L&T Financial Services

August 29, 2017

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 2016-17

Dear Sir/ Madam,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find enclosed the Annual Report of the Company for the financial year 2016-17. The Ninth Annual General Meeting of the Company was held on Monday, August 28, 2017 at 3.00 p.m. at St. Andrew's Auditorium, St. Dominic Road, Bandra (West), Mumbai - 400 050.

Further, please note that the Annual 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

L&T Finance Holdings Limited
City 2, Plot No. 177
Vidyanagari Marg, CST Road
Kalina, Santacruz (East)
Mumbai 400 098

Registered Office
Brindavan, Plot No. 177, C.S.T Road
Kalina, Santacruz (East)
Mumbai 400 098, Maharashtra, India
CIN: L67120MH2008PLC181833

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L&T Finance Holdings

LTFH 2.0

Intent. Execution. Culture.



Annual Report 2016 -17

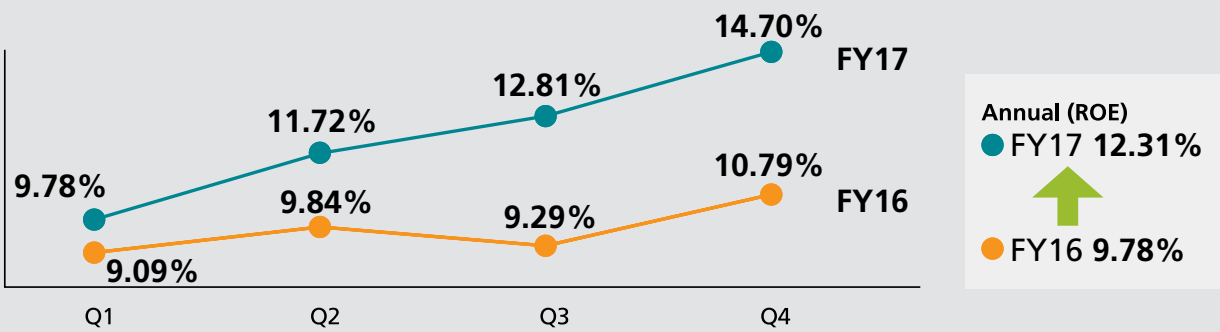
Grow
fearlessly
in order
to deliver
**Top
Quartile
RoE.**



TRANSFORM FOCUS DELIVER



RETURN ON EQUITY (ROE)



Corporate Information

Board of Directors*

Mr. S. V. Haribhakti
Non-Executive Chairman

Mr. Dinanath Dubhashi
Managing Director & Chief Executive Officer

Mr. R. Shankar Raman
Non-Executive Director

Mr. B. V. Bhargava
Independent Director

Mr. P. V. Bhide
Independent Director

Mr. Harsh Mariwala
Independent Director

Mr. Thomas Mathew T.
Independent Director

Ms. Nishi Vasudeva
Independent Director

Ms. Vaishali Kasture
Independent Director

Mr. Pavninder Singh
Nominee Director

* As on date

Company Secretary
Ms. Apurva Rathod

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

Registered Office
Brindavan, Plot No.177, CST Road,
Kalina, Santacruz (East),
Mumbai – 400 098,
Maharashtra, India.
Phone: +91 22 6212 5000
Fax: +91 22 6212 5398

Investor Service Centre
City 2, Plot No. 177, CST Road,
Kalina, Santacruz (East),
Mumbai – 400 098,
Maharashtra, India.
Phone: +91 22 6621 7300/7400
Fax: +91 22 6621 7319
Website: www.ltfs.com
Email: igrc@ltfs.com

Registrar and Share Transfer Agents
Link Intime India Private Limited



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Our Strategy Roadmap



In FY17, L&T Finance Holdings (LTFH) launched a four year strategy roadmap in order to maximise Shareholder returns. The single most important metric chosen by your Company to deliver this was Return on Equity (RoE). The roadmap was designed to deliver a top quartile RoE by the year 2020 or earlier.

TRANSFORM

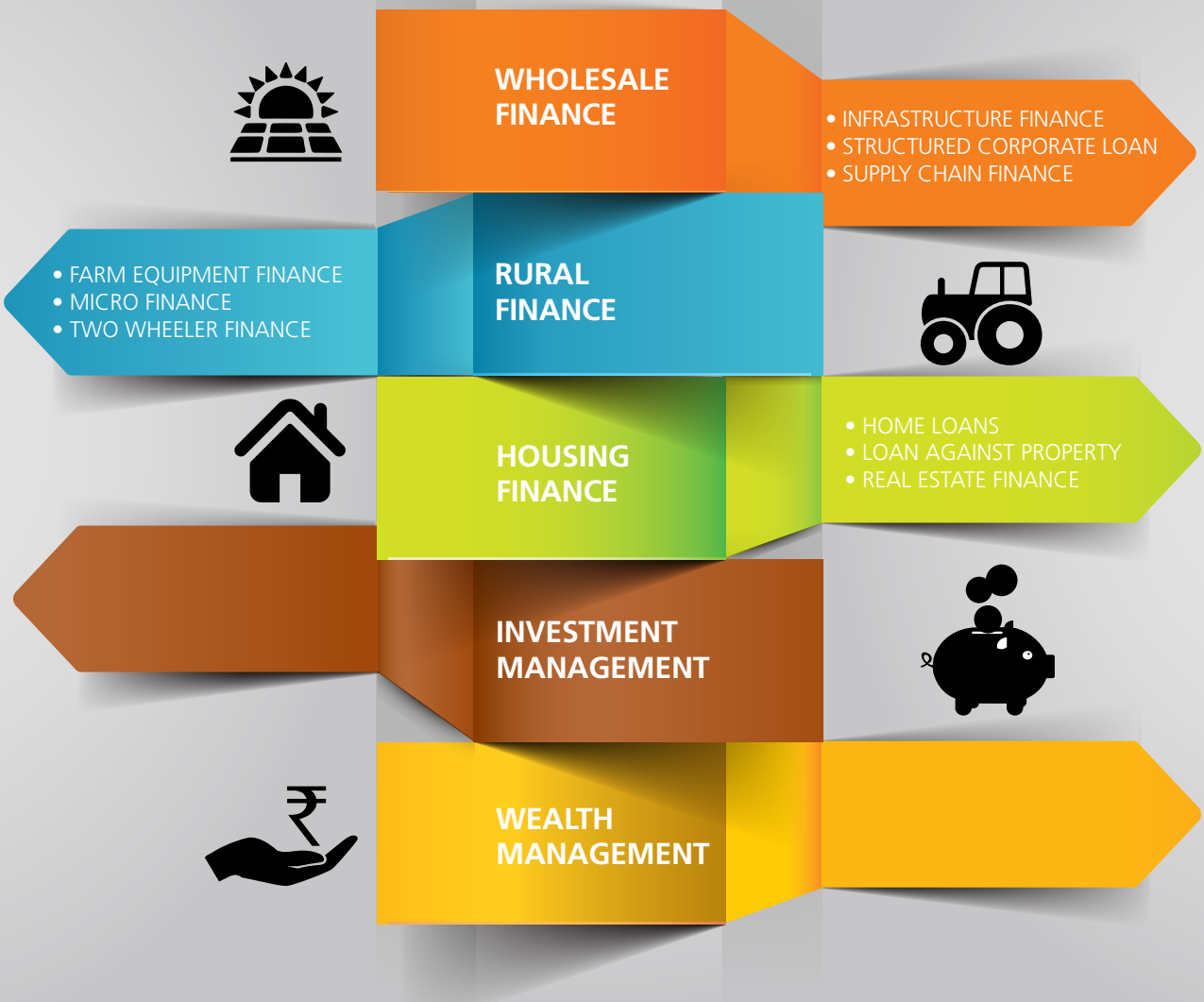
Your Company transformed during FY17 from a Company doing a little bit in lots of businesses to a Company building distinctive positions in chosen businesses. The strategic choice was clear – on one hand, concentrate on what we are good at and do a lot more of it, and on the other hand, completely exit out of businesses we are not good at. This simplicity and clarity of strategic intent has been the hallmark of this transformation journey.

FOCUS

To achieve this transformation, your Company focussed on an ideal balance of Right Businesses, Right Structure and Right People.

Right Businesses

Your Company chose the following businesses to focus on:



During FY17, your Company concentrated on profitable growth in these businesses. At the same time it took a conscious call to exit out of a plethora of other products it was engaged in till FY16. These two measures have had a positive effect on the profitability of your Company as is evident from the financial results of FY17.

Our Strategy Roadmap

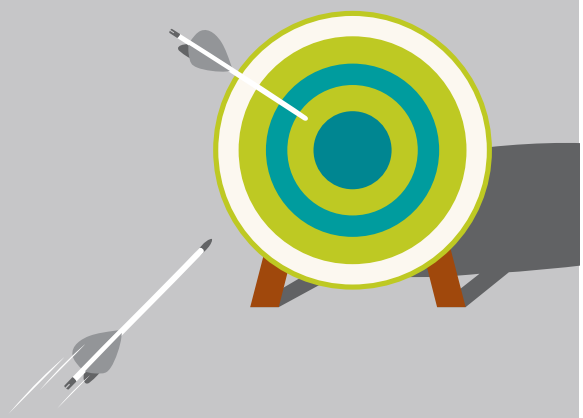


Right Structure

Your Company's focus on achieving Right Structure was two-pronged.

Optimising the allocation of capital –

Your Company allocated more capital towards high RoE generating businesses. The strategy of divesting non-core businesses is helping the Company to unlock invested capital. It has also set up a strong sell-down "Centre of Excellence" to optimise capital allocation and balance portfolio risk.



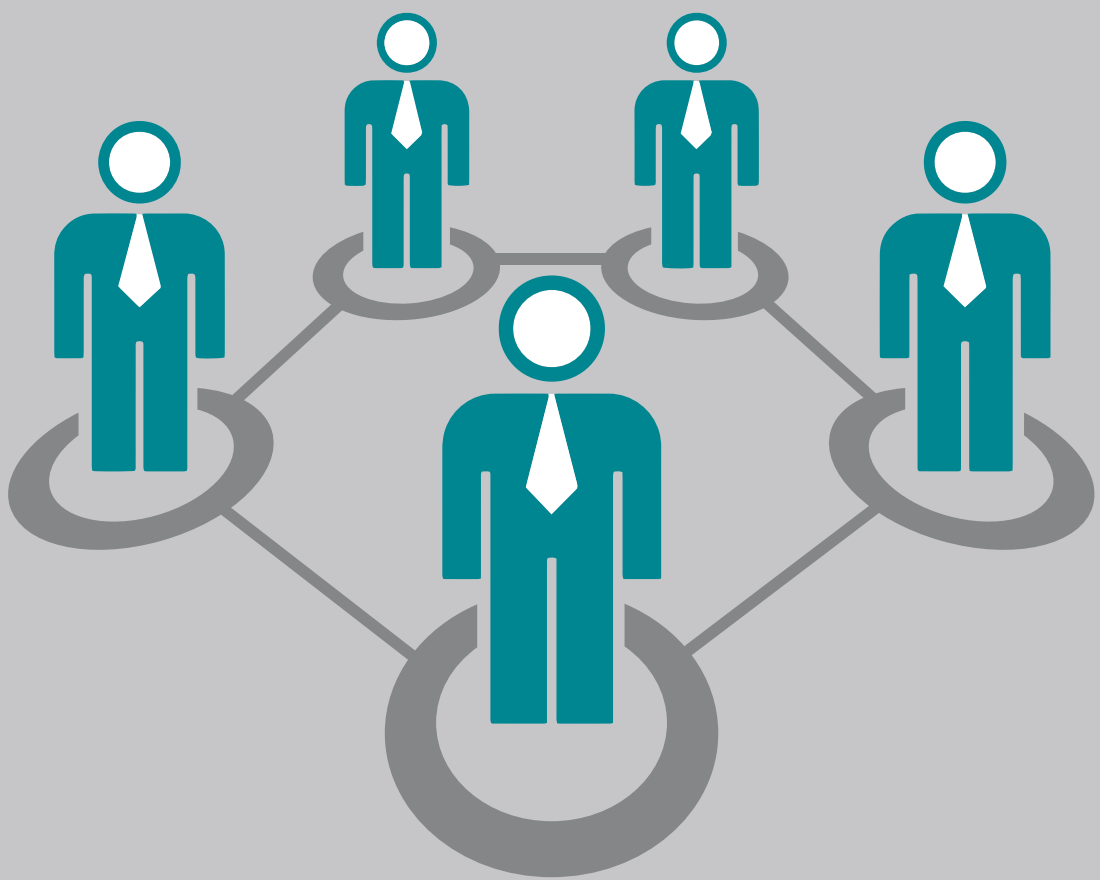


Consolidating multiple legal entities –

During the year, your Company merged 3 of its subsidiaries and is in a process of working on further simplification of its corporate structure. This will lead to optimal utilisation of capital and more effective utilisation of management bandwidth.

Right People

Your Company focussed on building a strong and sustainable institution by developing an engaged, skilled and productive work force. The organisation structure went through a complete overhaul to deliver higher productivity, speed and efficiency. Clear and transparent metrics have been set up to keep the organisation constantly on its feet.

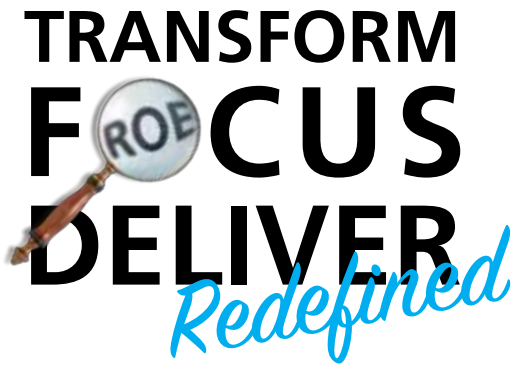


Our Strategy Roadmap

DELIVER

Your Company built a strong execution engine to convert this strategy to action. Specific "Centres of Excellence" were launched under the leadership of chosen middle management officers to deliver on every aspect of the strategy. Clear planning, strong execution and transparent measurement has led to these Centres of Excellence delivering on their objectives.

Excellent growth in our chosen businesses, substantial improvement in cost to income ratio and a steady increase in RoE have been the metrics we have measured and reported every quarter to communicate the success of our strategy and its execution.



Your Company strongly believes that the strategic roadmap that it has set a year back is robust enough to take it to its stated objective of achieving a top quartile RoE by 2020 or earlier. The track record of excellent execution that it has established in FY17 gives it the confidence to further sharpen the strategy for acceleration of it's goal.

"Grow Fearlessly" stands for increasing market share in each of its focussed products while increasing the RoE in each of them. The following will serve as a launching pad for this growth:

- A Strong Risk Framework
- Adequately Provisioned Balance Sheet
- Digital & Data Analytics Supremacy



SHORT TERM H1 FY'18

- Continuous increase in market share
- Strong risk framework
- Strengthen sell down desk further

MEDIUM TERM FY'18

- Continue to deliver RoE
- Build counter-cyclical provisions to avoid future shocks
- Strengthen cost controls

LONG TERM FY'20

- Establish digital and data analytics as sustainable competitive advantage
- Be the dominant player in specific products

LTFH 2.0

Intent. Execution. Culture.

Chairman's Message

Transformation Accelerated



Dear Shareholder,

I feel humbled to address you for the first time as the Chairman of the Board of Directors of your Company. I am fully aware that I am filling up the very large shoes of Mr. Y. M. Deosthalee, who has nurtured this organisation right from the beginning. I thank him from the bottom of my heart for building a robust organisation which can be further built on.

Macroeconomic Overview

For the Indian economy, FY17 was underpinned by robust private and public consumption spending, which offset weaknesses in manufacturing and private investment sentiment. The year was quite unique. The first half was supported by lower energy costs, increased salaries and pensions of government employees and favorable monsoon. However, demonetisation in November 2016 – the phasing out of high-denomination currency notes to curb black money and corruption – weighed on growth during the second half of FY17.

Amidst this mixed scenario, your Company displayed its strength by showing "Results".

FY 2017 in Perspective

FY17 was the first year of a 4 year strategic roadmap to deliver a top quartile Return on Equity (RoE). Even though the external environment remained uncertain, the Company delivered on its planned milestones quarter after quarter. Strategic rationalisation of its businesses, simplification of structure and increased effectiveness of its talent pool delivered rich results. As they say "Proof of the pudding is in eating"… A strategy is effective only if it delivers results. And results, it did deliver….

For FY17, disbursements in focussed businesses went up by 23% whereas loan book grew by 20% from ₹ 53,325 crs. on March 31st 2016 to ₹ 63,978 crs. on March 31st 2017. Average Assets Under Management (AAUM) of the Mutual fund business, went up from ₹ 24,374 crs. in FY16 to ₹ 33,890 crs. in FY17. For Wealth Management, our Average Assets Under Service (AAUS) increased from ₹ 9,316 crs. in FY16 to ₹ 13,623 crs. in FY17. Our asset quality remained stable with Gross

Non Performing Assets (NPAs) at 4.94% on March 31st 2017 vis-a-vis 4.85% on March 31st 2016. Whereas Net NPAs showed a mark improvement from 3.82% to 2.89%.This was made possible due to a conservative policy adopted by your Company to make provisions for its NPAs far higher than those required under regulations. This was done to ensure the future profitability of the Company against sudden credit costs.

Tight control on costs as well as increased focus on productivity made sure that cost to income ratio reduced from 31% in FY16 to 26% in FY17.

And finally RoE increased to 12.31% for FY17 from 9.78% in previous year.

Time to accelerate on our chosen path

To achieve the goal of delivering top quartile RoE, your Company chose a strategic path to deliver the promised results, quarter after quarter. The four key areas the Company is focussing on to deliver this goal are :

- Growth in focussed businesses
- Exit from de-focussed businesses
- Increasing fee income
- Reducing cost further

The above four boosters to the profitability are ably supported by strengthening the balance sheet and the systems and processes. Your Company has built a very strong and robust risk framework and also increased the strength of its balance sheet by increasing its provision coverage.

I believe that we are now at a juncture where the strategic roadmap towards a top quartile RoE can be accelerated by "Growing Fearlessly". A strong digital and data analytics roadmap touching every aspect of the customer journey will not only improve the customer experience but also substantially enhance efficiency and productivity. In fact I believe that this will not be a choice but an absolute necessity to maintain and enhance our "Right to win".

I take this opportunity to thank all the Shareholders for continued faith in us. I also thank my colleagues on the Board for their valuable contribution and all the employees for their unflinching efforts towards building this institution.

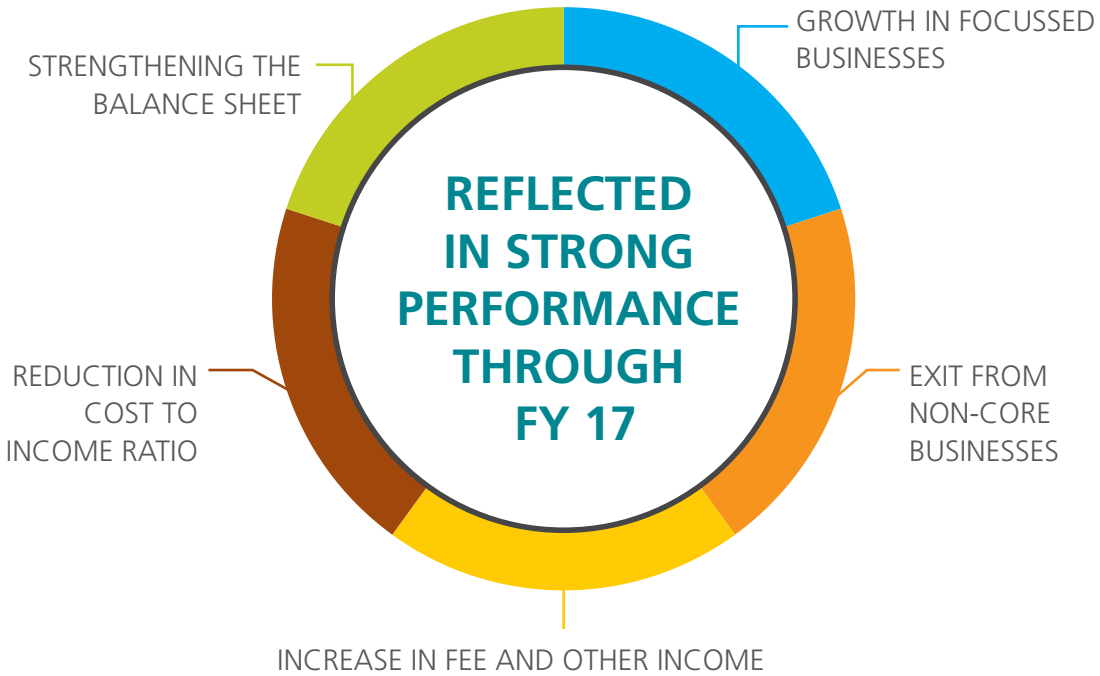
Shailesh Haribhakti

Performance Indicators

"Results not Reasons"

CONTINUOUS IMPROVEMENT IN ROE

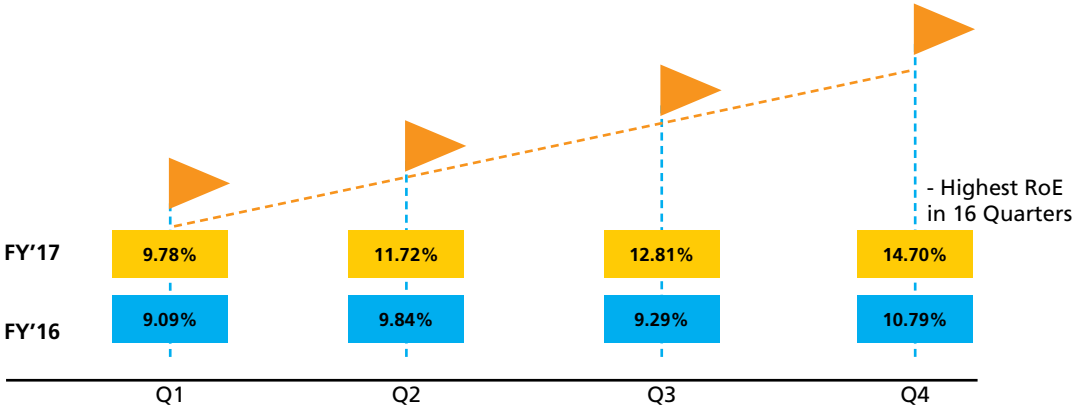
Q4 FY16 10.79% → **Q4 FY17 14.70%** **FY16 9.78%** → **FY17 12.31%**



- **Lending:** 23% disbursement and 20% asset growth between FY16 and FY17
  Non-lending: 51% Average Assets Under Management (AAUM) and 46% Average Assets Under Service (AAUS) growth in Investment and Wealth Management, respectively
- De-focussed book rundown from 8.5% to 4.0% of assets from FY16 to FY17
  ₹ 327 crs. of assets sold in Q4FY17 to accelerate exit
- Increase in fee and other income by 46% – from ₹ 495 crs. to ₹ 722 crs.
  Increase from 0.94% to 1.18% as a percentage of book
- Reduction in cost-income ratio by 477 bps – from 30.94% in FY16 to 26.18% in FY17
  Operating expenses down by 3% - from ₹ 1,064 crs. to ₹ 1,034 crs
- Provision Coverage Ratio (PCR) on Gross Non Performing Assets (GNPA) improved from 22.19% as on March 31st 2016 to 42.82% as on March 31st 2017

LTFH 2.0 – TOP QUARTILE ROE TRAJECTORY ESTABLISHED

FY17 - Built Foundation for Sustainable RoE Growth



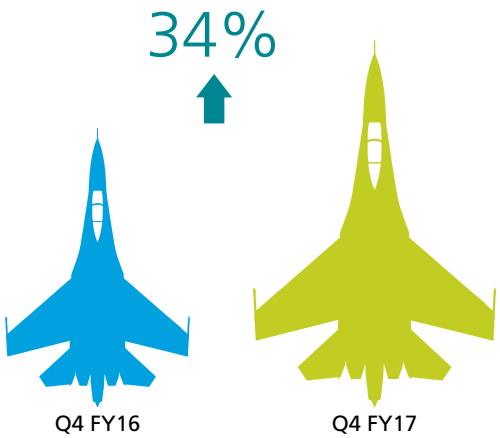
LTFH CONSOLIDATED FY17 – CAPITAL ALLOCATION AND ROE BRIDGE

FY 16			Business Segments	FY 17			PAT Y-o-Y (%)
PAT (₹ Cr)	Net Worth (₹ Cr)	RoE		PAT (₹ Cr)	Net Worth (₹ Cr)	RoE	
211	1,192	18.25%	Rural Business	289	1,331	21.80%	37%
127	991	13.28%	Housing Business	274	1,362	24.25%	115%
548	4,491	12.33%	Wholesale Business	559	5,317	11.34%	2%
886	**6,675**	**13.51%**	**Lending Business**	**1,122**	**8,010**	**15.19%**	**27%**
19	726	2.58%	Investment Management	45	771	5.97%	139%
(24)	7	--	Wealth Management	5	14	-	-
881	**7,409**	**12.09%**	**Focus Business Total**	**1,172**	**8,795**	**14.39%**	**33%**
(67)	686	(9.71%)	Defocussed Business	(141)	323	(26.64%)	-
813	**8,095**	**10.19%**	**Business Total**	**1,031**	**9,118**	**11.89%**	**27%**
44	313	9.95%	Others[&]	11	(11)	7.10%	(75%)
0	**0**	**0**	**Exceptional Gains**	0	0	0	-
857	**8,408**	**10.18%**	**LTFH Consol. (Reported)**	**1,042**	**9,107**	**11.81%**	**22%**
201	1,213	11.88%	Less Pref. Div. / Pref. Cap	124	1,213	10.25%	(38%)
656	**7,077**	**9.78%**	**LTFH Consol. (To Equity Shareholders)***	**918**	**7,775**	**12.31%**	**40%**

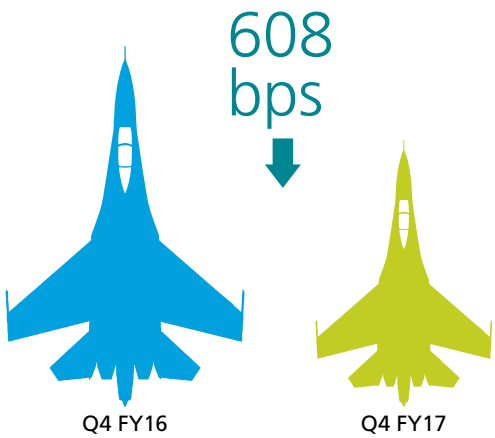
* Consol. PAT to Shareholders is after considering dividend on preference shares on pro-rata basis; Net Worth excludes preference shares,pref. dividend on pro-rata basis and share warrant money | [&] Other Businesses include Private Equity, L&T Financial Consultants Ltd (formerly known as L&T Vrindavan Properties Ltd.), L&T Access and LTFH Standalone.

Performance Indicators

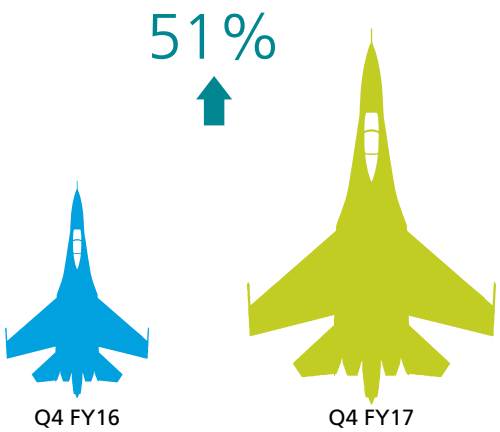
CONSOLIDATED PROFIT AFTER TAX



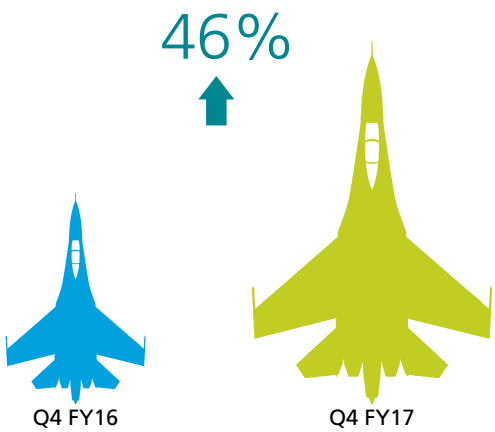
COST TO INCOME RATIO



AAUM**

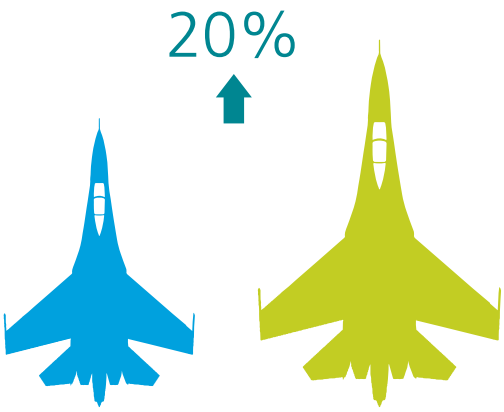


AAUS^^

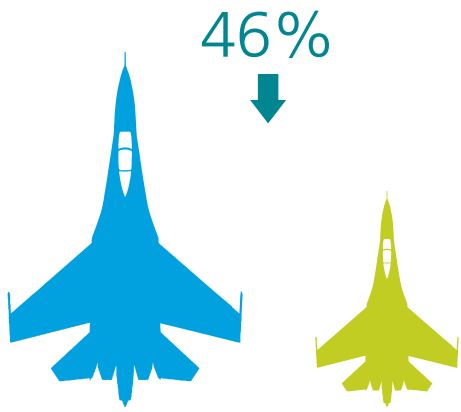


** Investment Management AAUM ; ^^ Wealth Management AAUS

FOCUSSED BUSINESS GROWTH AND DECLINE IN DE-FOCUSSED BUSINESS

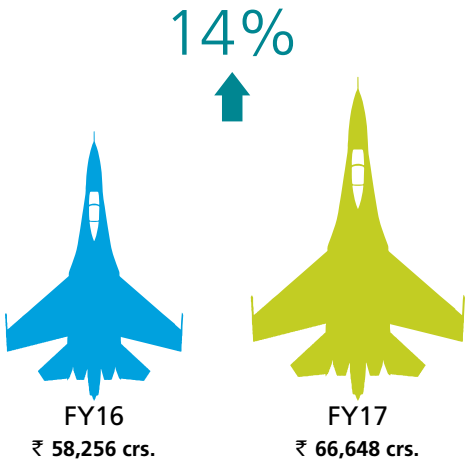


Focussed Biz Book



De-focussed Biz Book

TOTAL BUSINESS



Board of Directors



Mr. S. V. Haribhakti

Non-Executive Chairman

Mr. S. V. Haribhakti is Chairman of Haribhakti & Co. LLP (Chartered Accountants); New Haribhakti Business Services LLP & Mentorcap Management Pvt. Ltd.

