–	24,396.44	24,396.44	–	–	16,831.32	16,831.32	–	–	7,900.37	7,900.37
4	Investments at FVTOCI:												
	Debentures	–	2,265.40	–	2,265.40	–	1,857.15	–	1,857.15	–	1,875.55	–	1,875.55
	Government securities	–	37.62	–	37.62	–	–	–	–	–	245.89	–	245.89
	Pass through certificates	–	–	8.41	8.41	–	–	22.34	22.34	–	–	166.57	166.57
	Units of fund	–	0.98	–	0.98	–	–	–	–	–	–	–	–
	Total financial assets	**2,072.61**	**2,311.71**	**26,827.58**	**31,211.90**	**567.78**	**1,943.90**	**19,621.13**	**22,132.81**	**1,831.08**	**2,208.23**	**10,383.58**	**14,422.89**
	Financial liabilities:												
1	Derivative financial instruments	–	–	–	–	–	0.10	–	0.10	–	6.66	–	6.66
	Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**0.10**	**–**	**0.10**	**–**	**6.66**	**–**	**6.66**

(c) Movement of items measured using unobservable inputs (Level 3):

₹ in crore

Particulars	Equity share	Preference share	Debentures	Pass through certificates	Security receipts	Units of fund	Loans	Total
Balance as at April 01, 2017	**675.54**	**75.45**	**947.39**	**166.57**	**504.94**	**113.32**	**7,900.37**	**10,383.58**
Addition during the year	141.45	–	244.40	–	533.84	25.15	13,337.55	14,282.39
Disposal during the year	(166.61)	–	(263.69)	(144.23)	(5.55)	(8.48)	(4,406.60)	(4,995.16)
Gain/(Loss) recognised in Profit and Loss	6.04	(5.79)	(32.24)	–	(16.34)	(1.35)	–	(49.68)
Balance as at March 31, 2018	**656.42**	**69.66**	**895.86**	**22.34**	**1,016.89**	**128.64**	**16,831.32**	**19,621.13**
Addition during the year	565.76	–	11.19	–	125.46	67.01	14,248.11	15,017.53
Disposal during the year	(550.00)	–	(19.38)	(13.93)	(116.44)	(7.04)	(6,682.99)	(7,389.78)
Gain/(Loss) recognised in Profit and Loss	(195.32)	30.14	(21.46)	–	(234.84)	0.18	–	(421.30)
Balance as at March 31, 2019	**476.86**	**99.80**	**866.21**	**8.41**	**791.07**	**188.79**	**24,396.44**	**26,827.58**
Unrealised gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period								
As at March 31, 2018	(30.40)	(4.38)	91.36	–	(71.79)	(2.11)	–	(17.32)
As at March 31, 2019	(132.48)	(2.13)	68.95	–	(300.66)	–	–	(366.31)

(d) Sensitivity disclosure for level 3 fair value measurements:

₹ in crore

Particulars	Fair value as at			Sensitivity	Impact of change in rates on Total Comprehensive Income statement					
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017		31 March 2019 Favourable	31 March 2019 Unfavourable	31 March 2018 Favourable	31 March 2018 Unfavourable	31 March 2017 Favourable	31 March 2017 Unfavourable
Equity share	476.86	656.42	675.54	5.00%	23.84	(23.84)	32.82	(32.82)	33.77	(33.77)
Preference share	99.80	69.66	75.45	5.00%	4.99	(4.99)	3.48	(3.48)	3.77	(3.77)
Debt instruments	866.21	895.86	947.39	0.25%	2.17	(2.17)	2.24	(2.24)	2.37	(2.37)
Pass through certificates	8.41	22.34	166.57	0.25%	0.02	(0.02)	0.06	(0.06)	0.42	(0.42)
Security receipts	791.07	1,016.89	504.94	5.00%	37.54	(37.54)	48.83	(48.83)	25.25	(25.25)
Units of fund	188.79	128.64	113.32	5.00%	9.44	(9.44)	6.43	(6.43)	5.67	(5.67)
Loans	24,396.44	16,831.32	7,900.37	0.25%	60.18	(60.18)	40.37	(40.37)	19.75	(19.75)
Total	**26,827.58**	**19,621.13**	**10,383.58**		**138.18**	**(138.18)**	**134.23**	**(134.23)**	**91.00**	**(91.00)**

(e) Maturity profile of financial liabilities based on undiscounted cash flows:

₹ in crore

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-derivative liabilities									
Borrowings*	37,992.03	64,545.75	1,02,537.78	22,834.83	62,830.13	85,664.96	17,860.16	55,659.97	73,520.13
Trade Payables	120.05	–	120.05	168.43	–	168.43	90.51	–	90.51
Other payable	16.12	–	16.12	16.62	–	16.62	11.37	–	11.37
Other financial liabilities	569.22	–	569.22	520.17	–	520.17	581.63	–	581.63
Total	**38,697.42**	**64,545.75**	**1,03,243.17**	**23,540.05**	**62,830.13**	**86,370.18**	**18,543.67**	**55,659.97**	**74,203.64**
Derivative liabilities									
Forward contracts	–	–	–	0.10	–	0.10	6.66	–	6.66
Total	**–**	**–**	**–**	**0.10**	**–**	**0.10**	**6.66**	**–**	**6.66**

* Borrowings include debt securities,borrowings (other than debt securities)and subordinated liabilities and are net off offsetting respective derivative gain/loss

(f) Fair value of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Loans*	66,928.19	66,928.19	60,257.02	60,257.02	52,408.32	52,408.32
Investment in government securities	1,832.55	1,899.07	-	-	-	-
Total	**68,760.74**	**68,827.26**	**60,257.02**	**60,257.02**	**52,408.32**	**52,408.32**
Financial liabilities:						
Debt securities	51,268.31	51,538.43	40,996.13	41,300.08	34,977.92	35,473.49
Borrowings	35,785.15	35,785.52	29,853.50	29,779.26	23,545.02	23,733.38
Subordinated Liabilities	4,453.52	4,444.28	4,398.65	4,432.48	4,562.26	4,709.19
Total	**91,506.98**	**91,768.23**	**75,248.28**	**75,511.82**	**63,085.20**	**63,916.06**

*In the absence of an observable market for these loan assets, the fair values have been determined from the perspective of the group after considering changes in performance and risk indicators (including delinquencies and interest rates)

The carrying amounts of cash & cash equivalents, bank balance, trade receivables,other receivables,other financial assets,trade payables,other payables and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

(g) Disclosure pursuant to Ind AS 113 "Fair Value Measurement" - Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

As at March 31, 2019	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	-	-	66,928.19	66,928.19	Discounted cash flow approach
Government securities	-	1,899.07	-	1,899.07	Discounted cash flow approach
Total	**-**	**1,899.07**	**66,928.19**	**68,827.26**	
Financial liabilities:					
Debt securities	-	-	51,538.43	51,538.43	Discounted cash flow approach
Borrowings (other than debt securities)	-	-	35,785.52	35,785.52	Discounted cash flow approach
Subordinated Liabilities	-	-	4,444.28	4,444.28	Discounted cash flow approach
Total	**-**	**-**	**91,768.23**	**91,768.23**	

(₹ in crore)

As at March 31, 2018	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	-	-	60,257.02	60,257.02	Discounted cash flow approach
Total	**-**	**-**	**60,257.02**	**60,257.02**	
Financial liabilities:					
Debt securities	-	-	41,300.08	41,300.08	Discounted cash flow approach
Borrowings (other than debt securities)	-	-	29,779.26	29,779.26	Discounted cash flow approach
Subordinated Liabilities	-	-	4,432.48	4,432.48	Discounted cash flow approach
Total	**-**	**-**	**75,511.82**	**75,511.82**	

(₹ in crore)

As at April 01, 2017	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	-	-	52,408.32	52,408.32	Discounted cash flow approach
Total	**-**	**-**	**52,408.32**	**52,408.32**	
Financial liabilities:					
Debt securities	-	-	35,473.49	35,473.49	Discounted cash flow approach
Borrowings (other than debt securities)	-	-	23,733.38	23,733.38	Discounted cash flow approach
Subordinated Liabilities	-	-	4,709.19	4,709.19	Discounted cash flow approach
Total	**-**	**-**	**63,916.06**	**63,916.06**	

48 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures:"

(a) Expected credit loss - Loans:

₹ in crore

Particulars		As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
		Gross carrying amount	Expected Credit Loss	Carrying amount net of impairment provision	Gross carrying amount	Expected Credit Loss	Carrying amount net of impairment provision	Gross carrying amount	Expected Credit Loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition (Stage 1)	62,452.33	481.37	61,970.96	54,946.76	281.17	54,665.59	45,549.05	308.81	45,240.24
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	2,828.11	227.90	2,600.21	3,093.75	192.40	2,901.35	2,345.19	143.70	2,201.49
	Financial assets for which credit risk has increased significantly and credit-impaired (Stage 3)	6,271.98	3,914.96	2,357.02	7,609.46	4,919.39	2,690.07	8,830.99	3,864.40	4,966.59
Total		**71,552.42**	**4,624.23**	**66,928.19**	**65,649.97**	**5,392.95**	**60,257.02**	**56,725.23**	**4,316.91**	**52,408.32**

(b) Reconciliation of loss allowance provision - Loans:

₹ in crore

Particulars	Stage 1	Stage 2	Stage 3	Total
Loss allowance as on April 01, 2017	**308.81**	**143.70**	**3,864.40**	**4,316.91**
New assets originated or purchased	188.74	16.89	67.93	273.56
Amount written off	–	(1.32)	(335.68)	(337.00)
Transfers to Stage 1	41.63	(15.69)	(25.94)	–
Transfers to Stage 2	(28.44)	33.03	(4.59)	–
Transfers to Stage 3	(77.88)	(68.43)	146.31	–
Impact on year end ECL of Exposure transferred between stages during the year	(39.71)	97.46	414.80	472.55
Increase / (Decrease) in provision on existing financial assets (Net of recovery)	(111.98)	(13.25)	792.15	666.93
Loss allowance as on March 31, 2018	**281.16**	**192.40**	**4,919.39**	**5,392.95**
New assets originated or purchased	313.71	33.50	123.00	470.21
Amount written off	–	(1.56)	(1,459.52)	(1,461.08)
Transfers to Stage 1	37.36	(24.62)	(12.74)	–
Transfers to Stage 2	(3.02)	8.92	(5.90)	–
Transfers to Stage 3	(5.98)	(10.07)	16.05	–
Impact on year end ECL of Exposure transferred between stages during the year	(29.12)	58.92	391.77	421.58
Increase / (Decrease) in provision on existing financial assets (Net of recovery)	(112.74)	(29.59)	(57.10)	(199.42)
Loss allowance as on March 31, 2019	**481.37**	**227.90**	**3,914.96**	**4,624.23**

(c) Reconciliation of Gross carrying amount - Loans:

₹ in crore

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 01, 2017	**45,549.05**	**2,345.19**	**8,830.99**	**56,725.23**
New assets originated or purchased	32,549.59	607.42	135.78	33,292.79
Amount written off	–	(25.95)	(469.52)	(495.47)
Transfers to Stage 1	746.70	(445.59)	(301.11)	–
Transfers to Stage 2	(1,689.91)	1,955.62	(265.71)	–
Transfers to Stage 3	(639.88)	(445.35)	1,085.23	–
Net recovery	(21,568.79)	(897.60)	(1,406.19)	(23,872.58)
Gross carrying amount as at March 31, 2018	**54,946.76**	**3,093.75**	**7,609.46**	**65,649.97**
New assets originated or purchased	30,473.10	378.00	182.98	31,034.08
Amount written off	–	(26.97)	(1,507.52)	(1,534.49)
Transfers to Stage 1	443.54	(407.49)	(36.06)	–
Transfers to Stage 2	(770.52)	788.55	(18.03)	–
Transfers to Stage 3	(600.78)	(243.62)	844.40	–
Net recovery	(22,039.77)	(754.10)	(803.26)	(23,597.14)
Gross carrying amount as at March 31, 2019	**62,452.33**	**2,828.11**	**6,271.98**	**71,552.42**

49 Additional information pursuant to Schedule III to the Companies Act, 2013 for the year ended March 31, 2019:

₹ in crore

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Parent								
L&T Finance Holdings Limited **(A)**	58.22%	7,830.36	12.00%	267.07	13.41%	(0.32)	11.99%	266.74
Subsidiaries								
Indian								
L&T Finance Limited	66.18%	8,900.43	38.00%	845.96	57.19%	(1.38)	37.98%	844.58
L&T Infrastructure Finance Company Limited	29.23%	3,930.36	10.42%	231.89	21.69%	(0.52)	10.40%	231.37
L&T Housing Finance Limited	11.39%	1,531.92	12.10%	269.45	(7.37%)	0.18	12.12%	269.63
L&T Infra Debt Fund Limited	7.89%	1,061.23	5.91%	131.66	1.90%	(0.05)	5.92%	131.62
L&T Investment Management Limited	3.92%	527.22	3.97%	88.35	8.47%	(0.20)	3.96%	88.15
L&T Infra Investment Partners	3.67%	493.74	0.56%	12.51	0.00%	–	0.56%	12.51
L&T Capital Markets Limited	0.61%	82.45	1.49%	33.27	(5.68%)	0.14	1.50%	33.40
L&T Financial Consultants Limited	0.50%	67.30	0.54%	11.93	0.87%	(0.02)	0.54%	11.91
L&T Infra Investment Partners Advisory Private Limited	0.08%	11.21	(0.19%)	(4.26)	0.00%	–	(0.19%)	(4.26)
L&T infra Investment Partners Trustee Private Limited	0.00%	0.05	0.00%	–	0.00%	–	0.00%	–
L&T Mutual Fund Trustee Limited	0.01%	1.43	0.00%	(0.10)	0.00%	–	0.00%	(0.10)
Mudit Cement Private Limited	(0.19%)	(26.20)	(0.31%)	(6.88)	0.00%	–	(0.31%)	(6.88)
Foreign								
L&T Capital Markets (Middle East) Limited	0.01%	1.54	(0.07%)	(1.56)	0.00%	–	(0.07%)	(1.56)
Total Subsidiaries (B)		**16,582.69**		**1,612.23**		**(1.86)**		**1,610.37**
Non-controlling interests in subsidiaries **(C)**	(1.65%)	(222.26)	(0.26%)	(5.73)	0.00%	–	(0.26%)	(5.73)
CFS adjustment and elimination **(D)**	(79.88%)	(10,742.19)	15.84%	352.73	9.52%	(0.23)	15.85%	352.50
Total (A+B+C+D)	**100.00%**	**13,448.60**	**100.00%**	**2,226.30**	**100.00%**	**(2.41)**	**100.00%**	**2,223.89**

50 Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:

₹ in crore

Particulars	April 01, 2018	Cash flows	Others	March 31, 2019
Debt securities	40,996.13	10,228.02	(44.16)	51,268.31
Borrowings (other than debt securities)	29,853.50	5,992.28	60.63	35,785.15
Subordinated liabilities	4,398.65	45.00	(9.87)	4,453.52
Total	**75,248.27**	**16,265.31**	**6.60**	**91,506.98**

₹ in crore

Particulars	April 01, 2017	Cash flows	Others	March 31, 2018
Debt securities	34,977.92	5,526.40	(491.81)	40,996.13
Borrowings (other than debt securities)	23,545.02	6,254.41	(54.07)	29,853.50
Subordinated liabilities	4,562.26	(193.41)	(29.80)	4,398.65
Total	**63,085.19**	**11,587.40**	**(575.68)**	**75,248.27**

51 Disclosure persuant to IndAS 101 "First time adoption of Ind AS"

The Group has prepared opening balance sheet as per Ind AS as at April 01, 2017 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, derecognising items of assets or liabilities which are not permitted to be recognised by Ind AS, reclassifying items from Previous GAAP to Ind AS as required, and applying Ind AS to measure the recognised assets and liabilities. The exemptions availed by the Group are as follows:

(i) The Group has adopted the carrying value determined in accordance with Previous GAAP for all of its property plant and equipment and investment property as deemed cost of such assets at the transition date.

(ii) Ind AS 102 "Share-based Payment" has not been applied to equity instruments in share-based payment transactions that vested before April 01, 2017.

(iii) The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 01, 2017.

(iv) The Group has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(v) The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

Further, as permitted by Ind AS 101, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition,

(vi) The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date.

(vii) The estimates as at April 01, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with the Previous GAAP.

(i) Reconciliation of total comprehensive income for the year ended March 31, 2018

₹ in crore

Sr. No.	Particulars	Note	Year ended March 31, 2018
	Net profit after tax as per Previous GAAP		1,459.48
(a)	Amortisation of processing fee on corporate loans based on effective interest income which was previously recognised as revenue in the period of accrual	a	7.37
(b)	Incremental cost on fair valuation of employee stock options plan previously recognised on the basis of intrinsic value	b	(30.63)
(c)	Changes in fair valuation of investments/financial instruments previously recorded at cost less other than temporary diminution	c	(94.02)
(d)	Incremental provision on application on expected credit loss model	d	(388.86)
(e)	Increase in borrowing cost pursuant to the application of effective interest rate method as issue expenses were previously adjusted against Securities Premium Account	e	(115.13)
(f)	Reversal of amortised loss on sale of loan assets now being charged in year of sale. The past losses were adjusted against retained earnings	f	162.53
(g)	Impact of consolidation of a fund on evaluation of control as per Ind AS 110	g	21.82
(h)	Interest income recognition on stage 3 loans	h	145.69
(i)	Derecognition of deferred tax liability on special reserve		11.60
(j)	Others		1.57
(k)	Deferred taxes	i	96.93
	Net profit after tax as per Ind AS		**1,278.35**
	Other comprehensive income (net of tax)		(4.99)
	Total comprehensive income as per Ind AS		**1,273.36**

(ii) Reconciliation of equity as reported under Previous GAAP and IndAS as at March 31, 2018 and as at April 01, 2017

₹ in crore

Sr. No.	Particulars	Note	As at March 31, 2018	As at April 01, 2017
	Equity as per Previous GAAP		13,584.28	9,107.34
(a)	Amortisation of processing fee on corporate loans based on effective interest income which was previously recognised as revenue in the period of accrual	a	(100.46)	(107.83)
(b)	Changes in fair valuation of investments/financial instruments previously recorded at cost less other than temporary diminution	c	205.49	291.79
(c)	Incremental provision on application on expected credit loss model	d	(2,521.09)	(2,132.23)
(d)	Increase in borrowing cost pursuant to the application of effective interest rate method as issue expenses were previously adjusted against Securities Premium Account	e	35.79	42.71
(e)	Impact of consolidation of a fund on evaluation of control as per Ind AS 110	g	(2.04)	0.17

₹ in crore

Sr. No.	Particulars	Note	As at March 31, 2018	As at April 01, 2017
(f)	Interest income recognition on stage 3 loans	h	449.61	303.92
(g)	Redeemable preference capital classified as liability	j	(1,034.40)	(1,213.40)
(h)	Derecognition of deferred tax liability on special reserve		32.62	21.02
(i)	Others		0.24	(0.68)
(j)	Deferred taxes	i	756.70	660.71
	Equity as per Ind AS		**11,406.74**	**6,973.52**

(iii) Statement of reconciliation of cash flow statement under Ind AS and cash flow statement reported under Previous GAAP

₹ in crore

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash used in operating activities (A)	(15,590.85)	(48.86)	(15,639.71)
Net cash (used in)/generated from by investing activities (B)	1,548.80	-	1548.80
Net cash generated from financing activities (C)	14,636.74	41.05	14,677.79
Net increase in cash and cash equivalents (A+B+C)	**594.69**	**(7.80)**	**586.89**
Cash and cash equivalents at beginning of the year	453.31	9.19	462.50
Cash and cash equivalents at the end of the year	**1,048.00**	**1.39**	**1,049.39**

Notes to reconciliations between Previous GAAP and Ind AS

a Processing fee: Under Previous GAAP, Processing fees charged to corporate loan was recognised as revenue in the period of accrual while under Ind AS, such processing fees are included in the initial recognition amount of financial assets and recognised as interest income using the effective interest method.

b Fair valuation of employee stock options plan : ESOP charge is accounted using fair value method. The portion of ESOP charge recoverable from the group companies is accordingly measured and recognised at fair value. Under Previous GAAP ESOP charge was calculated based on intrinsic value method.

c Valuation of Investments: All Investments except investments in associate companies have been fair valued in accordance with Ind AS 109. Investments in debt securities are fair valued through OCI and reclassified to profit or loss on their sale. Other investments are fair valued through profit or loss. Under Previous GAAP, the current investments were carried at cost net of diminution in their value as at the Balance Sheet date. The long term investments were carried at cost net of permanent diminution, if any.

d Provision as per expected credit loss model: The allowance for credit losses on loan assets is based on "expected credit loss" model as per Ind AS 109. Under the Previous GAAP, the provision was made based on the requirement of the RBI and NHB Master Directions.

e Borrowing cost : Under Ind AS 23 borrowing cost is calculated using the effective rate interest method as described under Ind AS 109. Under the Previous GAAP, borrowing cost was computed by applying the coupon rate to the principal amount for the period. Borrowings are recognised at fair value at the inception and subsequently at amortised cost with interest expenses is calculated using the effective rate interest method.

f Amortised loss on sale of loan assets: Under the Previous GAAP, any shortfall of sale value over the net amortised value on sale of credit impaired assets to Reconstruction Company, the Group has spread over period of four quarters in term of notification RBI/2015-16/423/DBR.No.BP.BC.102/21.04.048/2015-16 dated June 13, 2016. However under Ind AS same has been recognised on sale date.

g Consolidation as per IndAS 110: Fund has been consolidated based on Control criteria as per IndAS 110, Under Previous GAAP it was not covered.

h Interest income recognition on stage 3 loans: For credit-impaired financial assets, the interest income is calculated by applying the effective rate interest to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). However under Previous GAAP, interest income recognised on stage 3 loan assets which met the defination of ""non-performing asset"" was reversed and the recognition was restricted to cash collection.

i Deferred tax : Deferred tax under Ind AS has been recognised for temporary differences between tax base and the book base of the relevant assets and liabilities. Under the Previous GAAP, the deferred tax was accounted based on timing differences impacting the Statement of Profit and Loss for the period.

j Redeemable preference capital classified as liability: Redeemable preference capital is classified as liability, under Previous GAAP it was part of share capital.

52 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2019

53 Figures for the previous year have been regrouped/re-classified to conform to the figures of the current year.

54 The above financial statements have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on April 28, 2019.

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

S. V. Haribhakti Non-Executive Chairman (DIN: 00007347)	**Dinanath Dubhashi** Managing Director & Chief Executive Officer (DIN: 03545900)
Apurva Rathod Company Secretary	**Sachinn Joshi** Chief Financial Officer

Place : Mumbai
Date : April 28, 2019

Investor Information

CIN	:	L67120MH2008PLC181833
BSE Code	:	533519
NSE Symbol	:	L&TFH
AGM Date	:	July 29, 2019
AGM Venue	:	**Swatantryaveer Savarkar Rashtriya Smarak**
		252 Swatantryaveer Savarkar Marg, Shivaji Park, Dadar, Mumbai - 400 028

L&T Finance Holdings

Registered Office :

L&T Finance Holdings Limited
Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East),
Mumbai - 400 098, Maharashtra, India

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CIN : L67120MH2008PLC181833

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L&T Finance Holdings Limited

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E-mail: igrc@ltfs.com; Website: www.ltfs.com; Phone: +91 22 6212 5000; Fax: +91 22 6212 5553

Notice of the Eleventh Annual General Meeting

Notice is hereby given that the **Eleventh Annual General Meeting** ("AGM") of the Members of **L&T Finance Holdings Limited** will be held on Monday, July 29, 2019 at 3:00 p.m. at Swatantryaveer Savarkar Rashtriya Smarak, 252 Swatantryaveer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028, to transact the following business:

Ordinary Business:

1. To consider and adopt the audited standalone financial statements of the Company together with the report of the Board of Directors and the Auditors thereon for the financial year ended March 31, 2019 and audited consolidated financial statements of the Company together with the report of the Auditors thereon for the financial year ended March 31, 2019.

2. To declare dividend on Equity Shares.

3. To appoint a director in place of Mr. R. Shankar Raman (DIN: 00019798), who retires by rotation, and being eligible, offers himself for re-appointment.

Special Business:

4. **Re-appointment of Mr. S. V. Haribhakti as an Independent Director of the Company:**

   To consider and, if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and rules made thereunder read with Schedule IV and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force) and based on the recommendation of the Nomination and Remuneration Committee of the Company and approval of the Board of Directors, Mr. S. V. Haribhakti (DIN: 00007347) who was appointed as an Independent Director of the Company for a term up to March 31, 2019 by the members of the Company and is eligible for being re-appointed as an independent director and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a director, be and is hereby re-appointed as an Independent Director of the Company for a term of 5 years with effect from April 1, 2019 to March 31, 2024."