Evolving from a background in Audit, Tax and Consulting, he now seeks to create enduring value for Companies and organisations he is involved by being a deeply engaged Independent Director. He is currently Chairman & Trustee of the National Pension Scheme Trust (NPS Trust); Member of Pension Advisory Committee (PAC) of Pension Fund Regulatory & Development Authority (PFRDA); Non-Executive Chairman of L&T Finance Holdings Ltd. & Non-Executive Chairman of Future Lifestyle Fashions Ltd.



Mr. Dinanath Dubhashi

Managing Director &
Chief Executive Officer

Mr. 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.

Under his leadership, LTFH has been transformed into an organization focused on creating superior shareholder value through a sustained increase in Return on Equity (RoE), through decisive strategic choices in businesses, structures and people. Prior to LTFS, he was associated with organizations 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.

Mr. R. Shankar Raman is the Chief Financial Officer and Member of the Board at Larsen & Toubro Limited (L&T). He is also a Director on the Board of 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.

He is a Chartered and Cost Accountant by profession with a degree in Commerce from Madras University.



Mr. R. Shankar Raman

Non-Executive Director

Mr. B. V. Bhargava has spent a distinguished career in development banking and project finance spanning nearly three decades. He currently sits on various boards and has a multi-faceted experience across industries.

He retired from ICICI Bank in 1996 as Vice Chairman and Managing Director. He has participated in a number of seminars on project evaluation and management and has also addressed several forums on the same. He is a Post Graduate in Commerce and also has a degree in Law from Mumbai University.



Mr. B. V. Bhargava

Independent Director

Mr. P. V. Bhide is a retired IAS Officer of the Andhra Pradesh Cadre (1973 Batch). 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.

He has worked in several government positions during a career spanning nearly four decades. Some of his roles include Deputy Secretary - Department of Economic Affairs, Ministry of Finance, Executive Advisor to India's Executive Director to the International Board for Reconstruction and Development (World Bank), Secretary and Joint Secretary - Department of Disinvestment, Ministry of Finance and Additional Secretary/Spl. Secretary - Ministry of Home Affairs. He retired as Revenue Secretary - Ministry of Finance, Govt. of India. He is MBA and has LLB and B.Sc. (Hons. Chemistry) degrees.



Mr. P. V. Bhide

Independent Director

Board of Directors



Mr. Harsh Mariwala

Independent Director

Mr. Harsh Mariwala leads Marico Limited as its Chairman, and is the Chairman and Managing Director of Kaya Limited. Over the last three decades, he has transformed a traditional commodities-driven business into a leading consumer products and services Company in the beauty and wellness space. He has been the FICCI President (2011) and was also the FMCG Committee Chairman of FICCI and CII.

He has been a part of the Young Presidents Organisation (YPO), and is now a part of the World Presidents Organisation (WPO). He has held the position of YPO Education, Membership and Chapter Chair for the Bombay Chapter and was a member of the International Forum Board of YPO International. Mr. Mariwala has also launched ASCENT – Accelerating the SCaling up of ENTerprises to identify growth-stage entrepreneurs with potential and enable them in their scaling-up journey.



Mr. Thomas Mathew T.

Independent Director

Mr. Thomas Mathew T. was the Managing Director & Chairman in charge of Life Insurance Corporation of India (LIC). After his retirement from LIC, he was the Managing Director & CEO of the Reinsurance Group of America for India, Sri Lanka and Bangladesh. He is member on the Boards of Larsen & Toubro Limited, L&T Infrastructure Finance Company Limited, L&T Infra Debt Fund Limited and L&T Capital Markets Limited. He holds a Post-Graduate Diploma in Management, a Post-graduation in Economics and is a graduate of Law. He is also an Associate of the Insurance Institute of India and has a Diploma in the Spanish language.



Ms. Nishi Vasudeva

Independent Director

Ms. Nishi Vasudeva is an internationally acclaimed leader and is the first woman to chair an oil and gas Company in India. She represented HPCL as Chairman / Director on the board of several Joint Venture companies. Her career at HPCL included leadership positions in Marketing, Corporate Strategy, Planning and Information systems and has led key business transformation & organisational restructuring projects.

She has been a member in several committees for development of policy in the Oil Industry and Hydrocarbon sector in India. She is BA (Economic Honours) from Delhi University and an MBA from IIM Calcutta with over 38 years of experience in the petroleum industry.

Ms. Vaishali Kasture has 25 years of banking and capital markets experience. She has worked with multinational and Indian banking and financial services firms. She was VP at Citibank and has rich experience in the Corporate Bank. She was part of the early founding team at Infosys BPO. She led the global banking and capital markets Business Unit. She had set up the India office for Fulcrum Global Fund services. She then joined Goldman Sachs as Managing Director - India Operations. More recently, she was a partner with Deloitte in India and set up their Robotics process automation practice (RPA). She was also responsible for managing key global banking relationships and clients.

She is an MBA in finance and a gold medalist from Jamnalal Bajaj Institute (Mumbai). She is also a merit ranker and certified Cost and Works accountant.



Ms. Vaishali Kasture

Independent Director

Mr. Pavninder Singh is a Managing Director with Bain Capital in the Mumbai office. He joined the firm in 2001 and has worked in the New York and Mumbai offices. He is a founding member of Bain Capital's India office and he co-leads the firms India and South East Asia investments. Prior to joining Bain Capital, he was the Co-CEO of Medrishi.com, a healthcare services site. Prior to that, he was a consultant at Mercer Management Consulting (now Oliver Wyman) where he consulted in the e-commerce, retail, and energy industries. He received an MBA from Harvard Business School where he was a Baker Scholar. He received a BA Magna cum Laude from Harvard College.



Mr. Pavninder Singh

Nominee Director

Group Executive Committee



Mr. Dinanath Dubhashi
Managing Director & Chief Executive Officer



Mr. Kailash Kulkarni
Chief Executive -
Investment Management



Mr. Sachinn Joshi
Group Chief Financial Officer



Mr. Sunil Prabhune
Chief Executive - Rural Finance
Chief Human Resource Officer



Mr. Muralidharan R
Group Head - Operations, Information Technology and Corporate Social Responsibility



Mr. Raju Dodti
Group Head -
Legal, Compliance, Corporate Communication and Facilities & Channel Management



Mr. Manoj Shenoy
Chief Executive -
Wealth Management



Mr. Virender Pankaj
Chief Executive -
Wholesale Finance



Mr. Srikanth JR
Chief Executive -
Housing Finance



Mr. Abhishek Sharma
Group Head - Strategy

Management Discussion & Analysis



MACRO-ECONOMIC REVIEW

India, a large and the fastest growing economy, continues to be a bright spot in the global landscape. It has been underpinned by strong private consumption and gradual introduction of significant domestic reforms. In FY17, the economy has grown by 7.1% and the foreign exchange reserves have grown to US$ 370 billion. India's Current Account Deficit (CAD) narrowed to 0.7% of it's GDP in FY17, compared with 1.1% in FY16, on the back of a contraction in trade deficit. Foreign Direct Investment inflows touched a new high of US$ 60.1 billion.

The move of demonetising in November 2016, made with the objective to curb black money in circulation, weighed on growth during the second half of FY17. This reflected in relatively weaker growth in manufacturing and rural consumption as well as services sector PMIs (purchase managers indices) in H2, FY17. However, it is expected to have a positive long-term impact on the economy through better tax compliance, increase in Tax-to-GDP ratio and higher tax collections. Continued fiscal consolidation and an anti-inflationary monetary policy stance helped cement macro-economic stability.

OUTLOOK FOR FY18

Major leading indicators suggest that the economic activity is gradually improving. This is driven by improving global demand and a remonetisation-led pick-up in domestic activity. The International Monetary Fund (IMF) expects India to resume the 8% growth path in the medium term. This should happen as soon as the short-term dislocation to consumption from demonetisation passes. The nation is expected to remain the fastest growing economy on the back of high private consumption levels and gradually implemented domestic reforms.

Your Company sees growth picking up significantly, supported by a normal monsoon, modest costs of borrowing, pay hikes for state government employees and stronger export demand. Other growth supportive factors will be Government's continued thrust on physical infrastructure and the Real Estate (Regulation and Development) Act, 2016 (RERA), which will pave way for greater transparency and accountability in the real estate sector. The Goods & Services Tax, (GST) implemented in July 2017, will also have long term structural benefits, despite short-term execution and adjustment risks during the course of FY18.

POSSIBLE THREATS

As we get into an environment which is likely to be largely positive over medium to long term, there may be significant roadblocks in the shorter term. The implementation of GST is likely to cause certain short term disturbances. RERA too will cause some turbulence and consolidation in the real estate sector. Despite recent push by the RBI, the resolution of stressed assets in the system is likely to take more time. Also the effect of various loan waivers on credit culture in the rural areas is still to be seen.

Your Company acknowledges these possible negative factors and has a plan to mitigate them through its deep domain knowledge, strong risk framework and an efficient collection mechanism.

Management Discussion & Analysis



RURAL FINANCE

The Company's strength in Rural Finance makes us one of the fastest growing NBFCs in this sector. Your Company is now a single brand under L&T Financial Services (LTFS) offering through multi channels, multiple financing products like Farm Equipment Finance, Two-Wheeler Finance and Microfinance.

6.8%

Market Share in FY17

Farm Equipment Finance

The tractor industry grew ~15% in FY17 after two continuous years of market contraction. The positive growth was on account of a normal monsoon cycle which has helped reinvigorate the demand in this sector. With monsoons expected to be normal, this industry is expected to grow at ~18-20% this year.

During the year, your Company gained market share, doubling its share of the pie of farm equipment financing to 9.4% in the second half of FY17, from 4.2% in the first half. However, the business witnessed a YoY contraction by 11% in disbursement, along with a book de-growth of 6%. This trend is expected to reverse in the current year which will help excellent growth in both disbursements and book.

Competitive Advantage

- Proven ability to last through the cycles
- Differentiated value proposition for top dealers
- Analytics driven business mix and channel management
- Technology led sourcing and credit decisioning for superior service proposition

Future Strategy

- Create a right portfolio mix across geographies, Original Equipment Manufacturers (OEMs) and distributors
- Digitise the entire process and provide a differentiated value proposition to the Company partners
- Capture higher counter share at chosen dealers through differentiated value proposition

Technology-led sourcing along with analytics driven channel segmentation enabled the Company to gain market share. The Company's domain expertise and in-depth knowledge in chosen geographies have laid the foundation of its strong business growth. A well-established network and tie-ups with OEMs enabled your Company to retain a strong market position. In FY17, the two-wheeler finance business witnessed a YoY growth of 10% in disbursement, along with a book growth of 20%.



Two-Wheeler Finance

The two-wheeler industry posted a healthy YoY growth of 8%. The market in FY18 is expected to remain stable with a demand influenced by structural factors like a growing middle class segment and urbanisation.

20%

Increase in Book size

Competitive Advantage

- Technology led sourcing and decisioning
- Analytics driven channel selection and differentiated value proposition for top dealers
- Market depth in chosen geographies

Future Strategy

- Enhance TAT proposition through mobility solutions and automated credit decisioning
- Further increase market penetration in our chosen geographies and develop new locations
- Increase market depth by exploring entry into self-financed segment

Microfinance

The microfinance industry has recorded a 26% YoY growth in FY17. However, there has been a trend of decrease in growth since demonetisation. We believe that the decrease is not entirely attributable to demonetisation as other external factors and vested interests also impacted performance in certain geographies. Industry looks to be cautious and a pause in growth can be expected in the short term.

During FY17, your Company launched mobility solutions, aimed towards improving the operational efficiencies and making the disbursement process simpler. This move enabled your Company to achieve the highest single-month disbursement of ~ ₹ 470 crs. in September, 2016. The Company continued its key initiatives of enhancing customer reach, building scalability, and managing risks effectively, attaining process excellence and cost excellence. Microfinance business witnessed a YoY growth of 39% in disbursement, along with a book growth of 59%.

The post demonetisation period was marked with increased delays in repayments in certain geographies. While the situation has improved significantly from March 2017 onwards, your



Company expects stress in some areas to continue for some more time. In line with its conservative polices, your Company has made adequate loan loss provisions in FY17 and will look to continue to do so based on how the situation develops.

59%

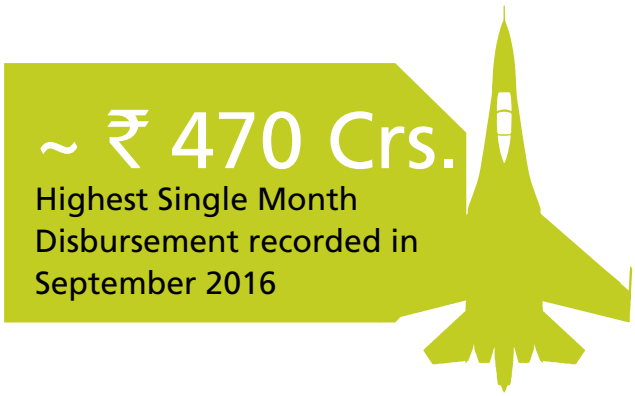
Book Size Growth in Microfinance Business in FY17

Competitive Advantage

- Robust risk management framework
- Best in Industry productivity through differentiated business model
- Proven ability to scale rapidly
- An efficient and technology enabled delivery channel

Future Strategy

- Transform Microfinance into a steady state retail business by moving further towards a technology and analytics-driven platform
- Expand into under penetrated new geographies to further enhance customer reach
- Further strengthen risk management framework, processes and systems



Management Discussion & Analysis



WHOLESALE FINANCE

Your Company is focussed on Infrastructure Project Financing (including Infra Debt Fund), Structured Corporate Finance, Debt Capital Market and Supply Chain Financing. The Company's strength lies in its strong underwriting ability, structuring and syndication capabilities.

21%

Growth in Infrastructure Finance Disbursement in FY17

Infrastructure Financing

Over the last year, the Government of India introduced several policy changes targeted at speeding up the infrastructure development in the country. The Renewable Energy sector reported a record capacity addition of over 11 gigawatts (GW) in FY17, an increase of around 60% over 7.1 GW reported in FY16. The outlook for the road sector has improved through improvements in dispute resolution framework, focus on EPC contracts and generating financial resources for future road construction.

The infrastructure book in its focus sectors of renewables, roads and transmission showed a healthy growth. The infrastructure lending platform saw its fee income doubling in FY17 through larger underwriting and advisory mandates. This was ably supported by the down-selling desk which doubled its down-sell quantum in this year. The Infrastructure Debt Fund (IDF) also increased its asset base to over ₹ 4,000 crs. Considering the stress in the overall infra sector, the Company proactively made accelerated provisions over and above the regulatory requirements in order to strengthen the balance sheet. Infrastructure Finance business witnessed a YoY growth of 21% in disbursement, along with a book growth of 19%. In FY17, your Company was awarded as the "Best Finance Company in Renewable Energy" at the annual "Central Board of Irrigation & Power Awards".

Competitive Advantage

- In depth sector knowledge, efficient transaction processing and management capabilities
- Superior advice to customers through all stages of the project life cycle
- Minimal turnaround time
- An operational IDF platform

Future Strategy

- Broaden the sectoral expertise and develop framework for new sectors
- Leverage successful PE interface in renewables for entry into new sectors
- Sharper focus on selection and structuring of project parameters

Structured Corporate Finance

In FY17, bank credit slowed down to a 60-year low of 5.1% on the back of lower credit demand and increased reliance on the bond market for debt requirement.

Despite the above trend, your Company's structured corporate finance expanded its asset base in FY17 with persistent focus on both growth and profitability. The growth trajectory has been backed by robust origination ability and detailed appraisal process. The structured corporate finance asset size showed a healthy 28% growth and doubling of disbursement numbers in FY17.



Competitive Advantage

- Robust origination ability and exhaustive appraisal process
- Expanded product suite with introduction of IPO funding in response to conducive market environment

Future Strategy

- Deliver steady state high spreads along with high fee income through superior structuring of financing solutions

Debt & Capital Market (DCM)

Your Company's DCM business invests in select infra project issuances and financial institutions. Additionally DCM entered structured finance segment in FY17.

The DCM desk doubled its disbursements, sell downs and profitability to demonstrate excellent investment and portfolio management philosophy.

Competitive Advantage

- Credit focussed approach to the business
- Large ticket size underwriting capability

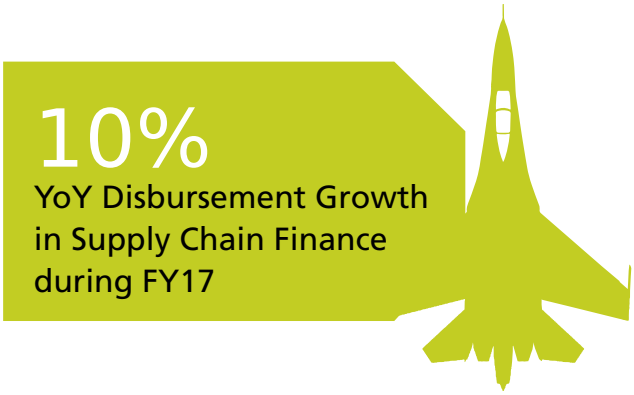
Future Strategy

- Aim to take sole / anchor investor positions thereby positioning LTFS as a significant player

Supply Chain Finance

During FY17, your Company tied up with marquee names in the distribution business of information technology and mobility segment. The supply chain business showed consistent disbursements while increasing the profitability through increase in margins and opex control.

Supply Chain Finance business witnessed a YoY growth of 10% in disbursement, however, along with a book degrowth of 7%.



HOUSING FINANCE

Your Company has identified housing finance as one of its core business based on the long term growth prospects of this industry. The Company's products in this sector include Home loans, Loan Against Property and Real Estate Finance.

Home Loans & Loan Against Property (LAP)

The housing finance industry growth slowed to 16% in FY17 from 19% in FY16, with the overall housing credit at ₹14.4 lakh crs. in FY17 (₹12.4 lakh crs. in FY16). While this slowdown was across the industry, the decline was higher for banks because of operational constraints caused by demonetisation. The growth in the sector was also impacted by a slowdown in new project launches with buyers deferring their purchase decisions, with an expectation of a downward revision in prices.

At beginning of FY17, your Company realigned its focus towards disbursing loans to self-employed customers.



Despite challenging market situations, your Company's Home Loan and LAP book grew by 21% during the year, touching a new milestone of ₹ 7,500 crs.

Competitive Advantage

- Sharpened proposition to strengthen the product offering to self-employed customers
- Streamlined processes to deliver faster sanctions and disbursement TAT to the customer

Future Strategy

- Achieve best in class TAT through digitisation and automation
- Use of analytics for direct sourcing and cross selling
- Drive operational efficiency through focus on key locations and manpower productivity

Real Estate Finance

Real Estate is transitioning towards a more regulated industry with the introduction of Real Estate (Regulation and Development) Act, 2016 (RERA). Demonetisation also had a temporary negative impact on the sector. Demand in residential, primarily on account of affordable housing segment, is expected to see a revival after a slowdown over the past 2-3 years. In the commercial office segment, major metros have seen strong demand for Grade A office space leading to a higher occupancy and robust rental growth. At the start of FY17, a Real Estate Finance vertical was created to cater to various funding requirements of developers in both residential and commercial spaces. Our objective behind creating this vertical was to establish the LTFS Real Estate business as a key player in the development finance market. Real Estate Finance business achieved loan disbursements of ₹ 3,841 crs. and a Loan Book of ₹ 4,865 crs.

More than

₹ 7,500 crs.

Home Loan & LAP Book size

Competitive Advantage

- Comprehensive product suite to address top developers' funding requirements
- Robust risk management and early warning signal mechanism
- Strong processes to deliver faster TAT

Future Strategy

- Focus on top real estate developers with the aim to build sustainable relationships
- Build a wider product portfolio and focus on Syndication/Sell down for risk distribution
- Leverage L&T ecosystem for business growth and market intelligence







39%

YoY Growth in Mutual Funds Business

India's mutual fund industry witnessed a 35% growth during the quarter-ended March 2017, taking the Average Assets Under Management (AAUM) to ₹ 1,829,583 crs., as compared to ₹ 1,353,443 crs. AAUM recorded during the quarter-ended March 2016.

During FY17, the Mutual Fund business continued its previous year's growth momentum. With YoY growth of 39%, the business outperformed the industry growth rate, while maintaining a healthy mix of core assets under equities and fixed income. A strong investment performance, supported by strong inflows into the core products could be expected in FY18.

Competitive Advantage

- Robust performance of the Fund's equity schemes
- Diversified and ever-expanding reach across distribution channels

Future Strategy

- Focus on building core assets to achieve the dual purpose of achieving higher profitability while ensuring stability in overall AUM
- Increase SIP book to ensure steady flows
- Presence in key counters to gain a higher share of assets, thereby widening Company's reach

WEALTH MANAGEMENT



46%

Rise in Average Assets Under Service

With a Gross Domestic Product (GDP) growth hovering over 7-8% and a strong future outlook, India's growth story is making it an increasingly attractive market for wealth management firms. The regulatory environment, too, is evolving, presenting opportunities for established wealth managers to expand their offerings.

FY17 was a turnaround year for the business – from a loss of ₹ 24 crs. in FY16 to a profit of ₹ 5 crs. in FY17. The Average Assets Under Service (AAUS) grew by almost 46% during the year with the Q4-FY17 AAUS being more than ₹ 13,000 crs. Your Company's revenue witnessed a rise of 71% during the year, for FY17 being at ₹ 50 crs.

Competitive Advantage

- Comprehensive services suite including Loan against Shares, Mutual Funds, Real Estate Finance complements the Company's key offerings for High Networth Individuals (HNIs)
- Offerings like Debt Capital Markets significantly strengthen the customer value proposition
- A strong track record of AUS and revenue growth ranks us high amongst the key market players
- Strong partnerships established since inception have enabled Company to service the differing needs of clients across segments, asset classes and markets

Future Strategy

- Focus on Investment advisory and Family office to form new meaningful relationships
- Deepen existing relationships with clients to attain a higher wallet share
- Acquisition of new clients will continue to remain a key area of focus for the business
- Increase sales strength

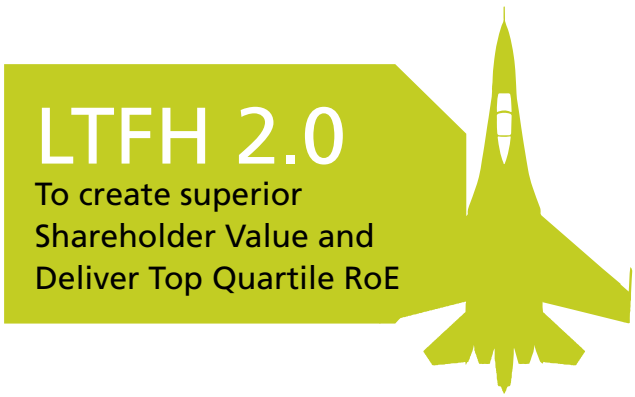
Human Resources

Your Company has embarked upon the "Transform" journey to LTFH 2.0 with a sharp "Focus" on creating superior shareholder value by "Delivering" top quartile Return on Equity (RoE).



The role of Human Resources has significantly transformed since 2016, from being a function which used to manage the human resources of the Company to being the prime driver of the change in culture required for the successful transformation of the Company. All the initiatives in this area have been designed for transforming the old LTFH into LTFH 2.0.

Your Company firmly believes that any transformation journey needs to be sustainable. While the strategy we have embarked upon for delivering a top quartile RoE is a 4-year strategy, superior value generation for the shareholders will come only if the new way of 'Results not Reasons' becomes a way of life.



As on 31st March 2017, your Company had a total workforce of 10,943 employees across all subsidiaries.

Your Company believes that this journey will become sustainable if we get three aspects right:

- Clarity and Communication of Management Intent
- A well-honed Execution Engine
- A performance oriented Culture

The Company's endeavour is to ensure that its HR processes are completely aligned with the above three aspects and

they work towards creating leadership which makes the transformation smooth and sustainable.

Clarity and Communication of Management Intent

The intent of the management is quite clear – to deliver top quartile RoE by profitable growth in the Company's focussed businesses. We take all efforts to make sure that this is communicated clearly across all levels of the organisation. This is done through a series of town halls which are a two-way communication platform between the organisation and employees to share a 360-degree update on the Company's mission of superior shareholder value creation. Also, very clear communication of expected performance and behaviours is ensured. These town halls are organised every quarter end, across cities, departments, functions and grades.

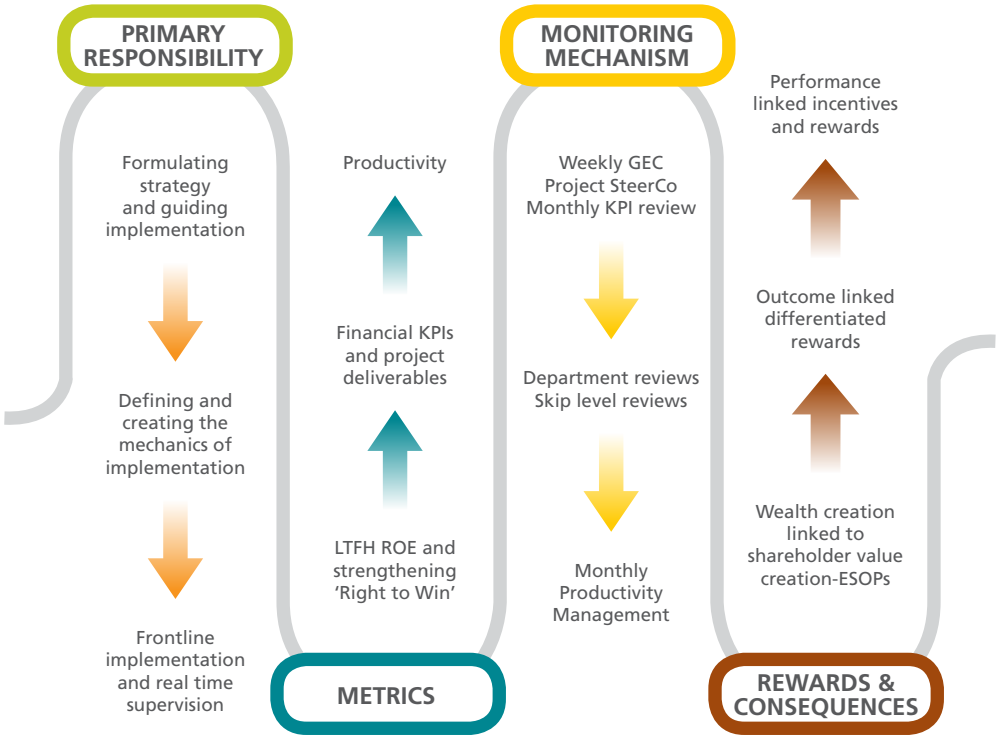
A Well-honed Execution Engine

Your Company's chosen method of ensuring efficient execution is through a series of projects touching each aspect of strategy execution. These projects are towards creating Centres of Excellence in various aspects of the business. We have developed our own unique way of not only ensuring that these contribute to delivering results in line with the decided milestones, but also ensuring that these are used for effective Leadership Development. Each of these projects is headed by a hand-picked middle level executive. This develops the leadership qualities of the person as it requires working with multi-functional teams and also exposes the person to close senior management reviews.

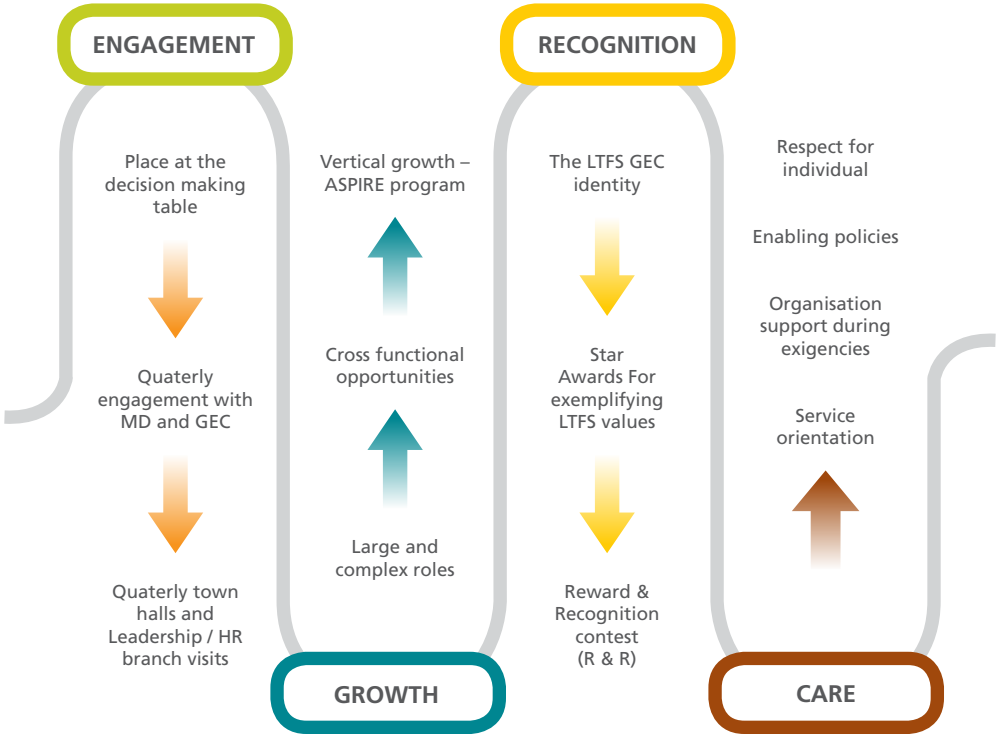
Culture

A culture of 'ownership' and 'Results not Reasons' is the hallmark of LTFH 2.0. In fact, the endeavour of our HR interventions for creating this culture, is to use Culture as a Competitive Advantage. This is done through a right mix of 'Execution Design and Method' and 'Employee Value Proposition'.

CULTURE AS A COMPETITIVE ADVANTAGE
EXECUTION DESIGN AND METHOD



CULTURE AS A COMPETITIVE ADVANTAGE
EMPLOYEE VALUE PROPOSITION



Risk Management

The transformation journey embarked by the Company involves rapid growth in our chosen businesses. Having embarked on this transformational journey, the Company recognises the criticality of risk management practices towards a longer term success. We have a robust management framework covering various families of risk like credit risk, portfolio risk, market risk and operational risk.