5. **Re-appointment of Mr. P. V. Bhide as an Independent Director of the Company:**

   To consider and, if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and rules made thereunder read with Schedule IV and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force) and based on the recommendation of the Nomination and Remuneration Committee of the Company and approval of the Board of Directors, Mr. P. V. Bhide (DIN: 03304262) who was appointed as an Independent Director of the Company for a term up to March 31, 2019 by the members of the Company and is eligible for being re-appointed as an independent director, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a director be and is hereby re-appointed as an Independent Director of the Company for a term of 5 years with effect from April 1, 2019 to March 31, 2024."

6. **Issuance of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares by way of public offer or on a private placement basis:**

   To consider and, if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 23, 40, 42, 55, 62 and any other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof) and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Rules, Regulations, Guidelines and Circulars issued by the Reserve Bank of India, as amended from time to time, the Memorandum and Articles of Association of the Company, any other applicable laws for the time being in force and subject to such other approvals as may be required from regulatory authorities from time to time, consent of the Company be and is hereby accorded to the Board of Directors ("Board", which term shall include any committee thereof which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this resolution) to create, offer, issue and allot, in one or more tranches 20,00,00,000 (Twenty Crore) Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("Preference Shares") of the face value of ₹ 100 each for cash at par or at a premium aggregating to a nominal value of ₹ 2,000 Crore (Rupees Two Thousand Crore only) to various persons either through public offer or on a private placement basis, in one or more tranches to various institutions / entities viz. companies / bodies corporate / persons including Promoters / Promoter Group & Associates, whether or not they are the Member(s) of the Company on such terms and conditions as may be decided by the Board and subject to the following rights:

- The Preference Shares shall carry a fixed cumulative preference dividend to be determined by the Board at the time of issue of the Preference Shares, on the capital for the time being paid-up thereon and shall be redeemable not later than the date determined by the Board at the time of issue or such other date as may be determined by the Board but not later than a period exceeding 7 (Seven) years.
- The Preference Shares shall rank for dividend in priority to the Equity Shares for the time being of the Company.
- In the case of winding up of the Company, the Preference Shares shall be entitled to rank, as regards repayment of capital and arrears of dividend, whether declared or not, up to the commencement of the winding up, in priority to the Equity Shares but shall not be entitled to any further participation in profits or assets.
- Voting rights of the persons holding the Preference Shares shall be in accordance with the provisions of Section 47 of the Act.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make arrangements with any financial institution / bank or any other body or person(s) to underwrite the whole or any part of the issue of the Preference Shares, subject to the provisions of Section 40(6) of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

By Order of the Board of Directors
For **L&T Finance Holdings Limited**

Apurva Rathod
Company Secretary
ACS- 18314

Date: April 28, 2019
Place: Mumbai

Notes:

1. The Statement as required under Section 102 of the Companies Act, 2013 ("the Act") is annexed to the Notice.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ELEVENTH ANNUAL GENERAL MEETING ("AGM") IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   Pursuant to the provisions of Section 105 of the Act and Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as a proxy on behalf of Members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member. The instrument appointing a proxy should, however, be deposited at the registered office of the Company not later than forty eight hours before the commencement of the AGM i.e. by 3:00 p.m. (IST) on Saturday, July 27, 2019. Further, the proxy holder will be required to carry a valid proof of identity at the AGM.

3. Members shall have the option to vote either through remote electronic voting ("remote e-voting") or voting through electronic means at the AGM.

   In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and any amendments thereto, Secretarial Standard on General Meetings ("SS-2") and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company is offering remote e-voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically from any place other than venue of AGM. Remote e-voting is optional. The detailed procedure with respect to remote e-voting is mentioned later in the Notice.

Necessary arrangements have been made by the Company with Central Depository Services (India) Limited ("CDSL") to facilitate remote e-voting and e-voting at the AGM.

4. The Company has appointed Mr. S. N. Ananthasubramanian, Practicing Company Secretary (Membership No.: FCS - 4206) or failing him Ms. Malati Kumar, Practicing Company Secretary (Membership No.: ACS - 15508) as the Scrutinizer for scrutinizing the entire e-voting process i.e. remote e-voting and e-voting at the AGM to ensure that the process is carried out in a fair and transparent manner.

5. The Members attending the AGM should note that those who are entitled to vote but have not exercised their right to vote by remote e-voting, may vote at the AGM through electronic means for all businesses specified in the accompanying Notice. The Members who have exercised their right to vote by remote e-voting may attend the AGM but cannot vote at the AGM.

6. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of Member / Beneficial Owner list maintained by the depositories as on the cut-off date i.e. Monday, July 22, 2019 ("cut-off date").

7. A person, whose name is recorded in the Register of Members / Beneficial Owners list maintained by the depositories as on Monday, July 22, 2019 only shall be entitled to avail the facility of remote e-voting or e-voting at the AGM.

8. Any person who becomes a Member of the Company after dispatch of Annual Report and holding shares as on Monday, July 22, 2019 shall also follow the procedure stated herein.

9. A person who is not a Member as on Monday, July 22, 2019 should treat this Notice for information purposes only.

10. The Register of Members and Share Transfer Books will remain closed from Tuesday, July 23, 2019 to Monday, July 29, 2019 (both days inclusive).

11. The Members are requested to bring their copy of the Annual Report to the AGM.

12. The Members / Proxies should fill the Attendance Slip for attending the AGM.

13. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

14. The Members who hold shares in dematerializated form are requested to write their DP ID and Client ID and those who hold shares in physical form are requested to write their Folio No. in the Attendance Slip for attending the AGM.

15. Corporate Members intending to send their authorised representative(s) to attend the AGM are requested to send a duly certified copy of the Board resolution authorising their representative(s) to attend and vote at the AGM.

16. The Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity, since trading is permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents. Further, with effect from April 1, 2019, requests for transfer of securities are not permitted unless the securities are held in a dematerialized form with a depository except in case of transmission or transposition of securities as per SEBI Listing Regulations. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding at the earliest.

17. If the dividend as recommended by the Board is approved at the AGM, payment of such dividend will be made on or before Wednesday, August 28, 2019:

    a) to all the Members in respect of shares held in physical form whose names appear in the Company's Register of Members as on Monday, July 22, 2019; and

    b) to all Beneficial Owners in respect of shares held in dematerialized form whose names appear in the list of Beneficial Ownership furnished by National Securities Depository Limited ("NSDL") and CDSL as at the close of business hours on Monday, July 22, 2019.

18. The Members holding shares in dematerialized form are requested to update with their respective Depository Participants, their bank account details (account number, 9 digit MICR and 11 digit IFSC), e-mail IDs and mobile number. Members holding shares in physical form may communicate details to the Company / Registrar and Share Transfer Agent viz. Link Intime India Private Limited, at the address - C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 before Monday, July 22, 2019 by quoting the Folio No. and attaching a photocopy of the cancelled cheque leaf of their bank account and a self attested copy of their PAN card.

19. The Members can avail of the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act.

20. Additional information of Directors seeking re-appointment at the ensuing AGM, as required under Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of the SS-2, is annexed to the Notice.

21. The Annual Report of the Company, circulated to the Members of the Company is also available on the Company's website at https://www.ltfs.com/investors.html.

22. **Green Initiative:** We urge our Members to support our commitment towards environmental protection by choosing to receive communication through e-mail.

    Electronic copy of the Notice of the AGM and Annual Report is being sent to all the Members whose e-mail IDs are registered with the Company / Depository Participant for communication purposes, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail IDs, a physical copy of the Notice of the AGM and Annual Report is being sent by the permitted mode. We request the Members who do not have their e-mail IDs registered with the Company / Depository Participant to get the same registered with the Company / Depository Participant. Members are also requested to intimate to the Company / Depository Participant the changes, if any, in their e-mail IDs.

23. All the documents referred to in the Notice are available for inspection at the registered office of the Company on any working day, between 11:00 a.m. (IST) to 1:00 p.m. (IST) from the date of dispatch of Notice till Monday, July 29, 2019.

24. **Investor Grievance Redressal:** The Company has designated an exclusive e-mail ID i.e. igrc@ltfs.com to enable the investors to register their complaints / correspondence, if any.

25. **Webcast:** Your Company is providing the facility of live webcast of proceedings of the AGM in accordance with the requirements of SEBI Listing Regulations. Members who are entitled to participate in the AGM can view the proceedings of AGM by logging on the e-voting website of CDSL at www.evotingindia.com using their login credentials. Members are encouraged to use this facility of webcast.

26. **Unclaimed Dividends:** Pursuant to the provisions of Section 124 and 125 of the Act read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends which remain unclaimed / unpaid for a period of 7 years are required to be transferred to Investor Education and Protection Fund ("IEPF").

    The Company requests the Members to claim the unclaimed dividends within the prescribed period. The details of the unclaimed dividends are available on the website of the Company at https://www.ltfs.com/investors.html and Ministry of Corporate Affairs at www.iepf.gov.in/. Members can contact Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company for claiming the unclaimed dividends standing to the credit in their account.

27. **Note for Preference Shareholders:** A Member holding Preference Shares is entitled to attend the AGM and vote thereat subject to the applicable provisions of the Act.

Procedure for remote e-voting

The Company is pleased to offer remote e-voting facility for its Members to enable them to cast their votes electronically. The procedure and instructions for the same are as follows:

(i) The voting period begins on Friday, July 26, 2019 from 9:30 a.m. (IST) and ends on Sunday, July 28, 2019 at 5:00 p.m. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday, July 22, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The Members should log on to the e-voting website www.evotingindia.com.

(iii) Click on "SHAREHOLDERS".

(iv) Now enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 character DP ID followed by 8 digits client ID,

   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next: Enter the Image Verification as displayed and Click on "LOGIN".

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier resolution of any other company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both i.e. shares held in dematerialized form as well as physical form) • Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number in the PAN field which is printed on the address sticker.
Dividend bank details or Date of Birth (DOB)	Enter the Dividend bank details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the member ID / Folio No. in the Dividend bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT".

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on Electronic Voting Sequence Number ("EVSN") of "L&T Finance Holdings Limited".

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the details of the Resolution.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "CLICK HERE TO PRINT" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Members can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) **Note for Non – Individual Members and Custodians**

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800 22 5533.

Declaration of Results:

1) The Scrutinizer shall after the conclusion of the AGM submit the Consolidated Scrutinizer's Report of the total votes cast in favour or against the resolution and invalid votes, if any and unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company, if any, to the Chairperson of the Company or the person authorised by him, who shall countersign the same, by Tuesday, July 30, 2019 and the result will be declared on Tuesday, July 30, 2019 latest by 9:00 p.m. (IST) at the registered office of the Company.

2) Based on the Scrutinizer's Report, the Company will submit within 48 hours of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the SEBI Listing Regulations.

3) The results declared along with the Scrutinizer's Report, will be hosted on the website of the Company at https://www.ltfs.com and on the website of CDSL and will be displayed on the notice board of the Company at its registered office, immediately after the declaration of the result by the Chairperson or a person authorised by him in writing and communicated to the Stock Exchanges.

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE DATED APRIL 28, 2019.

The following Explanatory Statement relating to the accompanying Notice sets out all material facts in respect of the resolutions:

ITEM NOS. 4 & 5

Pursuant to the provisions of the Companies Act, 2013 ("the Act") read with relevant rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"), an Independent Director can hold the office for a term of upto 5 consecutive years on the Board of a company, but is eligible for re-appointment for another term of upto 5 years on passing of a special resolution by the company, based on the report of performance evaluation. Thus, an Independent Director cannot hold office for more than two consecutive terms of upto 5 years.

Mr. S. V. Haribhakti (DIN: 00007347) and Mr. P. V. Bhide (DIN: 03304262) were appointed as Independent Directors on the Board of the Company vide resolutions passed at the Sixth Annual General Meeting held on July 24, 2014 for a term of 5 consecutive years from April 1, 2014 to March 31, 2019.

Mr. Haribhakti and Mr. Bhide are eligible to be re-appointed as Independent Directors for another term of upto 5 consecutive years.

In accordance with the aforesaid, necessary performance evaluation was carried out. Further, basis the report of the performance evaluation covering various aspects including attendance and level of participation, interpersonal relationship, understanding of the roles and responsibilities, etc. and basis the recommendation of the Nomination and Remuneration Committee of the Company, the Board of Directors at its meeting held on March 19, 2019, approved the re-appointment of Mr. Haribhakti and Mr. Bhide as Independent Directors of the Company for a second term of 5 consecutive years with effect from April 1, 2019 to March 31, 2024, and continuance of Mr. Haribhakti as the Non-Executive Chairman of the Company. The re-appointment of Mr. Haribhakti and Mr. Bhide is subject to the approval by the Members at the ensuing Annual General Meeting by way of a special resolution.

The Company has received a notice in accordance with the provisions of Section 160 of the Act proposing the candidature of Mr. Haribhakti and Mr. Bhide for the office of Independent Director. A copy of the draft Letter of Appointment for Independent Directors is available for inspection at the registered office of the Company during business hours on any working day.

In the opinion of the Board, Mr. Haribhakti and Mr. Bhide fulfill the conditions specified in the Act and the SEBI Listing Regulations pertaining to independent directors and they are independent of the management. The Company has received a declaration from Mr. Haribhakti and Mr. Bhide that they are not disqualified to be re-appointed as Independent Directors under the Act and SEBI Listing Regulations.

The Board is of the view that the Company would greatly benefit from the skills, knowledge and rich and varied experience of Mr. Haribhakti and Mr. Bhide and accordingly recommends the special resolutions set forth in Item Nos. 4 and 5 of the Notice for approval of the Members.

Save and except Mr. Haribhakti and Mr. Bhide, being the appointees, none of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Company, are concerned / interested, financially or otherwise, in the above resolution.

ITEM NO. 6

The steady growth in the operations of subsidiaries of the Company has necessitated regular infusion of equity and Tier I or Tier II debt in its subsidiaries and being the holding Company, the Company would need to raise funds for such infusion. The Company would also need funds for its working capital requirements including redemption of Preference Shares from time to time.

In connection with the aforesaid, approval of the Members is sought for the issue of Preference Shares. The Preference Shares may be issued either by way of a public offer or on a private placement basis in one or more tranches to various institutions / entities viz. companies/bodies corporate/ persons including Promoters/Promoter Group & Associates, whether or not they are Member(s) of the Company, considering the viable options available. The said enabling resolution empowers the Board to create, offer, issue and allot 20,00,00,000 (Twenty Crore) Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("CRPS") of the face value of ₹ 100 each for cash at par or premium and on such terms and conditions including but not limited as to the rate of dividend, period and manner of redemption, amount of premium, if any, as the Board in its absolute discretion may determine, provided the aggregate amount up to which the Preference Shares shall be issued shall not exceed ₹ 2,000 Crore (Rupees Two Thousand Crore only). The Board shall also be authorised to approve any modification, alteration and re-setting of all or any of the terms and conditions of the Preference Shares from time-to-time in consultation and agreement with the subscribers / holders of Preference Shares. The terms and conditions of the Preference Shares shall however be subject to the provisions of the Companies Act, 2013, or any modification(s) / re-enactment(s) thereof and the Memorandum and Articles of Association of the Company, if any.

As required under Rule 9(3) of the Companies (Share Capital and Debentures) Rules, 2014 and Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the material facts in connection with the aforesaid issue of Preference Shares are as follows:

(a)	**Particulars of the offer including date of passing of Board resolution**	Cumulative Compulsorily Redeemable Non-Convertible Preference Shares for an amount not exceeding in aggregate ₹ 2,000 Crore (Rupees Two Thousand Crore only) in one or more tranches by way of a public offer or on a private placement basis at such rates and on such terms and conditions as may be determined by the Board (including any Committee constituted by the Board) ("Board"). Date of passing of Board Resolution: March 19, 2019.
(b)	**Size of the issue and number of preference shares to be issued and nominal value of each share**	The Company proposes to create, offer, issue and allot Preference Shares of the face value of ₹ 100 each for cash at par or at a premium either by way of a public offer or to various entities / persons including Promoters / Promoter Group & Associates, whether or not they are Member(s) of the Company on a private placement basis.
(c)	**Nature of such shares i.e. cumulative or non - cumulative, participating or non - participating, convertible or non - convertible**	Cumulative, Non-Participating and Non-Convertible.
(d)	**Objectives of the issue**	To maintain adequate working capital including redemption of Preference Shares and funding the operations of the Company and that of its subsidiaries.
(e)	**Manner of issue of shares**	Public Offer/Private Placement as decided by the Board.
(f)	**Price at which such shares are proposed to be issued**	At par or at premium as decided by the Board.
(g)	**Basis on which the price has been arrived at**	While the issuances would generally be made at par, in case the issuance is made at premium, the same would be at a price determined on the basis of valuation by a registered valuer in accordance with applicable rules.
(h)	**Terms of issue, including terms and rate of dividend on each share, etc**	The tenure shall be for a period not exceeding 7 (Seven) years. The issuances would be subject to conditions of money market, appetite of the investors, prevalent tax regulations, credit rating of the instrument etc, and the rate of dividend would be linked to the returns provided by similar instruments.
(i)	**Terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion**	Tenure of redemption would be based on cash flow forecasts of the Company which in turn would be linked to ongoing performance of its subsidiaries and the growth opportunities.
(j)	**Manner and modes of redemption**	The redemption of Cumulative Compulsorily Redeemable Non-convertible Preference Shares will be done in accordance with the provisions of the Companies Act, 2013 and out of profit and / or out of fresh issue of capital.
(k)	**Current shareholding pattern of the Company**	Equity shareholding pattern as on March 31, 2019[1]:

Category	No. of Shares	% to Equity Capital
Promoter	1,27,75,20,203	63.91%
Financial Institution, Mutual Funds & Bank	5,79,69,351	2.90%
FIIs, FPIs & AIFs	32,46,94,379	16.24%
Bodies Corporates	9,06,63,447	4.54%
Resident Individuals & Others	23,78,76,545	11.90%
Non-Resident Indians	1,00,88,435	0.50%
Total	**1,99,88,12,360**	**100.00%**

[1] *Detailed shareholding pattern is available on the website of the Company i.e. www.ltfs.com and is also available on the website of BSE Ltd. i.e. www.bseindia.com and National Stock Exchange of India Ltd. i.e. www.nseindia.com.*

(l)	**Expected dilution in equity share capital upon conversion of preference shares**	Not applicable
(m)	**Material terms of raising such securities**	Since the issuance would be in one or more tranches, material terms will be determined by the Board, in accordance with the applicable provisions of the Companies Act, 2013 and the rules framed thereunder and other applicable laws for the time being in force.
(n)	**Proposed time schedule**	From the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting.
(o)	**Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects**	The issuance will be in one or more tranches and the contribution, if any, will be in accordance with the applicable provisions of the Companies Act, 2013 and the Rules framed thereunder and other applicable laws for the time being in force.
(p)	**Principle terms of assets charged as securities**	Not applicable
(q)	**Details of valuer**	Since the issuance would be in one or more tranches, the valuer will be determined by the Board, in accordance with the applicable provisions of the Companies Act, 2013 and the Rules framed thereunder and other applicable laws for the time being in force.

None of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Company, are concerned / interested, financially or otherwise, in the above resolution.

The aforesaid proposal is in the interest of the Company and the Board thus recommends the special resolution at Item No. 6 of the Notice for approval of the Members.

Additional Information of Directors seeking re-appointment / appointment at the Eleventh Annual General Meeting pursuant to SS-2 and SEBI Listing Regulations:

Name of the Director	Mr. R. Shankar Raman (DIN: 00019798)	Mr. S. V. Haribhakti (DIN: 00007347)	Mr. P. V. Bhide (DIN: 03304262)
Date of Birth/(Age)	December 20, 1958 (60 years)	March 12, 1956 (63 years)	January 8, 1950 (69 years)
Qualifications	B.Com from Madras University Chartered Accountant and Cost Accountant	Chartered Accountant and Cost Accountant	Master of Business Administration from Indira Gandhi National Open University Bachelors of Law from University of Delhi Bachelors of Science – Honours from University of Delhi
Date of first appointment on the Board	May 1, 2008	September 25, 2010(1)	March 22, 2011(1)
Remuneration	N.A(2)	Sitting fees and commission as approved by the Board.(3)	Sitting fees and commission as approved by the Board.(3)
Experience/Brief Profile	Mr. R Shankar Raman is the Chief Financial Officer and Member of the Board at Larsen & Toubro Limited (L&T). He is a Non-Executive Director on the Board of our Company and L&T Investment Management Limited. He is also on the board of several companies within the L&T Group. He joined the L&T Group in 1994 to set up L&T Finance Limited and has close to 35 years of experience in Finance and Management.	Mr. S. V. Haribhakti is a Chartered Accountant, with over four decades of experience in developing and leading one of India's most respected and diversified Chartered Accounting firm – Haribhakti & Co. LLP. He is currently the Non-Executive Chairman of L&T Mutual Fund Trustee Limited, Future Lifestyle Fashions Limited and Blue Star Limited. He serves as Independent Director of several other Public & Private Limited Companies. He is also pursuing Advisory work through his proprietary Firm Shailesh Haribhakti & Associates. He actively promotes "shared value" creation and a green environment through his own enterprise Planet People & Profit Consulting Private Limited and his leadership roles as Chairman of United Way, and Chairman/ Member of the CSR committees of some of the Boards that he serves on. He was associated with Indian Institute of Management Ahmedabad (IIMA), BMA, IIA (Mumbai), ICAI (WIRC), IMC, FPSB and Rotary Club of Bombay over the last several decades. For two years he served on the Standards Advisory Council of the IASB in London and was Chairman of NPS (National Pension Scheme) Trust from 2015-2017.	Mr. P. V. Bhide is a retired IAS Officer of the Andhra Pradesh Cadre (1973 Batch). He has worked in several government positions during a career spanning nearly four decades. In the state government he worked as Deputy Secretary in Medical & Health Department and also as Commissioner Relief (Department of Revenue). He also was Finance Secretary and Secretary Energy for Andhra Pradesh. He also worked as Managing Director of A.P. State Handloom Weavers' Cooperative Society Ltd. (APCO) and Chief Executive & Managing Director of Godavari Fertilisers and Chemicals Limited. With the Government of India his roles include Deputy Secretary - Department of Economic Affairs, Ministry of Finance, Executive Advisor to India's Executive Director to the International Bank for Reconstruction and Development (IBRD/ World Bank), Joint Secretary and later as Secretary - Department of Disinvestment, Ministry of Finance, Additional Secretary/ Spl. Secretary - Ministry of Home Affairs. He retired as Revenue Secretary - Ministry of Finance, Govt. of India.
Terms and conditions of appointment / re-appointment	Appointed as a Director liable to retire by rotation.	Re-appointed as an Independent Director for a second term of a period of 5 years i.e. from April 1, 2019 to March 31, 2024.	Re-appointed as an Independent Director for a second term of a period of 5 years i.e. from April 1, 2019 to March 31, 2024.
Directorships held in other companies (excluding foreign companies) as on date	1. Larsen and Toubro Limited 2. Larsen & Toubro Infotech Limited 3. L&T Investment Management Limited 4. L&T Infrastructure Development Projects Limited 5. L&T Hydrocarbon Engineering Limited 6. L&T Seawoods Limited 7. L&T Realty Limited 8. L&T Metro Rail (Hyderabad) Limited	1. Blue Star Limited 2. L&T Mutual Fund Trustee Limited 3. Torrent Pharmaceuticals Limited 4. Future Lifestyle Fashions Limited 5. Mahindra Life Space Developers Limited 6. Ambuja Cements Limited 7. ACC Limited 8. NSDL e-Governance Infrastructure Limited 9. Bennett Coleman & Company Limited 10. Quadrum Solutions Private Limited 11. MentorCap Management Private Limited 12. Gaja Trustee Company Limited 13. Intuit Consulting Pvt. Limited 14. Planet People and Profit Consulting Private Limited 15. Cloud Infosolutions Private Limited	1. L&T Finance Limited 2. L&T Housing Finance Limited 3. Nocil Limited 4. Tube Investments of India Limited 5. Glaxosmithkline Pharmaceuticals Limited 6. VST Industries Limited 7. Gujarat Borosil Limited 8. A.P.I.D.C. Venture Capital Private Limited 9. Shiksha Financial Services India Private Limited

Name of the Director	Mr. R. Shankar Raman (DIN: 00019798)	Mr. S. V. Haribhakti (DIN: 00007347)	Mr. P. V. Bhide (DIN: 03304262)
Memberships / Chairpersonship of committees across companies (only Statutory Committees as required to be constituted under the Act considered)	**A. Audit Committee** 1. L&T Finance Holdings Limited 2. L&T Infrastructure Development Projects Limited 3. L&T Metro Rail (Hyderabad) Limited **B. Stakeholder's Relationship Committee** 1. L&T Finance Holdings Limited **C. Corporate Social Responsibility Committee** 1. Larsen and Toubro Limited 2. L&T Finance Holdings Limited 3. L&T Investment Management Limited 4. L&T Infrastructure Development Projects Limited 5. L&T Realty Limited 6. L&T Seawoods Limited **D. Nomination and Remuneration Committee** 1. L&T Infrastructure Development Projects Limited	**A. Audit Committee** 1. L&T Finance Holdings Limited 2. L&T Mutual Fund Trustee Limited 3. Torrent Pharmaceuticals Limited 4. Future Lifestyle Fashions Limited 5. Blue Star Limited 6. Mahindra Life Space Developers Limited 7. NSDL e-Governance Infrastructure Limited 8. Bennett Coleman & Company Limited **B. Stakeholder's Relationship Committee** 1. ACC Limited 2. Torrent Pharmaceuticals Limited **C. Corporate Social Responsibility Committee** 1. L&T Finance Holdings Limited 2. Mahindra Life Space Developers Limited 3. ACC Limited **D. Nomination and Remuneration Committee** 1. L&T Finance Holdings Limited 2. Torrent Pharmaceuticals Limited 3. Future Lifestyle Fashions Limited 4. Mahindra Life Space Developers Limited 5. Ambuja Cements Limited 6. ACC Limited 7. Bennett Coleman & Company Limited	**A. Audit Committee** 1. L&T Finance Limited 2. L&T Housing Finance Limited 3. GlaxoSmithKline Pharmaceuticals Limited 4. Tube Investments of India Limited 5. VST Industries Limited **B. Stakeholder's Relationship Committee** 1. L&T Finance Holdings Limited 2. GlaxoSmithKline Pharmaceuticals Limited **C. Corporate Social Responsibility Committee** 1. L&T Finance Limited 2. L&T Housing Finance Limited 3. VST Industries Limited **D. Nomination and Remuneration Committee** 1. L&T Finance Holdings Limited 2. L&T Finance Limited 3. L&T Housing Finance Limited 4. VST Industries Limited
Shareholding in the Company (Equity) as on March 31, 2019	24,461	5,00,000 (62,500 through S. V. Haribhakti HUF)	4,990
Relationship with other Directors / Manager / Key Managerial Personnel	None	None	None
Number of Board Meetings attended during FY 2018-19	Three meetings out of five meetings	All meetings (i.e. five out of five meetings)	All meetings (i.e. five out of five meetings)

(1) *Appointed as Independent Directors with effect from April 1, 2014.*

(2) *Mr. R. Shankar Raman is in the service of Larsen and Toubro Limited and draws remuneration from Larsen and Toubro Limited. Mr. Shankar Raman is not paid any commission, or sitting fees separately for attending the meetings of the Board and/or any Committee of the Company.*

(3) *For the details pertaining to the remuneration last drawn, please refer the Corporate Governance Report forming part of Board's Report.*

By Order of the Board of Directors
For **L&T Finance Holdings Limited**

Apurva Rathod
Company Secretary
ACS - A18314

Date: April 28, 2019
Place: Mumbai

NOTES

NOTES

L&T Finance Holdings Limited

Regd. Office: Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India
CIN: L67120MH2008PLC181833; E-mail: igrc@ltfs.com; Website: www.ltfs.com
Phone: +91 22 6212 5000; Fax: +91 22 6212 5553

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name(s) of the Member(s) : ....

Registered address : ....

E-mail ID : ....

Folio No./ Client ID : .... DP ID : ....

I/We, being the Member(s) of .... shares of the above named company, hereby appoint:

(1) Name : ....

Address : ....

E-mail ID : ...., or failing him

(2) Name : ....

Address : ....

E-mail ID : ...., or failing him

(3) Name : ....

Address : ....

E-mail ID : ...., or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Eleventh Annual General Meeting ("AGM") of the Company, to be held on **Monday, July 29, 2019** at **3.00 p.m.** at Swatantryaveer Savarkar Rashtriya Smarak, 252 Swatantryaveer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:	**Special Business:**
1. Adoption of financial statements for the year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon. 2. Declaration of dividend on Equity Shares. 3. Appointment of a director in place of Mr. R. Shankar Raman, who retires by rotation, and being eligible, offers himself for re-appointment.	4. Re-appointment of Mr. S. V. Haribhakti as an Independent Director of the Company. 5. Re-appointment of Mr. P. V. Bhide as an Independent Director of the Company. 6. Issuance of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares by way of public offer or on a private placement basis.

Signed this.....................................day of................................ 2019

....
Signature of Member

Affix revenue stamp of ₹ 1

.... Signature of first Proxy Holder

.... Signature of second Proxy Holder

.... Signature of third Proxy Holder

Note:

This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the AGM.

Intentionally left blank

L&T Finance Holdings Limited

Regd. Office: Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India
CIN: L67120MH2008PLC181833; E-mail: igrc@ltfs.com; Website: www.ltfs.com
Phone: +91 22 6212 5000; Fax: +91 22 6212 5553

ATTENDANCE SLIP

ELEVENTH ANNUAL GENERAL MEETING - MONDAY, JULY 29, 2019 AT 3.00 P.M.

Folio No./ Client ID : .... DP ID : ....

Name : ....

Address : ....

....

....

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL

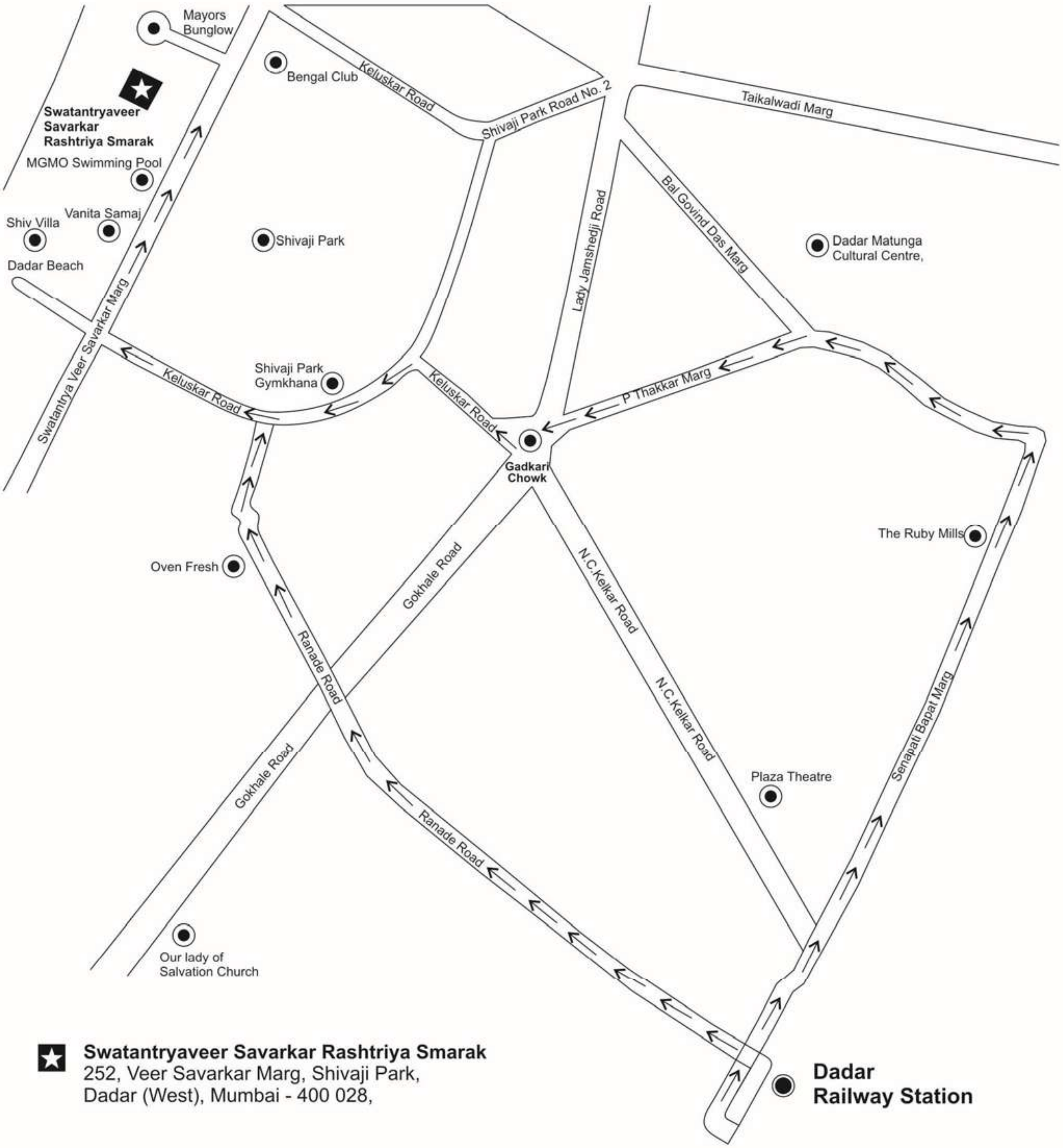
I certify that I am a registered Member/Proxy for the registered Member of the Company.

I hereby record my presence at the Eleventh Annual General Meeting of the Company at Swatantryaveer Savarkar Rashtriya Smarak, 252 Swatantryaveer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028 on **Monday, July 29, 2019** at **3.00 p.m**.

……………………………..	…………………………	……………………...
First / Sole Holder / Proxy	Second Holder / Proxy	Third Holder / Proxy

P.T.O.

ROUTE MAP TO THE AGM VENUE



Swatantryaveer Savarkar Rashtriya Smarak
252, Veer Savarkar Marg, Shivaji Park,
Dadar (West), Mumbai - 400 028,

July 02, 2019

BSE Limited
Corporate Relations Department,
1st Floor, New Trading Ring,
P. J. Towers, Dalal Street,
Mumbai - 400 001.

Security Code No.: 533519

Kind Attn: Head - Listing Department / Dept of Corporate Communications

Sub: Submission of the Sustainability Report for the financial year 2018-19

Dear Sir / Madam,

Please find enclosed the Sustainability Report (which is referred to in the Annual Report) of the Company for the financial year 2018-19.

Further, the aforesaid Sustainability Report has also been uploaded on the website of the Company at *https://www.ltfs.com/investors.html*

We request you to take the aforesaid on records.

Thanking you,

Yours faithfully,

For **L&T Finance Holdings Limited**

Apurva Rathod
Company Secretary and Compliance Officer

Encl: As above

CREATING VALUE, Together

Sustainability Report 2018-19

L&T Finance Holdings

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DINANATH DUBHASHI
Managing Director & CEO
L&T Finance Holdings

> In tune with the Triple Bottom Line concept, the theme of the report is **'Creating Value, Together'.** We are aligned to the principle of growing while making the world stronger, empowered and sustainable.

Dear Stakeholder,

The concept of the Triple Bottom Line was first enunciated in 1994. It advocated that the performance of a business be measured by its impact on the People, Planet and Profits. Since then there has been much progress in taking this idea forward. The Millennium Development Goals promulgated in 2000 by the United Nations gave way to the more globally participative Sustainable Development Goals in 2015, rallying the world towards a future which will not be betrayed by the way we live in our present.

It is against this backdrop and with great pleasure, we present to you our first Sustainability Report. Elaborating on our journey for FY2018-19 and in tune with the Triple Bottom Line concept, the theme of the report is 'Creating Value, Together'. We are aligned to the principle of growing while making the world stronger, more empowered and sustainable.

That any business should create value for its shareholders is a given. But unless it also creates value for the community at large, the value creation for its shareholders will, at best, be short term.

Three years ago, we launched an organisation-wide transformation that hinged on identifying the 'Right Businesses' to emphasise on. De-focusing from a multitude of products, the aim was to develop and design a sustainable business model which would allow the organisation to win in the market and achieve long-term, top quartile Return on Equity (RoE) for its shareholders.

Though the ensuing transition has been challenging, I believe we have emerged successful. How this is creating value for our shareholders will, of course, be dealt with in far more depth in our Annual Report for the year. For the purposes of this report, let me focus on the larger impact of our business transformation.

Each of our business verticals is addressing a key need of the India growth story. Our three main lending businesses - Rural, Housing and Wholesale Finance - address clearly defined economic needs of our transforming nation. Our asset management businesses not only help create long - term wealth for our customers, but also help channel savings into productive investments for the growth of the economy.

We believe that there is tremendous value to be created across rural India, which is transforming at a rapid pace, through the "Retailisation" of our lending business.

It is a time-tested principle that an empowered woman is able to transform her family's fortune. I am happy to report that through our significant rural presence, we have helped over 59 Lakh women micro loan customers become micro-entrepreneurs, thereby positively impacting their families. We have also enabled over 3 Lakh farmers to improve their livelihoods through tractor financing. Similarly, our two-wheeler loans have added impetus to the mobility and economic aspirations of customers across the country.

In urban India, we have financed over 30,000 customers enabling them to purchase their own homes and transformed landscapes in six cities. We have helped over 30 Lakh mutual fund investors to move towards attaining their financial goals.

The role of a financier is that of a catalyst. We believe that while making purchase decisions, the borrowers should not be burdened with the dynamics of getting a loan. Towards this end 'Digitisation' is an important step. We use digital platforms and data analytics to be adaptable, inclusive and nimble, identify the right set of customers and enhance our outreach to new customer segments. Our goal is to emerge as the most preferred financial partner for our customers, a key tenet of which is being the fastest to meet their needs.

India has set itself a goal of producing about 160 gigawatts of solar and wind power by the year 2022. It is our belief that to tackle global warming, there is a need to accelerate the shift to cleaner and greener energy resources. Therefore, green finance is a key business priority for us and consequently our Wholesale Finance business has focused on investing in renewable energy and is the largest financier to the sector.

During the reporting year, we have financed 7,746 MW of solar and wind energy projects across the country. Most of these are fully operational, saving 13.9 million tonnes of carbon emissions a year. In recognition of this achievement, the Renewable Energy Investment and Finance Forum awarded us the 'Best Renewable Energy Financier of the Year 2017' for both the Solar and Wind Sectors.

The Right Business segments are further supported by the Right Structure and Right People - helping the organisation improve its RoE from 9.78% in FY2015-16 to 17.92% in FY2018-19. Our adherence to the highest standards of Corporate Governance is what lies at the heart of the success of our businesses. As a part of the L&T family, trust and integrity are paramount to us. This is further enhanced by a governance structure that incorporates stringent measures laid down by an independent, gender-agnostic Board to ensure ethical and accountable business practices. We believe in taking responsible decisions in the present day to avoid being in a vulnerable position in the future.

> Our culture of **'Ownership'** and **'Results not Reasons'** has enabled achieve 100% alignment. This will help build continuity and value for perpetuity.

We are creating a young and vibrant organisation, providing aspirational roles and responsibilities to our employees. LTFH's culture of 'Ownership' and 'Results not Reasons' has enabled us to achieve 100% alignment. This will help build continuity and value for perpetuity.

Our commitment to the community is as important to us as our commitment to achieve the targeted RoE value. Our Corporate Social Responsibility initiatives are designed to address specifically identified needs of the communities that we operate in. Our efforts are focused on creating sustainable rural livelihoods through digital financial inclusion and literacy, as well as integrated water resource management. Approximately 2 Lakh rural households have benefited from our CSR contributions as on 31st March, 2019.

We believe that this is just a beginning in the journey of 'Creating Value, Together'. Going forward, we will continue to invest in ecosystems that enable our customers reach their goals, while increasing our own sustainability efforts in accordance with the principles of the United Nations Global Compact.

Thank you.

Dinanath Dubhashi
Managing Director & CEO
L&T Finance Holdings Ltd.

About the report

Introduction

Sustainability has always been an integral part of the Larsen & Toubro (L&T) Group's legacy, paving the path for our endeavour to contribute to an inclusive future. Our internal re-engineering over the past three years has made us more focused and confident in committing ourselves to build a better tomorrow and create value for all our stakeholders.

Value creation as a journey is a well-synchronised exercise that has taken into consideration the aspirations and sensitivities of our stakeholders. This report conveys how we are 'Creating Value, Together' through various diversified business lines that we operate in. This report also highlights our sustainability initiatives and business models that are not silos but co-exist and seamlessly blend into each other's realms.

This is our first Sustainability Report and covers the reporting period of FY2018-19 i.e. 1st April 2018 to 31st March 2019. The information disclosed is aligned to the Global Reporting Initiative's (GRI) Standards for sustainability reporting, and is in accordance with the Core option. LTFH has applied the principles for defining report content and quality, as prescribed by the GRI Standards while developing this report.

In an effort to compile information that is accurate, complete and well-balanced, the content of each chapter has been developed around the material topics identified and prioritised. The process followed for stakeholder engagement and materiality assessment has been detailed in the sections ahead. Moreover, the information presented in the report has been mapped to relevant Sustainable Development Goals (SDGs).

Scope and Boundary

This report covers the overall environmental, social and economic performance of our organisation including subsidiaries spanning across our corporate office headquartered in Mumbai, 230 branches and 1,224 micro loan meeting centers.

All the qualitative and quantitative disclosures provided have been collated by individual business units and validated by our internal stakeholders including executive and senior management members.

Precautionary Principle

The precautionary principle adopted by our organisation has been expressed for all the material topics in terms of the internal controls implemented. Management systems are in place for mitigating risk and effectively monitoring our economic, environmental and social performance periodically.

LTFH: DELIVERING VALUE

Delivering assurance to all stakeholders

SHAREHOLDERS

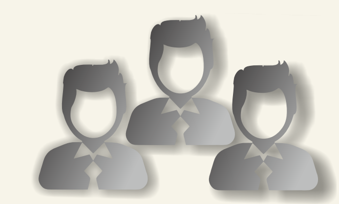
- Cycle-resilient business model with steady growth
- Delivering top quartile RoE consistently

CUSTOMERS

- Dependable delivery of quality products and services
- Responsible lending backed by data analytics

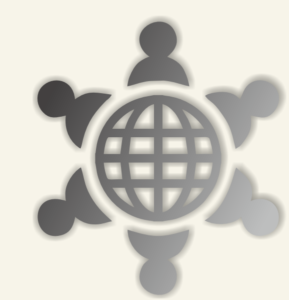
EMPLOYEES

- Creating a workplace built on clarity,transparency and fairness
- Linking rewards to performances against transparent goal-setting



SOCIETY

- Businesses mapped to key economic, environmental and employment needs of the country
- CSR efforts targeted towards capacity building in rural India



SUSTAINABILITY HIGHLIGHTS FOR FY2018-19

ECONOMIC

- Key business segments are aligned to the needs of the nation
- Increase in RoE - 9.78% in FY2015-16 to 17.92% in FY2018-19
- Net Profit - ₹ 2,226 Cr.
- Loan Book - ₹ 99,121 Cr. and Assets under Management/ Assets under Service - ₹ 99,108 Cr.
- Increased focus on 'Retailisation' for both assets and liabilities
- Served 110 Lakh+ customers
- Initiated macro-prudential provisioning to be built during growth periods and to be drawn upon during challenging macro-economic events
- Raised money from the International Finance Corporation (IFC) to fund Greenfield solar projects

SOCIAL

- Micro Loans extended to 59 Lakh+ women, of which 20 Lakh+ were first time borrowers
- Enhanced incomes of 30,000+ farmers through the 'Jalvaibhav Programme'
- Created a cadre of 400 'Digital Sakhis' and up-skilled 3,500+ women entrepreneurs
- Outreach to 2 Lakh+ community members and their households through CSR
- 85%+ employees engaged in rural businesses
- 100% disbursements through digital channels aiding financial inclusion

ENVIRONMENT

- Financed 7,746 MW of wind and solar power
- 13.9 million tonnes of CO2e GHG emissions avoided
- Ranked No. 2 (APAC ex Japan) in mandated lead arranger for green loans by Bloomberg
- Emissions intensity per employee (Scope 1&2 - 0.25 tCO_2e
- Received LEED - Gold certification for our corporate headquarters

Organisational Profile

Our Organisation at a Glance

L&T Finance Holdings Ltd (LTFH) is one of India's most valued and fastest-growing Non-Banking Financial Companies (NBFCs). We offer a diverse range of financial products and services in rural, housing and wholesale sectors. We also offer investment management and wealth-management services. We are a part of the Larsen & Toubro Group, one of the country's largest conglomerates, which has business interests in engineering, construction, financial services and technology.

Headquartered in Mumbai, the company caters to the business requirements of its growing customer base through a nationwide network of:

- 230 branches
- 1,224 meeting centers
- 110 Lakh+ customers
- Employed 21,000+ people across all its operations and subsidiaries

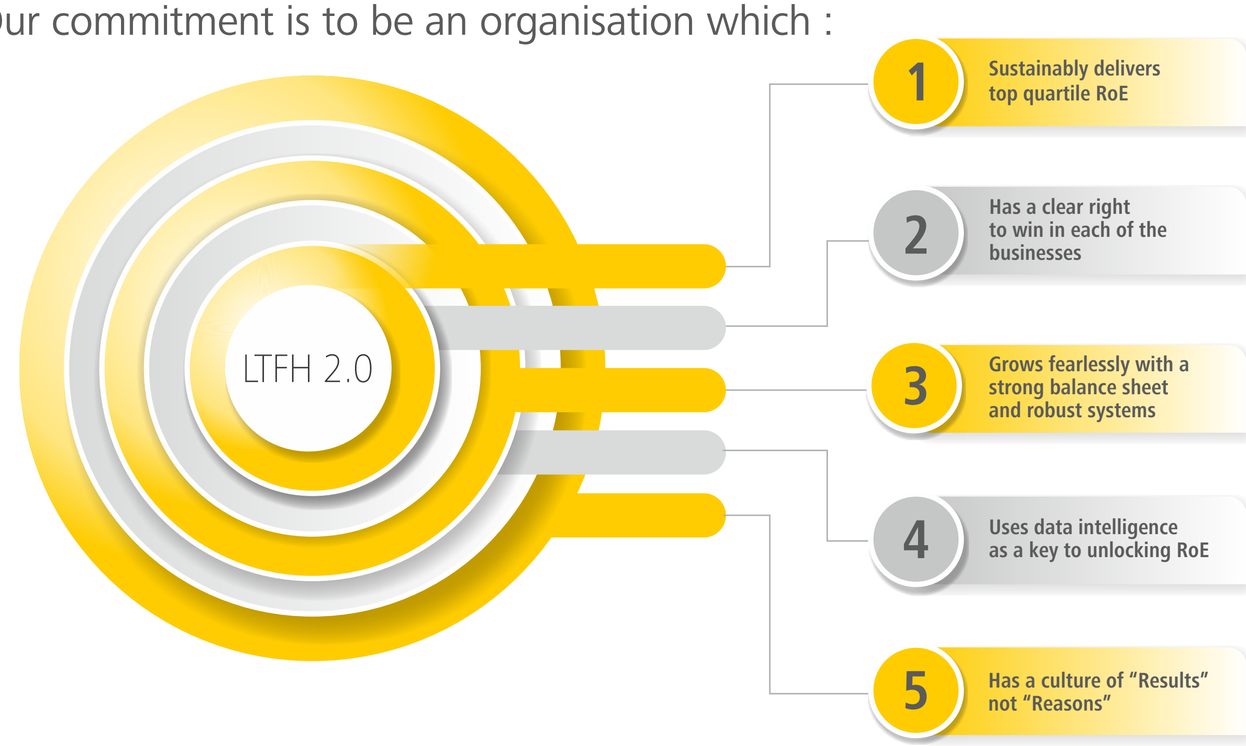
Vision

To be an admired and inspirational financial institution, creating sustainable value for all our stakeholders.

Values

Ambition
Pride
Discipline
Integrity

Our commitment is to be an organisation which :



Types of Businesses

LENDING BUSINESSES

Rural Finance

Farm Equipment Finance | Two-Wheeler Finance | Micro Loans

Housing Finance

Home loans | Loan against Property | Real Estate Finance

Wholesale Finance

Infrastructure Finance | Structured Corporate Finance | Infra Debt Fund

NON-LENDING BUSINESSES

Investment Management

Wealth Management

Our Business Strategy

In 2008, we were incorporated as a holding organisation for L&T's financial services businesses and in 2011, we became a publicly listed company. Our organisation is registered with the RBI as a non-banking financial company - core investment company ("NBFC-CIC")

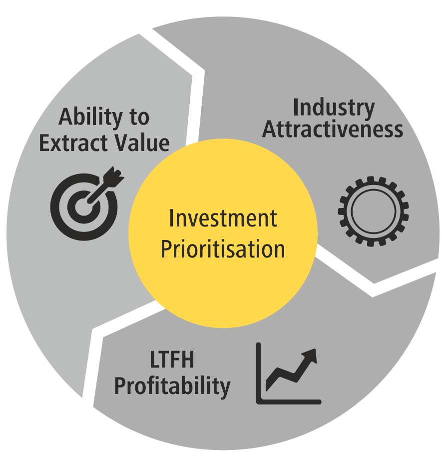
In April 2016, our senior management launched a four-year strategy roadmap in order to maximise shareholder returns. The single-most important metric chosen by our company to deliver this was Return on Equity (RoE).