During FY17, your Company engaged a leading global risk management consultancy to further strengthen its risk management framework. Based on their recommendations, your Company is strengthening its capabilities in the four key areas to ensure that the businesses operate fearlessly within the defined risk appetite and risk tolerance levels.

1. Risk Appetite Statement (RAS)

A robust RAS is set up that acts as a governing framework from board to front line to facilitate trade-offs between risk, value and growth. It helps in effective risk and return management while providing greater clarity and autonomy to businesses.

2. Risk Dashboards & Early Warning Signals (EWS)

Dashboards should provide cross-risk view and are anchored to the Company's Risk Appetite Statement. It leverages risk measurement and analytics to further enhance early warning capabilities and to use those in driving decisions. EWS helps in timely identification of portfolios with increasing risk, enabling timely



Note: For details on internal control systems and their adequacy, refer Board Report

remedial measures (where applicable) and eventually driving lower NPAs.

3. Treasury Risk Management

This gives the ability to effectively manage the Market Risk (liquidity and interest rate risks) emanating from the core businesses of the Company. A robust governance framework is set up to monitor and manage the Market Risk Operations.

4. Risk-adjusted Pricing

This tool helps in tracking transaction level and portfolio level actual pricing vis-à-vis risk-adjusted pricing. Thus giving more clarity on value creation by products/ portfolios. The pricing tool incorporates weighted average tenor, based on behavioural maturity in order to align with expected cash-flows.



Digitisation & Analytics

In line with the theme of "Grow Fearlessly", your Company's Digital & Data Analytics roadmap encompasses achieving multi-fold increase in "Scale", "Cost Effectiveness" and "Customer Experience". In order to enable it for achieving the same, your Company has decided on the following design principles: Biometric based data capturing, Paperless On-boarding, Transact with us on any day in the year.

We have relooked at the existing architecture, to revamp it completely to achieve the digital aspiration that it thrives to achieve. The end state architecture will be modular and agile, enabling your Company to keep pace with changing technology. A strong digital and data analytics roadmap touching every aspect of the customer journey will not only improve the customer experience but also substantially enhance efficiency and productivity.



Corporate Social Responsibility





Corporate Social Responsibility (CSR) witnessed a transformation during FY17. The Company's over-arching theme of sustainable Livelihoods was revisited to align to the larger needs of the rural ecosystem - through Integrated Water Resource Management (IWRM). LTFS committed itself to come up with long-term innovative solutions benefitting the water-deprived communities. The IWRM programme engaged with communities to implement interventions in order to address their core needs in water and facilitate the rural economy through agriculture and allied activities.

In addition to this, your Company also focussed on Financial Literacy. It helped in spreading the message of financial literacy to rural India, resulting in enhanced absorption of facilities and schemes granted by the Government and other financial institutions.

Thrust areas were re-modelled to rake in the 3S approach which believes in:

- Social Impact through right projects aligned with Company's focussed businesses
- Sustainable development creating right structures
- Achieve scale by collaborating with right partners

Highlights

- Constructing water harvesting structures, known as Dohas
- Creating disaster relief shelters, towards the Tamil Nadu floods
- Nurturing 100 Integrated livelihood development centres in villages
- Initiating remedial education programmes
- Garnering volunteers from the organisation (Boondein) to contribute towards CSR initiatives

Board's Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Ninth Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The summary of the Company's financial performance, both on a consolidated and standalone basis, for the financial year ("FY") 2016-17 as compared to the previous FY 2015-16 is given below:

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	2016-17	**2015-16**	**2016-17**	**2015-16**
Total Income	8,57,231.01	7,47,068.96	31,488.99	42,745.10
Less: Total Expenses	7,49,340.82	6,21,802.43	6,978.26	5,935.81
Profit before Tax	**1,07,890.19**	**1,25,266.53**	**24,510.73**	**36,809.29**
Less: Tax Expense	3,643.67	39,897.72	(355.44)	(994.37)
Profit after Tax	**1,04,246.52**	**85,368.81**	**24,866.17**	**37,803.66**
Add: Share in profit of associate company	574.73	300.45	-	-
Add: Share of minority interest	(602.58)	-	-	-
Profit for the year	**1,04,218.67**	**85,669.26**	**24,866.17**	**37,803.66**
Add: Balance brought forward from previous year	1,18,752.54	1,11,843.49	9,065.58	9,051.95
Balance Available	**2,22,971.21**	**1,97,512.75**	**33,931.75**	**46,855.61**
Appropriations				
Statutory Reserve	8,020.39	22,707.58	4,973.24	7,560.74
Proposed Dividend on Equity Shares	-	14,027.19	-	14,027.19
Dividend paid for previous year	5.78	6.23	5.78	6.23
Dividend Distribution Tax on proposed dividend / dividend paid (including tax on Dividend paid for previous year)	6,713.05	6,238.26	2,104.46	(11.41)
Interim Dividend on Preference Shares	10,677.49	16,708.77	10,338.95	16,207.28
Transfer to/(from) Debenture Redemption Reserve	67.15	6,598.76	-	-
Transfer to Reserve u/s 36(1)(viii) of Income Tax Act, 1961	9,734.72	11,312.62	-	-
Transfer to Reserve u/s 29-C of National Housing Bank	2,729.93	1,160.80	-	-
Unamortised loss on sale of loans	16,252.55	-	-	-
Share in Associates' Reserves	985.12	-	-	-
Surplus in the Statement of Profit and Loss	**1,67,785.03**	**1,18,752.54**	**16,509.32**	**9,065.58**

FINANCIAL PERFORMANCE

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 15% from ₹ 7,47,068.96 Lakhs in FY 2015-16 to ₹ 8,57,231.01 Lakhs in FY 2016-17.
- Profit before taxes was ₹ 1,25,266.53 Lakhs in

FY 2015-16 compared to ₹ 1,07,890.19 Lakhs in FY 2016-17.

- Profit after tax has grown from ₹ 85,669.26 Lakhs in FY 2015-16 to ₹ 1,04,218.67 Lakhs in FY 2016-17.

During the year, the net loan book size grew from ₹ 56,06,538.02 Lakhs to ₹ 61,64,849.99 Lakhs reflecting a growth of 9.96%.

The Average Assets Under Management ("AAUM") of the Mutual Fund business stood at ₹ 39,30,000 Lakhs for the quarter ended March 31, 2017 as against ₹ 25,94,480 Lakhs for the quarter ended March 31, 2016, a growth of 51%.

The Average Assets Under Service ("AAUS") of the Wealth Management business stood at ₹ 13,62,300.83 Lakhs for the quarter ended March 31, 2017 as against ₹ 9,31,583.06 Lakhs for the quarter ended March 31, 2016, a growth of 46%.

Standalone

- Total income was ₹ 42,745.10 Lakhs in FY 2015-16 compared to ₹ 31,488.99 Lakhs in FY 2016-17.
- Profit before tax was ₹ 36,809.29 Lakhs in FY 2015-16 compared to ₹ 24,510.73 Lakhs in FY 2016-17.
- Profit after tax was ₹ 37,803.66 Lakhs in FY 2015-16 compared to ₹ 24,866.17 Lakhs in FY 2016-17.

Appropriations

The Company proposes to transfer ₹ 4,973.24 Lakhs (previous year ₹ 7,560.74 Lakhs) to Special Reserve created u/s 45–IC of the Reserve Bank of India Act, 1934.

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 Board of Directors of the Company has approved the Dividend Distribution Policy at its Meeting held on October 25, 2016 in line with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Policy has been uploaded on the Company's website at *http://www.ltfs.com/investors.html*.

The Board of Directors had declared and paid an interim dividend @ 9.00% (one option), 8.40% (one option), 8.50% (one option), 8.35% (two options) and 8.15% (one option) per share as applicable, on the four series of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("CCRPS") of face value of ₹ 100/- each of the Company, for FY 2016-17, entailing an outflow of ₹ 10,338.95 Lakhs (excluding Dividend Distribution Tax). No final dividend is proposed on CCRPS.

The Board of Directors are pleased to recommend a final dividend of ₹ 0.80/- per Equity Share of ₹ 10/- each (previous year ₹ 0.80/- per share) subject to approval of the Members in ensuing Annual General Meeting ("AGM"). In terms of the revised Accounting Standard (AS-4) 'Contingencies and events occurring after Balance Sheet' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendments Rules, 2016 dated March 30, 2016, proposed dividend of ₹ 14,556.34 Lakhs and Dividend Distribution Tax (net) thereon is not recognised as liability as on March 31, 2017.

The dividend, if approved at the ensuing AGM, would be paid to those Members whose name appears in the Register of Members/Beneficial Owners as stated in Notice of the ensuing AGM.

CREDIT RATING

During the year under review, Credit Analysis and Research Ltd. ("CARE") has accorded a rating of 'CARE AA+' [Double A Plus] with stable outlook for the issue of CCRPS. The rating indicates that the Preference Shares carry very low credit risk and are considered to have a high degree of safety regarding timely servicing of financial obligations.

SHARE CAPITAL

During the year under review, the Company has issued in total 18,03,810 Equity Shares and 5,19,500 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 respectively.

Pursuant to the allotment of the Equity Shares, the paid-up share capital of the Company was ₹ 2,96,912.19 Lakhs (including preference share capital of ₹ 1,21,340 Lakhs) as at March 31, 2017 as compared to ₹ 2,96,679.86 Lakhs (including preference share capital of ₹ 1,21,340 Lakhs) as at March 31, 2016.

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 subsidiary company	Amount of capital subscribed (₹ in Lakhs)
L&T Infrastructure Finance Company Limited	22,000
L&T Housing Finance Limited	7,500
L&T Access Distribution Services Limited	1,535
L&T Capital Markets Limited	200

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 Reserve Bank of India ("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 a 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 Companies Act, 2013 ("the Act") and Regulation 17 of the Listing Regulations, with an appropriate combination of Non-Executive Directors and Independent Directors.

During the year under review, the Company had appointed Mr. Dinanath Dubhashi as a Whole-time Director, designated as Deputy Managing Director of the Company, with effect from April 14, 2016 upto and including July 21, 2016 and as Managing Director for the period July 22, 2016 upto and including April 13, 2021, on the terms and conditions approved by the Members at their Eighth AGM held on August 23, 2016. Mr. Y. M. Deosthalee continued to be the Chairperson of the Company.

Mr. N. Sivaraman, President & Whole-time Director ceased to be a Director on the Board of the Company with effect from close of business hours on April 11, 2016, consequent upon his retirement from the L&T Financial Services Group ("LTFS"). Ms. Kamakshi Rao, an Independent Director of the Company, resigned from the Board of Directors to devote time to other commitments and accordingly ceased to be a Director of the Company with effect from March 21, 2017. Mr. Y. M. Deosthalee will retire from the Chairmanship and the Board effective May 31, 2017 and Mr. S. V. Haribhakti will take over as the Non-Executive Chairman from June 1, 2017. The Board places on record its appreciation of the valuable services rendered by the aforesaid Directors during their tenure as the Directors of the Company.

The complete list of Directors of the Company as of March 31, 2017 has been provided as part of the Corporate Governance Report.

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. Accordingly, Mr. R. Shankar Raman, 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 available on the website of the Company at *http://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 Regulation 16(1)(b) of the Listing Regulations and are not disqualified from continuing 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 of the familiarization programme is available on the website of the Company at *http://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 of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL

During the year under review, with effect from July 22, 2016, Mr. Dinanath Dubhashi was appointed as the Managing Director of the Company and Mr. Y. M. Deosthalee continued to serve as the Chairperson of the Company.

Further, consequent to resignation of Mr. N. Suryanarayanan as the Company Secretary of the Company with effect from October 26, 2016, Ms. Apurva Rathod was appointed as the Company Secretary of the Company effective the aforesaid date. As at March 31, 2017, the Company had the following Key Managerial Personnel ("KMPs"):

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

COMPANY'S POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

A. Background and Objectives

Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations, as amended from time to time, requires the Nomination and Remuneration Committee ("NRC") to formulate a policy relating to the remuneration for the Directors, KMPs, Senior Management and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy is required to be disclosed in the Board's Report.

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.

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, 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 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 Listing Regulations, before their 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 provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules there under. The NRC ensures that a person does not occupy 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

- **Non-Executive Directors/Independent 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:

  - ➢ Membership & Attendance - Board and Committee meetings;
  - ➢ Contribution during such meetings;
  - ➢ Active participation in strategic decision making;
  - ➢ Inputs to executive management on matters of strategic importance; and
  - ➢ 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 ("KPI"), which are identified well in advance for EDs and weights assigned for each measure of performance keeping in view the distinct roles of ED. The identified KPI 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. KPI 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 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 authorized to design the framework for evaluating the EDs/KMPs/Senior Management Personnel/Employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs 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 the criteria for remuneration for Directors, KMPs/Senior Management and other employees ensures that:

- ➢ 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;
- ➢ relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- ➢ remuneration to Directors, KMPs 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.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and the provisions of the 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 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, 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 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 SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and any amendments thereof is available on the website of the Company at *http://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.

BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of the Listing Regulations, top 500 listed entities based on their market capitalisation as on March 31, 2017 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 *http://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 its Registered Office.

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 Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of the Eighth AGM till the conclusion of the Thirteenth AGM.

Further, in terms of Section 139(1) of the Act, the appointment of Statutory Auditors is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. B. K. Khare & Co., Chartered Accountants and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company, has been placed for ratification by the Members at the ensuing Ninth AGM.

With respect to the aforesaid appointment, the Company has received a certificate from the Statutory Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

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 B** 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 working days of the Company upto 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.

The Board of Directors affirms that the remuneration paid to employees of the Company is as per the Policy on Directors' appointment and remuneration for Directors, KMPs and other Employees and none of the employees listed in the said Annexure is related to any Directors of the Company.

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

Considering the Company's activities as 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 Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities.

There were no foreign exchange earnings during the year (previous year ₹ Nil); the foreign exchange outgo by the Company during the year was ₹ 485.89 Lakhs (previous year ₹ 228.06 Lakhs) towards professional fees, Directors' sitting fees and travelling expenses.

DEPOSITORY SYSTEM

The Company's Equity Shares are compulsorily tradable in electronic form. As on March 31, 2017, out of the Company's total equity paid-up share capital comprising of 1,75,57,21,861 Equity Shares, only 2,21,940 Equity Shares were in physical form and the remaining capital is in demat form. In view of the numerous advantages offered by the Depository System, the Members holding shares in physical form are advised to avail the facility of dematerialisation.

SUBSIDIARY COMPANIES

The Company conducts its business through subsidiaries for the various business segments in which it operates. As of March 31, 2017, the Company had 12 subsidiaries (including step down subsidiaries).

MERGER - SUBSIDIARY COMPANIES

During the year under review, following mergers/ amalgamations have taken place:

1. Consumer Financial Services Limited (CIN: U67120DL2001PLC199088) was merged with L&T Housing Finance Limited (CIN: U45200MH1994PLC259630), a wholly owned subsidiary of the Company with effect from October 28, 2016.

2. L&T Finance Limited (CIN: U65990MH1994 PLC083147) and L&T FinCorp Limited (CIN: U65910MH1997PLC108179), the two wholly owned subsidiaries of the Company were merged with Family Credit Limited (now known as L&T Finance Limited – CIN: U65910WB1993FLC060810), another wholly owned subsidiary of the Company with effect from February 13, 2017.

MATERIAL SUBSIDIARIES

As required under Regulations 16(1)(c) and 46 of the 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 *http://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 C** to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirm that, to the best of their 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, 2017 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 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 function. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department of 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 Internal Audit 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") from time to time.

MEETINGS

The details of the Board meetings held during FY 2016-17 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 Listing Regulations and RBI Regulations. The details of the same are disclosed in the Corporate Governance 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 framed and adopted the Vigil Mechanism Framework to enable directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct.

Under this framework, the Company has set up a "Whistle Blower Investigation Committee". The Chairperson of this Whistle Blower Investigation Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the AC on this matter. The Chief Internal Auditor of LTFS is acting as 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls or fraudulent reporting of financial information.

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

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 is provided in the Corporate Governance Report.

The Company has also formulated a CSR Policy which is available on the website of the Company at *http://www.ltfs.com/csr.html*. An annual report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure D** to this Report.

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

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the Notes to the Financial Statements.

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 Listing Regulations, the Company has formulated the RPT Policy which is also available on the Company's website at *http://www.ltfs.com/investors.html*. The 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, on the recommendation of the management, approves certain RPTs which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.
- All RPTs which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision.

All RPTs that were entered into during FY 2016-17 were on arm's length basis and were in the ordinary course of business. There were no materially significant RPTs by the Company with Promoters, Directors, KMP 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 Note No. 24.4 to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

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 Risk Management Committee and also apprised about the risk management framework at subsidiaries.

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 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Naina R. Desai, Practising Company Secretary to undertake the Secretarial Audit of the Company.

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

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

POLICY FOR 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. 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.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE ACT AND RULES MADE THEREUNDER

The extract of Annual Return in Form No. MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure F** to this Report.

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, 2017.

OTHER DISCLOSURES

During the year under review, 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 your 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

Y. M. Deosthalee	**Dinanath Dubhashi**
Chairperson	Managing Director & Chief Executive Officer
DIN: 00001698	DIN: 03545900

Place : Mumbai
Date : May 4, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

TO THE MEMBERS OF
L&T FINANCE HOLDINGS LIMITED

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEMES

1. This certificate is issued in accordance with the terms of our engagement letter reference no. SVP/2016-17/1597 dated October 3, 2016.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of **L&T Finance Holdings Limited** ("the Company") are required to certify for the year ended March 31, 2017 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 Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments there to (the "Regulations").

Managements' Responsibility

3. The Company's Management is solely and entirely responsible for ensuring implementation of the Schemes in accordance with the Regulations. This includes the design, implementation and maintenance of internal controls over the implementation of the Schemes in compliance with the Regulations to ensure that it is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to certify the compliance of the Schemes with the Regulations, on the basis of work carried out by us. We conducted our work in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes and Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"), in so far as applicable for the purpose of this certificate which include the concepts of test checks and materiality.

5. The criteria against which the compliance was evaluated are:

   a. the Regulations;

   b. the Schemes;

   c. 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.

   d. 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;

   e. special resolution passed by the Shareholders of the Company through Postal Ballot on April 4, 2014 for approval of the L&T Finance Holdings Limited ESOP Scheme 2013;

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes and Standards on Auditing issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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 the work that we performed and the information, explanation and representations given to us by the Company's Management we hereby certify to the best of our knowledge and belief that the Schemes have been implemented in accordance with the Regulations.

9. This certificate has been issued at the request of the Company and is intended solely for 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 or 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)

Mukesh Jain
Partner
(Membership No. 108262)

Place: Mumbai
Date: May 4, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'B' TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 197 read with Rule 5 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]	Mr. Y. M. Deosthalee[3] - 8% Mr. Dinanath Dubhashi - 24% Chief Financial Officer - 10% Company Secretary[4] - 10%	
3	The percentage increase in the median remuneration of employees in the financial year.	5%	
4	The number of permanent employees on the rolls of Company.	3 employees	
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 thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		6%	Mr. Y.M. Deosthalee – 8% Mr. Dinanath Dubhashi – 24%[5]
6	Affirmation that the remuneration is as per remuneration policy of the Company.	We affirm that the remuneration paid 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 Directors 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(s) are 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) *Non-Executive Chairperson as on March 31, 2017.*

(4) *Mr. N. Suryanarayanan ceased to be the Company Secretary effective October 26, 2016 and Ms. Apurva Rathod was appointed as the Company Secretary effective the aforesaid date.*

(5) *Mr. Dinanath Dubhashi, who was the Managing Director & Chief Executive of one of the material subsidiaries of the Company was appointed as the Deputy Managing Director of the Company effective April 14, 2016 and then the Managing Director effective July 22, 2016. Thus, the increase in remuneration is consistent with the substantial enhancement in his role.*

Note: Mr. N. Sivaraman ceased to be the President and Whole-time Director effective close of business hours on April 11, 2016, consequent upon his retirement from the L&T Financial Services Group and therefore disclosures are not applicable.

ANNUAL REPORT 2016-17 - ANNEXURE 'C' TO BOARD'S REPORT

FORM AOC-I

[Statement pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries,associate companies and joint ventures

Part - A: Subsidiaries

(₹ in Lakhs)

Sl. No.	1	2	3	4	5	6	7	8	9	10	11	12
Name of the subsidiary	L&T Infrastructure Finance Company Ltd.	L&T Finance Ltd. (erstwhile known as Family Credit Ltd.)[1]	L&T Housing Finance Ltd.[2]	L&T Access Distribution Services Ltd.	L&T Infra Debt Fund Ltd.	L&T Infra Investment Partners Advisory Pvt. Ltd.	L&T Infra Investment Partners Trustee Pvt. Ltd.	L&T Investment Management Ltd.	L&T Mutual Fund Trustee Ltd.	L&T Capital Markets Ltd.	L&T Financial Consultants Ltd. (erstwhile known as L&T Vrindavan Properties Ltd.)	Mudit Cement Pvt. Ltd.
Date of acquisition	-	December 31, 2012	October 9, 2012	-	-	-	-	-	-	-	-	December 27, 2013
Share capital	89,208.76	1,44,004.73	12,965.08	2,135.00	57,596.67[3]	500.00	10.00	25,182.43	15.00	4,975.00	1,875.00	210.48
Reserves & surplus	1,98,875.66	5,43,934.16	67,563.40	-1,817.74	23,294.89	805.04	-4.66	21,281.35	144.07	-3,417.68	8,809.41	-1,574.11
Total assets	24,86,467.33	35,97,682.84	8,81,624.80	322.12	4,21,311.23	1,519.89	8.28	51,780.14	163.52	2,677.02	51,333.51	3,947.64
Total Liabilities	21,98,382.91	29,09,743.95	8,01,096.32	4.86	3,40,419.67	214.85	2.94	5,316.36	4.45	1,119.70	40,649.10	5,311.27
Investments	2,50,283.59	3,09,696.98	43,549.65	74.70	-	1,335.10	7.45	10,937.14	133.00	512.01	426.10	-
Turnover	2,67,841.71	4,14,497.54	95,389.22	2.24	34,623.58	1,274.69	2.81	35,186.24	14.61	6,216.20	5,230.73	-
Profit before taxation	1,891.65	2,841.74	21,020.76	-89.70	9,410.96	754.21	0.26	-2,581.48	0.97	515.54	-831.12	-480.93
Provision for taxation	-2,329.01	1,237.57	7,379.61	4.22	-	266.77	0.09	-	-1.13	-145.30	-2,481.53	67.81
Profit after taxation	4,220.66	1,604.17	13,641.15	-93.92	9,410.96	487.44	0.17	-2,581.48	2.10	660.84	1,650.41	-548.74
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

[1] Pursuant to orders of National Company Law Tribunal, Mumbai Bench ("NCLT") dated January 24, 2017 and Hon'ble High Court of Calcutta dated November 28, 2016, the Scheme of Amalgamation for merger of two wholly owned subsidiaries of the Company, L&T Finance Ltd. (CIN:U65990MH1994PLC083147) and L&T Fincorp Ltd. (CIN:U65910MH1997PLC108179) into another wholly owned subsidiary Family Credit Ltd. (now known as L&T Finance Ltd. - CIN:U65910WB1993FLC060810) is effected from April 1, 2016. Accordingly, the said companies cease to exist as subsidiaries of the Company.

[2] On approval of Hon'ble High Court of Bombay vide its order dated July 10, 2015 and of Hon'ble High Court of Delhi vide its order dated August 29, 2016, the merger of Company's wholly owned subsidiary Consumer Financial Services Ltd. (CIN:U67120DL2001PLC199088) into another wholly owned subsidiary, L&T Housing Finance Ltd. (CIN:U45200MH1994PLC259630) is effected from April 1, 2015.

[3] Includes the preference share capital of ₹ 10,530 Lakhs.

Names of subsidiaries which are yet to commence operations — **Mudit Cement Private Ltd.**

Names of subsidiaries which have been liquidated or sold during the year — **NIL**

Part - B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates	Feedback Infra Private Ltd.	Grameen Capital India Pvt. Ltd.
1. Latest audited Balance Sheet Date	March 31, 2017	March 31, 2016
2. Date on which the Associate or Joint Venture was associated or acquired	September 28, 2012	June 5, 2015
3. Shares of associates held by the Company as at March 31, 2017 :		
No.	37,90,000	21,26,000
Amount of investment in Associates (₹ in Lakhs)	3,790.00	212.60
4. Holding %/ Description of significant influence	23.16 % of shareholding	26.00 % of shareholding
5. Reason of non consolidation of the associate/ joint venture	N.A.	N.A.
6. Networth attributable to Shareholding as per latest Audited Balance Sheet (₹ in Lakhs)	2,493.22	N.A.
7. Profit/ Loss for the year :		
i. Considered in Consolidation (₹ in Lakhs)	574.73	N.A.
ii. Not Considered in Consolidation (₹ in Lakhs)	-	N.A.

Names of associates or joint ventures which are yet to commence operations — **NIL**

Names of associates or joint ventures which have been liquidated or sold during the year. — **NIL**

ANNUAL REPORT 2016-17 - ANNEXURE 'D' 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 programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

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 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 is ₹ 1,762.74 Lakhs.

4) Prescribed CSR expenditure and details of CSR spend:

Particulars	Amount (₹ in Lakhs)
Prescribed CSR expenditure	35.25
Amount spent as CSR	35.25
Amount unspent	-

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

(₹ in Lakhs)

CSR project or activity identified	Sector in which project is covered	Projects or program coverage	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub heads- (a) Direct expenditure & (b) Overheads	Cumulative expenditure upto the reporting period	Amount spent - Direct or through implementing Agency
Rural development through - Watershed Management- drought relief Project	(x) rural development projects	State: Maharashtra District: Beed	35.25	35.25	35.25	Indirect**
Total CSR spend in FY 2016-17			**35.25**	**35.25**	**35.25**	

Note:

Indirect** = CSR activities/ projects have been carried out by partnering with several Non-Governmental Organisations/ Charitable Institutions.

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.

For L&T Finance Holdings Limited

Y. M. Deosthalee
Chairperson
CSR Committee
DIN: 00001698

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
DIN: 03545900

ANNUAL REPORT 2016-17 - ANNEXURE 'E' TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

for the financial year ended March 31, 2017

[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, 2017, 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, 2017, 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, 2009;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently, the Securities and Exchange Board of India (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, 1998;

(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 and** the 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;

   b. The Cumulative Compulsorily Redeemable Non-Convertible Preference Shares (CCRPS) 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 is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. **Effective March 21, 2017, the woman director on the Board of the Company has resigned and the process for selection of suitable candidate for the vacancy so created has been initiated by the Company.** The changes in the composition of the Board of Directors or Committees thereof 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.

I further report that, I was informed, 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. -

- ➢ **During the year the Company has issued in total 18,03,810 Equity Shares and 5,19,500 Equity Shares pursuant to the exercise of stock options under the ESOP Scheme - 2010 and ESOP Scheme – 2013, respectively.**

(ii) Redemption / buy-back of securities – **NIL**.

(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 – **NIL**.