Transform

Our company transformed from being spread across multiple businesses to building distinctive positions in select businesses. The strategic choice was clear-concentrate on what we are good at and completely exit non-core businesses. This simplicity and clarity of strategic intent has been the hallmark of our transformational journey.

Focus

To achieve this transformation, our company focused on an ideal balance of **Right Businesses**, **Right Structure** & **Right People**.



Right Businesses

KEY PROPOSITION

Right Structure

SIMPLICITY

Right People

ALIGNMENT

Right Businesses

Profitable growth was the key focus of the selected businesses. Through much thought and introspection, we decided that the three main pillars of our growth should be - lending, investment management and wealth management. We believe that we have the right blend of products to help us achieve the desired level of profitability.

Right Structure

Our focus on achieving the right structure was two-pronged:

Optimising the allocation of capital: We allocated more capital towards high RoE-generating businesses. The strategy of divesting non-core businesses helped the company to unlock invested capital. We have also established a strong sell-down desk to optimise capital allocation and balance our portfolio risk.

Consolidating multiple legal entities: We have merged four of our subsidiaries in the past three years and are working to further simplify our corporate structure. This has led to the optimal utilisation of capital and management bandwidth.

Right People

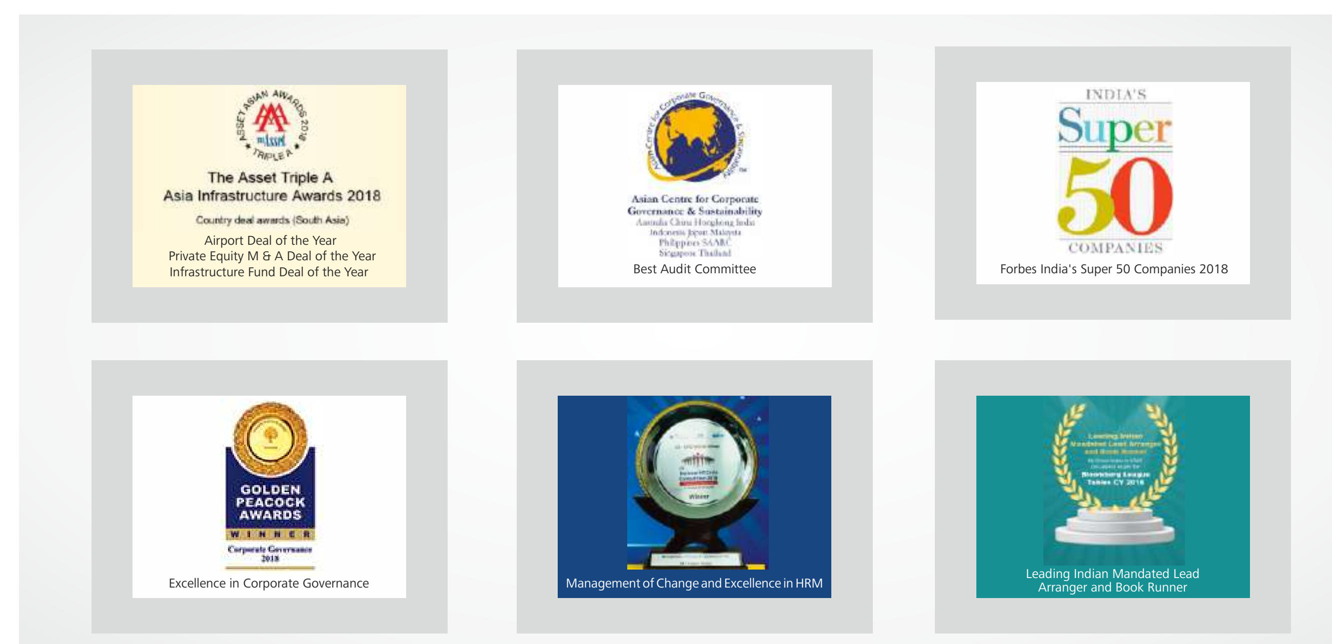
Our company's focus is on building a strong and sustainable institution by developing an engaged, skilled and productive workforce. The organisation structure went through a complete overhaul to deliver higher productivity, speed and efficiency. Clear roles and responsibilities were defined in accordance with the new strategy.

Deliver

Our company built a strong execution engine to convert this strategy to action. Specific "Centres of Excellence" (CoE) were launched under the leadership of chosen middle management executives to deliver on every aspect of the strategy. Clear planning, strong execution and transparent measurement has led to these CoEs delivering on their objectives.

AWARDS

Awards are a public recognition of our efforts. During the reporting period, we were conferred with several awards for various aspects of our businesses, which include:



Our Sustainable Business Model

Overview

India has emerged as one of the fastest-growing countries in the world with a nominal GDP of $2.7 trillion and a growth rate of 7% during FY 2018-19. The country's economic growth is dependent on three primary sectors i.e. the Agriculture and Allied sector, the Industry sector and the Services sector.

We believe that our company's long term sustainable growth hinges on aligning with sectors that are the growth engines of the Indian economy and actively contribute to the GDP. This philosophy is embodied in the core business model of LTFH's lending and non-lending businesses. Our lending proposition in the Rural business contributes to the Agriculture and Allied sector while Housing business has products serving the need of the Construction sector, with the Wholesale business segment focusing on supporting the Infrastructure sector. Our asset-management propositions through investment and wealth-management businesses, help tap and channel the savings potential of the country.

Our presence in these sectors not only helps the organisation align its business goals with national priorities, but also creates long term value for its stakeholders. We believe that shared value for all our stakeholders can only be created through holistic and self-sustaining business models. Also, our diversified portfolio across business segments, geographical regions and customer groups has allowed us to achieve a high level of adaptability thereby insulating against uncertainties and cyclical market dynamics.

Mapping **LTFH'S growth** to **GDP growth**

Agricultural and Allied Sector - Driving rural development

India is predominantly a rural economy with two-thirds of its population living in rural areas. This sector comprises of 70% of the workforce and contributes 46% to the national income, thereby making economic development a key government prerogative. The 'core agricultural' activities include crop production while 'allied activities' include dairy, poultry, horticulture, fisheries and aquaculture.

The growth rates of the core agricultural and allied sectors share a symbiotic relationship and contribute to the increase in household income at the grassroots level.

It may be noted that the compounded annual growth rate (CAGR) of 'allied activities' during the past decade is 5.4% as compared to 1.9% in 'core agriculture'. As a result, the share of 'allied activities' in agriculture Gross Value Added (GVA) has increased from 34% to 41% during this period. Understanding this complex and inter-linked growth pattern, we have strived to enhance our presence in both the agricultural and allied sectors.

Our micro loans offering, which caters to the allied sectors, is availed through a Joint Liability Group (JLG) format, thereby fostering micro-entrepreneurship and self-sufficiency amongst rural women. It also contributes to their financial wealth by providing a key source of income to them by ushering financial inclusion and literacy. Our portfolio mirrors the allied sector development, whereby ~ 24% of micro loan customers are engaged in the occupation related to animal husbandry acting as an effective mitigant to the inherent cyclicality of agriculture.

Farmer's income is a key catalyst affecting the core agricultural sector. The Government of India too has emphasised the need for increasing farmer's income and doubling it by 2022. This can be facilitated through a combination of the following means: increasing agricultural output, increasing minimum support price (MSP) and developing rural infrastructure. Tractors and allied farm mechanisation act as an important medium towards achieving these policy objectives. We at LTFH have identified this to provide livelihood financing. With this, we strive to become a significant partner in the farmers' journey to prosperity.

It is interesting to note that over the years, tractor usage has also expanded to non-agricultural activities. With this, the correlation between demand for tractors and the monsoon has weakened considerably. In line with this change, we have calibrated the direction of our Farm Equipment Finance business by using deep data analytics to identify potential areas.

Construction - Housing Finance and Real Estate Sector : A harbinger for growth

The construction sector is the second-largest employer in India. As per the economic survey of 2017-18, this sector is slated to employ approximately 67 million people by 2022. Growth in the construction sector has a multiplier effect on the overall economic activity, thus, generating increased demand across various related sectors such as cement and steel.

The construction sector broadly consists of real estate, infrastructure construction and industrial construction. In Real Estate, the Residential/Housing sector has an 80% contribution and is being increasingly financed by NBFCs and Housing Finance Companies (HFCs).

Over the years, macro-economic regulations like demonetisation, GST implementation and the introduction of the Real Estate Regulation and Development Act, 2016 (RERA), have caused temporary slowdown in sectoral growth. At the same time, these measures have provided that much-required accountability and transparency, resulting in market consolidation and improved consumer confidence. This is expected to create a long-term positive impact on the prospects of the housing finance industry.

Through our real estate financing business, we provide wide-ranging solutions to address funding requirements of developers. Our main focus is on prominent developers with strong execution skills and performance track record. Our parent, L&T's, knowledge repository is an important enabler in our evaluation of prospects and projects.

Our consistent engagement with real estate developers and timely delivery of customised financing solutions has helped us become a preferred financier. This has translated in us becoming a trusted partner for their customers who seek home loans. Our presence in this segment extends to prominent urban locations. Additionally, we have developed a strong marketing and distribution network with an impetus on direct origination.

Infrastructure Sector

The infrastructure sector is one of the most important growth engines for the Indian economy. India has an investment requirement of $777.73 Billion for infrastructure development by 2022. Through various policy initiatives, the Government has established a long term roadmap for development. Within the Infrastructure sector, we focus on renewable energy, operating roads and power transmission for the growth of our business.

Renewable Energy - A Green financing initiative

We recognize that there is a need to meet the burgeoning power requirements of an emerging economy like India and understand the importance of the role played by renewable energy sources (e.g. wind and solar) to meet the demand of 862 GW by 2030.

Over the years, viability around renewable project implementation has received a boost due to reduced input costs and favourable government policies, thereby mitigating land acquisition and evacuation risks.

We have emerged as a leading financier in the renewable energy space through a combination of our strong underwriting abilities, sell-down capabilities and group synergies. Our impact through financing of green projects goes beyond our actual book. Through regular sell-down, we have built an ecosystem comprising leading banks and financial institutions, thereby giving them an opportunity to take part in the Green Energy initiative.

Mutual Funds - A vital savings aggregator and financier

During the past decade, the Indian mutual fund industry witnessed an average growth rate of 12.5% which is more than double the rate of growth reported by the developed countries. The Assets Under Management (AUM) of the domestic mutual fund industry is 11% of India's GDP compared to the world average of 62%, which underscores its huge potential for growth.

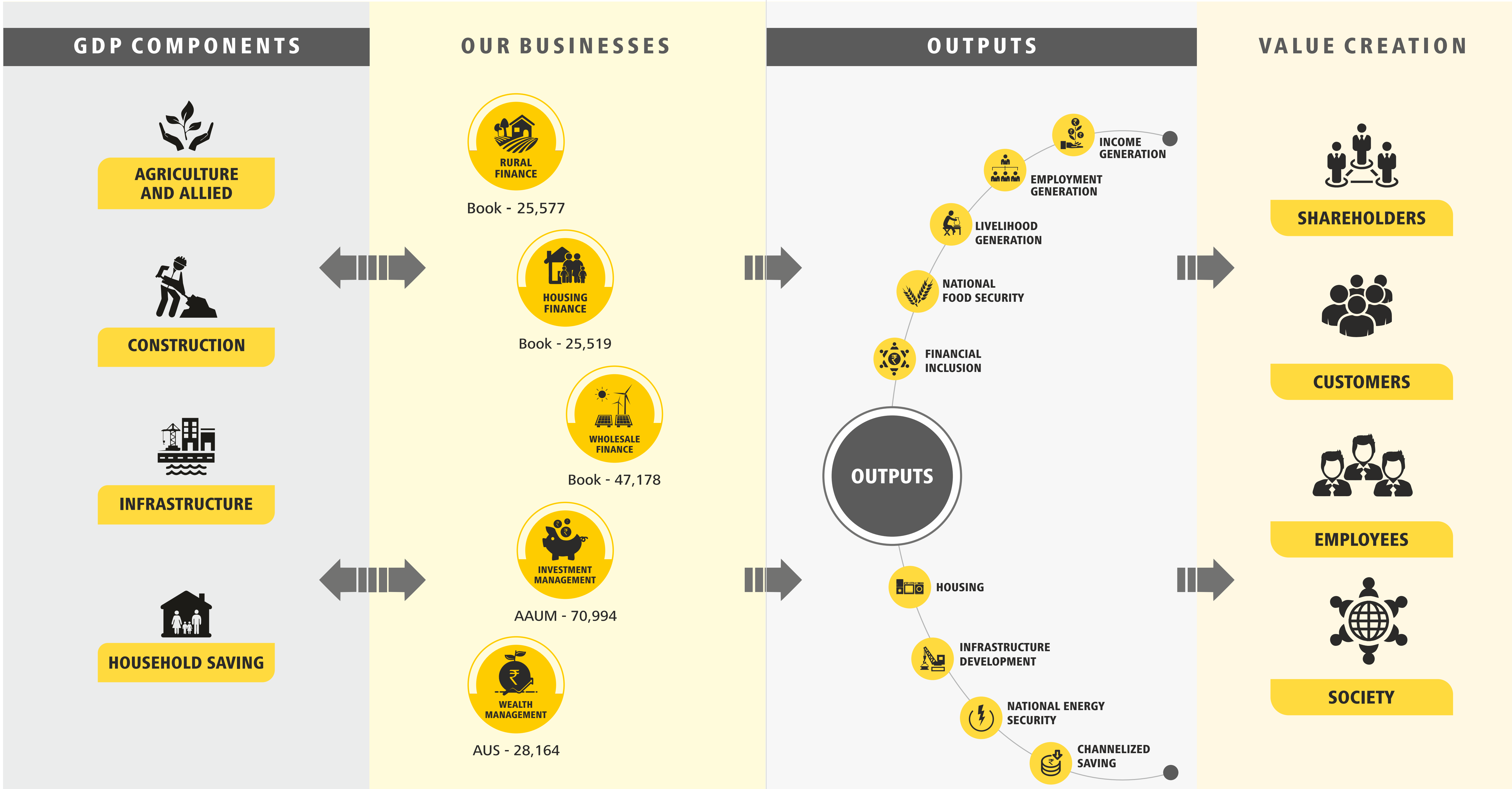
Through our asset-management businesses, we tap into the savings potential of the country by providing investment avenues and channelizing them into productive financial instruments. Through our investor-education initiatives, we reach out to a diverse set of individuals helping them understand the risk and benefits of long-term investments in Mutual Funds. Multiple educational programmes are also being targeted towards investors in Tier-2 and Tier-3 cities. Depending on the demographic segment, we customize our communication methods and mediums. Our efforts are aimed at enabling and further strengthening the digital literacy and financial-inclusion initiatives of the Government of India.

Over the past few years, there has been an increased participation by retail investors in the Indian equity markets through the Systematic Investment Plan (SIP) route. Our share in SIPs have witnessed a robust growth from 1.8% in FY2014-15 to 5.5% in FY2018-19.

Our participation in sectors that exhibit long-term growth contributes towards making our business model sustainable whilst accruing benefits such as income generation, employment generation, financial inclusion, livelihood generation and energy security.

PRODUCTS

Our Businesses: Creating Value, Together



All figures are in ₹. Cr and as on 31st March 2019

Corporate Governance

Corporate governance is a significant pillar for the existence and sustainable growth of any organisation. Our corporate governance structure is built on the prescribed regulatory framework. It is firmly rooted in our core values of Pride, Integrity, Discipline and Ambition. These values guide our decision-making at all times, helping us to shape our work culture and brand reputation. This is duly supported by a foundation of ethics, transparency and accountability by each and every employee at LTFH.

Most importantly, we are aware that being a part of India's leading conglomerate, L&T, we are responsible to uphold and protect the brand's legacy and reputation.

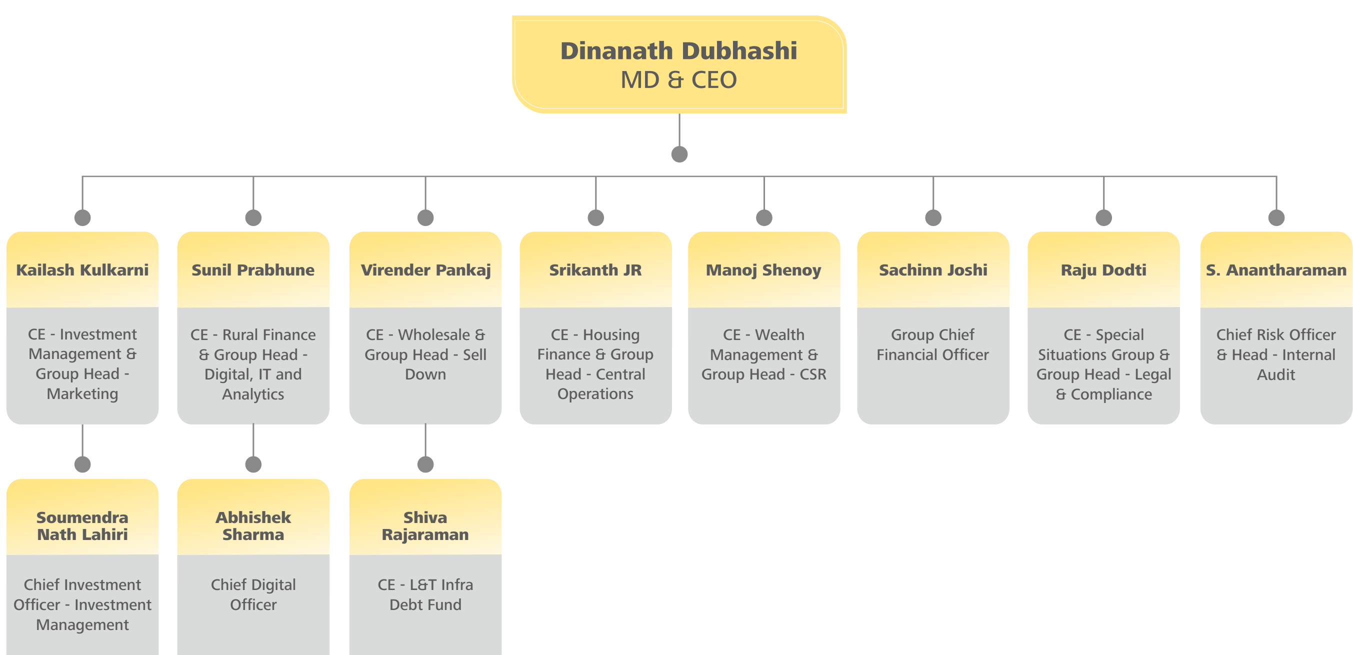
Governance Structure

Our Board of Directors plays an important role in promoting organisational values and ensuring that an appropriate governance structure is in place, to support our operations and protect stakeholders' interests. The Board's responsibilities are discharged through various committees, some of which have been constituted voluntarily, to ensure that all facets of the organisation's structure are governed to the utmost standards.

At LTFH, the Chairman of the Board is an independent Director and his roles and responsibilities are distinct from those of the Managing Director & CEO.

In addition to the Board-nominated committees in accordance with the regulatory framework, we have formed a senior management body, the Group Executive Committee (GEC), to oversee key strategic and operational initiatives. The GEC, comprising the Managing Director & CEO, Chief Executives (CE) of the five business verticals and heads of key departments, ensures that the organisation achieves its stated goals within the governance framework.

GEC Structure



Board Composition

The composition of our Board represents an optimal mix of professionalism, diversity, knowledge and experience. Our Board comprises of eminent personalities from diverse fields as stated below:

- **Entrepreneurs / Professionals**
- **Private Sector / Public Sector**
- **Social Sector / Commercial Sector**
- **Banking Sector / Non-Banking Sector**

True to the spirit of gender diversity, our Board has two women independent Directors as against one, as stipulated under the law. Of the total strength of 9 directors, over 50% of the Board comprises independent directors.

Name of Director	Designation
Mr. S. V. Haribhakti	Non - Executive Chairman (Independent Director)
Mr. Dinanath Dubhashi	Managing Director & CEO
Mr. R. Shankar Raman	Non-Executive Director
Mr. P. V. Bhide	Independent Director
Mr. Thomas Mathew T.	Independent Director
Ms. Nishi Vasudeva	Independent Director
Dr. (Mrs.) Rajani R. Gupte	Independent Director
Mr. Pavninder Singh	Nominee Director
Mr. Prabhakar B.	Non-Executive Director

As on date

Committees of the Board

The key committees of the Board constituted to help in effective discharge of Board responsibilities, include:

Mandatory as per statute	Function	Voluntary	Function
Audit Committee	Financial reporting, internal audit, risk management	IT Strategy Committee	IT framework, cyber security arrangements
Nomination & Remuneration Committee	Appointment, remuneration, performance evaluation		
Corporate Social Responsibility Committee	CSR policy and initiatives		
Stakeholders Relationship Committee	Redressal of stakeholder's grievances		
Risk Management Committee	Risk management framework, early warning signals, risk appetite statements, cyber security		

LTFH had a Risk Management Committee on a voluntary basis from 2012 till March 31, 2018

Governing Sustainability Practices

The responsibility of governing sustainability rests with the Board of Directors. However, specific activities have been delegated to committees as deemed appropriate. The Sustainability Committee is responsible for formulating and executing the sustainability strategy, which is reviewed and discussed with senior management, periodically.

Policies and frameworks

Our policies and frameworks guide our actions which in turn enable us to create value across various forms of capital viz. Financial, Intellectual, Human, Social & Relationship and Natural.

Risk Management Framework

In FY2016-17, we embarked on a project to enhance our risk-management framework. A globally renowned risk-management consultant was commissioned to assist the internal risk team in designing and benchmarking our enterprise risk-management strategy. The entire process helped improve our capabilities in establishing the following:

- **Creation of Risk-Appetite Statement**
- **Setting up of Risk Limits and Hotspots**
- **Risk Dashboards**
- **Early Warning Signal Mechanism**
- **Establishment of Liquidity Buffers for handling Black Swan Events**

The Board of Directors through the Risk Management Committee has an oversight over the Risk Management Framework.

Code of Conduct (CoC)

Our Code of Conduct is applicable to employees and Directors and emphasises on ethics, fair employment practices, creating a safe and healthy working environment, anti-money laundering, whistle-blower policy, and avoiding conflict of interest. Additionally, we also have an independent CoC for our non-executive directors focusing on upholding professional competence and avoiding any conflict of interest.

Vigil Mechanism Policy

The vigil mechanism policy empowers Directors and employees to raise actual or suspected violations. The implementation of the policy is monitored through an internal committee - Whistleblower Investigation Committee. It addresses all concerns raised on questionable practices. The policy covers the following:

1. **Vigil mechanism**
2. **Applicability guidelines in terms of acts of wrongdoings**
3. **Ombudsman**
4. **Meetings and records**
5. **Procedure for reporting**
6. **Assurance of protection of vigilant person/ whistle-blower/ tipster**

The chairperson of the Whistle Blower Investigation Committee is the Chief Ethics Officer who is responsible for receiving, validating, investigating and reporting to the Audit Committee.

Anti-corruption policy

A policy on anti-corruption to address and effectuate our commitment to comply with the law, rules and regulations related to our businesses has been adopted. The purpose of this policy is to help our employees identify and avoid situations that could potentially violate anti-bribery and anti-corruption laws or creates any appearance of impropriety.

Employee Welfare Policies

We have well-defined policies and procedures in place to prevent any kind of discrimination. Our policies are gender neutral, inclusive of every employee except where gender-specific policy intervention is required - for example, we have a separate section called 'Women Friendly Working Norms' which include, a separate child-care policy, part-time working and leave of absence to take care of personal exigencies in addition to the regular maternity benefits stipulated. The extended maternity benefits provided by our organisation, predates the statutory changes. Further, we also offer child care leave to our employees. A 'Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace' is in place to ensure safety and security of our female employees.

During the reporting period, there have been no material non-compliances with applicable regulations.

Our Differentiator

The accountability of our GEC is reflected in the decision of linking compensation structure and roles to organisational goals.

Variable Compensation

Commitment of the GEC that their variable compensation is linked to achievement of stakeholder value creation.

ESOPs

With an aim to synchronise organisational goals with long term employee commitment, ESOPs are used as an important retention tool. Options under our ESOP scheme are granted at the prevailing market price and not at a discount, vesting over a period of 4 years.

Additional responsibilities

Senior management has been provided additional responsibilities other than their stated job profile. This gives them an additional and holistic purview of the organisation.

Weekly meetings of the GEC

The weekly periodicity, and the detailed cross-disciplinary discussions and deliberations at these meetings are an important mechanism of keeping the organisation in line and abreast on latest developments throughout the various business lines. They also act as a think tank to critically analyse each other's views thereby converging towards a holistic solution.

Macro Prudential Provisioning

Unanticipated event risks are a part and parcel of any organisation's journey. Key action lies in preparing for and building reserves during phases of unhindered growth, which can then be depended upon if and when market conditions remain unfavorable. This helps in breaking “procyclicality” and increases resilience during economic downturns. After the implementation of IndAS in the first quarter of FY 2019, it was towards fulfilling this objective that LTFH initiated a macro prudential provisioning to be amassed during strong economic performance and to be drawn upon during challenging macro-economic events. This corpus will act as a contingency for any unanticipated events of unforeseen risks, and is over and above the expected credit losses on GS3 assets and standard asset provisions.

These macro prudential provisions will be built over a period of time subject to a cap of 1.25% of the risk weighted assets. The quantum of creation or drawdown of these provisions in a quarter is decided by a committee of Chief Risk Officer, Chief Financial Officer, Chief Executive of respective businesses as well as the Managing Director & CEO and is presented to the Audit Committee along with the quarterly financial results.

The creation of this provisionary corpus is a symbol of our commitment to build a sustainable business which can deliver long term value and returns to all stakeholders. At present, there is no regulatory stipulation for NBFCs on “Floating Provisions” from the RBI.

Memberships and Associations

As an organisation that aims to continuously strengthen its presence across business segments, we interact and collaborate with various industry bodies to deliberate and share knowledge on important policy matters. Our Managing Director and CEO co-chairs the National Committee on NBFCs at The Federation of Indian Chambers of Commerce and Industry (FICCI). Members of our leadership team are also present on the Board/ Committees of other industry bodies such as Confederation of Indian Industry (CII), SEBI Mutual Fund Advisory Committee, the Indian Banks' Association's Monetary Policy Consultative Group, Indian Institute of Banking and Finance's (IIBF) Journal Bank Quest and Association of Mutual Funds in India (AMFI).

Stakeholder Engagement and Materiality Assessment

Stakeholder Engagement

We focus on forging strong relationships with our stakeholders as they directly impact overall business performance and long-term growth. These relationships are based on trust and our ability to deliver. Our key stakeholders include customers, employees, shareholders and investors, regulatory authorities and community. Being aware of the diverse needs of these stakeholders, we actively engage with each group periodically.

During these interactions, are centered around key topics of concerns, expectations and opportunities of improvement. A Stakeholder Relationship Committee of the Board assists us in maintaining healthy relationships with stakeholders - especially addressing the grievances put forth by our shareholders. This helps us in prioritising expectations and developing an inclusive and comprehensive sustainability strategy.

Stakeholder Engagement Approach

Stakeholder Identification

Key stakeholders are identified as those individuals or groups of individuals who are directly impacted by our activities and vice versa.

Stakeholder Prioritisation

Prioritisation of stakeholders is based on the extent of their influence on our business activties and functions as well as the extent of impact of our organisation's activities on them.

Stakeholder Engagement

The engagement process is carried out through various forums and discussion platforms.

Since this is our first sustainability report, the stakeholder engagement process for the report development was limited to its internal stakeholders i.e. employees and senior management members. However, the viewpoint of external stakeholders was assessed by taking inputs from these internal stakeholders who are continuously engaging with relevant external stakeholder groups and understand their expectations.

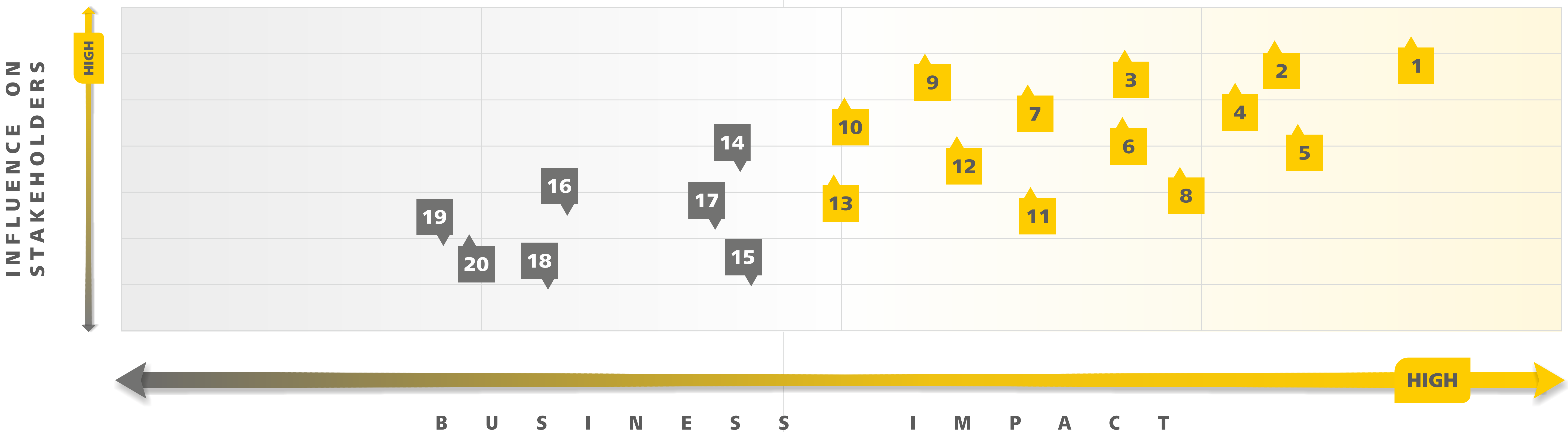
Stakeholder Group	Mode of Engagement	Frequency of Engagement	Key Topics Covered
Customers	• Customer satisfaction surveys • Regular business interactions • Dealer meets and engagement activities • Press releases • Regular media interactions • Ad campaigns • Social media	Ongoing	• Requirements with respect to our products and services • Borrowing profile of customers • Credit worthiness • Customer data privacy and security • Transparent and fair advice • Grievance redressal mechanism
Employees	• Regular interactions • Training sessions • Performance appraisal • Employee development initiatives • Annual reward and recognition programmes - Star awards	Ongoing	• Productivity • Talent management • Learning and development • Internal mobility • Training
Shareholders and Investors	• Annual general meetings • Quarterly and annual results • Investor and analyst quarterly meetings and con calls • Investor conferences • Non-deal road shows • Annual report • Quarterly results communications through social media and ad campaigns etc.	Need based, Quarterly, Annually	• Financial performance • Business strategy • Return on Equity • Long-term business performance • Goals and targets • Risk assessment and management
Regulatory Authorities	• Performance reports shared with SEBI and RBI • Compliance reports • Industry Bodies	Quarterly, Annually	• Regulatory compliance • Operational efficiency • Financial performance • Business strategy • Long-term business performance
Community	• Co-creating CSR programmes with implementing partners • Capacity building workshops • Local, State and Central level Stakeholder workshops	Need Based	• Baseline and need assessments • Region-wise CSR intervention • Business adjacency • Digital Financial Literacy, • Integrated Water Resource Management and Disaster Relief

Materiality Assessment

Compared to our industry peers, we are in a unique phase of growth and expansion. Through the execution of our business strategy, we have been steadily making a mark in the industry and increasing the market share for each of our business segments.

Our vision for long term growth and focus on top quartile RoE coupled with other strategic objectives have contributed to the identification and categorisation of relevant material issues. A bucket list of material issues was developed based on secondary literature survey, peer review and global and regional industry trends. Extensive interactions with the Managing Director & CEO, other members of the senior management as well the core Sustainability Task Force were organised, based on which, 20 potentially material topics were shortlisted for further prioritisation. The material topics were ranked on a scale of low, medium and high importance by members of the senior management which resulted in the prioritisation of the material issues as depicted in the matrix below.

Material topics categorised under Tier-1 fall under the critical (High-High) importance category. The Tier-2 issues are of High - Medium importance respectively. A large portion of the information presented in this report focuses on the critical material topics. However, additional information has been mapped to some of the topics listed in Tier-2 as well.



HIGH-HIGH IMPORTANCE

- 1 Return on Equity/ Return to shareholders
- 2 Sustainable business model
- 3 Digital and data analytics
- 4 Corporate governance & compliance
- 5 Rural livelihood
- 6 Enterprise risk management
- 7 Human capital
- 8 Upholding brand reputation
- 9 Maintenance of credit ratings
- 10 Climate change and GHG emissions
- 11 Providing transparent and fair advice to stakeholders
- 12 Enhancing access to housing loans
- 13 Financial inclusion and literacy

HIGH-MEDIUM IMPORTANCE

- 14 Global economy and policy
- 15 Product innovation
- 16 Community initiatives
- 17 Non-discrimination
- 18 Human rights
- 19 Representation with regulators
- 20 Waste management

GRI disclosures and boundaries considered for each identified material topic are as follows:

Sr. No.	Material Topic	Material Aspects	GRI Indicators	Boundary
1	Return on Equity	Economic Performance	201-1	Internal
2	Sustainable Business Model	Economic Performance	201-1	Internal and external
3	Digital and Data analytics	_	Non - GRI	Internal and external
4	Rural Livelihood	Indirect Economic Impacts	203-1	Internal and external
5	Corporate Governance & Compliance	General Disclosures	102-18	Internal
6	Enterprise Risk management	General Disclosures	102-15	Internal
7	Human Capital	Talent Management and Development, Diversity and Equal Opportunity	404-1, 404-2, 405-1	Internal
8	Upholding Brand and Reputation	Marketing and Labelling	417-2, 417-3	Internal and external
9	Maintenance of Credit ratings	_	Non - GRI	Internal and external
10	Climate change/ carbon emission	Economic Performance, Emissions, Energy	201-2, 305-1, 302-1, 302-4, 305-2, 305-3	Internal and external
11	Providing Transparent and fair advice to stakeholders	Marketing and Labelling	417-1	Internal and external
12	Financial inclusion and literacy	Indirect Economic Impact	203-2	External
13	Enhancing access to housing loans	_	Non - GRI	External

Financial
Capital

OVERVIEW OF OUR ECONOMIC PERFORMANCE

Financial capital is the basis for the sustainable existence of an organisation. It is the medium through which an organisation transacts and influences stakeholders, thereby contributing to economic growth. The robustness of a company's financial capital and its adequacy is essential for operational success.

There are mainly two types of capital that an organisation deploys to generate returns i.e. Equity and Debt. Equity providers demand the highest level of accountability and capital efficiency from organisations, due to the inherent risks. At LTFH, we are cognizant of this and are committed to efficient capital allocation amongst our businesses.

For financial institutions, debt capital is the fundamental raw material. Our ability to effectively access and raise debt was due to our parentage, robust business model and our consistent track record. L&T Finance (subsidiary of LTFH), launched first tranche of NCD public issue, which was successfully oversubscribed on day 1 and had an early closure.

As a prudent company, we constantly strategise to raise capital from diverse sources through economical and efficient means and deploy it across businesses. Over the past three years, LTFH has focused on increasing the retailisation of its financial portfolio towards a more equitable distribution between its lending businesses i.e. rural, housing and wholesale business segments. This book is well funded by a mix of non-convertible debentures (NCDs), other market borrowings, funding from banks etc. As a step towards further strengthening our Asset Liability Management (ALM), we are constantly working on the diversification of our sources of funds and have thus initiated the retailisation of our borrowings as well.

For FY2018-19, each of our business segments have witnessed a considerable improvement in their operational performance. This has led to an increase in RoE over the past three years from 9.78% in FY2015-16 to 17.92% for FY2018-19.

For detailed financial information about our organisation and its subsidiaries, please refer to our website www.ltfs.com

IFC Investment

Our commitment towards sustainability has been further demonstrated by funding from multilateral agencies like IFC. IFC- a sister organisation of the World Bank and member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries. They have invested across our lending businesses which have a direct linkage on environmental sustainability and socio-economic development.

In FY2017-18, IFC invested in the 1st ever green bond (under SEBI guidelines) issued in India by L&T Infrastructure Finance (subsidiary of LTFH), proceeds of the same were deployed in greenfield solar projects. In FY2018-19, IFC invested in L&T Housing Finance (subsidiary of LTFH) towards the financing of affordable housing.

Our operational highlights have been encapsulated as under:

Top quartile RoE Trajectory

FY16	FY17	FY18	FY19
9.78%	12.31%	15.73%	17.92%

Our Performance Indicators LTFH (consolidated) ₹ Cr.

	Book Size	Average Assets Under Management	Assets Under Service	Disbursement	Book value per share (₹)	PAT
FY19	99,121	70,944	28,164	58,224	67	2,226
FY18	85,354	65,932	18,354	66,965	57	1,255
FY17	66,648	39,300	14,416	46,789	44	918
FY16	58,256	25,945	9,267	41,163	40	656

PROFILE AND PERFORMANCE OF INDIVIDUAL BUSINESS SEGMENTS

Rural Finance

The rural finance business comprises of farm equipment finance, two wheeler finance and micro loans.

Farm Equipment Finance

We seek to enhance the livelihood of our farmers through our farm equipment finance business. Our pedigree in this space spans over 14 years leading to the creation of a pan India rural network across 20 states and 194 branches. The differentiator for this business exists in the strong Original Equipment Manufacturer (OEM) relationships and the dealer network that we have nurtured. Our tie-up with 3,000+ farm equipment dealers allows us to provide on-site financing and seamless services to our customers.

Two Wheeler Finance

We entered the two wheeler finance segment in 2012 and have since then expanded the business to 21 states in India.
Our differentiation lies in the effective use of algorithm-based lending decisions and mobile-based solutions. Our close relationship with 3,000+ two wheeler dealerships has helped us effectively partner and serve our customers.

Micro Loans

Our micro loans business covers 14 states through a network of 1,224 meeting centers across rural India. This business works on a data analytics-based sourcing and monitoring model which takes into account local demographics and socio-economic factors, along with both village and borrower-specific credit appraisals.

For FY2018-19, we recorded an overall loan disbursement of ₹ 19,735 Cr. under the rural finance business segment.

OUR PRESENCE IN ECONOMICALLY DISADVANTAGED REGIONS

We provide services in economically disadvantaged regions, helping enhance the living standards of our customers.

Farm Equipment Finance		
States	**Branches**	**Customers**
Assam	1	385
Bihar	10	18,150
Chhattisgarh	8	9,765
Jharkhand	3	384
Karnataka	15	28,446
Madhya Pradesh	32	50,433
Odisha	6	9,440
Uttar Pradesh	13	28,899

Two Wheeler Finance		
States	**Branches**	**Customers**
Assam	4	1,12,826
Bihar	3	35,788
Chhattisgarh	1	3,194
Jharkhand	2	29,357
Karnataka	3	1,16,019
Madhya Pradesh	1	28,504
Odisha	3	89,057
Uttar Pradesh	3	12,456

Micro Loans		
States	**Meeting Centers**	**Customers**
Assam	56	3,01,244
Bihar	89	6,09,342
Chhattisgarh	31	1,25,678
Karnataka	128	6,24,977
Madhya Pradesh	76	2,63,998
Odisha	148	6,64,471
Uttar Pradesh	39	98,255

Number and Percentage of Population below Poverty Line by states – 2011-12 based on Tendulkar Methodology http://planningcommission.gov.in/news/pre_pov2307.pdf

Competitive Strengths

Farm Equipment Finance

- Differentiated value proposition through best-in-class turnaround time (TAT) to customers and dealers on decisioning and disbursement
- Data-driven collection based on portfolio and macro-economic factors
- Extensive focus on early bucket collections to maintain portfolio quality

Two Wheeler Finance

- Best-in-industry TAT and technology for customer selection and on-boarding
- Effective use and implementation of data analytics along the customer life cycle
- Ability to execute strategy on ground with required scale

Micro Loans

- Deep-market penetration and rural presence across geographies
- Risk mitigation through various market and credit checks
- Robust early warning systems with triggers in place to maintain delinquencies
- Extensive use of analytics for centralised underwriting and collection

Housing Finance

Our growth strategy in the Home Loan and Loan Against Property (LAP) business is to focus on geographical locations with growing urbanization, income and demand for housing. We emphasize on direct sourcing of customers through in-house sales teams. Our presence spans across 12 states through 24 branches.

Real Estate Finance

Our real estate finance business is present in six select urban locations, i.e., Mumbai, Pune, NCR, Bangalore, Chennai and Hyderabad. Our offerings are focused on prominent real estate developers having robust delivery and performance records.

For FY2018-19, we recorded a loan disbursement volume of ₹10,439 Cr under this business segment.

Competitive Strengths

Housing loan /LAP

- Digital lending model to provide best-in-class TAT
- Comprehensive use of analytics for business generation and portfolio risk management

Real Estate Finance

- Strong structuring and underwriting capabilities with a focus on project completion
- Comprehensive and robust Early Warning Signal (EWS) framework
- Comprehensive product suite to address funding requirements of top developers

Wholesale Finance

The wholesale finance business comprises infrastructure finance, structured corporate finance and infra debt fund. In the infrastructure finance segment, we concentrate on financing renewable energy, transportation and power transmission projects. This business segment leverages our domain expertise and underwriting skills in the infrastructure sector to provide customised debt financing. It also includes an Infrastructure Debt Fund (IDF) which exclusively finances operational infrastructure projects.

Over the last couple of years, we have created a robust sell-down desk that is actively involved in under-writing and debt syndication. This sell down desk serves a twin purpose of earning fee income and efficient capital management.

Under the structured corporate finance business, we provide high-yield financing products such as acquisition financing, priority lending, debt financing for equity buyouts, private equity exits and loan against shares.

For FY2018-19, we recorded a loan disbursement volume of ₹28,050 Cr.

Competitive Strengths

Wholesale Finance

- Efficient transaction processing, in-depth sector knowledge and management capabilities
- Growing IDF book with industry leading profitability and structuring capabilities
- Robust down-selling desk having strong relationships with banks, both public and private financial institutions

Investment Management

Our Mutual Funds offering comprises over 27 open ended schemes which include debt and equity. We have a pan-India presence with 65 branches covering 59 cities in India, and approximately 30,000 distributors. The distribution network comprises of independent financial advisors, foreign banks, Indian private and public sector banks, broking companies and national distributors. Our experienced fund managers and competent research personnel rigorously examine investment opportunities keeping in mind prevalent market conditions.

Competitive Strengths

- Robust performance of the fund's equity schemes
- Strong distributor relationships

Wealth Management

The wealth management business offers a wide range of products across most major asset classes servicing 9,000+ clients. We are present in 9 cities in India and have a branch in Dubai, UAE. Our investments recommendations to clients are transparent and without any bias towards any particular type of investment category or product. Our advice is in accordance with their requirements and risk appetite.

Competitive Strengths

- Robust business model based on fundamental tenets of client centricity, intellectual property and execution efficiency
- Strong and expanding distribution reach with a diversified product range
- Cutting-edge portfolio analytics for tailored customer-centric advice and new customer acquisition

OUR CREDIT RATINGS

Credit ratings are a validation of our stable and sustainable business model. Our strong credit ratings prove that we are well equipped to fulfil the financial commitments made to our stakeholders.

	FY2017		FY2018		FY2019	
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
ICRA	A1+	AA+	A1+	AA+	A1+	AAA
CARE	A1+	AA+	A1+	AAA	A1+	AAA
India Rating			A1+	AAA	A1+	AAA

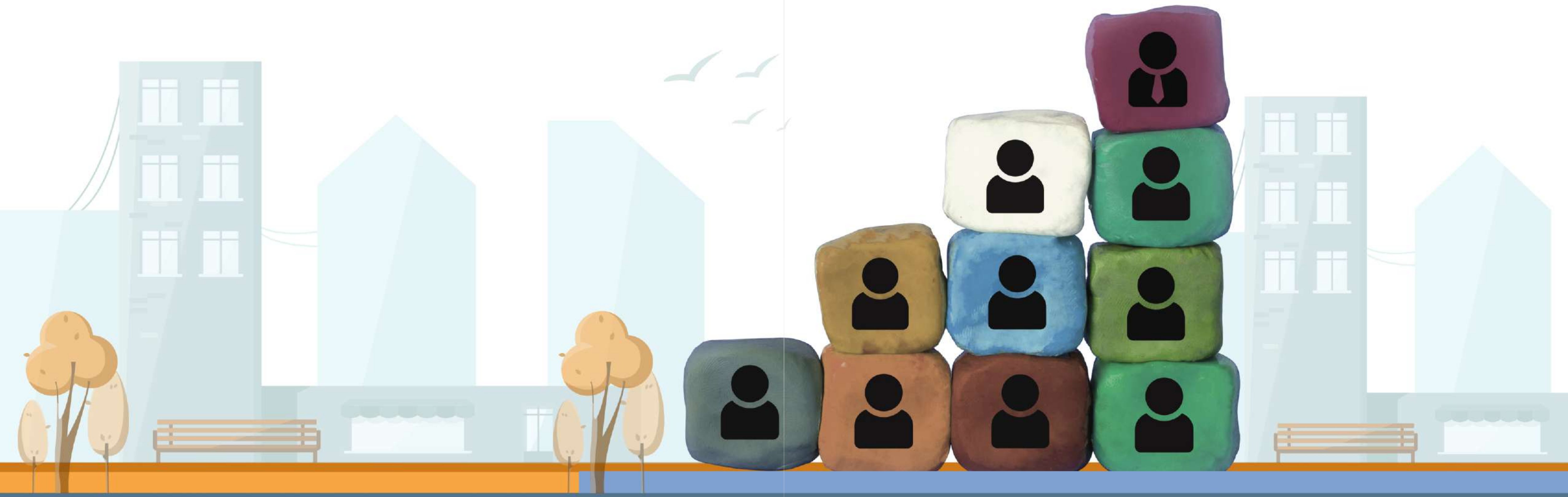
Role of Economic Research Division (An Internal Think - Tank)
We understand the importance of data led decision-making in taking the right step at the right time. By providing data analytics led insights in macro-economic aspects, agriculture sector nuances, regulatory policies and asset-liability management policies, the Economic Research Division headed by Group Chief Economist - Dr. Rupa Rege Nitsure supports LTFH's efforts in tapping the right kind of opportunities and swiftly responding to market dynamics.

ECONOMIC VALUE CONTRIBUTION*

Economic Value Generated and Distributed	FY18-19 (in ₹ Cr.)
A. Economic Value Generated	
Domestic turnover	12,989.73
Other income	635.91
Total Economic Value Generated	13,625.64
B. Economic Value Distributed	
Operating cost	1,033.75
Employee wages and benefits	824.73
Payments to providers of capital	7,059.73
Payments to Governments	1,144.26
CSR initiatives	13.38
Total Economic Value Distributed	10,075.85
Economic Value Retained (A - B)	**3,549.79**

*Non-cash items are not considered while calculating economic value retained.
For more information on the entities included in the financials, please visit the website: https://www.ltfs.com/investors.html

Human Capital



INTENT, EXECUTION, CULTURE

Communicating the Intent of our Management

The intent of our management is clear, to deliver top quartile RoE by profitable growth in our focused areas of business. The performance measurement metrics for employees across businesses have been aligned with this intent and are communicated clearly throughout the organisation. The goal-setting process ensures that employees have visibility of their goals at the beginning of the financial year. This brings in clarity on expectations and ensures effective performance planning.

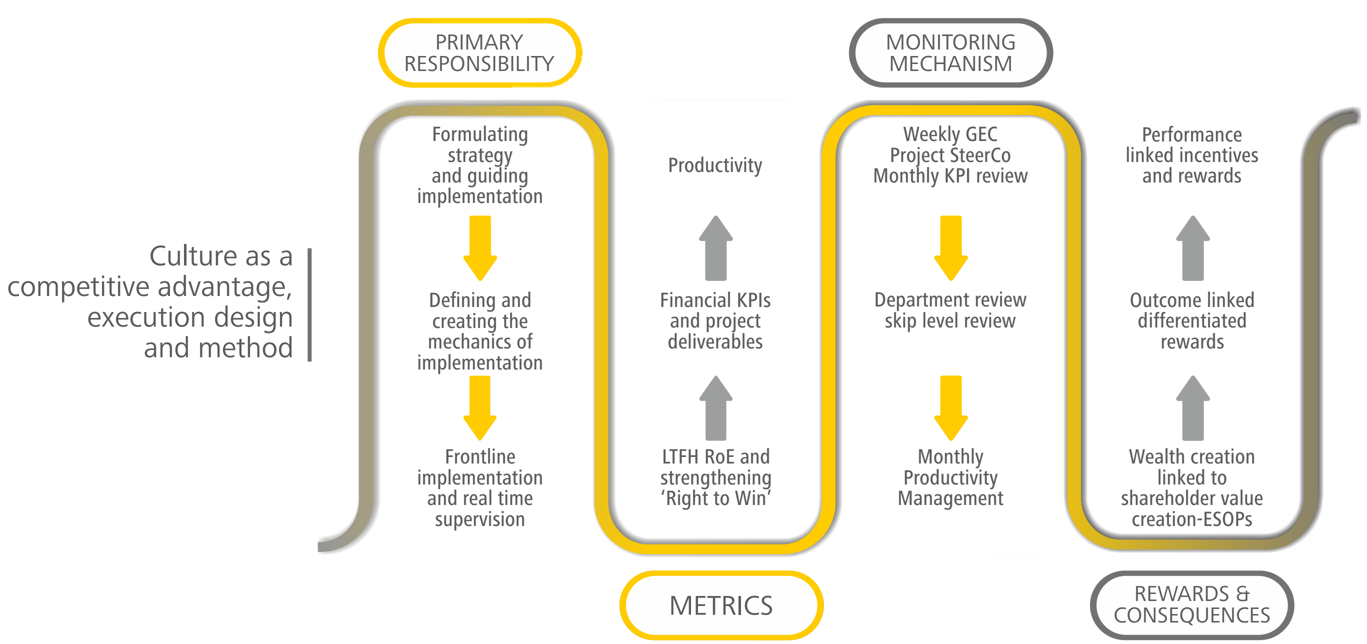
Building a well-honed Execution Engine

Execution is the bridge that translates strategy into results. Our strategic choices are converted into projects – cross-functional teams, led by a senior leader to drive the desired outcomes. Over the years, such projects have driven transformation in many areas across the organisation, while simultaneously helping to spot and develop, future leaders by giving them the required 'stretch' to learn and grow.