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

Place: Mumbai
Date: April 26, 2017

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

Annexure-I

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 Account 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
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 26, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'F' TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[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** *(1)*	Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India Phone: +91 22 6212 5000 Fax: +91 22 6212 5398 E-mail: igrc@ltfs.com Website: www.ltfs.com
vi)	**Whether listed Company**	Yes
vii)	**Name, Address & Contact details of the Registrar and 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 Phone: +91 22 4918 6270 Fax:+91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sl. 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	88.15%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. 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	66.62	2(46)
2	**L&T Infrastructure Finance Company Limited** Mount Poonamallee Road, Manapakkam, Chennai - 600 089, Tamil Nadu, India.	U67190TN2006PLC059527	Subsidiary Company	100	2(87)
3	**L&T Investment Management Limited** *(1)* Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India	U65991MH1996PLC229572	Subsidiary Company	100	2(87)

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
4	**L&T Mutual Fund Trustee Limited** [1] Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India	U65993MH1996PLC211198	Subsidiary Company	100	2(87)
5	**L&T Access Distribution Services Limited** Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India.	U65100MH2011PLC284632	Subsidiary Company	100	2(87)
6	**L&T Financial Consultants Limited (erstwhile L&T Vrindavan Properties Limited)** Mount Poonamallee Road, Manapakkam, Chennai - 600 089, Tamil Nadu, India.	U65100TN2011PLC081100	Subsidiary Company	100	2(87)
7	**L&T Housing Finance Limited**[1] Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India	U45200MH1994PLC259630	Subsidiary Company	100	2(87)
8	**L&T Finance Limited (erstwhile Family Credit 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)
9	**L&T Capital Markets Limited** L&T House, N. M. Marg, Ballard Estate, Mumbai - 400 001, Maharashtra, India.	U67190MH2013PLC240261	Subsidiary Company	100	2(87)
10	**L&T Infra Investment Partners Advisory Private Limited** Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India.	U67190MH2011PTC218046	Subsidiary Company	100	2(87)
11	**L&T Infra Investment Partners Trustee Private Limited** Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India.	U67190MH2011PTC220896	Subsidiary Company	100	2(87)
12	**L&T Infra Debt Fund Limited** Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India.	U67100MH2013PLC241104	Subsidiary Company	100	2(87)
13	**Mudit Cement Private Limited** 5th Floor, DCM Building, 16, Barakhamba Road, Cannaught Place, New Delhi - 110 001, Delhi, India.	U26942DL1990PTC041941	Subsidiary Company	100	2(87)
14	**Feedback Infra Private Limited** 311, 3rd Floor, Vardhaman Plaza, Pocket 7, Plot No.6, Sector 12, Dwarka, New Delhi - 110 078, Delhi, India.	U74899DL1990PTC040630	Associate Company	23.16	2(6)
15	**Grameen Capital India Private Limited** 402, 36 Turner Road, Bandra West, Mumbai - 400 050, Maharashtra, India.	U65923MH2007PTC168721	Associate Company	26	2(6)

[1] *Change of registered office effective June 15, 2017.*

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

(i) Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% 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	1,16,97,09,304	-	1,16,97,09,304	66.71	1,16,97,09,304	-	1,16,97,09,304	66.62	-0.09
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (1)	**1,16,97,09,304**	**-**	**1,16,97,09,304**	**66.71**	**1,16,97,09,304**	**-**	**1,16,97,09,304**	**66.62**	**-0.09**
(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)	**1,16,97,09,304**	**-**	**1,16,97,09,304**	**66.71**	**1,16,97,09,304**	**-**	**1,16,97,09,304**	**66.62**	**-0.09**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	2,20,07,081	-	2,20,07,081	1.26	5,47,53,686	-	5,47,53,686	3.12	1.86
b) Banks/FI	1,01,75,006	-	1,01,75,006	0.58	98,05,606	-	98,05,606	0.56	-0.02
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s).	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	15,43,83,103	-	15,43,83,103	8.80	19,87,96,449	-	19,87,96,449	11.32	2.52
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	**18,65,65,190**	**-**	**18,65,65,190**	**10.64**	**26,33,55,741**	**-**	**26,33,55,741**	**15.00**	**4.36**
(2) Non-Institutions									
a) Bodies Corporate	5,82,28,933	205	5,82,29,138	3.32	8,67,16,401	-	8,67,16,401	4.94	1.62
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% 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	18,43,62,051	27,891	18,43,89,942	10.52	14,36,02,018	21,940	14,36,23,958	8.18	-2.34
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	5,53,63,630	2,00,000	5,55,63,630	3.17	4,59,63,749	2,00,000	4,61,63,749	2.63	-0.54
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non Resident Repatriates	68,33,177	-	68,33,177	0.39	54,77,441	-	54,77,441	0.31	-0.08
ii) Foreign Companies	3,18,36,971	-	3,18,36,971	1.82	3,18,36,971	-	3,18,36,971	1.81	0.00
iii) Foreign Nationals	-	-	-	-	500	-	500	0.00	0.00
iv) Non Resident Non Repatriates	17,09,291	-	17,09,291	0.10	16,71,764	-	16,71,764	0.10	0.00
v) Trusts	23,20,525	-	23,20,525	0.13	37,39,362	-	37,39,362	0.21	0.08
vi) Directors & their Relatives	26,22,474	-	26,22,474	0.15	34,26,670	-	34,26,670	0.20	0.05
vii) Private Equity Funds	5,36,18,909	-	5,36,18,909	3.06	-	-	-	0.00	-3.06
Sub-total (B)(2):	**39,68,95,961**	**2,28,096**	**39,71,24,057**	**22.65**	**32,24,34,876**	**2,21,940**	**32,26,56,816**	**18.38**	**-4.27**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**58,34,61,151**	**2,28,096**	**58,36,89,247**	**33.29**	**58,57,90,617**	**2,21,940**	**58,60,12,557**	**33.38**	**0.09**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**1,75,31,70,455**	**2,28,096**	**1,75,33,98,551**	**100.00**	**1,75,54,99,921**	**2,21,940**	**1,75,57,21,861**	**100.00**	**-**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% 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	1,16,97,09,304	66.71	-	1,16,97,09,304	66.62	-	-0.09
	Total	**1,16,97,09,304**	**66.71**	**-**	**1,16,97,09,304**	**66.62**	**-**	**-0.09**

(iii) Change in Promoters' Shareholding

Sl. No.	Name of the Promoter	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			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 1, 2016	1,16,97,09,304	66.71	-	-
	At the end of the year	March 31, 2017	-	-	1,16,97,09,304	66.62

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

Sl. No.	Name of the Shareholder	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Citigroup Global Markets Mauritius Private Limited**					
	At the beginning of the year	April 1, 2016	9,93,94,992	5.67	-	-
	Purchase	June 3, 2016	15,76,000	0.09	10,09,70,992	5.76
	Purchase	June 24, 2016	9,000	0.00	10,09,79,992	5.76
	Purchase	August 12, 2016	11,79,000	0.07	10,21,58,992	5.82
	Purchase	August 19, 2016	81,000	0.00	10,22,39,992	5.83
	Purchase	September 2, 2016	2,70,000	0.02	10,25,09,992	5.84
	Sale	September 23, 2016	-72,000	0.00	10,24,37,992	5.84
	Sale	October 7, 2016	-27,000	0.00	10,24,10,992	5.84
	Sale	October 21, 2016	-5,13,000	-0.03	10,18,97,992	5.81
	Sale	October 28, 2016	-7,47,000	-0.04	10,11,50,992	5.76
	Sale	November 11, 2016	-9,36,000	-0.05	10,02,14,992	5.71
	Sale	November 25, 2016	-1,17,000	-0.01	10,00,97,992	5.70
	Sale	December 30, 2016	-99,000	-0.01	9,99,98,992	5.70
	Sale	January 13, 2017	-4,23,000	-0.02	9,95,75,992	5.67
	Purchase	February 3, 2017	20,88,000	0.12	10,16,63,992	5.79
	Sale	February 10, 2017	-3,51,000	-0.02	10,13,12,992	5.77
	Sale	March 3, 2017	-18,000	0.00	10,12,94,992	5.77
	Sale	March 31, 2017	-8,73,000	-0.05	10,04,21,992	5.72
	At the end of the year	March 31, 2017	-	-	10,04,21,992	5.72
2	**Birla Sun Life Trustee Company Private Limited Ac Birla Sun Life Balanced 95 Fund**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	August 19, 2016	73,79,000	0.42	73,79,000	0.42
	Purchase	August 26, 2016	25,000	0.00	74,04,000	0.42
	Purchase	September 2, 2016	37,48,000	0.21	1,11,52,000	0.64
	Purchase	September 16, 2016	2,95,161	0.02	1,14,47,161	0.65
	Sale	October 14, 2016	-1,98,000	-0.01	1,12,49,161	0.64
	Purchase	October 21, 2016	66,22,000	0.38	1,78,71,161	1.02
	Purchase	October 28, 2016	32,31,000	0.18	2,11,02,161	1.20
	Purchase	November 4, 2016	7,50,000	0.04	2,18,52,161	1.25
	Purchase	November 11, 2016	6,10,000	0.03	2,24,62,161	1.28
	Sale	November 18, 2016	-1,91,000	-0.01	2,22,71,161	1.27
	Purchase	December 2, 2016	15,80,000	0.09	2,38,51,161	1.36
	Purchase	December 9, 2016	12,44,232	0.07	2,50,95,393	1.43
	Purchase	December 16, 2016	21,83,549	0.12	2,72,78,942	1.55
	Purchase	December 23, 2016	15,34,000	0.09	2,88,12,942	1.64
	Purchase	December 30, 2016	11,68,000	0.07	2,99,80,942	1.71
	Purchase	January 6, 2017	16,00,000	0.09	3,15,80,942	1.80
	Purchase	January 13, 2017	26,25,000	0.15	3,42,05,942	1.95
	Purchase	January 20, 2017	4,68,000	0.03	3,46,73,942	1.98
	Purchase	January 27, 2017	20,79,000	0.12	3,67,52,942	2.09
	Purchase	February 3, 2017	1,53,000	0.01	3,69,05,942	2.10
	Purchase	February 10, 2017	7,15,000	0.04	3,76,20,942	2.14
	Sale	March 3, 2017	-20,00,000	-0.11	3,56,20,942	2.03
	Purchase	March 10, 2017	2,45,000	0.01	3,58,65,942	2.04
	Purchase	March 17, 2017	5,50,000	0.03	3,64,15,942	2.07
	Purchase	March 24, 2017	1,00,000	0.01	3,65,15,942	2.08
	Purchase	March 31, 2017	4,50,000	0.03	3,69,65,942	2.11
	At the end of the year	March 31, 2017	-	-	3,69,65,942	2.11

Sl. No.	Name of the Shareholder	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	**BC Investments VI Limited**					
	At the beginning of the year	April 1, 2016	3,18,36,971	1.82	-	-
	At the end of the year	March 31, 2017	-	-	3,18,36,971	1.81
4	**Prazim Trading and Investment Co. Pvt. Ltd.**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	March 24, 2017	2,54,55,222	1.45	2,54,55,222	1.45
	At the end of the year	March 31, 2017	-	-	2,54,55,222	1.45
5	**HDFC Standard Life Insurance Company Limited**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	October 21, 2016	70,75,060	0.40	70,75,060	0.40
	Purchase	October 28, 2016	9,24,940	0.05	80,00,000	0.46
	Purchase	November 25, 2016	5,00,000	0.03	85,00,000	0.48
	Purchase	December 23, 2016	50,000	0.00	85,50,000	0.49
	Purchase	December 30, 2016	58,049	0.00	86,08,049	0.49
	Purchase	January 13, 2017	24,400	0.00	86,32,449	0.49
	Purchase	January 20, 2017	21,27,173	0.12	1,07,59,622	0.61
	Purchase	January 27, 2017	13,29,478	0.08	1,20,89,100	0.69
	Purchase	February 3, 2017	2,18,350	0.01	1,23,07,450	0.70
	Purchase	February 24, 2017	7,100	0.00	1,23,14,550	0.70
	Purchase	March 10, 2017	25,200	0.00	1,23,39,750	0.70
	Sale	March 17, 2017	-9,07,443	-0.05	1,14,32,307	0.65
	Purchase	March 31, 2017	11,106	0.00	1,14,43,413	0.65
	At the end of the year	March 31, 2017	-	-	1,14,43,413	0.65
6	**Azim Premji Trust**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	March 31, 2017	1,11,78,027	0.64	1,11,78,027	0.64
	At the end of the year	March 31, 2017	-	-	1,11,78,027	0.64
7	**Morgan Stanley Mauritius Company Limited**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	June 3, 2016	4,81,318	0.03	4,81,318	0.03
	Sale	June 30, 2016	-14,275	0.00	4,67,043	0.03
	Purchase	July 8, 2016	1,53,000	0.01	6,20,043	0.04
	Purchase	July 15, 2016	1,89,000	0.01	8,09,043	0.05
	Purchase	July 22, 2016	2,60,177	0.01	10,69,220	0.06
	Purchase	July 29, 2016	90,000	0.01	11,59,220	0.07
	Purchase	August 5, 2016	18,000	0.00	11,77,220	0.07
	Purchase	August 12, 2016	6,42,750	0.04	18,19,970	0.10
	Purchase	August 19, 2016	1,73,627	0.01	19,93,597	0.11
	Sale	August 26, 2016	-9,31,098	-0.05	10,62,499	0.06
	Sale	September 2, 2016	-83,254	0.00	9,79,245	0.06
	Sale	September 16, 2016	-72,000	0.00	9,07,245	0.05
	Sale	September 23, 2016	-36,000	0.00	8,71,245	0.05
	Sale	September 30, 2016	-7,65,000	-0.04	1,06,245	0.01
	Sale	October 7, 2016	-18,000	0.00	88,245	0.01
	Purchase	October 21, 2016	4,68,000	0.03	5,56,245	0.03

Sl. No.	Name of the Shareholder	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Sale	October 28, 2016	-5,13,000	-0.03	43,245	0.00
	Sale	November 25, 2016	-27,000	0.00	16,245	0.00
	Purchase	December 2, 2016	85,711	0.00	1,01,956	0.01
	Sale	December 9, 2016	-72,000	0.00	29,956	0.00
	Sale	December 16, 2016	-18,000	0.00	11,956	0.00
	Purchase	January 20, 2017	4,59,000	0.03	4,70,956	0.03
	Purchase	January 27, 2017	2,29,289	0.01	7,00,245	0.04
	Purchase	February 3, 2017	7,46,950	0.04	14,47,195	0.08
	Purchase	February 10, 2017	7,38,050	0.04	21,85,245	0.12
	Purchase	February 17, 2017	3,44,958	0.02	25,30,203	0.14
	Purchase	February 24, 2017	18,23,171	0.10	43,53,374	0.25
	Purchase	March 3, 2017	25,36,267	0.14	68,89,641	0.39
	Purchase	March 10, 2017	5,95,095	0.03	74,84,736	0.43
	Purchase	March 17, 2017	11,15,076	0.06	85,99,812	0.49
	Purchase	March 24, 2017	3,35,944	0.02	89,35,756	0.51
	Purchase	March 31, 2017	21,26,848	0.12	1,10,62,604	0.63
	At the end of the year	March 31, 2017	-	-	1,10,62,604	0.63
8	**Kuwait Investment Authority Fund 223**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	August 19, 2016	18,00,000	0.10	18,00,000	0.10
	Purchase	August 26, 2016	6,00,000	0.03	24,00,000	0.14
	Purchase	September 30, 2016	6,75,000	0.04	30,75,000	0.18
	Purchase	October 7, 2016	6,00,000	0.03	36,75,000	0.21
	Purchase	November 25, 2016	11,99,300	0.07	48,74,300	0.28
	Purchase	January 13, 2017	3,90,833	0.02	52,65,133	0.30
	Sale	January 20, 2017	-3,38,266	-0.02	49,26,867	0.28
	Purchase	February 3, 2017	12,36,818	0.07	61,63,685	0.35
	Purchase	February 10, 2017	6,32,364	0.04	67,96,049	0.39
	Purchase	February 17, 2017	6,00,044	0.03	73,96,093	0.42
	Sale	March 3, 2017	-3,76,000	-0.02	70,20,093	0.40
	At the end of the year	March 31, 2017	-	-	70,20,093	0.40
9	**Government Pension Fund Global**					
	At the beginning of the year	April 1, 2016	1,90,02,517	1.08	-	-
	Sale	June 17, 2016	-4,44,099	-0.03	1,85,58,418	1.06
	Sale	June 24, 2016	-3,81,155	-0.02	1,81,77,263	1.04
	Sale	June 30, 2016	-32,710	0.00	1,81,44,553	1.03
	Sale	July 15, 2016	-2,06,157	-0.01	1,79,38,396	1.02
	Sale	July 22, 2016	-6,52,053	-0.04	1,72,86,343	0.99
	Sale	August 12, 2016	-32,58,078	-0.19	1,40,28,265	0.80
	Sale	October 14, 2016	-52,000	0.00	1,39,76,265	0.80
	Sale	November 18, 2016	-98,000	-0.01	1,38,78,265	0.79
	Sale	January 13, 2017	-7,80,901	-0.04	1,30,97,364	0.75
	Sale	January 20, 2017	-29,18,905	-0.17	1,01,78,459	0.58
	Sale	January 27, 2017	-31,97,700	-0.18	69,80,759	0.40
	Sale	February 3, 2017	-8,65,865	-0.05	61,14,894	0.35
	At the end of the year	March 31, 2 017	-	-	61,14,894	0.35
10	**Life Insurance Corporation of India**					
	At the beginning of the year	April 1, 2016	60,93,518	0.35	-	-
	At the end of the year	March 31, 2017	-	-	60,93,518	0.35

Sl. No.	Name of the Shareholder	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
11	**Vanguard Total International Stock Index Fund**					
	At the beginning of the year	April 1, 2016	45,32,543	0.26	-	-
	Purchase	September 30, 2016	2,64,485	0.02	47,97,028	0.27
	Purchase	January 13, 2017	2,60,948	0.01	50,57,976	0.29
	At the end of the year	March 31, 2017	-	-	50,57,976	0.29
12	**HDFC Trustee Company Limited - HDFC Top 200 Fund**					
	At the beginning of the year	April 1, 2016	1,05,09,000	0.60	-	-
	Sale	June 30, 2016	-24,000	0.00	1,04,85,000	0.60
	Purchase	July 22, 2016	4,50,000	0.03	1,09,35,000	0.62
	Purchase	August 5, 2016	13,31,000	0.08	1,22,66,000	0.70
	Purchase	September 2, 2016	99,000	0.01	1,23,65,000	0.70
	Sale	October 21, 2016	-5,49,000	-0.03	1,18,16,000	0.67
	Sale	November 11, 2016	-45,000	0.00	1,17,71,000	0.67
	Purchase	December 2, 2016	2,73,000	0.02	1,20,44,000	0.69
	Sale	January 6, 2017	-45,000	0.00	1,19,99,000	0.68
	Sale	January 13, 2017	-18,000	0.00	1,19,81,000	0.68
	Sale	March 10, 2017	-22,90,000	-0.13	96,91,000	0.55
	Sale	March 17, 2017	-4,00,000	-0.02	92,91,000	0.53
	Sale	March 24, 2017	-18,85,000	-0.11	74,06,000	0.42
	Sale	March 31, 2017	-32,29,000	-0.18	41,77,000	0.24
	At the end of the year	March 31, 2017	-	-	41,77,000	0.24
13	**MACE CIPEF Limited**					
	At the beginning of the year	April 1, 2016	5,15,95,484	2.94	-	-
	Sale	August 12, 2016	-16,42,330	-0.09	4,99,53,154	2.85
	Sale	August 19, 2016	-86,76,765	-0.49	4,12,76,389	2.35
	Sale	August 26, 2016	-77,39,323	-0.44	3,35,37,066	1.91
	Sale	October 21, 2016	-1,54,78,646	-0.88	1,80,58,420	1.03
	Sale	January 27, 2017	-24,29,700	-0.14	1,56,28,720	0.89
	Sale	February 3, 2017	-77,68,605	-0.44	78,60,115	0.45
	Sale	February 10, 2017	-65,12,641	-0.37	13,47,474	0.08
	Sale	February 17, 2017	-13,47,474	-0.08	Nil	N.A.
	At the end of the year	March 31, 2017	-	-	Nil	N.A.
14	**Hasham Investment and Trading Company Private Limited**					
	At the beginning of the year	April 1, 2016	2,54,55,222	1.45	-	-
	Sale	March 24, 2017	-2,54,55,222	-1.45	Nil	N.A.
	At the end of the year	March 31, 2017	-	-	Nil	N.A.
15	**M/s Napean Trading and Investment Company Private Limited**					
	At the beginning of the year	April 1, 2016	1,11,38,027	0.64	-	-
	Sale	March 24, 2017	-1,11,38,027	-0.63	Nil	N.A.
	At the end of the year	March 31, 2017	-	-	Nil	N.A.
16	**Subria CGPE Limited**					
	At the beginning of the year	April 1, 2016	45,00,000	0.26	-	-
	Sale	August 12, 2016	-1,26,000	-0.01	43,74,000	0.25
	Sale	August 19, 2016	-7,74,000	-0.04	36,00,000	0.21
	Sale	August 26, 2017	-6,75,000	-0.04	29,25,000	0.17
	Sale	October 21, 2016	-13,50,000	-0.08	15,75,000	0.09
	Sale	January 27, 2017	-2,18,400	-0.01	13,56,600	0.08
	Sale	February 3, 2017	-6,98,181	-0.04	6,58,419	0.04
	Sale	February 10, 2017	-5,53,960	-0.03	1,04,459	0.01
	Sale	February 17, 2017	-1,04,459	-0.01	Nil	N.A.
	At the end of the year	March 31, 2017	-	-	Nil	N.A.

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

Sl. No.	Name of the Director/KMP	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mr. Yeshwant Moreshwar Deosthalee (Chairperson)**					
	At the beginning of the year	April 1, 2016	25,81,091	0.15	-	-
	At the end of the year	March 31, 2017	-	-	25,81,091	0.15
2	**Mr. Dinanath Dubhashi (Managing Director & Chief Executive Officer)**					
	At the beginning of the year	April 1, 2016	1,26,087	0.01	-	-
	ESOP	October 25, 2016	1,45,000	0.01	2,71,087	0.02
	ESOP	January 24, 2017	40,000	0.00	3,11,087	0.02
	At the end of the year	March 31, 2017	-	-	3,11,087	0.02
3	**Mr. Ramamurthy Shankar Raman (Non-Executive Director)**					
	At the beginning of the year	April 1, 2016	24,461	0.00	-	-
	At the end of the year	March 31, 2017	-	-	24,461	0.00
4	**Mr. B. V. Bhargava (Independent Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	Purchase	January 31, 2017	1,000	0.00	1,000	0.00
	At the end of the year	March 31, 2017	-	-	1,000	0.00
5	**Mr. S. V. Haribhakti (Independent Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	Purchase	July 26, 2016	63,243	0.00	63,243	0.00
	Purchase	July 29, 2016	36,757	0.00	1,00,000	0.01
	At the end of the year	March 31, 2017	-	-	1,00,000	0.01
6	**Mr. P. V. Bhide (Independent Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	Purchase	September 22, 2016	4,990	0.00	4,990	0.00
	At the end of the year	March 31, 2017	-	-	4,990	0.00
7	**Mr. Harsh Mariwala (Independent Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	Purchase	July 25, 2016	1,00,000	0.01	1,00,000	0.01
	Purchase	July 26, 2016	1,00,000	0.01	2,00,000	0.02
	Purchase	December 22, 2016	1,55,191	0.01	3,55,191	0.03
	Purchase	December 26, 2016	44,809	0.00	4,00,000	0.03
	At the end of the year	March 31, 2017	-	-	4,00,000	0.03
8	**Mr. Thomas Mathew T. (Independent Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	At the end of the year	March 31, 2017	-	-	Nil	N.A
9	**Mr. Amit Chandra (Nominee Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	At the end of the year	March 31, 2017	-	-	Nil	N.A
10	**Mr. Sachinn Joshi (Chief Financial Officer)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	At the end of the year	March 31, 2017	-	-	Nil	N.A
11	**Ms. Apurva Rathod (Company Secretary)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	At the end of the year	March 31, 2017	-	-	Nil	N.A

V. INDEBTEDNESS

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

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	-	6,04,91,59,009	-	6,04,91,59,009
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**6,04,91,59,009**	**-**	**6,04,91,59,009**
Change in Indebtedness during the financial year				
Additions	-	15,29,93,55,301	-	15,29,93,55,301
Reduction	-	11,54,91,59,009	-	11,54,91,59,009
Net Change	**-**	**3,75,01,96,292**	**-**	**3,75,01,96,292**
Indebtedness at the end of the financial year				
i) Principal Amount	-	9,79,93,55,301	-	9,79,93,55,301
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	23,02,06,834	-	23,02,06,834
Total (i+ii+iii)	**-**	**10,02,95,62,135**	**-**	**10,02,95,62,135**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Mr. Y. M. Deosthalee[1]	Mr. N. Sivaraman[2]	Mr. Dinanath Dubhashi	
1	**Gross salary :**				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3,45,44,528.67	15,18,807.06	3,82,00,000.00	7,42,63,335.73
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	90,51,350.00	90,51,350.00
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option (Number of options)	-	-	11,00,000	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**3,45,44,528.67**	**15,18,807.06**	**4,72,51,350.00**	**8,33,14,685.73**
	Ceiling as per the Act	**As on March 31, 2017, ₹ 12,71,50,924.20 (being 5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**			

Note :

[1] Remuneration data till September 5, 2016.

[2] Remuneration data till April 11, 2016.

B. Remuneration to other directors (Amount in ₹)

Particulars of Remuneration	Name of the Directors									Total Amount
	Independent Directors						Non Executive Directors			
	Mr. B. V. Bhargava	Mr. S. V. Haribhakti	Mr. P. V. Bhide	Mr. Harsh Mariwala	Ms. Kamakshi Rao	Mr. Thomas Mathew T.	Mr. R. Shankar Raman	Mr. Amit Chandra	Mr. Y. M. Deosthalee	
(a) Fee for attending Board and Committee meetings	2,20,000	4,40,000	4,00,000	4,20,000	40,000	2,60,000	-	3,00,000	-	20,80,000
(b) Commission	13,00,000	18,70,000	16,35,000	18,45,000	12,00,000	13,00,000	-	12,70,000	28,36,024	1,32,56,024
(c) Others, please specify	-	-	-	-	-	-	-	-	-	-
Total (B)	**15,20,000**	**23,10,000**	**20,35,000**	**22,65,000**	**12,40,000**	**15,60,000**	**-**	**15,70,000**	**28,36,024**	**1,53,36,024**
Total Managerial Remuneration = (A) + (B)										**9,86,50,709.73**
Overall Ceiling as per the Act.	**₹ 27,97,32,033.24 (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**									

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Key Managerial Personnel				
		CEO	Mr. Sachinn Joshi (CFO)	Mr. N. Suryanarayanan[1]	Ms. Apurva Rathod (CS)[2]	Total Amount
1	**Gross Salary :**					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	1,46,88,504.00	66,30,788.40	23,10,288.00	2,36,29,580.40
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	28,800.00	-	-	28,800.00
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option (Number of options)	-	3,00,000	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	**-**	**1,47,17,304.00**	**66,30,788.40**	**23,10,288.00**	**2,36,58,380.40**

Note :
[1] Remuneration data till October 25, 2016
[2] Remuneration data from October 26, 2016.

VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES(Under Companies Act , 2013): NONE

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 ("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 arrangement 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 Securities and Exchange Board of India ("SEBI") had issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with an aim to consolidate and streamline the provisions of listing agreements for different segments of capital markets such as equity shares (including convertible instruments), non-convertible debt securities, etc. and disclosure norms in relation thereto. The Listing Regulations mandated by SEBI have been fully complied with. A Report on compliance with the 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 responsibility 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 Company is in compliance with the provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the Listing Regulations. As on the date of this Report, the Board consists of nine Directors comprising five Independent Directors, one Executive Director, two Non-Executive Directors and one Nominee Director. The Woman Director on the Board of the Company resigned effective March 21, 2017 and the Company is taking steps to fill up the vacancy. Mr. Y. M. Deosthalee will retire from the Chairmanship and the Board effective May 31, 2017 and Mr. S. V. Haribhakti will take over as the Non-Executive Chairman from June 1, 2017. 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 Listing Regulations and Section 149(6) of the Act. These confirmations have been placed before the Board. None of the Independent Directors hold office as an Independent Director in more than seven equity listed companies as stipulated under Regulation 25 of the Listing Regulations. Further, no Whole-time Director of the Company is serving as an Independent Director in any company. None of the Directors of the Company is inter-se related to each other.

Board Procedure:

The Board meets at regular intervals to discuss and decide on Company / business policy 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 (including atleast one Independent Director). 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, 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.

2. Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act requires the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of the management. The Independent Directors of the Company met on April 6, 2016 and October 25, 2016, pursuant to the provisions of the Act and the Listing Regulations.

3. Meetings & Attendance:

During the financial year ended March 31, 2017, seven Board meetings were held on April 7, 2016, April 13, 2016, May 2, 2016, July 22, 2016, October 25, 2016, January 24, 2017 and March 21, 2017. The meetings of the Board are generally held at 8th Floor, Brindavan, Plot No. 177, CST 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 Annual General Meeting ("AGM") and also the number of other Directorships and Memberships / Chairmanships of Committees held by them as on March 31, 2017 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the 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. Y. M. Deosthalee	00001698	C	7	7	Present	6	2	1	None
Mr. Dinanath Dubhashi[4]	03545900	MD	7	5	Present	8	8	2	None
Mr. R. Shankar Raman	00019798	NED	7	6	Present	8	7	–	None
Mr. S. V. Haribhakti	00007347	ID	7	7	Present	18	10	4	7
Mr. B. V. Bhargava	00001823	ID	7	5	Present	5	6	2	5
Mr. P. V. Bhide	03304262	ID	7	7	Present	9	8	2	6
Ms. Kamakshi Rao[6]	03631768	ID	7	3[5]	Absent	–	–	–	–
Mr. Harsh Mariwala	00210342	ID	7	7	Absent	13	1	0	2
Mr. Thomas Mathew T.	00130282	ID	7	7	Present	4	3	–	2
Mr. Amit Chandra[7]	00009797	NED/ND	7	6[5]	Present	4	–	–	–

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 a Director with effect from April 14, 2016.*

(5) *Includes meetings attended through Audio Call.*

(6) *Ceased to be a Director with effect from March 21, 2017.*

(7) *Nominee Director of BC Investments VI Limited and BC Asia Growth Investments (Equity investors).*

C – Chairperson MD – Managing Director ND – Nominee Director NED – Non-Executive Director ID – Independent Director

4. 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.

5. Post-meeting internal communication system:

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

6. 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 Board Evaluation is given in the Board's Report.

7. Succession Planning:

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

8. Familiarisation 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 of the group structure, its businesses including of its subsidiaries, the environment in which it operates, its various regulators, Board constitution and guidelines and the major risks and risk management strategy.

The details of Director's familiarization programme is available on the Company's website at *http://www.ltfs.com/investors.html*.

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 which concern the Company. The business transacted by the Board Committees is placed before the Board for noting.

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

- 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").

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 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 clause (c) of sub-section 3 of Section 134 of the Act.
  b. Changes, if any, in 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, where applicable, 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;
- Carrying out any other function as is mentioned in the terms of reference of the AC;
- Investigate 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 about internal control systems, the scope of audit, including the observations of the auditors and discuss any related issues with the internal and statutory auditors and the management of the Company;
- Reviewing of information as prescribed under the Listing Regulations (as amended from time to time).

Composition:

The AC as on March 31, 2017 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. B. V. Bhargava	Member	ID
Mr. Thomas Mathew T.	Member	ID

Meetings and Attendance:

The AC met seven times during the year on April 7, 2016, May 2, 2016, July 22, 2016, October 25, 2016, December 7, 2016, January 24, 2017 and March 22, 2017. 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	7	7
Mr. R. Shankar Raman	7	6
Mr. B. V. Bhargava	7	6
Mr. Thomas Mathew T.[1]	7	6

[1] Appointed as a Member with effect from April 7, 2016.

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; and
- Ensuring proper and timely attendance and redressal of security holders' queries and grievances.

Composition:

The SRC as on March 31, 2017 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. P. V. Bhide	Chairperson	ID
Mr. Harsh Mariwala	Member	ID
Mr. R. Shankar Raman	Member	NED

Meetings and Attendance:

The SRC met five times during the year on April 7, 2016, May 2, 2016, July 22, 2016, October 25, 2016 and January 24, 2017. 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. P. V. Bhide	5	5
Mr. Harsh Mariwala	5	5
Mr. R. Shankar Raman	5	3

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	15[(1)]	14	2[(2)]
Queries :				
Transmission/ Transfer	Nil	Nil	Nil	Nil
Demat/Remat	Nil	7	7	Nil

[(1)] SEBI – 6 (2 Pending), Stock Exchange - 9.

[(2)] Subsequently resolved.

The Board has delegated the powers to approve transfer / transmissions of physical shares and to approve remat of shares to a Share Transfer Committee comprising of three Senior Executives. This Committee held six meetings during the year for conducting the business delegated to it. Ms. Apurva Rathod 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; and
- Formulating the Employee Stock Option Scheme ("ESOS"), decide the terms and conditions,

making appropriate recommendations to the Board and administering and superintending ESOS.

Composition:

The NRC as on March 31, 2017 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S. V. Haribhakti	Chairperson	ID
Mr. Y. M. Deosthalee	Member	NED
Mr. P. V. Bhide	Member	ID
Mr. Harsh Mariwala	Member	ID
Mr. Amit Chandra	Member	ND

Meetings and Attendance:

The NRC met eight times during the year on April 7, 2016, April 13, 2016, May 2, 2016, July 22, 2016, September 14, 2016, October 25, 2016, January 24, 2017 and March 21, 2017. 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	8	8
Mr. Y. M. Deosthalee	8	8
Mr. P. V. Bhide	8	8
Mr. Harsh Mariwala	8	8
Mr. Amit Chandra[1]	8	7[1]

[1] Includes one meeting attended through Audio Call.