'Right People' for 'Right Culture'

Our culture emphasizes on having a workforce that is:

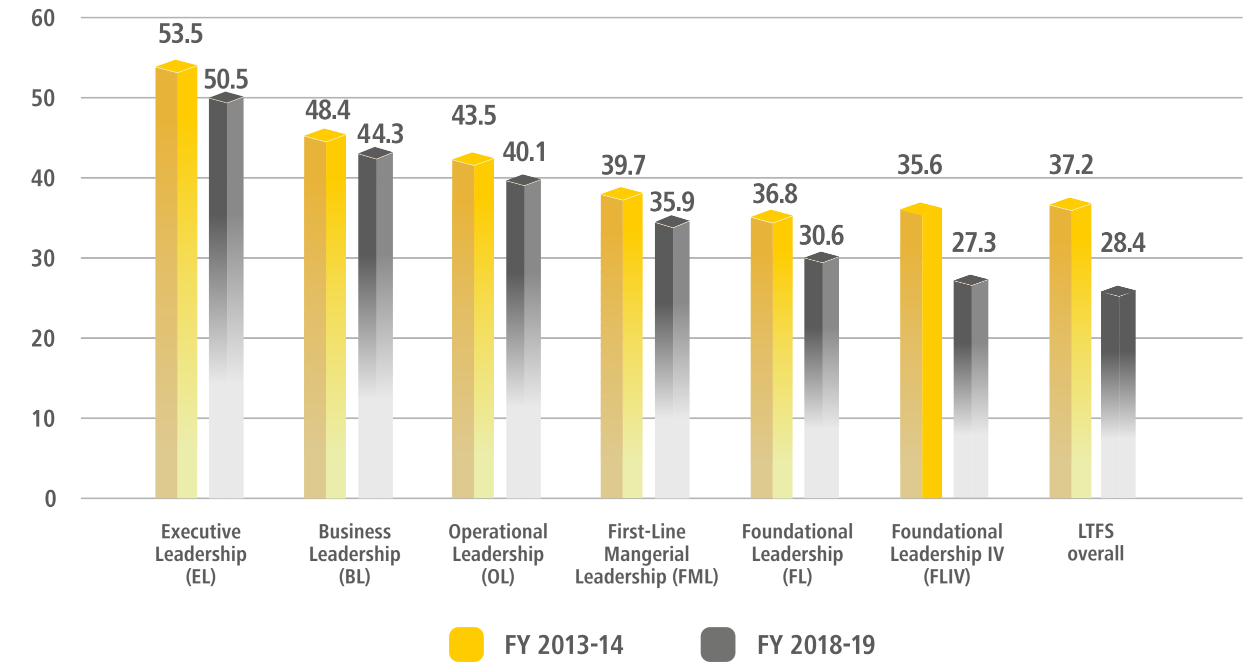
- **Agile and driven to succeed**
- **Diverse**
- **Clear about what it is expected of them, with management being transparent about how rewards are distributed**
- **Continuously learning through interventions that emphasise functional skill-building and leadership development**



Establishing an Agile and Young Workforce

Our result-oriented culture requires a motivated workforce. Over the years, we have been able to create a blend of youth and experience that mirrors the evolution of the industry. Maintaining this balance, has helped us groom young talent and simultaneously leverage the expertise we have built over the years. From FY2013-14 to FY2018-19, the average age in our organisation has reduced from 37.2 years to 28.4 years.

Average age across levels FY 2013-14 to FY 2018-19



Key initiatives in this direction include

Bringing in Young Talent through our Management Trainee (MT) Programme

The Management Trainee Programme is designed to create a diverse yet culturally aligned talent pool for 'One LTFS'.

We recruit management trainees from reputed campuses across India and provide them with an intensive induction programme. They interact with senior members of our leadership team, including the Managing Director & CEO and the Chief Human Resources Officer (CHRO) to understand our organisation's priorities, values and expectations from young talent.

This is followed by a three-month induction program in various businesses across the country, where they learn about our customers and work processes, while also being accountable to deliver results. The induction programme is rigorous and competitive. Weekly reviews and stretch assignments drive each MT to deliver their best and move up the learning curve quickly.

Encouraging internal talent to take up complex responsibilities through 'Aspire'

'Aspire' is an internal job opportunity initiative that fulfils the aspirations of our young frontline staff.

This programme is particularly targeted towards our frontline supervisors from the sales teams and has been extended to the support functions. A planned growth opportunity such as this enables us to attract and retain superior performers for frontline roles. Performance, potential and aspiration play a key role in identifying and selecting employees to be promoted.

Subsequent to the promotion, there are various training interventions that support first-time managers in understanding their role and responsibilities. For instance, the 'Varchasva' training programme helps newly appointed managers to:

- **Learn how to manage subordinates**
- **Set targets and give feedback**
- **Identify ways to improve business metrics like disbursements & collection efficiency**

Workplace Diversity

We emphasise on hiring individuals from a wide variety of backgrounds with different characteristics, beliefs and know-hows. It gives us access to a plethora of ideas in order to further enhance our business growth and increase customer satisfaction through better understanding of their needs.

Our processes related to attracting, retaining and developing talent are based on merit, competency of the individual and our business requirements.

We also consider ourselves diverse in terms of how we are distributed across the country. Our geographical presence mirrors India's diversity, which we leverage to serve millions of customers.

Enhancing Employee Productivity

Enhancing employee productivity has been an area of focus in our transition journey and will continue to play a vital role in helping us execute our strategy. Our endeavour is to improve productivity across levels.

Senior Management

Our executive management members have been given responsibility for multiple functions ensuring that we are able to react faster to the needs of our customers and are efficient in making the most of market opportunities. This also helps build synergies across diverse functions and prevents the formation of silos.

Their leadership journeys are further enhanced by one-on-one coaching and leadership sessions with leading international management experts on relevant areas - like growing fearlessly.

Middle management

Through extensive training and individual responsibilities in strategic projects, we focus on enhancing the capabilities of the middle management.

Our 'Transformation Leadership Programme' for example, aims to help mid-level managers become aware of their leadership resources and the strengths or limitations these resources place on their leadership abilities.

Similarly, our 'Leading Performance' initiative helps them realign their understanding of key performance drivers, performance management at different levels and the cultural anchors on which sustainable performance is based. All mid-level managers are covered in these programmes.

Frontline Management

Our Parichay programme orients new joinees to the organisation and gives them the necessary know-how to move up the learning curve quickly.

Programmes like Varchasva and Lakshya, impact business acumen and help front line supervisors manage their field forces.

Total hours of training received:

	Top Management	Senior Management	Middle Management	Junior Management	Frontline Staff
Male **2,25,016** Female **13,528**	**96**	**1,664**	**10,632**	**41,912**	**1,84,240**

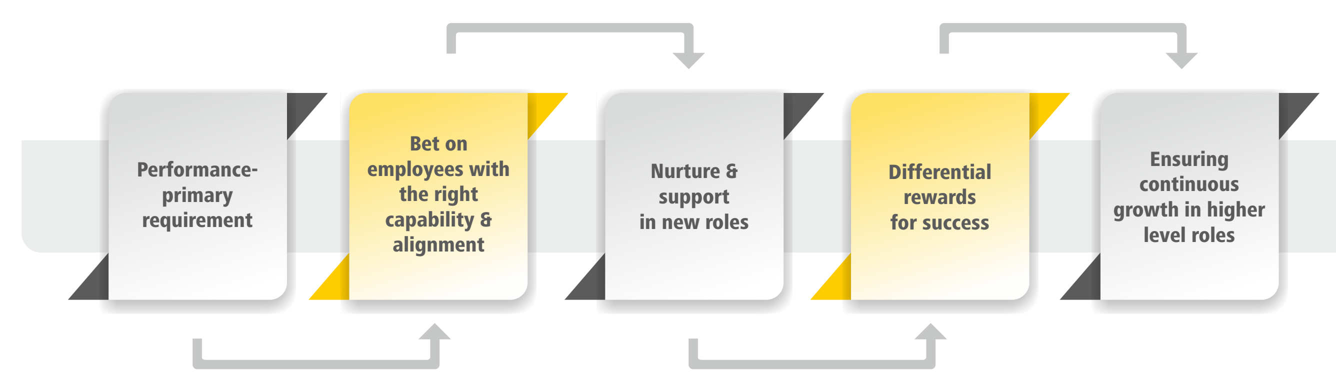
Average training hours per employee:

Male - **11.2**

Female - **12.6**

Talent Management and Development

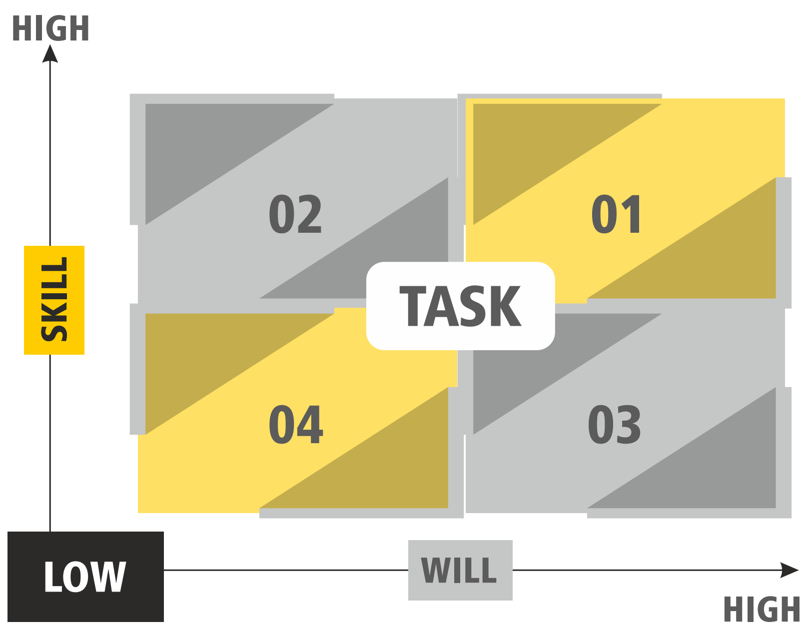
Consistent with our transformation plan, our talent strategy is performance-oriented and in alignment with our goals. From the start, we have focused on employees who have demonstrated the right capability, the right attitude and the desire to 'Step Up'. While domain knowledge and expertise are important, we believe in evaluating the individual's potential and actively encouraging cross-functional movements. Translating these tenets into reality, the leadership team actively identifies employees showing greater drive and capabilities, entrusting them with newer responsibilities to fuel their career growth.



Leadership Vitality Programme

Our leadership vitality programme (LVP) accelerates development of internal leaders. Talent is segmented as per employees' performance and their alignment to the 'Skill-Will' matrix. High performers are put through a set of interventions based on the following anchors:

Classifying employees as per Skill-Will matrix



Talent development and reward initiatives as per classification

LVP	Skill - Will Quadrant				
	Skill - Will Quadrant Nos.				
Experience	Leadership/ Membership of CoE				
	Promotion in the last 24 Months				
	Role Change/ Enhancement in past 1 year				
	ESOP Grant				
	Compensation P50				
Exposure	Facilitator of Townhalls				
	Trainer/ Subject Matter Expert				
	360 Degree Feedback				
Education	Transformational LDP				

Experience

Identified employees are given opportunities to lead strategically important cross-functional projects. Every role change or role enhancement for them is assessed actively to provide them new opportunities to grow. We also ensure that their rewards are commensurate with their talents and contributions.

Exposure

Employees are provided platforms to develop skills outside of their functional domains. For example, they are assigned the task of cascading messages from the organisational leadership to the larger organisation. They become facilitators for 'Town hall Meetings', which are a two-way communication platform to share 360-degree update and inputs on our mission of superior shareholder value creation. These town-hall meetings are organised every quarter across cities, departments, functions and grades.

Education

We have a well-developed and tiered 'Transformational Leadership Development' programme. The contents of the programme are specifically tailored to ingrain the culture of the organisation and required leadership capabilities. Some of the training programmes provided include management development programmes, mentoring sessions and other functional trainings. The leadership orientation sessions help build specific attributes such as perspective, power, interpersonal orientation and ambition.

Performance Management System

At LTFH, the performance culture is designed in such a way that all employees understand the company's mission and goals, and align their performance to achieve them. The individuals and teams are appropriately empowered and are rewarded according to their contributions to the organisation's goals. The following steps are conducted as part of the Performance Management Process:

KPI Setting: At the beginning of the financial year, corporate KPIs are set annually for every platform and functional units within LTFH. These KPIs contribute towards achieving the vision of the organisation.

Individual KRAs: Key Result Areas (KRAs) are the job responsibilities that need to be carried out and for which, one is completely responsible. KRA is set for all the employees at the beginning of the year, post discussion with the immediate supervisor and department head.

Manager Feedback: At LTFH, feedback is an on-going process where the supervisor shares feedback for their team member's performance and helps create development plans.

Attribute Assessment: It measures and assesses results as well as the behavioural attributes (JRA, GRA) that enable the achievement of the expected results. This is applicable for FML and above employees.

Annual Appraisal: This is the assessment of the employees against their KRAs set at the start of the year. The overall rating is finalised in discussion with HR and the Group Executive Committee for annual increment.

Rewards and Recognition

Star Awards

It is imperative that the top performers exemplify our culture, live our values and draw inspiration from them. To celebrate these value champions, we have created STAR Awards, a recognition programme that celebrates our exemplary employees who have:

- Lived and demonstrated the organisation's values
- Contributed to the success of cross-functional teams
- Impacted the transformation agenda

In FY2018-19, of the eligible population of 4,270 employees, 1,229 (876 nominations include nomination for team awards) employees were nominated. Of these, 109 employees won awards under various categories, thus, making it a truly aspirational programme and a shining example of excellence.

Employee Welfare

Employee Benefits

All full-time employees are offered a wide range of benefits which include gratuity, insurance (medical, accident and life), maternity leave, leave encashment, pension and provident funds. All employees are eligible to participate in the Matching Grant Scheme (MGS), a wealth-creation opportunity in which the organisation matches (subject to limits) the investment made by the employee in any of L&T Mutual Fund schemes. Employees are also entitled to parental leave as per our policy. During the reporting period, a total of 42 females and 137 males took parental leave.

Of the 179 employees, 178 returned to work after the parental leave ended and 143 employees were employed with us 12 months later.

Ensuring the safety of our people is a vital part of our business operations. We organise periodic training sessions to ensure that there is complete awareness with regard to health and safety practices across the organisation. Regular mock evacuation drills are also conducted to ensure preparedness in case of fires, earthquakes and other natural disasters.

Our Workforce Dashboard

We employ a large workforce with the requisite qualifications, skill sets and capabilities to meet our diverse business requirements. The total workforce for FY2018-19 was 21,042 with an approximate male to female ratio of 19:1. About 75% of our overall employee base consists of frontline staff, largely placed in semi-urban and rural areas, comprising a primarily male workforce.

Total workforce by employee category

Top Management	Senior Management	Middle Management	Junior Management	Frontline Staff
12	48	914	4,223	15,845

Total workforce

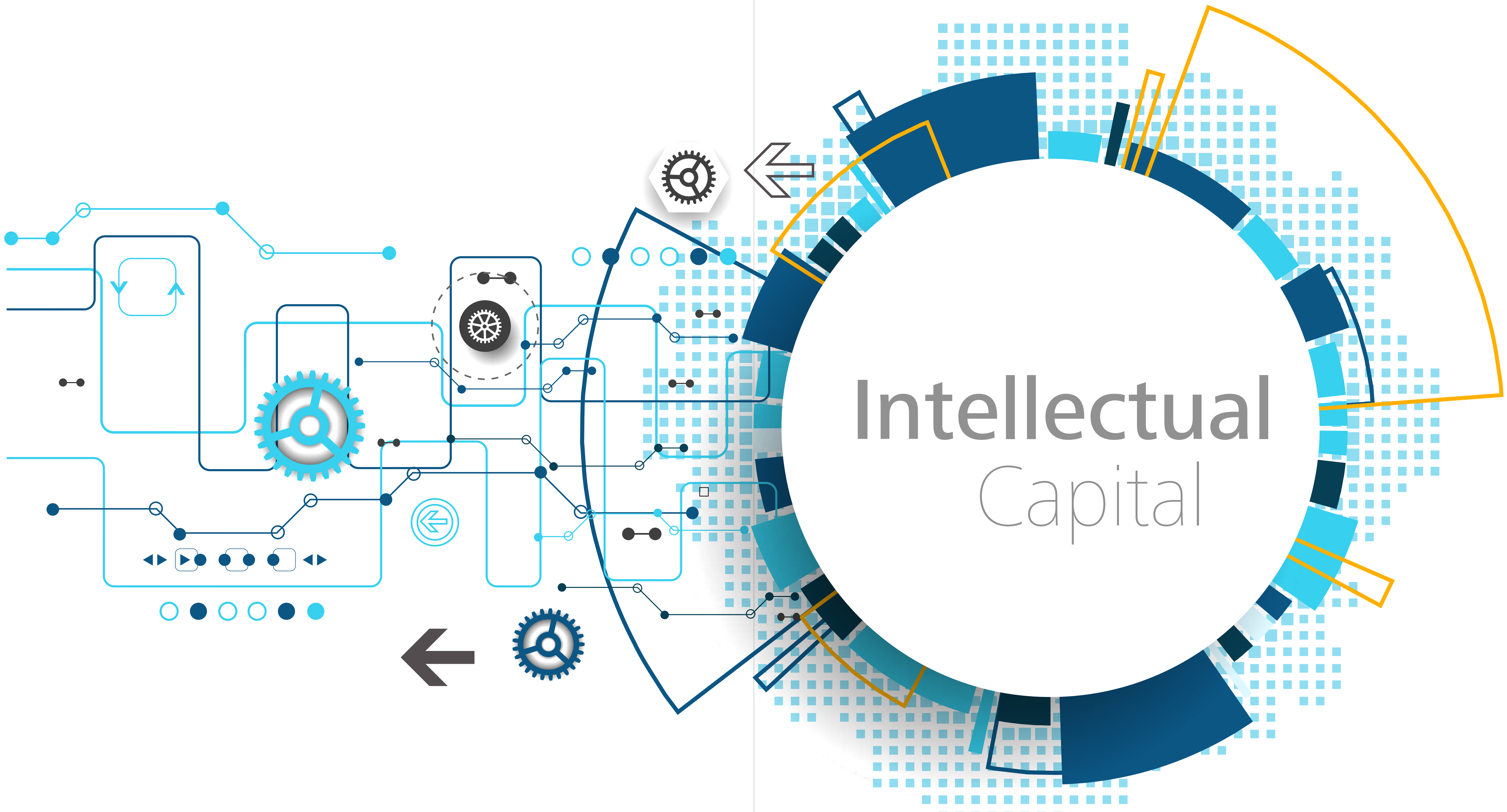
Male	Female	Total
19,969	1,073	21,042

New employees hired

Male	Female	Below 30	30 to 50
14,785	650	12,429	3,006

Employee turnover

Male	Female	Below 30	30 to 50	Above 50
5,686	319	4,425	1,578	2



Intellectual Capital

Digital and Data Analytics

India is in the midst of a digital revolution, which is transforming the country through inclusive growth, creation of new businesses and job opportunities. The country's financial sector has expanded in the past five years on the back of the digital revolution, with banks and other financial services firms rapidly adopting technology in every aspect of their operations. The realm of digital opportunities runs across various aspects of financial services, including marketing, customer engagement, channels of acquisition, process re-engineering, cost optimisation, superior risk management, product development and even completely new business models.

In response to these developments, we have completely revamped our information technology architecture. Our approach has always been proactive and we endeavour to be ahead of the market. We have developed an architecture to enhance our 'Right to Win' in all the focused products by offering the best Turn Around Time (TAT). At LTFH, our aim is to inculcate Digital & Analytics into our culture by rewiring the complete business operation in a way that technology orchestrates all the processes. This digital transformation is focused on making business processes robust through the use of data intelligence. This will help us achieve multi-fold improvement in 'Scale', 'Cost Effectiveness' and 'Customer Experience'.

We have undertaken the following initiatives to revamp the entire IT architecture to create a technology-driven workspace ensuring sustainable growth at a rapid pace.

Continuous Improvement of LTFH Security Posture
- Implemented 3-tier security architecture with multiple layers of defense & security
- Leveraging latest technology to secure end points from advanced cyber threats

Leveraging Advanced Analytics in every critical business decision
- Identification of risk metrics for Micro Loans
- Collection strategy & Application Score Card - Gen 4 for TW
- Helping farmers through innovative schemes for working-capital needs

Optimise IT Operations & Services
- Leveraging Google Cloud for better space optimisation
- Implementation of strict controls on production access

Simplify Data Architecture & Enable Live reporting
- Leveraging the power of Google Cloud and big query for Data Analytics and Enterprise Data Warehouse (EDW)

Enhanced Focus on Risk Management
- Mandatory audit controls embedded with each change
- Information best practices introduced right from development stage

The digital transformation journey that we have embarked upon will lead to multifold benefits. Some of the steps that have had a direct positive impact on the RoE are:

Cost of Collection/ Credit Cost

Robust customer differentiation and credit decisioning capabilities using data analytics

Early warning detection techniques to identify potential losses and exposures proactively

Cost of servicing

Seamless multichannel proposition for fulfilment of on-demand service requests

Elimination of manual data entry

Cost of Acquisition/ Onboarding

Interdisciplinary and agile processes across products

Paperless on-boarding and verification using e-KYC, e-sign, e-stamping

Productivity Enhancements

Tech-empowered frontline staff for real-time algorithm-based decisions

Dynamic target allocation to tap business opportunities

Growth

USP around best-in-market turnaround time (TAT)

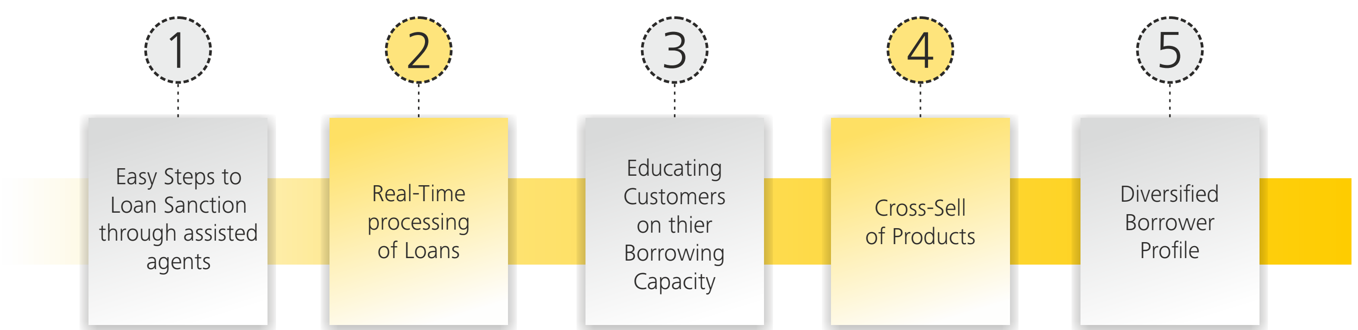
Value proposition for higher customer wallet share

Leverage Digital and Data Analytics to create Long-Term Customer Value

The strict regulations governing the banking industry do not allow customers with bad credit scores to avail loans. The customer may have defaulted previously for some reason, affecting the credit score and also the possibility of availing a loan in the future. In such cases, we have established seamless fraud detection and loan disbursements processes to new customer segments through its assisted Mobile App technology, bringing about 'Anytime Anywhere' banking to its users.

In a country that has a large un-banked population, our organisation has focused on lending responsibly to people with little or no credit history or who may be under-served by traditional and formal banking channels. Microcredit, focuses on informal, usually women-owned microenterprises, provides shorter-term loans and helps develop strong relationships between loan officers and borrowers. Significant steps have been taken by us in this space to help people build more stable economic lives.

FEW STEPS AIMED IN THIS REGARD ARE AS FOLLOWS:



We aim to offer value propositions to all our customers across business segments. However, the maximum positive impact through technological interventions has been created in the rural finance segment. With inputs from our historical portfolio trends, we have built analytics-based algorithms and evaluation metrics. This includes macro-economic indicators, demographics, credit repayment history, credit bureau data and asset selection that assists in evaluation of the credit-worthiness of a borrower. Our credit decisions for these businesses are therefore largely standardised, template-driven and objective.

Key Case Studies

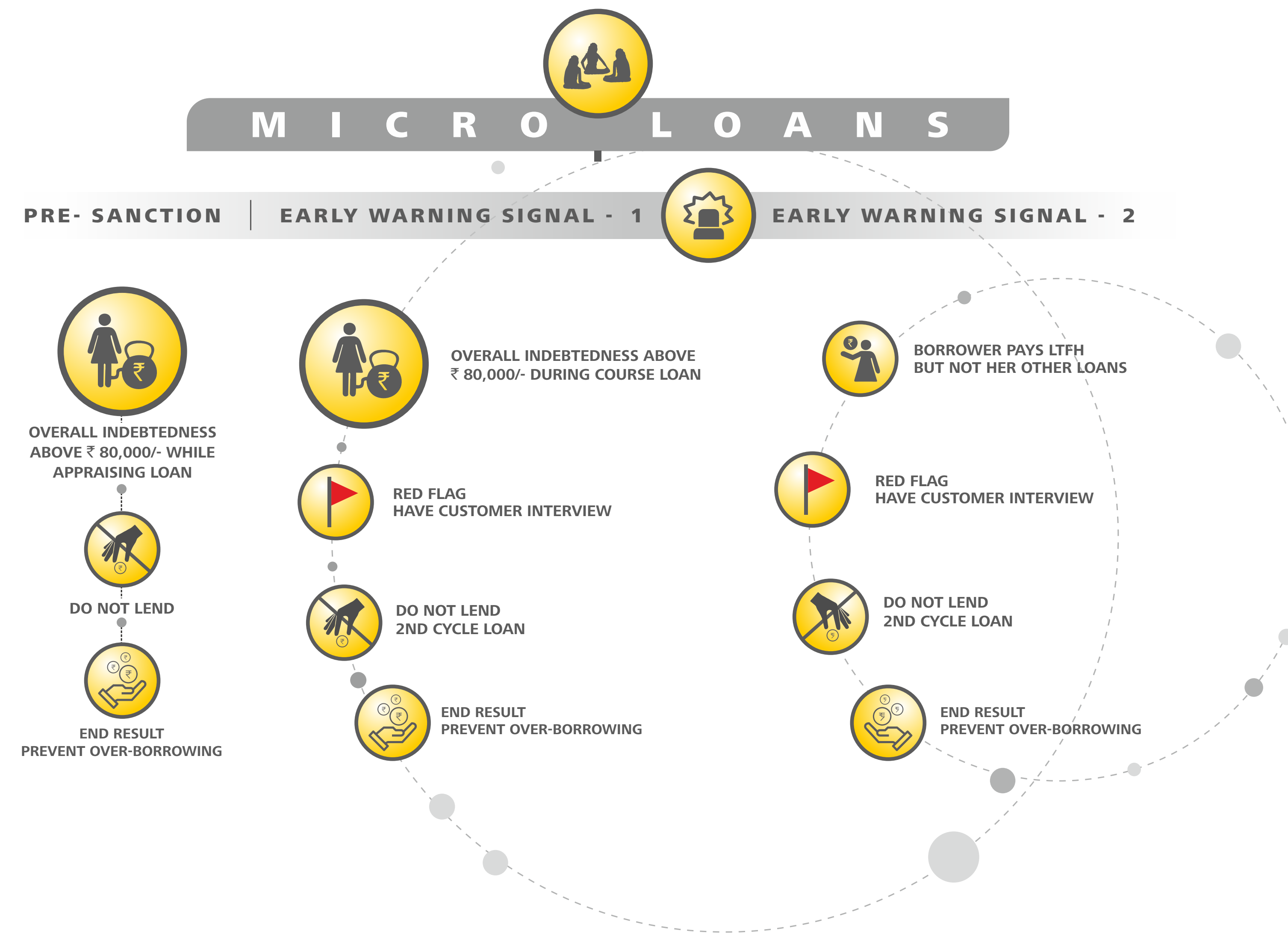
Micro Loans

Financial inclusion through deep data analytics

We use our digital transformation and investment in technology to foster responsible financial inclusion. While we originate business using mobile phones, we apply algorithm-based data analysis for making lending decisions.

We understand that the customers in rural areas have low levels of financial awareness and often tend to over-borrow.

In order to ensure that customers do not exceed their borrowing requirements, there are training programmes that are an inherent component of our pre-disbursal process. Additionally, we have put in place 'early warning signals' guided through in-depth data analytics to prevent over-borrowing.



Digital Advancement - Bringing in Ease and Efficiency

Digital advancement and technology have helped us bring financial services to the doorstep of individual customers. An assisted smart mobile app catering to customer needs has led to a reduction in TAT for loan sanctioning and disbursement. Few more offerings that come along with it are:

- Implementation of straight-through-processing in middle and back-office functions.
- Increased integration of third-party providers into operations to improve cost efficiency and build capabilities.
- Transformation from manual, time-consuming, human judgement-based underwriting process using technology advances to provide instant, real-time approvals.
- Training of front-line collectors to represent organisational values and maintain a customer-centric approach.
- Education of borrowers on their responsibilities.
- Smarter decision-making and ensuring availability of credit for the customers at the best rates at all times.

Case Study - Two - Wheeler Finance

Sangam TAT report [Jan'19 - Mar'19]

Sanction TAT in minutes	Count of logins	% of Biz	Cumulative biz %
<1	1,13,374	56%	56%
<2	81,222	40%	96%
<3	3,428	2%	98%
<4	2,380	1%	99%
>=4	2,255	1%	100%
TOTAL VOLUME	2,02,659		

Case Study - Home Loans (Salaried Loans)

Reduced **TAT**	**20** mins Sanction	Faster **On-boarding**	Intelligent Workflow **Management**
Automated Bureau & Credit Policies	**Same day** disbursement	Aadhaar compatible **Digital Sourcing**	Seamless **Sanction & Disbursement**

Analytics-Led Sourcing to Counteract Impact of Climate Change on Agricultural Practices and Rural Economy

Climate change has hastened the transition of our rural customers towards sustainable farming practices. Our strategy is defined by the impact that climate change has on: changing cropping pattern, precipitation patterns, ground water levels, reservoir levels etc. for each of the regional markets we want to penetrate. These factors have been used to formulate our data analytics algorithm. We have a dedicated team which analyses data and develops financial models using different variables as inputs to assess business dynamics in any specific region. We also analyse data gathered to provide us district-wise inputs on these metrics, which are used for loan disbursement and assessing collection patterns, credit stress on borrowers and likelihood of default. This data also helps us identify and focus on areas for our integrated water resource management programmes undertaken by the CSR team in rural areas.

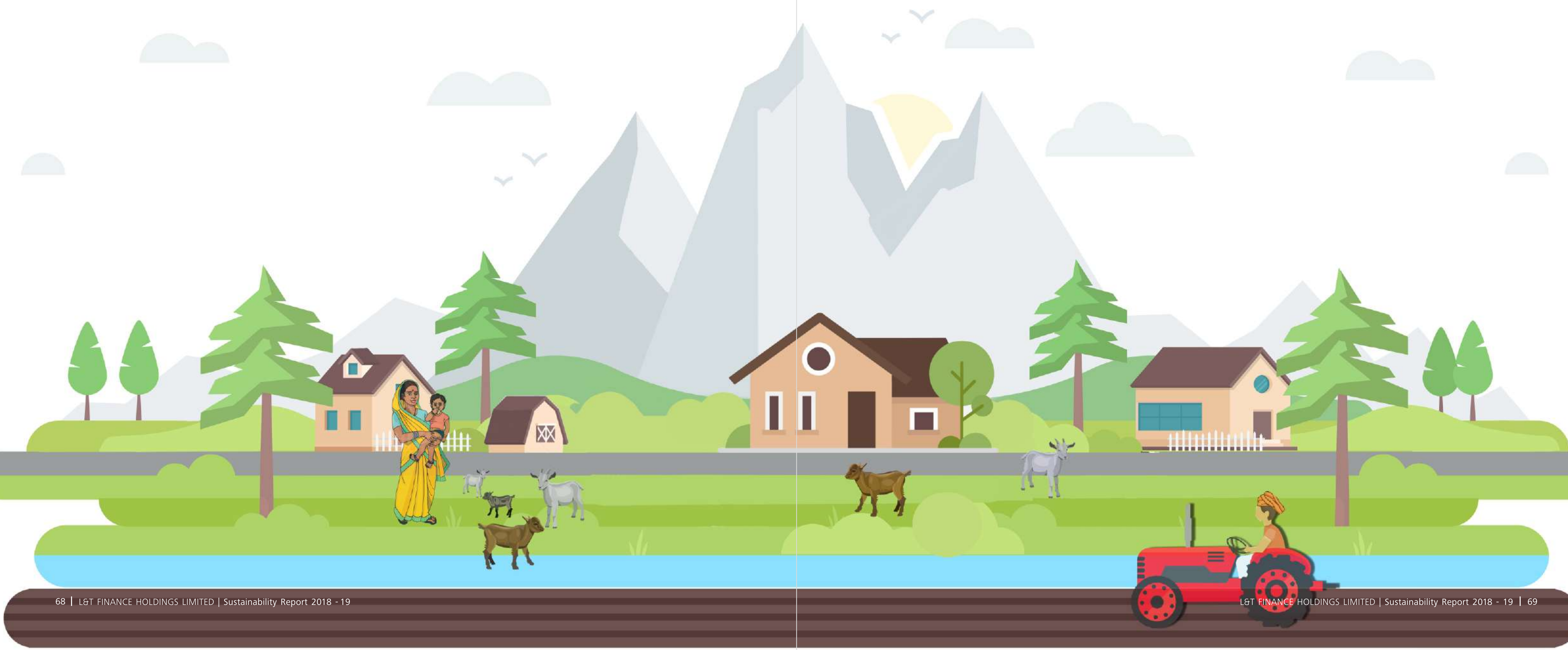
Information Security

Increasingly, organisations are relying on emerging technologies for sustainable development. Companies are adopting digital transformation to enable a data-driven decision-making process and to enhance their businesses. However, integration of new technology with existing business systems comes with new security challenges. With faster and more efficient technology, the damages caused by a security threat can also be accelerated. For organisations that collate personal data, such as financial institutions, it is becoming imperative to enhance focus on data security, customer privacy and more comprehensive compliance requirements. As cyber-attacks continue to become more sophisticated and damaging, regulatory bodies have mandated stringent rules and regulations to protect customer data.

As an organisation that is constantly leveraging digital technology to drive business growth, we have instituted security protocols such as firewalls and intrusion prevention system to detect and stop cyber threats. We have also developed separations for internet facing applications and critical internal applications. The entire IT infrastructure and applications are periodically assessed to identify potential security threats and immediately remedy them. Critical applications and systems are continuously assessed for any suspicious activity.

Internal policies have been established for the acceptable use of corporate systems, confidential data, email, mobile devices and passwords. Tools such as Data Loss Prevention (DLP) and Identity and Access Management (IAM) have also been deployed to tackle different threats and unauthorised access to the systems and networks.
A disaster recovery system has been established for all business critical applications.

Social & Relationship Capital



Community Development

In our commitment towards good corporate citizenship, we are determined to create a positive social change. Corporate Social Responsibility (CSR) attempts to transform the landscape of our businesses with a focus on creating value for indigent communities that desire a secure future by creating sustainable livelihoods for them.

We consider stakeholder inclusivity as a critical driver for conceptualising projects. Broadly categorising stakeholders as internal and external, we interact and communicate with each group, valuing every standpoint and suggestion. Every CSR programme is co-created through continuous engagement with internal (employees and senior management) and external (implementation partners, government authorities and rural communities) stakeholders. Our CSR committee has devised a group-wide policy that outlines the activities to be undertaken by our Company for creating value for communities. Our social responsibility agenda is aligned with United Nation's global development agenda of Sustainable Development Goals (SDG) particularly 'No Poverty' (SDG -1), 'Gender equality' (SDG -5), 'Climate Action' (SDG 13) and 'Partnership for the goals' (SDG 17). The CSR policy transcends individual inclinations to bring together all stakeholders into one-fold. They are prioritised based on their degree of impact on LTFH and vice versa. This focussed approach enables us to direct our efforts and channel our energy to the identified set of programmes.

CSR Vision

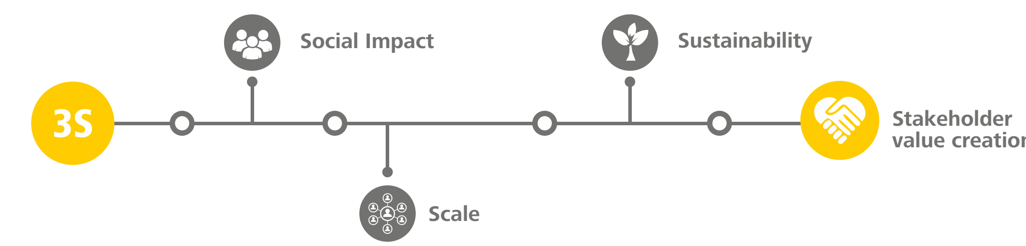
We aspire for an inclusive social transformation of the rural communities we serve by nurturing and creating opportunities for sustainable livelihoods for them.

CSR Mission

Our mission is to reach marginalised farmers and women micro-entrepreneurs in the rural communities that we serve and work towards rejuvenating their eco-systems thereby creating sustainable livelihoods and enabling financial inclusion.

Our 3-S CSR approach is aligned to the organisation's purpose of using the ideal balance of Right Businesses, Right Structure and Right People, to maximise stakeholder value.

A framework of 3S, i.e., Social Impact, Scale and Sustainability are the key elements to implement our CSR projects



Right Projects	Right Structures	Right Partners
Improve quality of life for farmers & rural women entrepreneur	Availability of sufficient quantity of water in rainfed areas 365 days a year and capacity building of rural eco-system	The number of beneficiaries impacted in villages

Focus on Social Returns on investment for Stakeholder Value Creation

Project-based approach

We follow a project-based accountability approach to emphasise on the long-term sustainability of our CSR interventions. Our action plan is clearly defined for mid-term and long-term projects wherein we conduct baseline, midline and end-line surveys with clearly defined measurable outcomes.

Project monitoring

Each programme is aligned to generate certain deliverables that are derived with a clear co-creation exercise with implementing agencies. We follow the Logical Framework Analysis with regards to our CSR projects with defined output, outcome and impact indicators. The project Memorandum of Understanding (MoU) enunciates each activity and aligns deliverables to the objectives of the project. To support clear understanding, the outcome and impact indicators are clearly mapped in the MoU as well. In order to standardise data from the fields of intervention, reporting and monitoring, templates have been developed for each CSR project. The implementing agency has to submit quarterly programme reports as per the formats. The CSR team interacts with the implementation partners of the respective projects on a weekly basis to monitor progress .

Our CSR Thrust areas

Responding to the need to create a sustainable and inclusive ecosystem, our key CSR efforts are woven around Sustainable Livelihoods for rural communities facilitated by two thematic areas of intervention - Integrated Water Resource Management and Digital Financial Inclusion for Women Empowerment. We also work in the areas of Disaster Relief and Road Safety.

Integrated Water Resource Management (IWRM)

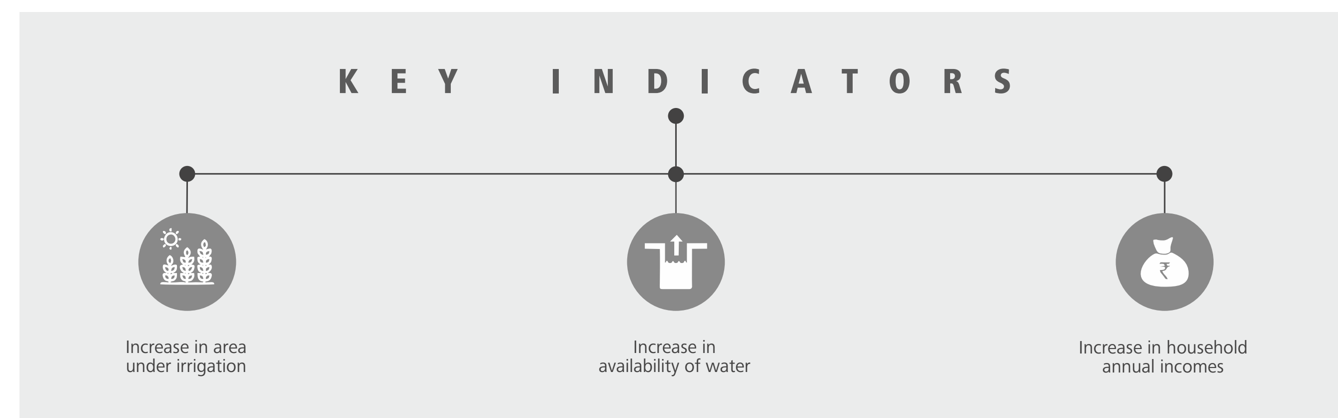
Water being a key lifeline for rural livelihoods, we are committed to chart out long-term innovative solutions benefitting water-deprived communities. The IWRM programme engages with the communities to prepare and implement interventions which address their core need of water availability and enhance the rural economy through agriculture and allied activities. We gained an in-depth understanding of the water scarcity and related distress faced by farmers and the community at large, subsequent to the severe drought faced by the Marathwada region of Maharashtra in FY2014-15.

The Jalvaibhav programme

As a response to this long-term effect of climate change, we extended support to these communities to ensure drought mitigation and resilience building activities in 62 villages of Beed, Latur, Osmanabad and Solapur districts by designing a programme called 'Jalvaibhav'.

The objective of the programme was to not only create water structures, but also to strengthen resilience and adaptive capacity to climate-related hazards amongst the community. To improve education, awareness and institutional capacity on climate change mitigation and adaptation and to further enhance livelihood of the community, the programme strategies included:

- Components of early warning and drought monitoring
- Contingency crop planning for drought proofing
- Integrated watershed management by creation of structures
- Improved agronomic (water saving) practices
- Alternative land use systems
- Livestock management activities
- Animal health and nourishment
- Fodder resources and socio-economic impacts



Impact and outcomes

- **23% increase in ground water levels (in Meters) - 0.73 to 0.90**
- **25% increase in water storage (in Thousand Cubic Meter) - 1,115 to 1,412**
- **19% increase in Rabi crop area (in Hectares) - 5,482 to 6,507**
- **4% increase in irrigated area for cultivation (in Hectares) - 4,199 to 4,383**
- **16% increase in household annual incomes (₹ 60,500 to ₹ 70,320)**

Digital Financial Inclusion

Our efforts are to create livelihood opportunities for farmers and women, and educate them to imbibe the nuances of financial literacy. This leads to enhanced absorption of facilities and schemes granted by the Government and other financial institutions. This also helps to percolate the national agenda of creating a cashless economy by bringing in digital modes of payment into their daily lives. This will be a timely intervention in the current context with numerous catalysts being enabled by the Government towards a Digital India.

The Digital Sakhi programme

In light of this, we designed a programme called 'Digital Sakhi', which focuses on **Sustainable Development Goal (SDG) 5. – Gender Equality**. Believing that women, when empowered with relevant skills can become efficient change agents in their community, we created the programme for the under-resourced communities.

Under this programme, 100 women, Digital Sakhis, are identified from the community and trained extensively on digital financial literacy (DFL), leadership and technology. Each of these women are equipped with a mobile tablet with pre-loaded DFL modules. Leveraging strengths from within the organisation, the DFL modules were prepared in-house by a cross-functional team. This helped disseminate information throughout the community on digital payments and other relevant government schemes.

We have established a rural finance portfolio wherein the business directly engages with the rural community. This enables us to understand the challenges faced by farmers, women entrepreneurs and the community at large. Baseline and Needs Assessment (BAN), a scientific study, was conducted to ascertain the socio-economic indicators, the existing infrastructure and prevalent practices amongst communities. The findings of this study were compared with the secondary data sources available in the public domain. The results were conclusive that the geographies fared poorly on human development indicators such as education levels, income levels and most importantly women empowerment. Multiple data points suggested that most women from the identified geographies lacked any kind of contribution in household financial decision-making, despite being actively involved in income-generation activities.

Additionally, this programme selects 1,000 women entrepreneurs practising goat rearing, poultry, dairy and tailoring and provides training in their respective trades to yield better produce. These women entrepreneurs are also meticulously trained on enterprise development wherein they are taught to collaboratively develop market linkages and ascertain higher bargaining rights. Simultaneously, these 1,000 women entrepreneurs are trained to perform their business transactions through digital modes by the 100 Digital Sakhis.

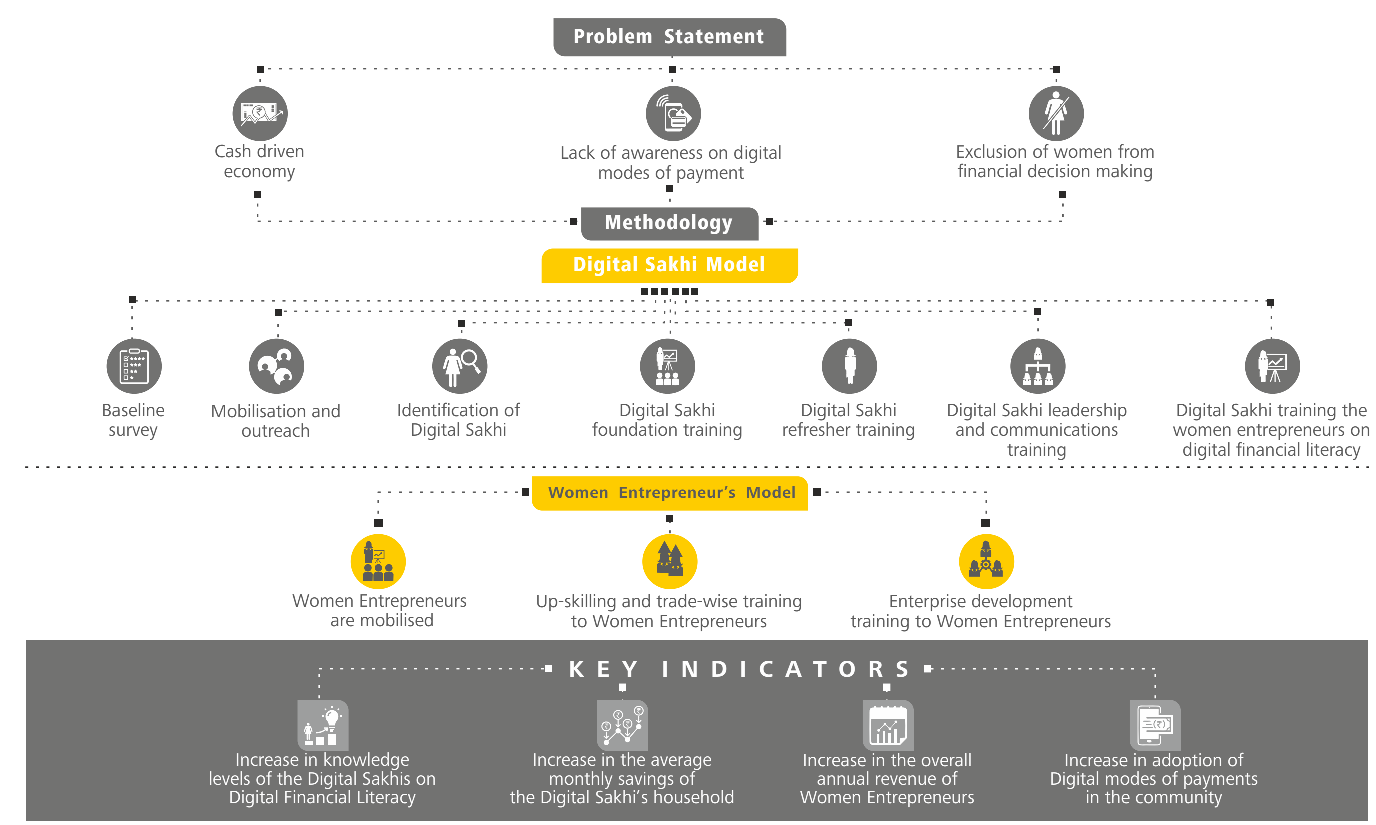
This programme began in June 2017 across 30 villages of Pune, Osmanabad and Solapur districts of Maharashtra. It was later scaled up to 32 villages of Dhar and Bharwani districts of Madhya Pradesh, 20 villages of Villupuram district of Tamil Nadu and 20 villages of Boudh and Balangir districts of Odisha in FY2019.