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 services of Larsen & Toubro Limited / LTFS draw remuneration from Larsen & Toubro Limited / LTFS and are not paid any commission or sitting fees for attending the meetings of the Board and / 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. The said remuneration is based on the recommendations of the NRC and approval of the Board, subject to the limits approved by the Members.

As required under Schedule V of the 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 Listing Regulations is contained in the Board's Report.

Details of remuneration paid/payable to Directors for the financial year ended March 31, 2017:

a) Remuneration to Executive Director(s)

As on March 31, 2017, the Executive Director of the Company is Mr. Dinanath Dubhashi who is designated as the Managing Director of the Company. Mr. Dubhashi was paid remuneration during FY 2016-17 in accordance with the terms and conditions of the Agreement entered into by the Company with him. Mr. Y. M. Deosthalee, Chairperson of the Company was paid remuneration till September 5, 2016 on a pro-rata basis in accordance with the terms and conditions of the Agreement entered into by the Company with him.

The details of remuneration paid / payable to the Executive Director(s) are as follows:

(₹ in Lakhs)

Name of the Director	Salary and Perquisites	Variable Remuneration[1] (upto)	Retirement Benefits	Total
Mr. Y. M. Deosthalee	183.69	150.00	11.76	345.45
Mr. Dinanath Dubhashi	316.34	136.00	20.17	472.51

[1] Based on guidelines formulated by the NRC and approved by the Board.

- *Notice period for termination of appointment of Managing Director 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 constructive and useful feedback from time to time. The commission in respect of NEDs for the year is mentioned below. The commission is paid as per limits approved by the Members, subject to the limit not exceeding 1% p.a. of the profits of the Company.

In addition to the commission, the Company pays sitting fees of ₹ 20,000 per meeting to the NEDs for attending the meetings of the Board and Committees.

The details of remuneration to the NEDs are as follows:

(₹ in Lakhs)

Name of the Director	Sitting Fees for Board Meetings	Sitting Fees for Committee Meetings	Commission[1]	Total
Mr. Y. M. Deosthalee	Nil	Nil	28.36[2]	28.36
Mr. R. Shankar Raman	Nil	Nil	Nil	Nil
Mr. S. V. Haribhakti	1.40	3.00	18.70	23.10
Mr. B. V. Bhargava	1.00	1.20	13.00	15.20
Mr. P. V. Bhide	1.40	2.60	16.35	20.35
Ms. Kamakshi Rao	0.40	Nil	12.00	12.40
Mr. Harsh Mariwala	1.40	2.80	18.45	22.65
Mr. Thomas Mathew T.	1.40	1.20	13.00	15.60
Mr. Amit Chandra	1.20	1.80	12.70	15.70

[1] Based on guidelines formulated by the NRC and approved by the Board.

[2] With effect from September 6, 2016.

Details of shares/convertible instruments, if any, held by the NEDs as on March 31, 2017 are as follows:

Name of the Director	No. of Equity Shares
Mr. Y. M. Deosthalee	25,81,081
Mr. R. Shankar Raman	24,461
Mr. S. V. Haribhakti	1,00,000
Mr. Harsh Mariwala	4,00,000
Mr. B. V. Bhargava	1,000
Mr. P. V. Bhide	4,990

4) Corporate Social Responsibility Committee ("CSR")

Terms of reference:

The role of CSR is as follows:

- 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 from time to time; and
- Monitoring the CSR Policy of the Company from time to time.

Composition:

The CSR as on March 31, 2017 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Y. M. Deosthalee	Chairperson	NED
Mr. Dinanath Dubhashi	Member	MD
Mr. R. Shankar Raman	Member	NED
Mr. Harsh Mariwala	Member	ID

Meetings and Attendance:

The Committee met one time during the year on September 14, 2016. The attendance of members at the meeting was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. Y. M. Deosthalee	1	1
Mr. Dinanath Dubhashi[(1)]	1	1
Mr. R. Shankar Raman	1	-
Mr. Harsh Mariwala	1	1

[(1)] Appointed as a Member of the Committee with effect from May 2, 2016.

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, 2017 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Y. M. Deosthalee	Member	NED
Mr. Dinanath Dubhashi	Member	MD
Mr. R. Shankar Raman	Member	NED

Meetings and Attendance:

The Committee met nine times during the year on May 20, 2016, May 23, 2016, June 1, 2016, August 24, 2016, September 12, 2016, September 29, 2016, January 12, 2017, January 24, 2017 and March 29, 2017. 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. Y. M. Deosthalee	9	7
Mr. Dinanath Dubhashi[(1)]	9	8
Mr. R. Shankar Raman	9	8

[(1)] Appointed as a Member of the Committee with effect from May 2, 2016

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 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, 2017 comprises:

Name of the Member	Designation in the Committee
Mr. Dinanath Dubhashi	Member
Mr. R. Govindan	Member
Mr. Soumendra Lahiri	Member
Dr. Rupa Rege Nitsure	Member
Mr. Sachinn Joshi	Member
Mr. Deepak Punjabi	Member

Meetings and Attendance:

The Committee met twelve times during the year on April 19, 2016, May 11, 2016, June 21, 2016, July 30, 2016, August 27, 2016,

September 23, 2016, October 27, 2016, November 30, 2016, December 28, 2016, January 30, 2017, February 28, 2017 and March 30, 2017.

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.; and
- Such other functions as the Board may from time to time delegate.

Composition:

The RMC as on March 31, 2017 comprises:

Name of the Member	Designation in the Committee
Mr. R. Shankar Raman	Member
Mr. Dinanath Dubhashi	Member
Mr. Deepak Punjabi	Member
Mr. Amit Chandra	Member

Meetings and Attendance:

The Committee met two times during the year on April 7, 2016 and February 6, 2017.

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 at March 31, 2017, Mr. P. V. Bhide is a Director on the Board of L&T Finance Limited (erstwhile Family Credit Limited) and Mr. Thomas Mathew T. is a Director 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 Board of Directors has access to the information within the Company, which inter alia, includes items as mentioned in point no. B4 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 to the Board.

Statutory Auditors:

Mr. Sanjiv Pilgaonkar, Partner of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants and Mr. Ravi Kapoor, Partner of M/s. B. K. Khare & Co., Chartered Accountants, Joint Statutory Auditors of the Company have signed the Audit Report for FY 2016-17.

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 *http://www.ltfs.com/investors.html*. The declaration of Managing Director 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: May 4, 2017
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 *http://www.ltfs.com/investors.html*.

As on March 31, 2017, 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.

General Body Meetings:

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

Year	Date	Time	Venue
2013-14	July 24, 2014	3.00 P.M.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020
2014-15	September 08, 2015	3.00 P.M.	RAMA & SUNDRI WATUMULL AUDITORIUM, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020
2015-16	August 23, 2016	3.00 P.M.	Patkar Hall, SNDT Women's University, New Marine Lines, Churchgate, Mumbai - 400 020

The following Special Resolutions were passed by the Members during the past three AGM:

Year	Date	Resolution
2013-14	July 24, 2014	➢ Issue of Non-Convertible Debentures/ Bonds on a private placement basis during the FY 2014-15 for an amount not exceeding ₹ 1,000 Crore. ➢ Issue of Cumulative Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,000 Crore.
2014-15	September 8, 2015	➢ Issue of Non-Convertible Debentures/ Bonds on a private placement basis during the FY 2015-16 for an amount not exceeding ₹ 2,000 Crore. ➢ Issue of Cumulative Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Crore. ➢ Alteration of Memorandum of Association of the Company. ➢ Alteration of Articles of Association of the Company.
2015-16	August 23, 2016	➢ Issue of Non-Convertible Debentures/ Bonds on a private placement basis during the FY 2016-17 for an amount not exceeding ₹ 2,000 Crore. ➢ Issue of Cumulative Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Crore.

Postal Ballot:

The Company had not passed any Special Resolution through Postal Ballot during the FY 2016-17.

Disclosures:

- During the year, there were no transactions of material nature with the Directors, Management, their relatives or the subsidiaries, that had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the accounts as required under AS 18 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 related to the 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 Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the 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 Listing Regulations.

Means of Communication:

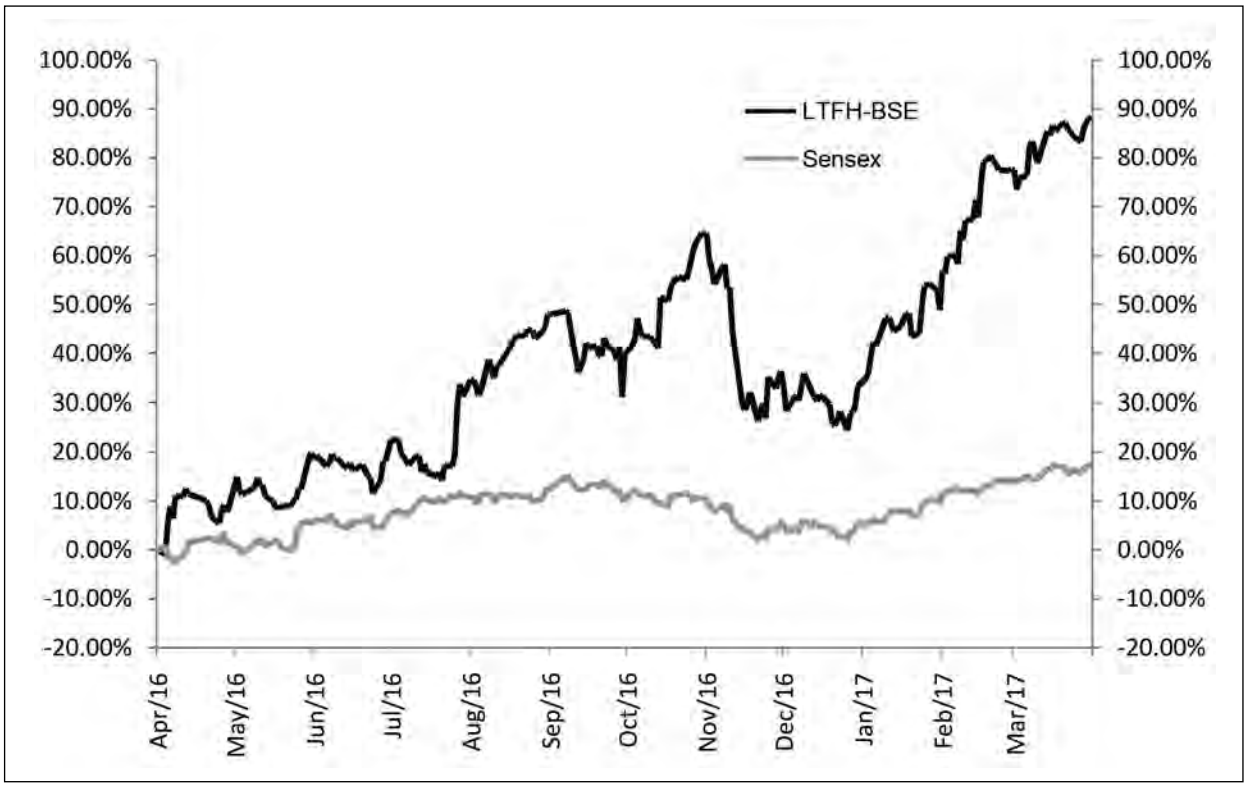
- Quarterly Results are communicated through a Press Release and Newspaper Advertisements in prominent national and regional dailies like Financial Express and Loksatta.
- The financial results, official news releases and presentations are also displayed on the website of the Company at *http://www.ltfs.com/investors.html.*
- 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, August 28, 2017 at 3.00 P.M. St. Andrews College, Auditorium St. Dominic Road, Bandra (West), Mumbai – 400 050.
Financial Year	April 1, 2016 to March 31, 2017.
Date of Book Closure	Tuesday, August 22, 2017 to Monday, August 28, 2017 (both days inclusive).
Dividend Payment	The dividend of ₹ 0.80 per Equity share of face value of ₹ 10/- each, if approved by the Members at the ensuing AGM, will be credited / dispatched before Wednesday, September 27, 2017.
Listing on Stock Exchanges (Equity Shares)	1. BSE Limited 2. National Stock Exchange of India Limited The Company has paid the listing fees to the Stock Exchanges.
Listing of Preference Shares	All the series of Cumulative Compulsorily Redeemable 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 : 715001, 715009, 715010, 715011, 715012, 715014
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-2016	74.75	63.50	71.60	26,100.54	24,523.20	25,606.62
May-2016	79.55	70.35	78.55	26,837.20	25,057.93	26,667.96
Jun-2016	80.75	70.10	78.90	27,105.41	25,911.33	26,999.72
Jul-2016	88.25	73.60	86.00	28,240.20	27,034.14	28,051.86
Aug-2016	97.90	84.10	97.00	28,532.25	27,627.97	28,452.17
Sep-2016	99.00	84.70	91.60	29,077.28	27,716.78	27,865.96
Oct-2016	108.25	90.40	107.80	28,477.65	27,488.30	27,930.21
Nov-2016	109.15	81.50	89.40	28,029.80	25,717.93	26,652.81
Dec-2016	90.20	81.00	87.45	26,803.76	25,753.74	26,626.46
Jan-2017	102.25	87.30	97.55	27,980.39	26,447.06	27,655.96
Feb-2017	119.50	96.90	116.45	29,065.31	27,590.10	28,743.32
Mar-2017	124.10	112.75	123.45	29,824.62	28,716.21	29,620.50



Month	LTFH NSE Price (₹)			CNX-NIFTY		
	High	Low	Month Close	High	Low	Month Close
Apr-2016	74.90	63.55	71.65	7,992.00	7,516.85	7,849.80
May-2016	79.65	70.20	78.80	8,213.60	7,678.35	8,160.10
Jun-2016	80.75	70.10	78.95	8,308.15	7,927.05	8,287.75
Jul-2016	88.40	73.50	86.05	8,674.70	8,287.55	8,638.50
Aug-2016	97.95	84.00	96.95	8,819.20	8,518.15	8,786.20
Sep-2016	99.20	84.45	91.65	8,968.70	8,555.20	8,611.15
Oct-2016	108.30	90.25	107.80	8,806.95	8,506.15	8,625.70
Nov-2016	109.15	81.55	89.35	8,669.60	7,916.40	8,224.50
Dec-2016	90.00	80.95	87.60	8,274.95	7,893.80	8,185.80
Jan-2017	102.20	87.15	97.55	8,672.70	8,133.80	8,561.30
Feb-2017	119.60	97.20	116.45	8,982.15	8,537.50	8,879.60
Mar-2017	125.50	112.30	123.65	9,218.40	8,860.10	9,173.75



In case the securities are suspended from trading, the Directors Report shall explain the reason thereof	Not applicable
Registrar and Share Transfer Agent (RTA)	**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 E-mail: rnt.helpdesk@linkintime.co.in
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 40(9) and 40(10) of the Listing Regulations are filed with the Stock Exchanges.

Distribution of Shareholdings as on March 31, 2017:

Category (Shares)	Shareholders		Shareholding	
	Number	%	Number	%
Upto 500	3,17,389	84.14%	5,42,26,842	3.09%
501-1000	30,436	8.07%	2,42,43,166	1.38%
1001-2000	16,201	4.30%	2,36,45,152	1.35%
2001-3000	4,887	1.30%	1,25,12,469	0.71%
3001-4000	2,158	0.57%	77,62,724	0.44%
4001-5000	1,709	0.45%	81,02,159	0.46%
5001-10000	2,438	0.65%	1,79,46,760	1.02%
10001 and above	1,984	0.53%	1,60,72,82,589	91.55%
TOTAL	**3,77,202**	**100.00%**	**1,75,57,21,861**	**100.00%**

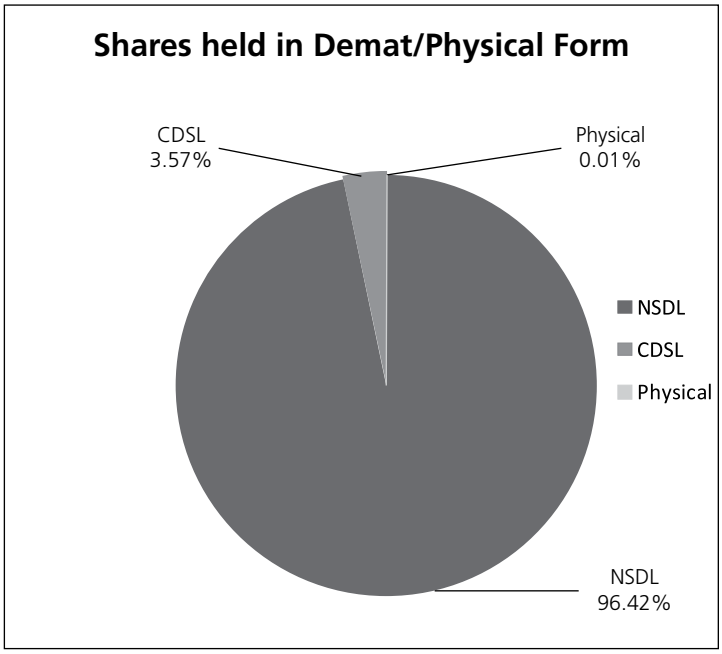
Categories of the Shareholders as on March 31, 2017:

Category	No. of Shares	%
Promoters	1,16,97,09,304	66.62%
Financial Institutions	87,76,918	0.50%
Foreign Institutional Investors & Foreign Portfolio - Corp.	23,06,33,420	13.14%
Mutual Funds	5,47,53,686	3.12%
Bodies Corporate	8,67,16,401	4.94%
Directors & Relatives	34,26,670	0.20%
Resident Individuals & Others	19,35,27,569	11.02%
Banks	10,28,688	0.05%
Non Resident Indians	71,49,205	0.41%
TOTAL	**1,75,57,21,861**	**100.00%**

Dematerialisation of Shares:

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

Particulars	No. of Shares	%
NSDL	1,69,28,09,742	96.42%
CDSL	6,26,90,179	3.57%
Physical	2,21,940	0.01%
TOTAL	**1,75,57,21,861**	**100.00%**



Dematerialisation of shares and liquidity	As on March 31, 2017 almost the entire equity capital was held in the demat form with NSDL and CDSL. Only 2,21,940 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 / ADR Further, 6,38,20,990 Warrants are outstanding as on March 31, 2017.
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. Phone: +91 22 4918 6000 Fax:+91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in
Address of the Compliance Officer	**Ms. Apurva Rathod,** **Company Secretary and Compliance Officer** L&T Finance Holdings Limited City - 2, Plot No. 177, CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India. Phone: +91 22 6621 7300/400 Fax: +91 22 6621 7319 E-mail: igrc@ltfs.com

Unclaimed Shares lying in the Suspense Accounts:

In terms of Regulation 34 and Schedule V of the Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account which were issued in demat 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, 2016.	6	689
(ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2016-17.	Nil	Nil
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2016-17.	Nil	Nil
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year March 31, 2017.	6	689

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

Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 125 of the Act, the dividend / interest / refund of applications which remains unclaimed / unpaid for a period of seven years from the date of transfer to the unpaid dividend / interest / refund account is required to be transferred to the Investor Education and Protection Fund established by the Central Government. In terms of the provisions of Section 125 of the Act, no claim shall lie against the Company after the said transfer.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 23, 2016 (date of last AGM) on the website of the Company at *http://www.ltfs.com/investors.html*, as also on the Ministry of Corporate Affairs website.

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 prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of the Compliance Officer is also required. All the Designated Employees are also required to disclose related information periodically as defined in the Code. Directors and Designated Employees who buy and / or sell shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next six months following the prior transactions. Directors and designated employees are also prohibited from taking positions in the derivatives segment of the Company's shares.

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 is appointed 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 22, 2016 appointed Ms. Naina R. Desai, Practising Company Secretary as the Secretarial Auditor of the Company for FY 2016-17.

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

We have reviewed the financial statements read with the cash flow statement of L&T Finance Holdings Limited for the year ended March 31, 2017 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 current accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the 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) There are no significant changes in internal control over financial reporting during the period;

(ii) There are no significant changes in accounting policies made during the period; and

(iii) There have been no instances of significant fraud of which we have become aware.

Yours sincerely,

_____

Dinanath Dubhashi
Managing Director &
Chief Executive Officer

_____

Sachinn Joshi
Chief Financial Officer

Place: Mumbai
Date: May 4, 2017

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/2016-17/1597 dated October 3, 2016.
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, for the year ended on March 31, 2017, 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 ("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 ICAI.
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 regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
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)

Place: Mumbai
Date: May 4, 2017

Independent Auditors' Report

To the Members of L&T Finance Holdings Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **L&T FINANCE HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors 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 standalone financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 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.

iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 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, May 4, 2017

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

Ravi Kapoor
Partner
(Membership No. 040404)
Mumbai, May 4, 2017

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 HOLDINGS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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 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, 2017, 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.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
Mumbai, May 4, 2017

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

Ravi Kapoor
Partner
(Membership No. 040404)
Mumbai, May 4, 2017

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 situationof 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 CARO 2016 Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 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 CARO 2016 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) Having regard to the nature of the Company's business / activities, reporting under clause (vi) the CARO 2016 Order is not applicable.

(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, Income-tax, 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 Employees' State Insurance, Sales Tax, Custom Duty, Excise Duty, Value Added Tax and corresponding cess.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, cess and other material statutory dues in arrears as at March 31, 2017 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 and Value Added Tax as on March 31, 2017 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) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer/ further public offer (including debt instruments) and the term loans have been applied by the Company during the year for the purposes for which they were raised.

(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 CARO 2016 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) During the year 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 CARO 2016 Order is not applicable to the Company.

(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, May 4, 2017

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

Ravi Kapoor
Partner
(Membership No. 040404)
Mumbai, May 4, 2017

Balance Sheet as at March 31, 2017

(₹ in lakh)

	Note No	As at March 31, 2017		As at March 31, 2016	
EQUITY AND LIABILITIES:					
1 Shareholders' funds					
(a) Share capital	**2**	296,912.19		296,679.86	
(b) Reserves and surplus	**3**	223,653.58		210,247.25	
(c) Money received against share warrants	**4**	11,806.88		11,806.88	
			532,372.65		**518,733.99**
2 Non current liabilities					
(a) Other long-term liabilities	**5**	-		13.58	
(b) Long term provisions	**6**	-		0.96	
			-		**14.54**
3 Current liabilities					
(a) Short term borrowings	**7**	97,390.14		59,759.17	
(b) Other current liabilities	**8**	5,418.80		1,890.48	
(c) Short term-provisions	**9**	2,594.54		15,087.75	
			105,403.48		**76,737.40**
TOTAL			**637,776.13**		**595,485.93**
ASSETS:					
1 Non - Current assets					
(a) Fixed assets	**10**				
(i) Tangible assets		1.00		21.39	
(ii) Intangible assets		2.13		5.79	
		3.13		27.18	
(b) Non-current investments	**11**	537,403.38		506,668.39	
(c) Deferred tax assets (net)	**12**	935.43		903.61	
(d) Long term loans and advances	**13**	4,684.03		3,789.70	
			543,025.97		**511,388.88**
2 Current assets					
(a) Current Investments	**14**	27,013.92		50,432.72	
(b) Cash and bank balances	**15**	221.57		4,027.68	
(c) Short term loans and advances	**16**	58,367.40		29,188.36	
(d) Other current assets	**17**	9,147.27		448.29	
			94,750.16		**84,097.05**
TOTAL			**637,776.13**		**595,485.93**
See accompanying Notes forming part of the financial statements	**1 to 24**				

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

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

Y.M. Deosthalee
Chairperson
(DIN :00001698)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

Statement of Profit and Loss for the year ended March 31, 2017

(₹ in lakh)

	Note No	Year ended March 31, 2017		Year ended March 31, 2016	
REVENUE					
1. Revenue from operations	**18**	27,757.57		34,850.26	
2. Other income	**19**	3,731.42		7,894.84	
3. Total Revenue (1+2)			**31,488.99**		**42,745.10**
EXPENSES					
4. Employee benefits expense	**20**	1,156.99		2,032.63	
5. Finance costs	**21**	4,591.56		2,707.87	
6. Depreciation and amortisation		5.13		13.26	
7. Administration and other expenses	**22**	1,090.33		1,202.37	
8. Provisions and contingencies	**23**	134.25		(20.32)	
9. Total Expenses (4+5+6+7+8)			**6,978.26**		**5,935.81**
10. Profit before tax (3-9)			**24,510.73**		**36,809.29**
11. Tax expense:					
- Current tax		512.25		2,249.12	
- MAT credit entitlement		(835.87)		(2,492.67)	
- Deferred tax		(31.82)		(750.82)	
Total provision for tax			**(355.44)**		**(994.37)**
12. Profit after tax (10-11)			**24,866.17**		**37,803.66**
Earnings Per Equity Share:	**24.5**				
Basic earnings per equity share (₹)			**0.71**		**1.25**
Diluted earnings per equity share (₹)			**0.70**		**1.25**
Face value per equity share (₹)			**10.00**		**10.00**
See accompanying Notes forming part of the financial statements	**1 to 24**				

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

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

Y.M. Deosthalee
Chairperson
(DIN :00001698)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

Cash Flow Statement for the year ended March 31, 2017

(₹ in lakh)

		Year ended March 31, 2017	Year ended March 31, 2016
A.	**Cash flow from operating activities**		
	Profit/(loss) before tax as per statement of profit and loss	24,510.73	36,809.29
	Adjustment for:		
	Provision on standard assets	115.64	(20.32)
	Provision and MTM loss on Current Investments	18.61	-
	Provision for Leave Encashment	130.62	299.30
	Provision for Gratuity	39.07	415.04
	Provision for Superannuation	65.56	65.56
	Depreciation and amortisation	5.13	13.26
	Profit on sale of Fixed Assets	(2.00)	-
	Profit on sale of Mutual Fund	(1,712.38)	(6,498.55)
	Expense on employee stock option scheme	63.63	36.72
	Operating profit before working capital changes	23,234.61	31,120.30
	Changes in working capital		
	(Increase)/ Decrease in current and non current assets	(37,549.74)	15,542.98
	Increase/ (Decrease) in current and non current liabilities and provisions	2,592.42	449.29
	Cash generated from operations	(11,722.71)	47,112.57
	Direct taxes paid	(890.71)	(1,484.99)
	Net cash generated/ (used) in operating activities (A)	**(12,613.42)**	**45,627.58**
B.	**Cash flows from investing activities**		
	Add : Inflows from investing activities		
	Sale of current investments (net)	398,487.57	11,425,150.66
	Sale of Fixed Assets	21.36	0.07
	Sale of long term investment	500.00	18,175.09
		399,008.93	11,443,325.82
	Less : Outflow for investing activities		
	Investment in subsidiary companies	31,235.00	41,255.46
	Purchase of current investments (net)	373,375.00	11,442,086.00
	Purchases of fixed assets	0.43	0.07
		404,610.43	11,483,341.53
	Net cash from/(used in) investing activities (B)	**(5,601.50)**	**(40,015.71)**

Cash Flow Statement for the year ended March 31, 2017

(₹ in lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
C. Cash flows from financing activities		
Add : Inflows from financing activities		
Proceeds from issue of share capital including securities premium	1,149.76	59,246.61
Proceeds from issue of share warrants	-	11,806.88
Proceeds from short term borrowings (net)	37,630.97	5,052.34
	38,780.73	76,105.83
Less : Outflows for financing activities		
Share/Debenture issue expenses	-	826.21
Dividend paid (including dividend distribution tax)	24,371.92	29,975.80
Redemption of Preference Shares	-	50,000.00
	24,371.92	80,802.01
Net cash generated from/(used in) financing activities (C)	**14,408.81**	**(4,696.18)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(3,806.11)**	**915.69**
Cash and cash equivalents as at beginning of the year	4,027.68	3,111.99
Cash and cash equivalents as at end of the year*	**221.57**	**4,027.68**
See accompanying Notes forming part of the financial statements		

Notes: (₹ in lakh)

1. Net cash used in operating activities is determined after adjusting the following:

Interest received	4,962.68	4,323.31
Dividend received	22,633.20	30,197.85
Interest paid	1,533.78	2,861.92

2. Previous year figures have been regrouped/reclassified wherever applicable.

* Includes balances in earmarked accounts ₹ 168.68 lakhs (Previous balance ₹ 699.33 lakhs)

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

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

Y.M. Deosthalee
Chairperson
(DIN :00001698)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

Notes forming part of Financial Statements - March 31, 2017

Note - 1 Significant accounting policies

1.1 Basis of Accounting

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP'), to comply with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 and along with the applicable guidelines issued by Reserve Bank of India ("RBI") for Core Investment Companies (CIC) and Non Banking Finance Company (NBFC) as applicable.The financial statements have been prepared on the accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which the results are known/materialize.

1.3 Tangible and Intangible fixed assets

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Capital Work in Progress: Projects under which tangible Fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

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

1.4 Revenue recognition

- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.
- Interest income on deposits and debentures is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Profit/loss on sale of investments is recognised at the time of actual sale/redemption.
- Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

1.5 Depreciation/Amortisation

Depreciation/Amortization on fixed assets is calculated on a straight-line which reflect the management's estimate of the useful lives of respective fixed assets and are lesser than or equal to the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.

- Fixed assets costing ₹ 5,000/- or less are fully depreciated in the year of installation.
- Depreciation is charged for the full month in the month of purchase/sale even used for part of the month.

1.6 Investments

The Company being regulated as a Non-Banking Financial Company (NBFC) by the RBI, investments

Notes forming part of Financial Statements - March 31, 2017

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

'Long Term Investments' are carried at acquisition / amortised cost. A provision is made for diminution, other than temporary.

Current investments are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

1.7 Leases

Where the Company is lessee

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

1.8 Retirement and other employee benefits

Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, short term compensated absences etc. and estimatedvariable remuneration are recognized in the period in which the employee renders the related service.

Post employmentbenefits:

(a) Defined contribution plans:

The Company's provident fund, pension and superannuation scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognized during the year in which the employee renders the related services.

(b) Defined benefit plan

The Company's gratuity scheme is defined benefit plan.The employee gratuity obligation is determined based on actuarial valuation using Projected Unit Credit method which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

1.9 Income taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes

Notes forming part of Financial Statements - March 31, 2017

eligible to be recognised as an asset in accordance with the Guidance Note issued by the ICAI, the said assets is created by way of a credit to the Statement of Profit and Loss.

1.10 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets are not recognised.

1.11 Employee stock option schemes

In respect of stock options granted pursuant to the Company's Stock Options Scheme, the intrinsic value of the options (excess of the market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

1.12 Share and Debenture issue expense

Expenses incurred on issue of share/debenture are charged-off against the securities premium account in accordance with the provisions of section 52 of the Companies Act, 2013.