Digital Sakhis

Certain data points of the BAN study suggested that Financial Inclusion can only be augmented by livelihood enhancement of the community. To ensure that the learnings imparted to the women entrepreneurs through up-skilling, leadership and EDP training are being put to practice, we organised a Business Plan Competition (BPC) in Maharashtra wherein we encouraged all our rural women entrepreneurs (WEs) to apply.

The BPC is a unique initiative as it resembles the real-world process of launching, developing and scaling up a business venture in a rural ecosystem. 521 rural WEs from the three districts participated in the competition, out of which 24 women were short-listed and awarded at the event. Prizes worth ₹ 10.6 lakh were distributed amongst the 24 WEs which will help them scale up their businesses. The top three winners of the competition were:

- 1st Prize - ₹ 1,50,000/- Ms. Anuradha Kamble, Taluka- Karmala, Dist- Solapur, Trade - Goatery
- 2nd Prize - ₹ 1,00,000/- Ms. Pratibha Girme, Taluka- Daund, Dist- Pune, Trade - Goatery
- 3rd Prize - ₹ 75,000/- Ms. Sarika Tope, Taluka- Kalamb, Dist- Osmanabad, Trade - Dairy



Impact and outcomes

- **13.86% increase in knowledge level of Digital Sakhis (50% to 63.86%)**
- **11.6% increase in household average monthly savings of the 100 Digital Sakhis (₹ 1,848 to ₹ 2,063)**
- **36% increase in usage of digital modes of payments in our project villages (27% to 63%)**
- **13.24% increase in annual profits of the women entrepreneurs (₹ 25,548 to ₹ 28,930)**

Disaster Relief

The frequency as well as severity of disasters, natural or man-made are increasing day-by-day and we, as part of the community, have a significant role to play in mitigating the impacts of these disasters. Taking cognisance of this, relief and rehabilitation of communities coping with after-effects of these disasters, has become an important component of LTFH's CSR policy. We have been contributing to disaster relief through relief campaigns where employees also participate directly.

Recently, Kerala suffered from one of the most frightful floods in its history and our employees volunteered to support the relief programme. A group of our employees worked tirelessly to ensure that relief packets were provided to the affected people.

Road Safety

Every year, thousands of lives are lost on the roads nationwide. Creating awareness about road safety among our younger generation has become imperative to reduce the perils of unsafe driving practices.

In an attempt to promote safety on roads, LTFH along with its implementing partners is working towards spreading awareness on road safety amongst school children and community members. In addition to this, LTFH has also partnered with the Mumbai Traffic Police to support and strengthen the existing road traffic management and facilitate seamless traffic control. Also, youth traffic wardens are being supported under this programme, which is leading to additional employment generation.

'Boondein'- Employee Volunteering Programme

Engaging the key stakeholder group i.e. our employees, into the larger structure of the organisation allows for an interactive and participative environment that is aligned to our work culture. We believe that the effort put in by each employee is a 'Boond' (droplet) which has the potential to create incremental yet impactful changes in the lives of those in need. Through Boondein, we attempt to create a culture of sharing wherein employees directly work towards social changes by building capacities of the lesser privileged communities.

Impact and Outcomes

- **768 employee volunteers**
- **2,200+ hours contributed towards CSR activities**
- **Reaching out to 20,000+ beneficiaries**

During the reporting period, we spent a total of ₹ 13.38 Cr. on our CSR initiatives.

CSR activities undertaken

Digital Financial Inclusion - Maharashtra, Madhya Pradesh, Tamil Nadu and Odisha

Integrated water resource management (Jalvaibhav) - Maharashtra - Beed, Latur, Solapur and Osmanabad districts

Relief and Rehabilitation - Kerala

Road safety - Mumbai, Maharashtra

Access to health services and breast cancer screening - Nagpur, Maharashtra

OVERALL CSR HIGHLIGHTS

Outreach to **2,00,000+** community members and their households	Created a cadre of **400** Digital Sakhis across Maharashtra, Madhya Pradesh, Tamil Nadu and Odisha	Up-skilled **3,500+** Women Entrepreneurs
Enhanced incomes of **30,000+** farmers	Relief and Rehabilitation provided to about **16,216** beneficiaries in Kerala and Tamil Nadu	Breast Cancer screening for **26,000** women in Maharashtra

Capacity Building of Implementation Partners

Workshops are organised with our implementation partners to create project models which imbibe the ethos of the identified communities. In order to enhance the execution capabilities of the implementation partners, we encourage them to apply for national- and state-level conferences and seminars of repute which are often funded by us.

One such event was 'Convergence' - an annual event from 29 th to 31st August 2018, wherein implementing partners of our Digital Financial Inclusion and Integrated Water Resource Management programmes were invited to the L&T Leadership Development Academy at Lonavala. The event was organised to explore opportunities to collaborate with each other in order to maximise the social impact of LTFH's CSR programmes. A Social Return on Investment (SRoI) practitioner training was also part of this event. All of our CSR implementation partners are now certified SRoI practitioners and can measure the impact of our programmes from an impact-oriented lens.

Communicating Progress to Stakeholders

Communication plays a significant role in articulating our long-term commitment to the communities which are identified for CSR interventions. We ensure that a momentum is created within the organisation through regular communication on the achievements, milestones and impact created through the CSR programmes. An active internal employee portal named 'MyLTFS' is also used to ensure that all facets of our CSR activities are communicated across the organisation. This fosters a sense of ownership among the employees and motivates them to whole-heartedly participate in these initiatives.

Moreover, our corporate website also encapsulates the progress of programmes for the benefit of our external stakeholders. News articles on programmes, social media bulletins on workshops and other events are prepared at regular intervals to ensure that the interested readers get updated about our CSR achievements.

To present our learnings garnered over two years of implementing the Digital Sakhi - Digital Financial Literacy programme, we released a white paper based on the learnings in Maharashtra, Madhya Pradesh, Tamil Nadu and Odisha in February 2019. The paper titled "Finclusion - Empowering Women through Digital Financial Inclusion" identifies the issues and barriers, especially for rural women, in adopting digital finance and offers tangible solutions to facilitate more women into the world of digital finance. The event was conducted at **TERI School of Advanced Studies**, New Delhi and was inaugurated by **Mr. Suresh Prabhu, Honorable Minister** of **Commerce & Civil Aviation** through a video message. The white paper was released at the Digital Financial Inclusion Round Table, organised by us in the presence of **Mr. Prasanta Kumar Swain, Jt Secretary, Ministry of Agriculture, Mr. Manoj Shenoy, CE, Wealth Management & Group Head CSR - L&T Financial Services, Guest of Honour, Mr. Gokul Patnaik. (Retd IAS) and Dr. Leena Srivastava, Vice Chancellor, TERI School of Advanced Studies.** The release of the white paper was followed by two participatory dialogues on 'Partnerships for Effective Delivery of Financial Inclusion' and 'Role of Women Change Agents in Empowering Communities through Digital Finance.'

Our IWRM programme in Beed - Jalvaibhav, was selected as a case study in December, 2018 by the United Nations Global Compact - India at the 2nd Sustainable Global Summit- Leveraging CSR for SDG held in Mumbai. The case study was presented jointly with our NGO partner. Our primary focus was on addressing SDG 13- Climate action through our soil and water management techniques.

Natural
Capital

Our organisation believes in striking a balance between driving financial growth and protecting the environment. We take steps towards efficient management of our environmental impact through various initiatives which include investing in renewable energy, managing resource consumption and driving energy efficiency.

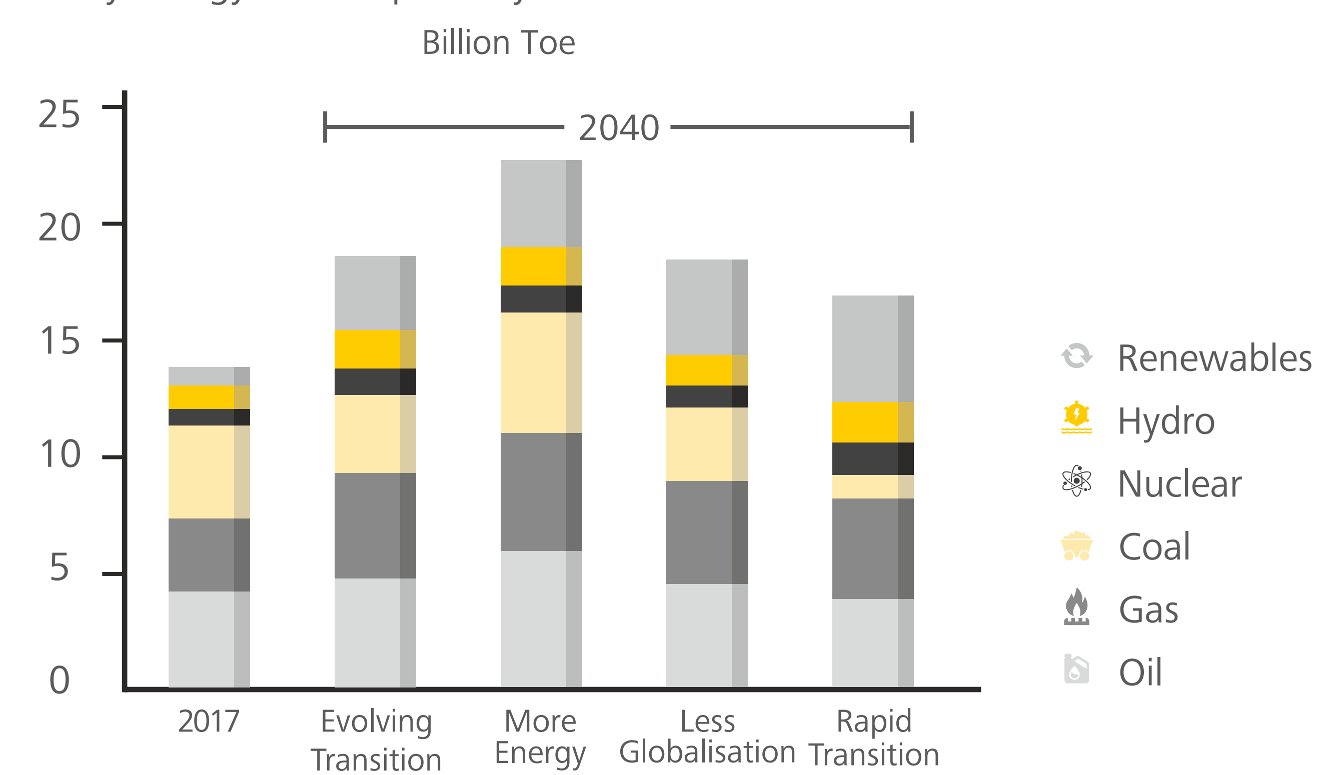
Lending to Renewable Energy - A viable business case

As per the recent British Petroleum (BP) Energy Outlook Report 2019, global energy demand is expected to grow by 33% by 2040. Renewables account for around two-thirds of the increase in power generation, with their share in the global power sector increasing to around 30%. It is expected that by 2040 renewables will become the primary source of energy in the global power sector with 29% of all primary energy generation.

Approximately 67% of the increase in energy demand is driven by the emerging markets. China's transition to a more sustainable pattern of economic growth means that by the mid-2020s, India will surpass China as the world's largest growth market, accounting for over a quarter of the growth in global energy demand. Even so, China will remain the largest market for energy: roughly double the size of India in 2040.

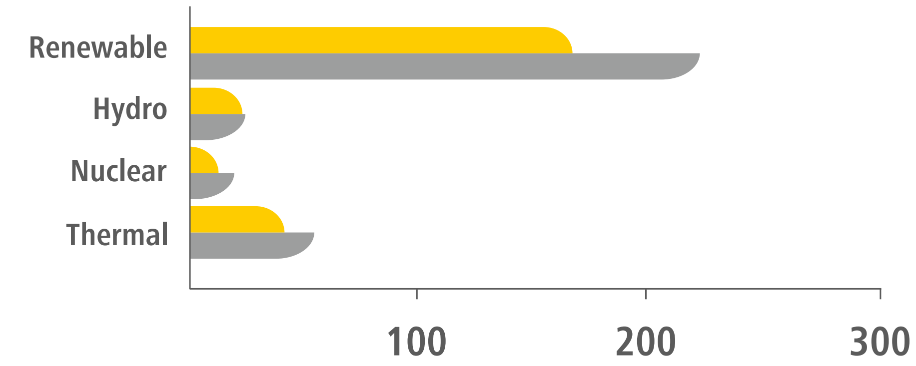
In India, the power demand has increased at 5.1% CAGR over the past 10 years as against GDP growth of 6.9% CAGR. Against this backdrop, power demand is expected to reach 1,863 Billion Kwh in 2027. With limitations of coal thermal plant commissioning, this burgeoning demand is expected to be met through installation of 156 GW of renewable energy projects.

Primary energy consumption by fuel



India has already established itself as a strong player in the renewable energy market. Under the Paris climate agreement, our country has committed to reduce its carbon emission intensity (emission per unit of GDP) by 33-35% and produce 40% of its installed electricity capacity from non-fossil fuels source by 2030.

Estimated Capacity Addition by FY2027 in GW



	Thermal	Nuclear	Hydro	Renewable
LTFH Estimates	35	5	19	156
Govt. Estimates	48	10	19	218

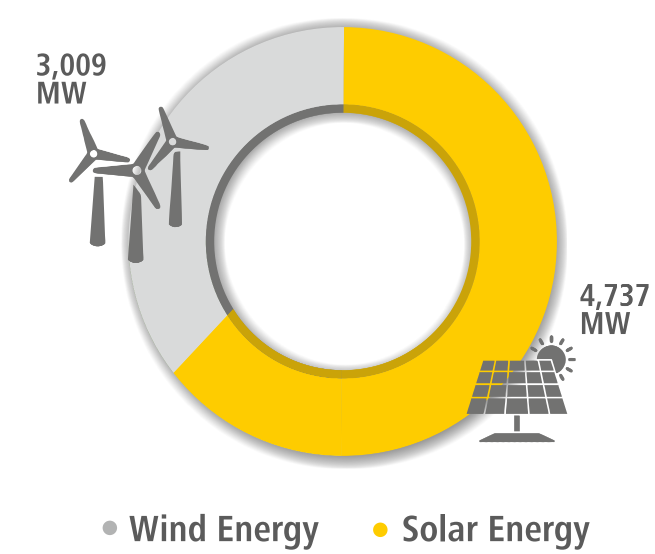
In line with this proposition, we have built renewable energy financing as a core offering in the infrastructure financing space based on following major parameters:

- **Scope for growth**
- **Viability of projects**
- **Lowest cost medium for power production**
- **Favourable environmental impact.**

We are currently the largest financier of renewable power in the country. During FY2018-19, we have financed 7,746 MW of wind and solar power. By doing so we have helped avoid approximately 13.9 million tonnes of CO_2e GHG emissions from being released into the atmosphere. Our renewable energy loan book size for the reporting period was approximately ₹ 19,508 Cr.

We were awarded the "Best Renewable Energy Financier of the Year 2017" by the Renewable Energy Investment and Finance Forum in Solar and Wind Sector.

LTFH - Renewable Energy Financed



Energy Consumption within the Organisation

Over a period of time, organisations have evolved from managing negative impacts of their operations to actively enhancing efficiencies to optimise the use of the 'natural capital'. This has enabled companies to use their resources efficiently and do 'more' with 'less'. We have a similar outlook when it comes to managing our environmental performance. We take cognizance of the need to closely monitor our energy consumption in an effort to improve our energy management systems.

We have undertaken the following initiatives within our Corporate headquarters in Mumbai, which is a Leadership in Energy and Environment Design (LEED), Gold-certified building as well:

- **Installing sensor-based lighting within the office premises which automatically turns the lights off when not in use.**
- **Setting up Variable Frequency Drives (VFD's) for Air Handling Units and pumps for optimum use of electricity.**
- **Installing LED-based energy efficient lighting fixtures in our office premises.**
- **Installing a Sewage Treatment Plant (STP) for treatment of waste water to be reused for gardening and air conditioning.**

The primary source of energy for our organisation is electricity purchased from the grid for our Corporate headquarters, regional offices and branches. Our offices are also equipped with diesel generators primarily for emergency power requirements.

Total Energy Consumed Within the Organisation	FY2018-19
Total Energy Consumption (GJ)*	23,796.63

**Total Energy consumption refers to electricity and fuel consumption*

Energy Saving Initiatives

We have implemented several technological solutions to conserve electricity and enhance efficiency. These include installation of energy efficient equipment like sensor-based lighting in office premises, VFD's for air handling units, replacing the existing conventional lighting to LED's and shutting down of air-conditioners beyond operational hours. Engagement with employees is also carried out on a regular basis to spread awareness about the impact they have on the environment.

In the FY2018-19, our organisation utilised 23,021.59 GJ of electricity pan-India.

Electricity Saved (in KWh)	Emission reduced (in Tonnes of CO_2 eq)
12,13,799.83	995.31

Water Management

Currently, we are monitoring the total volume of water being consumed primarily within the corporate office and are working on development of mechanisms and systems that will help to improve the water management across our regional and branch offices. Further, we are also in the process of designing initiatives which will help in recycling and conservation of water. A Sewage Treatment Plant (STP) is used for treatment of waste water, at our Corporate office, and the treated water is reused for gardening and air conditioning purposes.

Water Consumption	FY2018-19
Total Water Consumption (KL)	17,462.8

Emissions

We believe that our operational efficiency will be further enhanced by measuring, managing and mitigating Greenhouse Gas (GHG) emissions. The total carbon footprint is categorised into Scope 1, Scope 2 and Scope 3 emissions. We are also in the process of phasing out the ozone-depleting substances (ODS) by reducing our use of them. We remain committed to reducing our GHG emissions and the related impacts in the following years.

GHG Emissions	Units	FY2018-19
Scope 1	tCO_2 eq	57.43
Scope 2	tCO_2 eq	5,243.8
Total Emission (Scope 1 + Scope 2)	tCO_2 eq	5301.23
Scope 3	tCO_2 eq	5,248
Total No of employees	Nos	21,042
Scope 1 & 2 intensity per employee		0.25
Ozone Depleting Substances (ODS)	Kg	2848.17

GRI Content Index

GRI Standard	Disclosure		Page Number
GRI 101: Foundation 2016 General Disclosures			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	10
	102-2	Activities, brands, products, and services	10,11
	102-3	Location of headquarters	10
	102-4	Location of operations	10
	102-5	Ownership and legal form	10
	102-6	Markets served	10,11
	102-7	Scale of the organisation	10
	102-8	Information on employees and other workers	55
	102-9	Supply chain	16,21
	102-10	Significant changes to the organisation and its supply chain	This is LTFH's first Sustainability Report therefore not applicable
	102-11	Precautionary Principle or approach	4
	102-12	External initiatives	2 - 3
	102-13	Membership of associations	29
	102-14	Statement from senior decision-maker	2,3
	102-16	Values, principles, standards, and norms of behavior	10
	102-18	Governance structure	24 - 25
	102-40	List of stakeholder groups	33
	102-41	Collective bargaining agreements	Not applicable for LTFH
	102-42	Identifying and selecting stakeholders	32
	102-43	Approach to stakeholder engagement	33
	102-44	Key topics and concerns raised	33
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	102-47	List of material topics	34 - 35
	102-48	Restatements of information	This is LTFH's first Sustainability Report therefore not applicable
	102-49	Changes in reporting	This is LTFH's first Sustainability Report therefore not applicable
	102-50	Reporting period	4
	102-51	Date of most recent report	This is LTFH's first Sustainability Report therefore not applicable
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GRI 302: Energy 2016	302-1	Energy consumption within the organisation	84 - 85
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GRI 303: Water			
GRI 303: Water 2016	303-1	Water withdrawal by source	85

GRI Standard	Disclosure		Page Number
GRI 305: Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36 - 37
	103-2	The management approach and its components	84
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GRI 401: Employment 2016	401-1	New employee hires and employee turnover	59
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	58
	401-3	Parental leave	58
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GRI 405: Diversity and Equal opportunity 2016	405-1	Diversity of governance bodies and employees	25

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GRI 413: Local communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36 - 37
	103-2	The management approach and its components	70 - 71
	103-3	Evaluation of the management approach	26, 34 - 35
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments \ and development programmes	71 - 79
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	103-2	The management approach and its components	32 - 33, 64 - 65
	103-3	Evaluation of the management approach	26, 34 - 35
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	40, 64 - 55
Digital and Data Analytics*			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36 - 37
	103-2	The management approach and its components	62 - 63
	103-3	Evaluation of the management approach	26, 34 - 35
Enhancing Access to Housing Loans*			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	36 - 37
	103-2	The management approach and its components	17, 46
	103-3	Evaluation of the management approach	26, 34 - 35

SDG Mapping

SDG #	SDG Description	GRI Topic	GRI Standard Indicator
1	End poverty in all its forms everywhere	Local Communities Indirect Economic Impact	GRI 413-1 GRI 203-1
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Training and Education Local Communities	GRI 404-1 GRI 413-1
5	Achieve gender equality and empower all women and girls	Diversity and Equal Opportunity	GRI 405-1
7	Ensure access to affordable, reliable, sustainable and modern energy for all	Energy	GRI 302-1
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Diversity and Equal Opportunity Training and Education Energy	GRI 405-1 GRI 404-1 GRI 302-1, 302-4
9	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	Local Communities	GRI 413-1
12	Ensure sustainable consumption and production patterns	Energy	GRI 302-1, 302-4
13	Take urgent action to combat climate change and its impacts	Energy Emissions Economic Performance	GRI 302-1, 302-4 GRI 305-1,305-2,305-3 GRI 201-2
17	Strengthen the means of implementation and revitalise the global partnership for sustainable development	Non- GRI	

Glossary

AC	Audit Committee
ALMLC	Asset Liability Management Committee
AAUM	Average Assets Under Management
AMF	Association of Mutual Funds
BAN	Baseline and Needs Assessment
BOD	Board of Directors
BP	British Petroleum
BSE	Bombay Stock Exchange
CAGR	Compound Annual Growth Rate
CARE	Credit Analysis & Research
CEA	Central Electricity Authority
CEO	Chief Executive Officer
CII	Confederation of Indian Industry
CO2e	Carbon Dioxide Equivalent
COD	Committee of Directors
COE	Centers of Excellence
CSR	Corporate Social Responsibility
DFL	Digital Financial Literacy
DLP	Data Loss Prevention
e-NAM	Electronic National Agriculture Market
ESG	Environmental, Social & Governance
ESOP	Employee Stock Ownership Plan
EWS	Early Warning Signal
FICCI	The Federation of Indian Chambers of Commerce and Industry
FY	Financial Year
GDP	Gross Domestic Product
GEC	Group Executive Committee
GHG	Green House Gas
GJ	Giga Joule
GRI	Global Reporting Initiative
GST	Goods and Services Tax

GVA	Gross Value Added
GW	Giga Watt
HFC	Housing Finance Companies
IAM	Identity and Access Management
ICRA	Investment Information and Credit Rating Agency
ID	Independent Director
IDF	Infrastructure Debt Fund
IFC	International Finance Corporation
IIBF	International Institute of Banking and Finance
INR	Indian Rupee
IT	Information Technology
IWRM	Integrated Water Resource Management
JLG	Joint Liability Group
KPI	Key Performance Indicator
KRA	Key Responsibilities Areas
KWh	Kilo Watt Hour
L&T	Larsen & Toubro
LAP	Loan Against Property
LED	Light Emitting Diode
LEED	Leadership in Energy and Environment Design
LTFH	L&T Finance Holdings Ltd
MD	Managing Director
MF	Mutual Funds
MoU	Memorandum of Understanding
MT	Management Trainee
MW	Mega Watt
NBFC	Non-Banking Financial Company
NBFC CIC	Non-Banking Financial Company - Core Investment Company
ND	Nominee Director
NED	Non-Executive Director
NH	National Highways
NIMS	Net Interest Margins Securities

NPA	Non-Performing Assets
NRC	Nomination & Remuneration Committee
NSE	National Stock Exchange
ODS	Ozone Depleting Substance
OEM	Original Equipment Managers
PAT	Profit After Tax
POSH	Prevention of Sexual Harassment
RAS	Risk Appetite Statement
RBI	Reserve Bank of India
RERA	Real Estate Regulation Act
RMC	Risk Management Committee
RoE	Return on Equity
SDG	Sustainable Development Goals
SEBI	Securities and Exchange Board of India
SRC	Stakeholders Relationship Committee
SRI	Socially Responsible Investment
STP	Sewage Treatment Plant
TAT	Turn Around Time
UAE	United Arab Emirates
VFD	Variable Frequency Drive
WBIC	Whistle Blower Investigation Committee
TAT	Turn Around Time
UAE	United Arab Emirates
VFD	Variable Frequency Drive
WBIC	Whistle Blower Investigation Committee

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