1.13 Cash flow statements

The Cash Flow Statement is prepared in accordance with indirect method as explained in the Accounting Standard on Cash Flow Statements (AS) 3 prescribed under Section 133 of the Companies Act, 2013.

1.14 Cash and cash equivalents

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

1.15 Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20

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

1.16 Impairment of Assets

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

1.17 Commitments

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

a. Estimated amount of contracts remaining to be executed on capital account are not provided for.

b. Other non cancellable commitmentsif any to the extent they are considered material and relevant in the opinion of the management.

1.18 Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, anyexternal event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary itemand disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to the financial statements.

Notes forming part of Financial Statements - March 31, 2017

2 Share Capital

(I) Share capital authorised, issued and subscribed

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
Authorised				
Equity Shares of ₹ 10 each	5,000,000,000	500,000.00	5,000,000,000	500,000.00
Preference Shares of ₹ 100 each	500,000,000	500,000.00	500,000,000	500,000.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10 each fully paid	1,755,721,861	175,572.19	1,753,398,551	175,339.86
9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	25,000,000	25,000.00	25,000,000	25,000.00
8.40% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	13,900,000	13,900.00	13,900,000	13,900.00
8.50% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	12,440,000	12,440.00	12,440,000	12,440.00
8.35% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	10,000,000	10,000.00	10,000,000	10,000.00
8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	60,000,000	60,000.00	60,000,000	60,000.00
Total Issued, Subscribed & Paid up capital		**296,912.19**		**296,679.86**

(II) Terms/rights attached to equity shares

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

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) Terms/rights attached to Cumulative Compulsorily Redeemable Preference Shares (CRPS)

The CRPS will 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. Provided that the tenure may be extended by a further period, not exceeding 5 days from the Proposed Tenure, which shall be notified to the Investors at the time of allotment. 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).

Notes forming part of Financial Statements - March 31, 2017

2 Share Capital

(IV) Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	1,753,398,551	175,339.86	1,720,285,900	172,028.59
Issued during the year				
- Issued under Preferential basis	-	-	31,836,971	3,183.70
- Issued under Employee Stock Option	2,323,310	232.33	1,275,680	127.57
Outstanding at the end of the year	**1,755,721,861**	**175,572.19**	**1,753,398,551**	**175,339.86**

8.75% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	-	-	75,000,000	75,000.00
Issued/(Redeemed) during the year	-	-	(75,000,000)	(75,000.00)
Outstanding at the end of the year	**-**	**-**	**-**	**-**

9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	25,000,000	25,000.00	25,000,000	25,000.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**25,000,000**	**25,000.00**	**25,000,000**	**25,000.00**

8.40% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	13,900,000	13,900.00	13,900,000	13,900.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**13,900,000**	**13,900.00**	**13,900,000**	**13,900.00**

8.50% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	12,440,000	12,440.00	12,440,000	12,440.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**12,440,000**	**12,440.00**	**12,440,000**	**12,440.00**

8.35% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
	10,000,000	10,000.00	10,000,000	10,000.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**10,000,000**	**10,000.00**	**10,000,000**	**10,000.00**

8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	60,000,000	60,000.00	-	-
Issued/(Redeemed) during the year	-	-	60,000,000	60,000.00
Outstanding at the end of the year	**60,000,000**	**60,000.00**	**60,000,000**	**60,000.00**

Notes forming part of Financial Statements - March 31, 2017

2 Share Capital

(V) Equity shares in the Company held by the holding company

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
Larsen & Toubro Limited and it's nominee	1,169,709,304	116,970.93	1,169,709,304	116,970.93
	1,169,709,304	**116,970.93**	**1,169,709,304**	**116,970.93**

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

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**% holding**	**No. of Shares**	**% holding**
Larsen & Toubro Limited and it's nominee	1,169,709,304	66.62%	1,169,709,304	66.71%
Citigroup Global Markets Mauritius Private Limited	100,421,992	5.72%	99,394,992	5.67%

Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**% holding**	**No. of Shares**	**% holding**
Bajaj Allianz General Insurance Company Limited	11,525,000	9.50%	11,525,000	9.50%
Pioneer Independent Trust	10,000,000	8.24%	10,000,000	8.24%

(VII) Details of shares reserved to be issued under ESOP

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
Equity Shares of ₹ 10 each	26,611,795	2,661.18	29,658,998	2,965.90
	26,611,795	**2,661.18**	**29,658,998**	**2,965.90**

Notes forming part of Financial Statements - March 31, 2017

3 Reserves & Surplus **(₹ in Lakh)**

		As at March 31, 2017	As at March 31, 2016
a.	**Securities Premium Account**		
	As per last Balance sheet	176,067.53	155,958.40
	Add: Premium on issue of equity shares	1,085.99	20,935.34
	Less: Share issue expenses adjusted during the year	-	826.21
	Closing Balance	**177,153.52**	**176,067.53**
b.	**Employee Stock Option Outstanding Account**		
	As per last Balance sheet	619.92	637.11
	Add: Addition during the year	71.92	126.29
	Less: Allotment of shares	168.56	-
	Less: Transferred to General Reserve	121.97	143.48
	Closing Balance	**401.31**	**619.92**
c.	**Reserve u/s 45-IC of Reserve Bank of India Act, 1934**		
	As per last Balance sheet	24,456.00	16,895.26
	Add: Transferred from surplus in the Statement of Profit and Loss	4,973.24	7,560.74
	Closing Balance	**29,429.24**	**24,456.00**
d.	**General Reserve**		
	As per last Balance sheet	38.22	18.14
	Add: Transferred from Employee Stock Option Outstanding	121.97	20.08
	Closing Balance	**160.19**	**38.22**
e.	**Surplus in the Statement of Profit and Loss**		
	As per last Balance sheet	9,065.58	9,051.95
	Add: Profit for the year	24,866.17	37,803.66
	Less: Appropriations		
	Proposed Dividend on equity shares	-	14,027.19
	Tax on proposed equity dividend	-	(11.41)
	Dividend paid on Equity Shares for previous year	5.78	6.23
	Dividend paid on Cumulative Compulsorily Redeemable Preference Shares	10,338.95	16,207.28
	Tax on Interim dividend paid on Cumulative Compulsorily Redeemable Preference Shares	2,104.46	-
	Transfer to reserve u/s. 45-IC of Reserve Bank of India Act,1934	4,973.24	7,560.74
	Closing Balance	**16,509.32**	**9,065.58**
Total Reserves & Surplus		**223,653.58**	**210,247.25**

Notes forming part of Financial Statements - March 31, 2017

4 Money received against share warrants

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares Warrants	(₹ in Lakh)	No. of Shares Warrants	(₹ in Lakh)
Money received against share warrants	63,820,990	11,806.88	63,820,990	11,806.88
Total	**63,820,990**	**11,806.88**	**63,820,990**	**11,806.88**

Money received against share warrants represents amounts received towards warrants which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of the face value of ₹ 10 each

During the previous year, the Company issued 6,38,20,990 share warrants at an issue price of ₹ 74 each to BC Asia Growth Investments on a preferential basis, having option to apply for and be allotted an equivalent number of equity shares of a face value of ₹ 10 each at a premium of ₹ 64 each determined in accordance with Regulation 76 of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"). The holder of the warrants has paid upfront 25% of the price per warrant (i.e. ₹ 18.50 per warrant); the balance can be exercised within 18 months.

5 Other long term liabilities (₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Security Deposit	-	13.58
Total other long term liabilities	**-**	**13.58**

6 Long term provision (₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
For contingent provisions against standard assets	-	0.96
Total long term provision	**-**	**0.96**

7 Short term borrowings (₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
Unsecured				
Commercial Papers				
Face Value	57,500.00		60,000.00	
Less : Unexpired discount	603.41	56,896.59	732.42	59,267.58
Intercorporate borrowings		40,000.00		-
Cash Credit		493.55		491.59
Total short term borrowings		**97,390.14**		**59,759.17**

Notes forming part of Financial Statements - March 31, 2017

8 Other current liabilities

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due on borrowings	2,905.48	-
Statutory dues	38.38	49.56
Accrued expenses	629.23	1,129.46
Income received in advance	1,650.98	-
Unclaimed dividend on equity shares	94.71	73.58
Unclaimed redemption proceeds and dividend on preference shares	73.62	625.75
Payable to related party	19.07	10.22
Other liabilities	7.33	1.91
Total other current liabilities	**5,418.80**	**1,890.48**

9 Short-term provisions

(₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
For employee benefit				
- Gratuity	56.38		206.57	
- Leave Encashment	159.25		678.19	
- Super Annuation Fund	70.50		88.45	
		286.13		973.21
Proposed Dividend on equity shares		-		14,027.19
Dividend Tax on Cumulative Redeemable Preference Shares		2,104.46		-
Contingent provisions against standard assets		203.95		87.35
Total short-term provisions		**2,594.54**		**15,087.75**

10 : Fixed assets (at cost less depreciation)

(₹ in Lakh)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	As at April 1, 2016	Additions	Deduc-tions	As at March 31, 2017	Upto March 31, 2016	For the period	Deduc-tions	Upto March 31, 2017	As at March 31, 2017
Tangible Assets									
Motor Car	50.11	-	50.11	-	29.61	1.16	30.77	-	-
	(50.11)	-	-	*(50.11)*	*(22.64)*	*(6.97)*	-	*(29.61)*	*(20.50)*
Computers	8.07	0.44	0.51	8.00	7.46	0.24	0.49	7.21	0.79
	(8.65)	-	*(0.58)*	*(8.07)*	*(5.41)*	*(2.56)*	*(0.51)*	*(7.46)*	*(0.61)*
Office Equipments	1.02	-	-	1.02	0.74	0.07	-	0.81	0.21
	(0.95)	*(0.07)*	-	*(1.02)*	*(0.67)*	*(0.07)*	-	*(0.74)*	*(0.28)*
Total tangible assets (A)	59.20	0.44	50.62	9.02	37.81	1.47	31.26	8.02	1.00
	(59.71)	*(0.07)*	*(0.58)*	*(59.20)*	*(28.72)*	*(9.60)*	*(0.51)*	*(37.81)*	*(21.39)*
Intangible Assets									
Computer Software	15.85	-	-	15.85	10.06	3.66	-	13.72	2.13
	(15.85)	-	-	*(15.85)*	*(6.39)*	*(3.67)*	-	*(10.06)*	*(5.79)*
Total intangible assets (B)	15.85	-	-	15.85	10.06	3.66	-	13.72	2.13
	(15.85)	-	-	*(15.85)*	*(6.39)*	*(3.67)*	-	*(10.06)*	*(5.79)*
Total (A+B)	**75.05**	**0.44**	**50.62**	**24.87**	**47.87**	**5.13**	**31.26**	**21.74**	**3.13**
*Total Previous year**	*(75.56)*	*(0.07)*	*(0.58)*	*(75.05)*	*(35.11)*	*(13.27)*	*(0.51)*	*(47.87)*	*(27.18)*

* Previous year figures are shown in brackets

Notes forming part of Financial Statements - March 31, 2017

11 Non current investments

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares / Debentures	(₹ in Lakh)	No. of Shares / Debentures	(₹ in Lakh)
Trade Investments (valued at cost unless stated otherwise)				
A. Unquoted equity instruments				
(I) Investment in subsidiaries				
L&T Finance Limited# (Equity Shares of ₹ 10 each fully paid)	-	-	238,422,269	116,598.16
L&T Infrastructure Finance Company Limited (Equity Shares of ₹ 10 each fully paid)	892,087,609	167,509.85	846,254,276	145,509.85
L&T FinCorp Limited# (Equity Shares of ₹ 10 each fully paid)	-	-	272,966,428	65,105.91
L&T Financial Consultants Limited (formerly : L&T Vrindavan Properties Limited) (Equity Shares of ₹ 10 each fully paid)	18,750,000	1,875.00	18,750,000	1,875.00
L&T Access Distribution Services Limited (formerly : L&T Access Financial Advisory Services Limited) (Equity Shares of ₹ 10 each fully paid)	21,350,000	2,135.00	6,000,000	600.00
L&T Housing Finance Limited (Equity Shares of ₹ 10 each fully paid)	129,650,825	54,287.84	121,400,000	46,787.84
L&T Finance Limited (erstwhile known as Family Credit Limited)# (Equity Shares of ₹ 10 each fully paid)	1,440,047,294	206,909.95	204,309,610	25,205.89
L&T Capital Markets Limited (Equity Shares of ₹ 10 each fully paid)	49,750,000	4,975.00	47,750,000	4,775.00
L&T Investment Management Limited (Equity Shares of ₹ 10 each fully paid)	251,824,329	86,755.74	251,824,329	86,755.74
L&T Mutual Fund Trustee Company Limited (Equity Shares of ₹ 10 each fully paid)	150,000	15.00	150,000	15.00
L&T Infra Debt Fund Limited (Equity Shares of ₹ 10 each fully paid)	109,933,333	12,940.00	109,933,333	12,940.00
B. Quoted investment in debentures				
L&T Financial Consultants Limited (formerly : L&T Vrindavan Properties Limited) (Debentures of ₹ 2,500,000 each)	-	-	20	500.00
		537,403.38		**506,668.39**
Aggregate amount of quoted investments (Market value of NIL; Previous Year ₹ 500 lakh)		-		500.00
Aggregate amount of unquoted investments		537,403.38		506,168.39

During the current year, L&T Finance Limited & L&T Fincorp Limited merged into Family Credit Limited w.e.f April 1, 2016. Subsequently Family Credit Limited was renamed as L&T Finance Limited.

Notes forming part of Financial Statements - March 31, 2017

12 Deferred tax assets (net)

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Deferred tax assets		
For contingent provisions against standard assets	70.58	6.12
Difference between book and tax depreciation	-	0.46
Other item giving rise to timing difference	865.22	897.03
Total	**935.80**	**903.61**
Deferred tax liabilities		
Difference between book and tax depreciation	0.37	-
Total	**0.37**	**-**
Total deferred tax assets (net)	**935.43**	**903.61**

13 Long term loans and advances

(₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
	Current Maturity	Non Current	Current Maturity	Non Current
Advance taxes (net)	-	1,403.98	-	36.03
MAT Credit Entitlement	-	3,280.05	-	3,433.67
Inter corporate deposits	-	-	-	320.00
Total long term loans and advances	**-**	**4,684.03**	**-**	**3,789.70**

14 Current investments

	As at March 31, 2017		As at March 31, 2016	
	No. of Units	(₹ in Lakh)	No. of Units	(₹ in Lakh)
Non Trade Investments (valued at cost unless stated otherwise)				
Unquoted investments in Mutual Funds				
L&T Floating Rate Fund Direct Plan - Growth	123,663,286	20,000.00	-	-
L&T Banking and PSU Debt Fund Direct Plan - Growth	35,541,308	5,204.00	-	-
L&T Liquid Fund Direct Plan - Growth	-	-	1,053,369	21,830.00
L&T Flexi Bond Fund Direct Plan - Growth	9,887,321	1,828.68	9,887,214	1,593.91
L&T Short Term Opportunities Fund Direct Plan - Growth	-	-	110,797,408	16,157.69
L&T Triple Ace Fund Direct Plan - Growth	-	-	26,895,341	10,536.09
L&T Low Duration Fund Direct Plan - Growth	-	-	2,357,432	315.03
Total Investments in Mutual Funds	**-**	**27,032.53**	**-**	**50,432.72**
Less : Provision and MTM loss on Current Investments		18.61		-
Total current investments		**27,013.92**		**50,432.72**

Notes forming part of Financial Statements - March 31, 2017

15 Cash and bank balances

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Balances with Banks:		
In Current Accounts	52.89	1,828.35
In Deposit Accounts (Deposits with original maturity of less than three months)	-	1,500.00
Other balances		
In earmarked accounts		
Unclaimed dividend- For Equity Shares	94.70	73.58
Unclaimed redemption proceeds and dividend- For Preference Shares	73.98	625.75
Total cash and bank balances	**221.57**	**4,027.68**

16 Short term loans and advances

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Unsecured		
Inter corporate deposits	58,270.82	29,082.56
Security deposits	30.88	30.65
Advances recoverable in cash or in kind	65.70	75.15
Total short term loans and advances	**58,367.40**	**29,188.36**

17 Other current assets

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Receivable from group companies	56.48	119.19
Interest accrued but not due on inter corporate deposit	490.79	329.10
Dividend Receivable	8,600.00	-
Total other current assets	**9,147.27**	**448.29**

18 Revenue from operations

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Dividend income:		
From subsidiaries companies	22,633.20	30,197.85
	22,633.20	30,197.85
Interest income		
Interest income	5,124.37	4,652.41
Total revenue from operations	**27,757.57**	**34,850.26**

Notes forming part of Financial Statements - March 31, 2017

19 Other income

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Profit on sale of investments	1,712.38	6,498.55
Dividend income on current investments	-	10.36
Management fees	1,058.00	1,311.00
Corporate support fees	957.71	-
Profit on sale of fixed asset	2.00	-
Others	1.33	74.93
Total other income	**3,731.42**	**7,894.84**

20 Employee benefits expense

(₹ in Lakh)

		Year ended March 31, 2017		Year ended March 31, 2016
Salaries		797.61		1,022.84
Contribution to and provision for:				
Provident fund	53.54		86.75	
Gratuity	39.07		415.04	
Leave Encashment	130.62		299.30	
Superannuation Fund	65.56		164.49	
		288.79		965.58
Expenses on Employees Stock Option Plans (refer note 24.1)		63.63		36.72
Staff welfare		6.96		7.49
Total employee benefits expense		**1,156.99**		**2,032.63**

21 Finance costs

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Commercial paper discounting charges	1,660.01	2,666.72
Interest on borrowings	2,908.26	1.62
Interest on CRPS Application Refund / Allotment	-	7.45
Other borrowing costs	23.29	32.08
Total finance costs	**4,591.56**	**2,707.87**

Notes forming part of Financial Statements - March 31, 2017

22 Administration and other expenses

(₹ in Lakh)

	Year ended March 31, 2017		Year ended March 31, 2016	
Professional fees		410.86		586.36
Rent		85.17		-
Travelling and conveyance		56.84		84.77
Printing and stationery		61.87		122.02
Telephone, postage and telegrams		46.32		56.99
Advertising and publicity		25.87		119.80
Directors' sitting fees		24.50		22.32
Non Executive Directors Commission		169.72		43.61
Auditors remuneration				
Audit fees	9.00		3.50	
Tax Audit Fees	1.00		1.00	
Limited Review Fees	9.83		7.50	
Other Services	7.57	27.40	2.08	14.08
Rates & Taxes		4.41		0.46
Repairs & Maintenance		10.20		15.00
Listing and Custodian fees		87.69		85.19
Corporate social responsibilities		35.25		5.79
Donation		-		0.60
Miscellaneous expenses		44.23		45.38
Total administration and other expenses		**1,090.33**		**1,202.37**

23 Provisions and contingencies

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Provision and MTM loss on Current Investments	18.61	-
Provision for standard assets	115.64	(20.32)
Total provisions and contingencies	**134.25**	**(20.32)**

Notes forming part of Financial Statements - March 31, 2017

Note No. 24: Notes on Financial Statements

24.1 Stock option scheme

a) In respect of stock options granted pursuant to Company's stock options scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation over the vesting period.

b) 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 year with15 %, 20%, 30 % and 35 % of grants vesting each year, commencing from the end of 24 month from the date of grant.

c) 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.

d) 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.

e) During the year ended March 31, 2017, 1,803,810 and 519,500 options were allotted under scheme 2010 & 2013 respectively.

f) The details of the grants are summarised below:

Sr. No.	Particulars	2016-17	2015-16
1	Options granted and outstanding at the beginning of the year	29,658,998	33,152,519
2	Options granted during the year	12,290,000	900,000
3	Options cancelled/ lapsed during the year	13,013,893	31,17,841
4	Options exercised during the year	2,323,310	12,75,680
5	Options granted and outstanding at the end of the year of which –		
	- Options vested	3,967,295	40,95,548
	- Options yet to vest	22,644,500	2,55,63,450
6	Weighted average remaining contractual life of options (in years)	6.22	6.47

g) During the year, the Company has debited to the Statement of Profit and Loss ₹ 63.63 lakh (previous year : ₹ 36.72) {net of recovery from its subsidiary companies during the year ₹ 8.29 lakh (previous year : ₹ 95.46 lakh) } towards the stock options granted to their employees, pursuant to the employee stock option schemes.

h) Total carrying amount of liabilities arising from employee share-based payment plans as on March 31, 2017 is ₹ 553.74 lakh (previous year: ₹ 845.97 lakh), including ₹ 232.27 lakh (previous year : ₹ 415.97 lakh) for which the options have vested to employees as on March 31, 2017.

Notes forming part of Financial Statements - March 31, 2017

i) Weighted average fair values of options granted during the year is ₹ 27.24 (previous year: ₹ 32.02) per options.

j) Had the Company opted for accounting of employee compensation cost under 'Fair value Method', Profit after tax would have been lower by ₹ 45.79 lakh (Previous year: ₹ 120.45 lakh) and Earnings per share Basic and diluted would have been ₹ 0.71 & ₹ 0.70 respectively. (Previous year: ₹ 0.88 & ₹ 0.88 respectively).

k) 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	2016-2017	2015-2016
a)	Weighted average risk-free interest rate	7.49%	7.52%
b)	Weighted average expected life of options	3.98 years	3.68 years
c)	Weighted average expected volatility	32.53%	31.78%
d)	Weighted average expected dividends	₹ 3.19 per option	₹ 2.94 per option
e)	Weighted average share price	₹ 75.53 per option	₹ 65.73 per option
f)	Weighted average exercise price	₹ 73.70 per share	₹ 44.20 per share
g)	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.	

24.2 Disclosure pursuant to Accounting Standard (AS) 15 Revised "Employee Benefits" :

i) Defined Contribution Plans :

The company recognized charges of ₹ 119.10 lakh (previous year ₹ 251.24 lakh) is as an expense for provident fund and super annuation fund and included in employee contribution in the statement of profit and loss.

ii) Defined Benefit Plans :

The company offers the following employee benefit schmeme to its employees; Gratuity expense which included in employee benefit expense in Note 20.

a) The amounts recognised in Balance Sheet are as follows:

(₹ in lakh)

	Particulars	Gratuity Plan	
		As at March 31, 2017	As at March 31, 2016
A.	Amount to be recognized in Balance Sheet		
	Present Value of Defined Benefit Obligation		
	- Wholly Funded	132.05	1,063.35
	Less: Fair value of Plan Assets	(75.67)	(856.78)
	Amount not recognised as an assets (limits in para 59(b))	-	-
B.	Amounts reflected in the Balance Sheet		
	- Liability	56.38	206.57
	- Assets	-	-
	Net Liability/(asset)	**56.38**	**206.57**

Notes forming part of Financial Statements - March 31, 2017

b) The amount recognised in the statement of profit and loss account are as follows:

(₹ in lakh)

	Particulars	Gratuity Plan	
		2016-17	2015-16
1	Current Service Cost	8.71	43.58
2	Interest on Defined Benefit Obligation	41.79	45.61
3	Expected Return on Plan Assets	(26.76)	(65.52)
4	Actuarial Losses/(Gains)	15.34	488.37
5	Amount not recognised as an assets (limits in para 59(b))	-	(97.00)
6	Total, included in "Employee Benefit Expenses"	39.08	415.04
	Actual Return on Plan Assets	36.47	(29.27)

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

(₹ in lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the present value of defined benefit obligation	1,063.35	620.70
Add: Current Service Cost	8.71	43.58
Add: Interest Cost	41.79	45.61
Add/(less): Actuarial Losses/(Gain)	25.04	393.58
Add: Liabilities Extinguished on Settlements	33.62	-
Less: Benefits paid	(1,040.46)	(40.12)
Closing balance of the present value of defined benefit obligation	132.05	1,063.35
Expected employer's contribution next year	20	-

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

(₹ in lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the fair value of the plan assets	856.78	906.05
Add: Expected Return on plan assets*	26.76	65.52
Add/(less): Actuarial gains/(losses)	9.70	(94.79)
Add: Contributions by Employer	222.89	20.12
Less: Benefits Paid	(1,040.46)	(40.12)
Closing balance of the plan assets	75.67	856.78

* The trust formed by the Company manages the investment of gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

Notes forming part of Financial Statements - March 31, 2017

e) The broad categories of plan assets as a percentage of total plan assets, are as follows:

	Particulars	Gratuity Plan	
		As at March 31, 2017	As at March 31, 2016
1	Government of India Securities	0%	0%
2	Corporate Bonds	0%	0%
3	Special Deposit Scheme	0%	0%
4	Equity Shares of Listed Companies	0%	0%
5	Property	0%	0%
6	Insurer Managed Funds	100%	100%
7	Others	0%	0%

f) Principal actuarial assumption at the balance sheet date (expressed as weighted averages):

	Particulars	As at March 31, 2017	As at March 31, 2016
1.	Discount rate (p.a.)	6.90%	7.60%
2.	Expected return on plan assets (p.a.)	8.00%	8.00%
3.	Salary escalation rate (p.a.)	6.00%	6.00%
4.	Mortality rate	Indian assured lives mortality (2006-08) Ult table	Indian assured lives mortality (2006-08) Ult table

g) **The amounts pertaining to experience adjustments are as follows:**

(₹ in lakh)

	As at March 31				
Particulars	**2017**	**2016**	**2015**	**2014**	**2013**
- Defined Benefit Obligation	(132.05)	(1,063.35)	(620.70)	(545.11)	(706.34)
- Plan Assets	75.67	856.78	906.05	842.31	-
- Surplus /(Deficit)	(56.38)	(206.57)	285.35	297.20	(706.34)
Exp. Adjustment on Plan Liabilities	19.15	392.96	(108.11)	(214.53)	472.07
Exp. Adjustment on Plan Asset	9.70	(94.79)	0.38	48.52	-

24.3 Segment Reporting : Accounting Standard –17

The Company operates mainly in the business segment of investment activity. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Accounting Standard (AS) 17 on 'Segment Reporting'.

24.4 Related Party Disclosures: Accounting Standard - 18

a. List of Related Parties and Relationships

A. Holding Company

1. Larsen & Toubro Limited

B. Subsidiary Companies

1. L&T Finance Limited *
2. L&T Infrastructure FinanceCompany Limited
3. L&T FinCorp Limited *

Notes forming part of Financial Statements - March 31, 2017

4. L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)
5. L&T Access Distribution Services Limited
6. L&T Investment Management Limited
7. L&T Housing Finance Limited
8. L&T Finance Limited * (erstwhile known as Family Credit Limited)
9. L&T Capital Markets Limited
10. L&T Infra Debt Fund Limited

* During the current year, L&T Finance Limited & L&T Fincorp Limited merged into Family Credit Limited w.e.f April 1, 2016. Subsequently Family Credit Limited was renamed as L&T Finance Limited.

C. Fellow Subsidiary(with whom Company has undertaken transaction during current or previous year)

1. L&T Metro Rail (Hyderabad) Limited
2. L&T General Insurance Company Limited (till September 8, 2016)

D. Key Management Personnel

1. Mr. Dinanath Dubhashi (from April 14, 2016)
2. Mr. Y. M. Deosthalee (till September 5, 2016)
3. Mr. N. Sivaraman (till FY 2015-2016)

Note: The above list contain name of only those related parties with whom the company has undertaken transactions in current or previous year.

b. Related Party Transactions:

(Exclusive of service tax)

Sr. No.	Nature of Transactions	2016-17 (₹ in lakh)	2015-16 (₹ in lakh)
1	**Subscription to Equity shares of**		
	• L&T Capital Markets Limited	200.00	2,500.00
	• L&T Housing Finance Limited	7,500.00	19,988.46
	• L&T Infra Debt Fund Limited	-	5,840.00
	• L&T Investment Management Limited	-	4,927.00
	• L&T Infrastructure Finance Company Limited	22,000.00	8,000.00
	• L&T Access Distribution Services Limited	1,535.00	-
2	**Inter Corporate Deposits given**		
	• L&T Finance Limited	-	3,60,950.00
	• L&T Infrastructure Finance Company Limited	2,70,135.00	4,77,360.00
	• L&T FinCorp Limited	-	4,31,765.00
	• L&T Access Distribution Services Limited	580.75	1,456.39
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	7,65,606.10	3,28,850.00
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	38,179.82	19,146.17
	• L&T Housing Finance Limited	1,84,325.00	2,29,095.00

Notes forming part of Financial Statements - March 31, 2017

Sr. No.	Nature of Transactions	2016-17 (₹ in lakh)	2015-16 (₹ in lakh)
3	**Professional Fees expense**		
	• Larsen & Toubro Limited	3.58	1.03
4	**Corporate Support Charges recovery**		
	• L&T Finance Limited	-	259.84
	• L&T FinCorp Limited	-	22.56
	• L&T Housing Finance Limited	-	6.08
	• L&T Infrastructure Finance Company Limited	-	93.81
	• L&T Infra Debt Fund Limited	-	4.70
	• L&T Investment Management Limited	-	14.30
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	-	6.08
5	**Rent and Maintenance expenditure**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	75.30	-
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	7.53	-
6	**Reimbursement of Expense to**		
	• Larsen & Toubro Limited	16.47	9.58
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	8.94	-
7	**Reimbursement of Expense from**		
	• L&T Finance Limited	-	8.06
	• L&T Metro Rail (Hyderabad) Limited	-	1.28
	• L&T Investment Management Limited	-	36.80
	• L&T Housing Finance Limited	-	95.20
8	**ESOP charges recovered**		
	• L&T Finance Limited	-	94.37
	• L&T Infrastructure Finance Company Limited	-	0.85
	• L&T Access Distribution Services Limited	-	0.07
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	-	0.01
	• L&T FinCorp Limited	-	0.02
	• L&T Capital Market Limited	-	0.12
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	8.29	0.02

Notes forming part of Financial Statements - March 31, 2017

Sr. No.	Nature of Transactions	2016-17 (₹ in lakh)	2015-16 (₹ in lakh)
9	**Interest Income on Inter Corporate Deposit**		
	• L&T Finance Limited	-	631.57
	• L&T Infrastructure Finance Company Limited	334.31	304.16
	• L&T FinCorp Limited	-	669.09
	• L&T Access Distribution Services Limited	69.51	140.66
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	2,149.46	438.44
	• L&T Housing Finance Limited	597.92	411.31
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	1922.32	1,483.85
10	**Interest Income on NCD**		
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	-	378.12
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	50.86	52.00
	• L&T FinCorp Limited	-	143.20
11	**Management fees income**		
	• L&T Finance Limited	-	478.00
	• L&T Infrastructure Finance Company Limited	434.00	308.75
	• L&T Investment Management Limited	-	185.00
	• L&T Capital Markets Limited	-	154.00
	• L&T FinCorp Limited	-	185.25
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	497.00	-
	• L&T Housing Finance Limited	127.00	-
	• L&T General Insurance Company Limited	102.00	-
12	**Dividend income**		
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	14,033.20	30,197.85
	• L&T Infrastructure Finance Company Limited	8,600.00	-
13	**Deputation cost recovered**		
	• L&T General Insurance Company Limited	165.00	382.22
14	**Managerial remuneration #**		
	• Mr. Dinanath Dubhashi	566.87	-
	• Mr. Y. M. Deosthalee	158.36	308.15
	• Mr. N. Sivaraman	-	819.12

Managerial Remuneration disclosed above is on accrual basis. It excludes provision for gratuity, pension and leave encashment, since it is provided on actuarial basis for the company as a whole.

Notes forming part of Financial Statements - March 31, 2017

c. Amount due to/from related parties: **(₹ in lakh)**

Sr. No.	Nature of Transactions	As at March 31, 2017	As at March 31, 2016
1	**Receivable from/ (Payable to)**		
	• L&T Finance Limited	-	17.03
	• L&T Infrastructure Finance Company Limited	-	(0.99)
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	-	0.42
	• L&T General Insurance Company Limited	-	102.73
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	(2.89)	-
	• L&T Housing Finance Limited	33.34	-
	• Larsen & Toubro Limited	6.87	9.57
2	**Interest accrued but not due on Inter Corporate Deposit Given**		
	• L&T Access Distribution Services Limited	-	68.46
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	463.36	260.12
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	27.43	-
3	**Interest accrued but not due on NCD given**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	-	0.57
4	**Outstanding Balance of Inter-Corporate Deposits**		
	• L&T Finance Limited	-	9,075.00
	• L&T Access Distribution Services Limited	-	1,456.39
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	38,179.82	18,871.17
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	20,091.00	-
5	**Outstanding Balance of NCD**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	-	500.00
6	**Security Deposit given to**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	30.63	30.63
7	**Dividend Receivable**		
	• L&T Infrastructure Finance Company Limited	8,600	-

Notes forming part of Financial Statements - March 31, 2017

24.5 Earnings Per Share: Accounting Standard - 20

Particulars		2016-17	2015-16
Basic			
Profit after tax (₹ lakh)		24,866.17	37,803.66
Less : Dividend on Cumulative Compulsorily Redeemable Preference Shares (including dividend distribution tax of ₹ 2104.46 lakh)		12,443.41	16,207.28
Profit attributable to equity shareholders (₹ lakh)	**A**	12,422.76	21,596.38
Number of equity shares			
Weighted average number of equity shares outstanding	**B**	1,754,486,014	1,730,229,294
Basic EPS before and after extraordinary items (₹)	**A/B**	0.71	1.25
Diluted			
Profit after tax (after deducting proposed preference dividend) (₹ lakh)	**A**	12,422.76	21,596.38
Add: Weighted average number of equity shares outstanding	**B**	1,754,486,014	1,730,229,294
Add: Weighted average no. of potential equity shares on account of employee stock options and share warrants	**C**	24,404,228	1,010,108
Weighted average number of shares outstanding for diluted EPS	**D=B+C**	1,778,890,242	1,731,239,403
Diluted EPS before and after extraordinary items (₹)	**A/D**	0.70	1.25
Face value of shares (₹)		10.00	10.00

24.6 The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2017. This information is given in respect of such vendors as could be identified as "Micro/Medium/Small Enterprises" on the basis of information available with the company.

24.7 Expenditure in foreign currency:

For Professional and Other Fees (including reimbursement) ₹ 462.50 lakh (previous year ₹ 205.16 lakh)

For Directors Sitting Fees and commission (including reimbursements) ₹ 23.39 lakh (previous year ₹ 22.90 lakh)

24.8 The Company has contingent liability

(a) Claims against the company not acknowledged as debt:

Income Tax matter in dispute:₹ 451.00 lakh (previous year: NIL).

24.9 During the year, the Company has allotted 2,323,310 equity shares of ₹ 10 each fully paid up, on exercise of options by employees, in accordance with the Company's stock option schemes.

Notes forming part of Financial Statements - March 31, 2017

24.10 The Board of Directors have recommended a final dividend of ₹ 0.80/- per Equity Share of ₹ 10/- each (previous year ₹ 0.80/- per share) subject to approval of shareholders in ensuing Annual General Meeting. In terms of revised Accounting Standard (AS-4) 'Contingencies and events occurring after Balance Sheet' as notified by Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendments Rules, 2016 dated March 30, 2016, proposed dividend of ₹ 14,556 lakh and dividend distribution tax (net) thereon is not recognised as liability as on March 31, 2017.

24.11 During the year, the Company has paid interim dividend (incl. Dividend Distribution Tax) of ₹ 12,443.41 lakh on Cumulative Compulsorily Redeemable Preference Shares of ₹ 100/- each fully paid.

24.12 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.

24.13 "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.

24.14 Disclosures regarded to exposure to real estate sector and maturity pattern of assets and liabilities as required by RBI as per Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 notified on August 25, 2016 vide RBI/DNBR/2016-17/39 & Master Direction DNBR. PD. 003/03.10.119/2016-17.

1) Exposure to Real Estate Sector

(₹ in lakh)

	Category	2016-17	2015-16
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	500
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	Nil	Nil
	a. Residential		
	b. Commercial Real Estate		
b)	**Indirect exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

Notes forming part of Financial Statements - March 31, 2017

2) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

As at March 31, 2017 **(₹ in lakh)**

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	Total
Liabilities:									
Borrowings from banks	493.55	-	-	-	-	-	-	-	493.55
Market Borrowings	-	57,500.00	-	-	40,000.00	-	-	-	97,500.00
Assets:									
Advances	3,162.00	19,364.31	280.00	2,456.51	33,008.00	-	-	-	58,270.82
Investments	27,013.92	-	-	-	-	-	-	5,37,403.38	564,417.30

As at March 31, 2016 **(₹ in lakh)**

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	Total
Liabilities:									
Borrowings from banks	491.59	-	-	-	-	-	-	-	491.59
Market Borrowings	11,500.00	30,500.00	18,000.00	-	-	-	-	-	60,000.00
Assets:									
Advances	5.00	658.80	1,058.15	2,596.00	24,764.61	320.00	-	-	29,402.56
Investments	50,432.72	-	-	-	500.00	-	-	506,168.39	557,101.11

24.15 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Companyas required in terms of paragraph 21of Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 notified on August 25, 2016 vide RBI/DNBR/2016-17/39 & Master Direction DNBR. PD. 003/03.10.119/2016-17.

Notes forming part of Financial Statements - March 31, 2017

Liability Side:

1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid

(₹ in lakh)

	Particular	As at March 31, 2017		As at March 31, 2016	
		Amount Outstanding	Amount Overdue	Amount Outstanding	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	42,905.48	-	-	-
(e)	Commercial Paper (net of unexpired discount charges)	56,896.59	-	59,267.58	-
(f)	Other Loans (Cash Credit)	493.55	-	491.59	-

Asset Side:

2. Break-up of Loans and Advances including bills receivables [Other than those included in (3) below]

(₹ in lakh)

		As at March 31, 2017 Amount Outstanding	As at March 31, 2016 Amount Outstanding
(a)	Secured	-	-
(b)	Unsecured	58,270.82	29,402.56

3. Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities

(₹ in lakh)

		As at March 31, 2017 Amount Outstanding	As at March 31, 2016 Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors :		
	(a) Financial Lease		
	(b) Operating Lease	Nil	Nil
(ii)	Stock on hire including hire charges under sundry debtors		
	(a) Assets on Hire		
	(b) Repossessed Assets	Nil	Nil
(iii)	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above	Nil	Nil

Notes forming part of Financial Statements - March 31, 2017

Break-up of Investments

(₹ in lakh)

	As at March 31, 2017 Amount Outstanding	As at March 31, 2016 Amount Outstanding
Current Investments		
1. Quoted		
(i) Shares : (a) Equity		
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted :		
(i) Shares : (a) Equity		
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	27,013.92	50,432.72
(iv) Government Securities	-	-
(v) Others	-	-
Long Term Investments		
1. Quoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	500.00
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted :		
(i) Shares : (a) Equity	537,403.38	506,168.39
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

Notes forming part of Financial Statements - March 31, 2017

4. Borrower group-wise classification of assets financed as in (2) and (3) above:

(₹ in lakh)

	As at March 31, 2017			As at March 31, 2016		
	Secured	**Unsecured**	**Total**	**Secured**	**Unsecured**	**Total**
1. Related Parties						
(a) Subsidiaries	-	58,270.82	58,270.82	-	29,402.56	29,402.56
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	-	-	-	-	-	-
Total	**-**	**58,270.82**	**58,270.82**	**-**	**29,402.56**	**29,402.56**

5. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in lakh)

Category	**As at March 31, 2017**		**As at March 31, 2016**	
	Market Value / Break up or fair value or NAV	**Book Value (Net of Provisions)**	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
1. Related Parties				
(a) Subsidiaries	537,403.38	537,403.38	506,668.39	506,668.39
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	27,013.92	27,013.92	50,432.72	50,432.72
Total	**564,417.30**	**564,417.30**	**557,101.11**	**557,101.11**

6. Other Information

(₹ in lakh)

Particulars	**As at March 31, 2017 Amount**	**As at March 31, 2016 Amount**
(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	-	-

Notes forming part of Financial Statements - March 31, 2017

24.16 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company as required in terms of paragraph 70 of Master Direction - Non-Banking Financial Company - Systemically ImportantNon-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 notified on September 01, 2016 vide RBI/DNBR/2016-17/45 & Master Direction DNBR. PD. 008/03.10.119/2016-17.

1) Investments :

(₹ in lakh)

Sr No.	Particulars	As at March 31,2017	As at March 31, 2016
1.	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	564,435.91	557,101.11
	(b) Outside India	Nil	Nil
	(ii) Provisions for Depreciation		
	(a) In India	18.61	Nil
	(b) Outside India		
	(iii) Net Value of Investments		
	(a) In India	564,417.30	557,101.11
	(b) Outside India		
2.	**Movement of provisions held towards depreciation on investments**		
	(i) Opening balance	Nil	Nil
	(ii) Add: Provisions made during the year	18.61	Nil
	(iii) Less: Write –off/write back of excess provisions during the year		
	(iv) Closing balance	18.61	Nil

2) Derivatives :

I) 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, 2017 (Previous year: Nil)

II) 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, 2017 (Previous year: Nil)

3) Securitization : No securitization deal (including assignment deal) has carried out during the financial year ended March 31, 2017 (Previous year : Nil)

4) Asset Liability Management Maturity Pattern :Refer note no. 24.14 -2) for details of Asset Liability Management Maturity Pattern

Notes forming part of Financial Statements - March 31, 2017

5) Exposures :

I) Exposures to Real Estate Sector : Refer note no. 24.14 -1) for details of exposures to Real Estate Sector

II) Exposures to Capital Markets : None

III) Details of financing of parent company products: None

I**V)** The particulars of Unsecured Advances net off provision are given below:

(₹ in lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Intercorporate Deposit	58,270.82	29,402.56

6) 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 has 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	2016-17		2015-16	
	CARE	ICRA	CARE	ICRA
Non-Convertible Debentures	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
CRPS	CARE AA+ (RPS) (Stable)	-	CARE AA+ (RPS) (Stable)	-
Commercial Paper	CARE A1+	-	CARE A1+	-

IV) Postponements of revenue recognition: Current year: Nil (Previous year: Nil)

7) Provisions and Contingencies :

I) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account:

(₹ in lakh)

Particulars	2016-2017	2015-2016
Provisions for depreciation on Investment	18.61	Nil
Provision towards Non Performing Assets	Nil	Nil
Provision made towards Income tax (shown below Profit before tax)		
Current Tax	512.25	2,249.12
MAT credit entitlement	(835.87)	(2,492.67)
Deferred Tax	(31.82)	(750.82)
Other Provision and Contingencies		
Provision for Standard Assets	115.64	(20.32)

Notes forming part of Financial Statements - March 31, 2017

8) Concentration of Advances and NPAs :

I) Concentration of Advances :

(₹ in lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Total Intercorporate deposit to twenty largest borrowers	58,270.82	29,402.56
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	100%	100%

II) Concentration of NPAs :

Particulars	As at March 31, 2017	As at March 31, 2016
Total Exposure to top four NPA accounts	Nil	Nil

9) Disclosure of Customer Complaints

Particulars	2016-17	2015-16
(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

24.17 The company does not maintain any cash and hence, the disclosure requirement with respect to Specified Bank Notes as per notification dated 30th March, 2017 issued by Ministry of Company Affairs does not apply to the company.

24.18 Previous year figures have been regrouped/ reclassified wherever necessary.

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

Y.M. Deosthalee
Chairperson
(DIN :00001698)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

Place : Mumbai
Date : May 4, 2017

Independent Auditors' Report

To the Members of L&T Finance Holdings Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **L&T FINANCE HOLDINGS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries and associate referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner

so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of 8 subsidiaries whose financial statements/ financial information reflect total assets of ₹ 111,513.12 lakh as at March 31, 2017, total revenues of ₹ 45,176.86 lakh and net cash inflows amounting to ₹ 3,113.61 lakh for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 574.64 lakh for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements 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 associate, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, 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.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of the subsidiaries and associate referred in the Other Matters paragraph 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 and the Consolidated Cash Flow Statement 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 Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company, none of the directors of the Group companies and its associate company is disqualified as on March 31, 2017 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 Holding company, subsidiary companies and associate company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's, subsidiary company's and associate 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 Rule 11 of the Companies (Audit and Auditor's) 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 and its associate.

ii. The Group and its associate 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 Holding Company, and its subsidiary companies and associate company.

iv. To the best of our information and according to the information and explanations given to us, we report that, except where, for reasons explained in note no. 31.17 to the consolidated financial statements, the disclosures by certain subsidiaries of the Group with regard to the Specified Bank Notes ("SBNs") were restricted to readily available information and also considering that certain amounts directly deposited into the bank accounts of those entities by their customers for which information relating to SBNs was not available with those entities were classified as "Permitted receipts/ Other Denomination Notes", the Parent Company has provided requisite disclosures in the consolidated financial statements as regards the Group entities' holding and dealings in SBNs , as defined in the Notification S.O. 3407(E) dated 8th November, 2016, of the Ministry of Finance, during the period from November 9, 2016 to December 30, 2016. Based on audit procedures performed by us and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements, which, as the case may be, were produced before us and the other auditors by the managements of the respective Group entities.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
Mumbai, May 4, 2017

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

Ravi Kapoor
Partner
(Membership No. 040404)
Mumbai, May 4, 2017

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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **L&T FINANCE HOLDINGS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate company as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate company, 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 Holding Company, its subsidiary companies and its associate 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 and the audit evidence obtained by other auditors of the subsidiary companies and associate company, 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 Holding Company, its subsidiary company and its associate company.

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 other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary companies and its associate company, 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, 2017, 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.

Other Matters

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 8 subsidiary companies and an associate company 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, May 4, 2017

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

Ravi Kapoor
Partner
(Membership No. 040404)
Mumbai, May 4, 2017

Consolidated Balance Sheet as at March 31, 2017

(₹ in Lakh)

	Note No	As at March 31, 2017		As at March 31, 2016	
EQUITY AND LIABILITIES:					
Shareholders' funds					
Share capital	**2**	296,912.20		296,679.86	
Reserves and surplus	**3**	602,014.70		532,368.43	
Money received against share warrants	**4**	11,806.88		11,806.88	
			910,733.78		840,855.17
Minority interest			11,856.64		10,030.00
Non-current liabilities					
Long-term borrowings	**5**	4,323,034.62		3,703,112.74	
Deferred tax liabilities	**6**	238.87		171.06	
Other long term liabilities	**7**	73,205.64		58,297.93	
Long-term provisions	**8**	26,382.84		34,620.05	
			4,422,861.97		3,796,201.78
Current liabilities					
Short-term borrowings	**9**	1,176,409.93		669,552.90	
Current maturities of long term borrowings	**5**	481,660.93		788,900.16	
Trade payables:	**10**				
Total outstanding dues of micro enterprises and small enterprises		-		-	
Total outstanding dues of creditors other than micro enterprises and small enterprises		7,263.62		6,870.97	
Other current liabilities	**11**	230,278.04		237,838.30	
Short-term provisions	**12**	10,294.29		29,856.65	
			1,905,906.81		1,733,018.98
TOTAL			**7,251,359.20**		**6,380,105.93**
ASSETS:					
Non-current assets					
Fixed assets	**13**				
Tangible assets		58,046.39		66,549.66	
Intangible assets		1,049.31		826.30	
Capital work-in-progress		2,596.75		2,218.74	
Intangible assets under development		192.42		23.14	
Goodwill on consolidation		63,891.06		63,891.06	
Non-current investments	**14**	267,601.95		134,000.64	
Deferred tax assets	**15**	74,262.65		40,098.74	
Long-term loans and advances	**16**	58,966.95		57,121.89	
Long-term loans and advances towards financing activities	**17**	4,933,479.05		4,388,120.40	
Other non-current assets	**18**	36,435.21		31,970.09	
			5,496,521.74		4,784,820.66
Current assets					
Current investments	**19**	333,551.16		222,326.72	
Trade receivables	**20**	7,884.92		2,669.12	
Cash and bank balances	**21**	59,438.28		40,153.43	
Short-term loans and advances	**22**	7,631.21		7,506.58	
Short-term loans and advances towards financing activities	**23**	217,124.52		311,468.07	
Current maturities of long term loans and advances towards financing activities	**17**	1,014,246.42		906,949.55	
Other current assets	**24**	114,960.95		104,211.80	
			1,754,837.46		1,595,285.27
TOTAL			**7,251,359.20**		**6,380,105.93**
See accompanying Notes forming part of the financial statements	**31**				

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

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

Y.M. Deosthalee
Chairperson
(DIN :00001698)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

(₹ in Lakh)

	Note No	Year ended March 31, 2017		Year ended March 31, 2016	
INCOME:					
Revenue from operations	**25**	834,058.85		728,878.92	
Other income	**26**	23,172.16		18,190.04	
Total Income			**857,231.01**		**747,068.96**
EXPENSES:					
Finance costs	**27**	462,703.21		412,413.64	
Employee benefits expense	**28**	49,352.16		48,768.77	
Administration and other expenses	**29**	71,565.74		74,236.51	
Allowances and write offs	**30**	158,989.73		78,102.13	
Depreciation and amortisation		6,729.98		8,281.38	
Total expenses			**749,340.82**		**621,802.43**
Profit before exceptional and extraordinary items and taxes			**107,890.19**		**125,266.53**
Exceptional items			-		-
Profit before extraordinary items and taxes			**107,890.19**		**125,266.53**
Extraordinary items			-		-
Profit before tax			**107,890.19**		**125,266.53**
Tax expense:					
Current tax			39,923.15		53,339.24
MAT Credit			(2,183.30)		(2,492.67)
Deferred tax			(34,096.18)		(10,948.85)
Tax expense			**3,643.67**		**39,897.72**
Profit after tax			**104,246.52**		**85,368.81**
Add : Share in profit of associate company			574.73		300.45
Less : Share of minority interest			(602.58)		-
Profit for the year attributable to the shareholder of the Company			**104,218.67**		**85,669.26**
Earnings per equity share:	**31.2**				
Basic earnings per equity share before and after extraordinary items (₹)			5.21		3.79
Diluted earnings per equity share before and after extraordinary items (₹)			5.14		3.79
Face value per equity share (₹)			10.00		10.00
See accompanying Notes forming part of the financial statements	**31**				

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

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

Y.M. Deosthalee
Chairperson
(DIN :00001698)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

Consolidated Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakh)

		Year ended March 31, 2017	Year ended March 31, 2016
A.	**Cash flow from operating activities**		
	Profit before tax	**107,890.19**	**125,266.53**
	Adjustments for:		
	Depreciation and amortisation	6,729.98	8,281.38
	(Profit)/ Loss on sale of investments (net)	(8,732.88)	(9,360.40)
	(Profit)/ Loss on sale of fixed assets (net)	1,311.89	2,295.99
	Provision for compensated absences/leave encashment	605.79	981.03
	Provision for Gratuity	213.86	310.97
	Cumulative interest on long term NCDs, payable at maturity	10,308.75	10,308.75
	Provision for diminution in value of investments	3,936.41	5,485.43
	Loss on foreclosure of loans and bad debts write offs	40,003.32	51,231.44
	Provision for non-performing assets	76,282.32	11,614.45
	Provision for advances and receivables	85.37	(45.93)
	Provision for standard assets	39,670.86	9,490.49
	Provision for restructured assets	(988.55)	326.25
	Operating profit before working capital changes	**277,317.31**	**216,186.38**
	Changes in working capital		
	(Increase)/ Decrease in trade and other receivables and advances	(41,527.78)	(14,657.67)
	Increase/ (Decrease) in trade and other payables	(17,137.38)	68,860.29
	Cash generated from operations	**218,652.15**	**270,389.00**
	Direct taxes paid	(53,167.17)	(61,078.18)
	Loans disbursed (net of repayments)	(742,098.89)	(1,130,576.05)
	Net cash flow from/(used in) operating activities (A)	**(576,613.91)**	**(921,265.23)**
B.	**Cash flow from investing activities**		
	Add : Inflow from investing activities		
	Proceeds from sale of fixed assets	3,194.83	1,299.84
	Sale of current investments	6,329,472.18	15,942,887.12
	Sale of non current investments	7,060.15	22,665.58
		6,339,727.16	15,966,852.54
	Less : Outflow from investing activities		
	Purchase of fixed assets (including capital work in progress)	3,328.50	9,220.01
	Purchase of non current investments	133,712.84	57,536.59
	Purchase of current investments	6,414,440.18	15,967,557.67
		6,551,481.52	16,034,314.27
	Net cash from/(used in) investing activities (B)	**(211,754.36)**	**(67,461.73)**

Consolidated Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
C. Cash flow from financing activities		
Add : Inflow from financing activities		
Proceeds from issue of share capital including securities premium	1,149.74	9,246.59
Proceeds from issue of preference share capital (Minority Interest)	500.00	-
Proceeds from issue of share warrants	-	11,806.88
Net proceeds from long term borrowings	317,030.37	884,116.56
Net proceeds from short term borrowings	506,857.03	77,133.33
	825,537.14	**982,303.36**
Less : Outflow from financing activities		
Shares / Debenture issue expenses	743.94	2,947.44
Dividend paid (including dividend distribution tax)	29,583.09	36,715.55
	30,327.03	39,662.99
Net cash generated from/(used in) financing activities (C)	**795,210.11**	**942,640.37**
Net cash increase / (decrease) in cash and cash equivalents (A+B+C)	6,841.84	(46,086.59)
Cash and cash equivalents as at beginning of the year	39,816.74	85,903.33
Cash and cash equivalents as at end of the year	**46,658.58**	**39,816.74**
Reconciliation of Cash and Cash Equivalents		
Closing Balance as per Balance Sheet	59,438.28	40,153.43
Less : Deposits with original maturity for more than 3 months	12,779.70	336.69
Cash and cash equivalents as at end of the year*	**46,658.58**	**39,816.74**

Notes:

1. Purchase of fixed assets includes movements of capital work in progress during the year.
2. Net cash used in investing activities excludes investment aggregating ₹ 28,818.97 lakh (previous period ₹ 27,688.76 lakh) acquired against claims.
3. Previous year figures have been regrouped/reclassified wherever applicable.
4. Net cash used in operating activities is determined after adjusting the following:

Interest received	742,366.37	646,921.68
Dividend received	-	766.26
Interest paid	428,915.33	403,018.70

* Includes balances in earmarked accounts ₹ 1,327.29 lakh (Previous period balance ₹ 2,439.73 lakh)

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

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

Y.M. Deosthalee
Chairperson
(DIN :00001698)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

Notes forming part of Consolidated Financial Statements - March 31, 2017

1. Significant accounting policies.

1.1 Basis of Accounting

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP'), to comply with the Accounting Standards prescribed under Accounting Standards under section 133 of the Companies Act, 2013 and along with the applicable guidelines issued by Reserve Bank of India ("RBI") for Core Investment Companies (CIC) and Non Banking Finance Company (NBFC) as applicable. The financial statements have been prepared on the accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which the results are known/materialize.

1.3 Revenue Recognition

(a) 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.

(b) Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset. Interest and other dues in the case of non-performing loans is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

(c) Revenues from the various services that the Company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured.

(d) Dividend is accounted when the right to its receipt is established.

(e) Guarantee fees is recognised on pro-rata basis over the period of the guarantee.

(f) Investment management fees are recognised on an accrual basis in accordance with the Investment Management Agreement and SEBI Regulations, based on average Assets Under Management ("AUM") of L&T Mutual Fund schemes over the period of the agreement in terms of which services are performed.

(g) Portfolio management fees are recognised on an 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.

1.4 Tangible and Intangible Fixed Assets

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Capital Work in Progress: Projects under which tangible Fixed assets are not yet ready for their intended use are carried at cost, comprising direct

Notes forming part of Consolidated Financial Statements - March 31, 2017

cost, related incidental expenses and attributable interest.

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

1.5 Depreciation and amortisationon Fixed Assets

- Depreciation/amortisation on fixed assets is calculated on a straight-line which reflect the management's estimate of the useful lives of respective fixed assets and are lesser than or equal to the useful life as prescribed in Schedule II of the Companies Act, 2013.
- Leasehold improvements is amortized over the period of lease term.
- Fixed assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase.
- Depreciation is charged for the full month in the month of purchase/sale even used for part of the month.

1.6 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

Investments have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

1.7 Advances

Advances are classified under four categories i.e. (i) Standard Assets, (ii) Sub-standard Assets, (iii) Doubtful Assets and (iv) Loss Assets in accordance with the RBI Guidelines.

In respect of Loans and Debentures / Bonds in the nature of an advance, where interest is not serviced, provision for diminution is made as per the parameter applicable to Non-Performing Advances.

Provision on restructured advances / corporate debt restructure advances is made at in accordance with the guidelines issued by the RBI.

Provision on Standard Assets is made as per the provisioning policy of the Company subject to minimum as stipulated in RBI Guidelines or where additional specific risks are identified by the management, based on such identification.

1.8 Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

1.9 Leases

Where the company is lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.

Operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Where the company is lessor

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial

Notes forming part of Consolidated Financial Statements - March 31, 2017

direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

1.10 Retirement and Other Employee Benefits

- ***Short Term Employee Benefits:***

  All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, short term compensated absences etc. and expected cost of bonus/variable pay are recognized in the period in which the employee renders the related service.

- ***Post-Employment Benefits:***

(a) Defined Contribution Plans:

The Company's superannuation scheme, state governed provident fund scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognized during the period in which the employee renders the related services.

(b) Defined Benefit Plans:

The employee's gratuity fund scheme and provident fund scheme managed by trust are the company's defined benefit plans. Wherever applicable the present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities of a maturity period equivalent to the weighted average maturity profile of the related obligation at the balance sheet date.

Actuarial gains and losses are recognized immediately in the statement of profit and loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

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

- ***Long Term Employee Benefits:***

  The obligation for long term employee benefits such as long term compensated absences is recognised as defined benefits plan.

1.11 Earnings Per Share

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings Per Share. Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

1.12 Foreign Currency Transactions, Forward Contracts and Derivatives

Foreign currency transactions are accounted at the exchange rates prevailing on the date of each transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of Profit and Loss.

The Company has exercised the option granted under notification F.No.17/33/2008/CL-V dated

Notes forming part of Consolidated Financial Statements - March 31, 2017

March 31, 2009, issued by the Ministry of Corporate Affairs and subsequent Notification No G.S.R.913(E) (F.No. 17/133/2008-CL.V) dated December 29, 2011 and is accordingly, amortising the foreign currency translation differences on long term foreign currency monetary items over the shorter of their maturity period and the balance period upto March 31, 2020. The unamortised balance as at the period end is presented as "Foreign Currency Monetary Item Translation Difference Account" on the assets side of the Balance Sheet.

Premium in respect of forward contracts is charged to statement of Profit and Loss over the period of the contract. Forward contracts outstanding as at the Balance Sheet date are revalued at the closing rate.

Currency interest rate swaps

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked to market. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss.

1.13 Principles of Consolidation

The consolidated financial statements relate to L&T Finance Holdings Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"

b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

c) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and loss being the profit or loss on disposal of investment in subsidiary.

d) Investment in associate companies has been accounted under the equity method as per Accounting Standard (AS) 23"Accounting for Investments in Associates in Consolidated Financial Statements".

e) The Company accounts for its share in change in net assets of the associates, post-acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its statement of profit and loss account to the extent such change is attributable to the associates' Profit and Loss account and through its reserves for the balance, based on available information.

f) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

g) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

1.14 Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax

Notes forming part of Consolidated Financial Statements - March 31, 2017

losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the Guidance Note issued by the ICAI, the said assets is created by way of a credit to the Statement of Profit and Loss.

1.15 Impairment of Assets

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

1.16 Provisions and Contingent Liabilitiesand Contingent Assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets are not recognised.

1.17 Employee Stock Compensation Cost

The Employees Stock Option Scheme (the Scheme) provides for grant of equity shares of L&T Finance Holdings Limited (the holding company) to employees of the subsidiaries. The scheme provides that employees are granted an option to subscribe to equity share of the holding company that vest in a graded manner. The options may be exercised with in specified period. The holding company follows the intrinsic value method to account for its stock based employee compensation plans. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

1.18 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.19 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.20 Share and Debenture issue expense

Expenses incurred on issue of share/debenture are charged-off against the securities premium account in accordance with the provisions of section 52 of the Companies Act, 2013.

1.21 Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to the financial statements.

Notes forming part of Consolidated Financial Statements - March 31, 2017

2 Share capital

(I) Share capital authorised, issued and subscribed

	As at March 31, 2017		As at March 31, 2016	
Authorised Shares	**No. of Shares**	**₹ in lakh**	**No. of Shares**	**₹ in lakh**
Equity shares of ₹ 10 each	5,000,000,000	500,000.00	5,000,000,000	500,000.00
Preference Shares of ₹ 100 each	500,000,000	500,000.00	500,000,000	300,000.00
Issued, Subscribed & Paid up shares				
Equity shares of ₹ 10 each fully paid up	1,755,721,861	175,572.20	1,753,398,551	175,339.86
9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	25,000,000	25,000.00	25,000,000	25,000.00
8.40% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	13,900,000	13,900.00	13,900,000	13,900.00
8.50% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	12,440,000	12,440.00	12,440,000	12,440.00
8.35% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	10,000,000	10,000.00	10,000,000	10,000.00
8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	60,000,000	60,000.00	60,000,000	60,000.00
		296,912.20		**296,679.86**

(II) Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**₹ in lakh**	**No. of Shares**	**₹ in lakh**
At the beginning of the year	1,753,398,551	175,339.86	1,720,285,900	172,028.59
Issued during the year				
- Issued under preferential basis	-	-	31,836,971	3,183.70
- Issued under ESOP	2,323,310	232.33	1,275,680	127.57
Outstanding at the end of the year	**1,755,721,861**	**175,572.20**	**1,753,398,551**	**175,339.86**
8.75% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**₹ in lakh**	**No. of Shares**	**₹ in lakh**
At the beginning of the year	-	-	75,000,000	75,000.00
Issued/(Redeemed) during the year	-	-	(75,000,000)	(75,000.00)
Outstanding at the end of the year	-	-	-	-
9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**₹ in lakh**	**No. of Shares**	**₹ in lakh**
At the beginning of the year	25,000,000	25,000.00	25,000,000	25,000.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**25,000,000**	**25,000.00**	**25,000,000**	**25,000.00**

Notes forming part of Consolidated Financial Statements - March 31, 2017

2 Share capital

8.40% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	13,900,000	13,900.00	13,900,000	13,900.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**13,900,000**	**13,900.00**	**13,900,000**	**13,900.00**

8.50% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	12,440,000	12,440.00	12,440,000	12,440.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**12,440,000**	**12,440.00**	**12,440,000**	**12,440.00**

8.35% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	10,000,000	10,000.00	10,000,000	10,000.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**10,000,000**	**10,000.00**	**10,000,000**	**10,000.00**

8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	60,000,000	60,000.00	-	-
Issued/(Redeemed) during the year	-	-	60,000,000	60,000.00
Outstanding at the end of the year	**60,000,000**	**60,000.00**	**60,000,000**	**60,000.00**

(III) Terms/rights attached to equity shares

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

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.

Notes forming part of Consolidated Financial Statements - March 31, 2017

(IV) Terms/rights attached to preference shares

The CRPS will not have voting rights other than in respect of matters directly affecting it. In the event 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. Provided that the tenure may be extended by a further period, not exceeding 5 days from the Proposed Tenure, which shall be notified to the Investors at the time of allotment.

(V) Shares held by holding company

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
Larsen & Toubro Limited and it's nominee				
Equity Shares of ₹ 10 each fully paid	1,169,709,304	116,970.93	1,169,709,304	116,970.93

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

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,169,709,304	66.62%	1,169,709,304	66.71%
Citigroup Global Markets Mauritius Private Limited	99,998,992	5.72%	99,394,992	5.67%

Preference Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
Bajaj Allianz General Insurance Company Limited	11,525,000	9.50%	11,525,000	9.50%
Pioneer Independent Trust	10,000,000	8.24%	10,000,000	8.24%

(VII) Details of shares reserved to be issued under ESOP

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
Equity Shares of ₹ 10 each	26,611,795	2,661.18	29,658,998	2,965.90

Notes forming part of Consolidated Financial Statements - March 31, 2017

3 Reserves & Surplus **(₹ in lakh)**

		As at March 31, 2017	As at March 31, 2016
(I)	**Securities premium account**		
	Balance as per last financial statements	164,088.12	146,030.21
	Addition during the year on account of issue of shares	1,085.96	20,935.32
	Less: Share issue expenses adjusted during the year	82.86	893.46
	Less: Debenture issue expenses adjusted during the year (net of tax)	432.28	1,663.03
	Less: Redemption premium on Cumulative Compulsorily Redeemable Prefrence Shares	412.59	320.92
	Closing Balance	**164,246.35**	**164,088.12**
(II)	**Debenture redemption reserve**		
	Balance as per last financial statements	44,218.53	39,407.16
	Add: Transferred from surplus in the statement of Profit and Loss	67.15	6,598.76
	Less: Transferred to General Reserve	1,855.77	1,787.39
	Closing Balance	**42,429.91**	**44,218.53**
(III)	**Reserve u/s 45-IC of RBI Act, 1934**		
	Balance as per last financial statements	114,448.87	91,741.29
	Add: Transferred from surplus in the statement of Profit and Loss	8,020.39	22,707.58
	Closing Balance	**1,22,469.26**	**114,448.87**
(IV)	**General reserves**		
	Balance as per last financial statements	1,825.61	18.14
	Add: Transferred from Debenture redemption reserve	1,855.77	1,787.39
	Add: Transferred from Employee Stock Option Outstanding Account	121.97	20.08
	Closing Balance	**3,803.35**	**1,825.61**
(V)	**Reserve u/s 36(1)(viii) of Income tax Act**		
	Balance as per last financial statements	36,462.62	25,150.00
	Add: Transferred from surplus in the statement of Profit and Loss	9,734.72	11,312.62
	Closing Balance	**46,197.34**	**36,462.62**

Notes forming part of Consolidated Financial Statements - March 31, 2017

3 Reserves & Surplus (Contd..) **(₹ in lakh)**

	As at March 31, 2017	As at March 31, 2016
(VI) Employee Stock Option Outstanding Account		
Balance as per last financial statements	619.92	637.11
Addition during the year	71.92	126.29
Less: Allotment of shares	168.56	123.40
Less: Transferred to General Reserve	121.97	20.08
Closing Balance	**401.31**	**619.92**
(VII) Capital reserve on consolidation	**49,235.93**	**49,235.93**
(VIII) Reserve u/s 29C of National Housing Bank		
Balance as per last financial statements	2,716.29	1,555.49
Add: Transferred from surplus in the statement of Profit and Loss	2,729.93	1,160.80
Closing Balance	**5,446.22**	**2,716.29**
(IX) Unamortised loss on sale of loans		
Balance as per last financial statements	-	-
Less: Adjustment during the year	16,252.55	-
Closing Balance	**(16,252.55)**	**-**
(X) Surplus in the statement of Profit and Loss		
Balance as per last financial statements	118,752.54	111,843.49
Add: Net profit for the year	104,218.67	85,669.26
Less : Appropriations		
Dividend paid for previous year	5.78	6.23
Proposed Dividend @ ₹ 0.80 per equity share	-	14,027.19
Dividend on Cumulative Compulsorily Redeemable Preference Shares	10,338.95	16,207.28
Interim Dividend on Cumulative Compulsorily Redeemable Preference Shares	338.54	501.49
Dividend Distribution Tax	6,713.05	6,238.26
Transfer to/(from) Debenture Redemption Reserve	67.15	6,598.76
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	9,734.72	11,312.62
Transfer to reserve u/s 29-C of National Housing Bank	2,729.93	1,160.80
Transfer to reserve u/s 45-IC of RBI Act, 1934	8,020.39	22,707.58
Share in Associates' Reserves	985.12	-
Net surplus in the statement of profit and loss	**184,037.58**	**118,752.54**
Total reserves and surplus	**602,014.70**	**532,368.43**

Notes forming part of Consolidated Financial Statements - March 31, 2017

4 Money received against share warrants

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares Warrants	₹ in lakh	No. of Shares Warrants	₹ in lakh
Money received against share warrants	63,820,990	11,806.88	63,820,990	11,806.88
Closing Balance	**63,820,990**	**11,806.88**	**63,820,990**	**11,806.88**

Money received against share warrants represents amounts received towards warrants which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of the face value of ₹ 10 each

During the previous year, the Company issued 6,38,20,990 share warrants at a price of ₹ 74 each to BC Asia Growth Investments VI on a preferential basis, having option to apply for and be allotted an equivalent number of equity shares of a face value of ₹ 10 each at a premium of ₹ 64 each determined in accordance with Regulation 76 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"). The holder of the warrants has paid upfront 25% of the price per warrant (i.e ₹ 18.50 per warrant); the balance can be exercised within 18 months.

5 Long term borrowings

		As at March 31, 2017		As at March 31, 2016	
		Non current portion	Current maturities	Non current portion	Current maturities
(I)	**Secured**				
	Redeemable non convertible debentures	1,752,940.18	399,581.10	1,376,300.94	468,672.55
	Less : Buy Back	(1,890.23)	-	(1,615.64)	-
	Term loans				
	- From banks	1,213,407.67	58,367.33	1,164,668.00	300,351.11
	- Foreign currency loan	-	16,212.50	16,563.75	19,876.50
	Demand loan/Line of Credit	192,000.00	-	85.69	-
	Total I	**3,156,457.62**	**474,160.93**	**2,556,002.74**	**788,900.16**
(II)	**Unsecured**				
	Redeemable non convertible debentures	303,150.00	7,500.00	225,150.00	-
	Term loans				
	- From banks	-	-	-	-
	Perpetual debt	53,000.00	-	58,000.00	-
	Cash credit/Line of Credit	810,427.00	-	863,960.00	-
	Total II	**1,166,577.00**	**7,500.00**	**1,147,110.00**	**-**
	Total Long Term Borrowings (I + II)	**4,323,034.62**	**481,660.93**	**3,703,112.74**	**788,900.16**

Notes forming part of Consolidated Financial Statements - March 31, 2017

5.(I).(i) Security: The Debentures are secured by way of first/second charge, having pari passu rights, as the case may be, on the company's specified immovable properties and specified Lease/Term Loan receivables.

5. (I).(ii) During the year, the Company has bought back and extinguished ₹ 7,42,307 (Previous year NIL) nos. of debentures of ₹ 1,000 each aggregating to 7,423.07 (Previous year NIL). Apart from this, the Company has bought back and is holding 27,459 nos. (Previous year 45,773 nos.) debentures of ₹ 1000 each aggregating to ₹ 274.59 Lakhs (Previous year ₹ 457.73 Lakhs) as on March 31, 2017, pending extinguishment / re-issue of the same.

5.(I).(iii) Utilisation of Proceeds: The funds raised through the above issues have been utilized for the Company's financing activities, repayment of existing loans and for its business operations including capital expenditure and working capital requirements.

5.(I).(iv) Term loan from bank is secured by hypothecation of specified lease/term loan receivables.

6 Deferred tax liabilities

In compliance with the Accounting Standard (AS) 22 on 'Accounting for Taxes on Income' the Company has provided for deferred tax liabilities in the statement of Profit & Loss on account of timing differences. The major components of deferred tax assets and liabilities arising on account of timing differences are:

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Component		
Deferred tax liability		
Difference between book depreciation and tax depreciation	238.87	171.06
Deferred tax liabilities	**238.87**	**171.06**

7 Other long term liabilities **(₹ in lakh)**

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due on debentures	66,405.15	48,594.10
Long term obligations	390.48	1,693.04
Security deposits and margin money received	1,348.50	3,066.77
Deferred income on loan processing and assignments	4,453.20	4,711.07
Construction finance - Debt Service Reserve amount and interest payable thereon	452.78	91.43
Others	155.53	141.52
Total other long term liabilities	**73,205.64**	**58,297.93**

Notes forming part of Consolidated Financial Statements - March 31, 2017

8 Long term provisions

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
Contingent provision against standard assets		18,680.34		15,675.13
Interest capitalised on restructured assets		7,546.92		17,988.06
For Employee benefits				
- Gratuity	155.58		381.35	
- Leave Encashment	-	155.58	-	381.35
Others		-		575.51
Total long term provisions		**26,382.84**		**34,620.05**

9 Short term borrowings

(₹ in lakh)

		As at March 31, 2017		As at March 31, 2016	
(I)	**Secured**				
	Term loans				
	- from banks		1,444.47		-
	Bank overdraft/ Cash Credit		8,079.11		43,262.11
	Working capital demand loan		-		7,900.00
	Total I		9,523.58		51,162.11
(II)	**Unsecured**				
	Commercial papers	1,136,064.66		617,400.00	
	Less : Unexpired discounting charge	20,611.23	1,115,453.43	14,057.80	603,342.20
	Loans and advances from related parties (ICDs)		760.00		3,557.00
	Bank overdraft/ Cash Credit		10,672.92		11,491.59
	Intercorporate Borrowings		40,000.00		-
	Total II		**1,166,886.35**		**618,390.79**
	Total short term borrowings **Total (I + II)**		**1,176,409.93**		**669,552.90**

10 Trade payable

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
- Dues to Micro and Small Enterprises	-	-
- Others	7,263.62	6,870.97
Total trade payable	**7,263.62**	**6,870.97**

Notes forming part of Consolidated Financial Statements - March 31, 2017

11 Other current liabilities

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due on borrowings	132,186.88	119,461.05
Deferred income on loan processing and assignments	1,962.10	3,022.58
Security deposits and cash margin money received	1,084.14	1,248.04
Short term obligations	1,319.73	15,846.29
Statutory dues	4,559.48	3,917.03
Advance from customers	29,298.24	14,504.39
Trade payable for capital goods	13.16	11.79
Unclaimed infrastructure bond application money	71.70	73.86
Unclaimed dividend	168.33	699.33
Unclaimed interest on debentures	1,087.26	1,666.54
Bank book credit balance	26,748.44	55,734.97
Accrued expenses	15,878.44	11,042.47
Gratuity contribution payable to fund	319.33	56.67
Other liabilities	15,580.81	10,553.29
Total other current liabilities	**230,278.04**	**237,838.30**

12 Short term provisions

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
Contingent provision against standard assets		4,932.40		7,306.68
For Employee benefits				
- Gratuity	211.65		465.58	
- Leave Encashment	1,907.42		2,646.71	
- Others	70.50	2,189.57	97.91	3,210.20
Provision for tax		1,041.85		5,301.57
Proposed Dividend Nil (Previous Year ₹ 0.80) per equity share (Refer Note 31.12)		-		14,027.19
Proposed Dividend on Cumulative Compulsorily Redeemable Preference Shares		-		-
Dividend Distribution Tax		2,104.46		-
Others		26.01		11.01
Total short term provisions		**10,294.29**		**29,856.65**

Notes 13 : Fixed Assets

(₹ in lakh)

Particulars	Gross Block					Accumulated Depreciation					Net Block
	As at 1-Apr-16	Additions	Consol Adjustments	Sale / Adjustment	As at 31-Mar-17	Upto 1-Apr-16	For the period	Deductions	Consol Adjustments	Upto 31-Mar-17	As at 31-Mar-17
Tangible Assets											
Owned Assets											
Land - freehold	15,880.11	-	-	-	15,880.11	-	-	-	-	-	15,880.11
	(15,880.11)	-	-	-	*(15,880.11)*	-	-	-	-	-	*(15,880.11)*
Buildings	24,171.11	1,540.01	(1,083.98)	366.37	24,260.77	983.43	367.45	23.31	-	1,327.57	22,933.20
	(11,190.09)	*(12,981.02)*	-	-	*(24,171.11)*	*(857.62)*	*(125.81)*	-	-	*(983.43)*	*(23,187.68)*
Office Equipment	3,053.73	128.59	-	198.67	2,983.65	1,986.02	312.87	175.64	-	2,123.25	860.40
	(2,310.00)	*(757.56)*	-	*(13.83)*	*(3,053.73)*	*(1,715.09)*	*(281.80)*	*(10.87)*	-	*(1,986.02)*	*(1,067.71)*
Plant and Machinery	-	39.05	-	-	39.05	-	0.62	-	-	0.62	38.43
	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	2,749.30	133.58	-	203.88	2,679.00	1,458.68	269.09	166.57	-	1,561.20	1,117.80
	(2,103.24)	*(685.19)*	-	*(39.13)*	*(2,749.30)*	*(1,248.43)*	*(246.22)*	*(35.97)*	-	*(1,458.68)*	*(1,290.62)*
Leasehold Renovation	4,001.44	404.15	-	293.66	4,111.93	2,583.69	561.13	237.17	-	2,907.65	1,204.28
	(3,826.32)	*(498.17)*	-	*(323.05)*	*(4,001.44)*	*(2,308.71)*	*(598.03)*	*(323.05)*	-	*(2,583.69)*	*(1,417.75)*
Computers	8,614.91	433.77	-	672.18	8,376.50	6,746.44	948.54	673.21	-	7,021.77	1,354.73
	(7,776.18)	*(846.24)*	-	*(7.51)*	*(8,614.91)*	*(5,613.61)*	*(1,138.26)*	*(5.43)*	-	*(6,746.44)*	*(1,868.47)*
Motor car	72.15	-	-	34.41	37.74	59.30	1.16	30.77	-	29.69	8.05
	(72.15)	-	-	-	*(72.15)*	*(51.55)*	*(7.75)*	-	-	*(59.30)*	*(12.85)*
Electrical and Installation	2,711.11	-	-	-	2,711.11	42.94	257.55	-	-	300.49	2,410.62
	-	*(2,711.11)*	-	-	*(2,711.11)*	-	*(42.94)*	-	-	*(42.94)*	*(2,668.17)*
Owned Assets Leased out											
Plant and Machinery	9,938.90	93.00	-	2,349.50	7,682.40	4,582.61	847.51	1,101.11	-	4,329.01	3,353.39
	(9,457.16)	*(578.86)*	-	*(97.12)*	*(9,938.90)*	*(3,653.59)*	*(1,005.11)*	*(76.09)*	-	*(4,582.61)*	*(5,356.29)*
Office Equipment	185.70	-	-	3.97	181.73	104.68	35.17	3.57	-	136.28	45.45
	(271.76)	-	-	*(86.06)*	*(185.70)*	*(80.17)*	*(43.88)*	*(19.37)*	-	*(104.68)*	*(81.02)*
Furniture and fixtures	1,816.78	-	-	44.44	1,772.34	784.54	212.20	19.64	-	977.10	795.24
	(1,854.54)	*(392.08)*	-	*(429.84)*	*(1,816.78)*	*(591.33)*	*(215.91)*	*(22.70)*	-	*(784.54)*	*(1,032.24)*
Motor car	16,861.94	182.68	-	6,007.75	11,036.87	6,661.71	1,901.00	3,401.59	-	5,161.12	5,875.75
	(20,471.98)	*(2,489.14)*	-	*(6,099.18)*	*(16,861.94)*	*(7,019.16)*	*(2,648.94)*	*(3,006.39)*	-	*(6,661.71)*	*(10,200.23)*
Vehicles	904.80	-	-	891.95	12.85	764.54	50.34	802.03	-	12.85	-
	(904.80)	-	-	-	*(904.80)*	*(636.17)*	*(128.37)*	-	-	*(764.54)*	*(140.26)*
Computers	3,628.41	-	-	157.44	3,470.97	3,369.59	69.61	133.41	-	3,305.79	165.18
	(3,436.80)	*(191.61)*	-	-	*(3,628.41)*	*(2,712.18)*	*(657.41)*	-	-	*(3,369.59)*	*(258.82)*
(A)	**94,590.39**	**2,954.83**	**(1,083.98)**	**11,224.22**	**85,237.02**	**30,128.17**	**5,834.24**	**6,768.02**	**-**	**29,194.39**	**56,042.63**
	(79,555.13)	*(22,130.98)*	-	*(7,095.72)*	*(94,590.39)*	*(26,487.61)*	*(7,140.43)*	*(3,499.87)*	-	*(30,128.17)*	*(64,462.22)*
Assets held for sale											
Land	81.61	-	-	-	81.61	-	-	-	-	-	81.61
	(81.61)	-	-	-	*(81.61)*	-	-	-	-	-	*(81.61)*
Building	2,096.99	-	-	-	2,096.99	91.16	33.24	-	-	124.40	1,972.59
	-	*(2,096.99)*	-	-	*(2,096.99)*	-	*(91.16)*	-	-	*(91.16)*	*(2,005.83)*
Less: provision for loss on sale											(50.44)
(B)	**2178.60**	**-**	**-**	**-**	**2,178.60**	**91.16**	**33.24**	**-**	**-**	**124.40**	**2,003.76**
	(81.61)	*(2,096.99)*	-	-	*(2,178.60)*	-	*(91.16)*	-	-	*(91.16)*	*(2,087.44)*
Intangible Assets											
Owned Assets											
Specialised software	7,725.52	1,085.51	-	5.38	8,805.65	6,899.22	862.50	5.38	-	7,756.34	1,049.31
	(7,192.39)	*(533.13)*	-	-	*(7,725.52)*	*(5,849.43)*	*(1,049.79)*	-	-	*(6,899.22)*	*(826.30)*
(C)	**7,725.52**	**1,085.51**	**-**	**5.38**	**8,805.65**	**6,899.22**	**862.50**	**5.38**	**-**	**7,756.34**	**1,049.31**
	(7,192.39)	*(533.13)*	-	-	*(7,725.52)*	*(5,849.43)*	*(1,049.79)*	-	-	*(6,899.22)*	*(826.30)*
Total (A) + (B) + (C)	**104,494.51**	**4,040.34**	**(1,083.98)**	**11,229.60**	**96,221.27**	**37,118.55**	**6,729.98**	**6,773.40**	**-**	**37,075.13**	**59,095.70**
Previous year	*(86,829.13)*	*(24,761.10)*	-	*(7,095.72)*	*(104,494.51)*	*(32,337.04)*	*(8,281.38)*	*(3,499.87)*	-	*(37,118.55)*	

* Previous year figures are shown in brackets

Notes forming part of Consolidated Financial Statements - March 31, 2017

14 Non current investments **(₹ in lakh)**

	As at March 31, 2017		As at March 31, 2016	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
14.(I) Trade Investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in Associates				
Feedback Infra Private Ltd. (see note below)	3,790,000	4,340.73	3,790,000	4,751.12
(Equity Shares of ₹ 100 each fully paid)				
Grameen Capital India Limited	2,126,000	212.60	2,126,000	212.60
(Equity Shares of ₹ 10 each fully paid)				
Total (A)		**4,553.33**		**4,963.72**

Note: Includes Goodwill on acquisition of ₹ 1,847.51 lakh (previous year: ₹1,847.51 lakh) and post acquisition share of profit of ₹ 550.73 lakh (previous year: ₹ 961.12 lakh)

14.(II) Other Investments (valued at cost unless stated otherwise)				
A) Quoted instruments				
Investment in equity				
Integrated Digital Info Services Limited	383,334	11.73	383,334	11.73
(Equity Shares of ₹ 10 each fully paid)				
Elque Polyesters Limited	194,300	19.43	194,300	19.43
(Equity Shares of ₹ 10 each fully paid)				
Monnet Industries Limited	5,640	2.26	5,640	2.26
(Equity Shares of ₹ 10 each fully paid)				
Monnet Ispat And Energy Limited	3,008	0.75	3,008	0.75
(Equity Shares of ₹ 10 each fully paid)				
Monnet Project Developers Limited	11,280	4.51	11,280	4.51
(Equity Shares of ₹ 10 each fully paid)				
Jaypee Infratech Limited	3,785,221	1,331.01	3,785,221	1,331.01
(Equity Shares of ₹ 10 each fully paid)				
Investment in Debentures				
IDFC Ltd	-	-	400	4,683.98
(Debentures of ₹ 1,000,000 each)				
B) Unquoted instruments				
Investment in equity				
Invent Assets Securitisation & Reconstruction Private Limited	7,100,000	1,597.50	7,100,000	1,597.50
(Equity Shares of ₹ 10 each fully paid)				
Alpha Micro Finance Consultants Private Limited	200,000	20.00	200,000	20.00
(Equity Shares of ₹ 10 each fully paid)				

Notes forming part of Consolidated Financial Statements - March 31, 2017

14 Non current investments **(₹ in lakh)**

	As at March 31, 2017		As at March 31, 2016	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
Metropoli Overseas Limited (Equity Shares of ₹ 10 each fully paid)	99,400	14.91	99,400	14.91
Anil Chemicals and Industries Limited (Equity Shares of ₹ 10 each fully paid)	40,000	8.00	40,000	8.00
Tikona Digital Networks Private Limited (Equity Shares of ₹ 2840 each fully paid)	605	17.18	605	17.18
Bhoruka Power Corporation Limited (Equity Shares of ₹ 100 each fully paid)	100	0.85	100	0.85
Bhoruka Power India Investments Private Limited (Equity Shares of ₹ 10 each fully paid)	10	0.02	10	0.02
The Kalyan Janatha Sahakari Bank Limited (Equity Shares of ₹ 25 each fully paid)	20,000	5.00	20,000	5.00
The Malad Sahakari Bank Limited (Equity Shares of ₹ 10 each fully paid)	100	0.01	100	0.01
Mission Holdings Private Limited (Equity Shares of ₹ 10 each fully paid)	100	0.01	100	0.01
Soma Tollways Private Limited (Equity Shares of ₹ 10 each fully paid)	6,413,216	32,910.30	4,449,987	22,855.50
Indian Highways Management Company Limited (Equity Shares of ₹ 10 each fully paid)	1,500,000	150.00	1,500,000	150.00
MF Utilities India Private Limited (Equity Shares of ₹ 10 each fully paid)	500,000	5.00	500,000	5.00
Investments in units of fund				
LICHFL Urban Development Fund	10,000	728.74	10,000	784.83
L&T Infra Investments Partner Fund	23,652,361	23,643.36	18,829,428	18,820.43
Investments in Debentures				
Indian Overseas Bank	4,249	42,490.00	-	-
3I Infotech Limited	3,896,954	194.85	-	-
Punjab National Bank	5,000	50,000.00	-	-
Compulsory Convertible Debentures				
Tikona Digital Networks Private Limited (Debentures of ₹ 2,840 each fully paid)	579,772	16,465.52	579,772	16,465.52
Bhoruka Power Corporation Limited (Debentures of ₹ 100,000 each fully paid)	25,771	25,771.00	25,771	25,771.00
Multiple option exchangeable debentures				
Mission Holdings Private Limited (Debentures of ₹ 100,000 each fully paid)	5,500	5,500.00	5,500	5,500.00

Notes forming part of Consolidated Financial Statements - March 31, 2017

14 Non current investments **(₹ in lakh)**

	As at March 31, 2017		As at March 31, 2016	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
Investments in Optional Convertible Preference Shares				
Grameen Capital India Limited	3,874,000	387.40	3,874,000	387.40
(Preference Shares of ₹ 10 each fully paid)				
Investments in Cumulative Redeemable Preference Shares				
Anrak Aluminium Limited	-	-	62,500,000	6,250.00
(10% Preference Shares of ₹ 10 each fully paid)				
SKS Ispat Power Limited	9,773,621	922.18	9,773,621	922.18
(Preference Shares of ₹ 10 each fully paid)				
Others				
Investment in Units				
Security receipt				
KKR India debt Opportunities Fund II	8,75,000	8,750.00		-
KKR India debt Opportunities Fund III	1,78,249	1,782.49		2,500.00
Security Receipt				
Phoenix ARC Private Limited	12,50,773	12,000.67		12,093.31
EARC Trust - SC 105 Trust	11,90,000	11,617.55	11,90,000	11,617.55
EARC Trust - SC 132 Trust	8,500	85.00	8,500	85.00
EARC Trust - SC 258 Trust	32,30,000	32,300.00		-
Series I - JMFARC-IRIS December 2016 - Trust	6,885	68.85		-
Sponseror's contribution to trustee		0.10		0.10
Investments in open ended Mutual Funds		1,382.00		1,332.00
LTFL Securitisation Trust 2002		0.01		0.01
12% National Saving Certificate 2002		0.04		0.04
(Deposited as security with sales tax authorities)				
Total (B)		**270,188.23**		**133,257.02**
(A + B)		274,741.56		138,220.75
Less : Provision for diminution in the value of Investments		7,139.61		4,220.11
Total non current investments		**267,601.95**		**134,000.64**
Note:				
Aggregate amount of quoted investments		1,369.69		6,053.67
Aggregate market value of quoted Investments		397.45		4,998.15
Aggregate amount of unquoted investments		273,371.87		132,167.08

Notes forming part of Consolidated Financial Statements - March 31, 2017

15 Deferred tax assets

(₹ in lakh)

In compliance with the Accounting Standard (AS) 22 on 'Accounting for Taxes on Income' the Company has provided for deferred tax assets in the Statement of Profit and Loss on account of timing differences. The major components of deferred tax assets and liabilities arising on account of timing differences are:

	As at March 31, 2017	As at March 31, 2016
Component		
Deferred tax liability		
Difference between book depreciation and tax depreciation	1,766.21	686.36
Amount transferred to Special Reserve	2,101.57	1,353.26
Other item giving rise to timing difference	1,203.65	-
	5,071.43	**2,039.62**
Deferred tax assets		
Provision for NPA/ interest receivable	63,523.93	33,298.02
Provision on Standard Assets	9,890.74	1,291.99
Difference between book depreciation and tax depreciation	1.09	4,508.83
Provision for leave encashment	461.07	217.80
Unpaid statutory liabilities	-	363.08
Unabsorbed losses	2,731.37	1,011.47
Other item giving rise to timing difference	2,725.88	1,447.17
	79,334.08	**42,138.36**
Net deferred tax assets	**74,262.65**	**40,098.74**

16 Long term loans and advances

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Unsecured (Considered good)		
Capital Advances	291.03	466.18
Advance taxes (net)	44,035.20	34,801.13
MAT Credit Entitlement	6,922.67	4,760.36
Advances recoverable in cash or in kind or for value to be received	2,385.43	11,567.49
Security Deposit	5,332.62	5,526.73
Total long term loans and advances	**58,966.95**	**57,121.89**

Notes forming part of Consolidated Financial Statements - March 31, 2017

17 Long term loans and advances towards financing activities

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
	Non current portion #	Current maturities	Non current portion#	Current maturities
(I) Secured				
Term loans	4,378,426.25	684,510.51	3,802,000.21	756,680.13
Finance Lease	4,436.09	2,513.17	3,245.77	4,547.82
Debentures	462,303.91	33,453.11	403,725.28	12,372.92
Less : Allowances for non-performing assets	131,782.43	-	54,728.48	-
Less: Provision on Restructured Assets	9,746.31	-	12,622.10	-
Less : Allowances for standard assets	44,714.42	-	4,910.83	-
Total I	**4,658,923.09**	**720,476.79**	**4,136,709.85**	**773,600.87**
(II) Unsecured				
Term loans	224,031.75	293,139.63	223,519.12	131,526.17
Debentures	53,500.00	630.00	31,000.00	1,822.51
	277,531.75	**293,769.63**	**254,519.12**	**133,348.68**
Less : Allowances for non-performing assets	2,975.79	-	3,108.57	-
Total II	**274,555.96**	**293,769.63**	**251,410.55**	**133,348.68**
Total long term loans and advances towards financing activities Total (I + II)	**4,933,479.05**	**1,014,246.42**	**4,388,120.40**	**906,949.55**

#Borrower wise loans and advances towards financing activity under the NPA category has been treated as non - current.

18 Other non current assets

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Unamortised loss on sale of NPAs	10.27	-
Accrued interest/premium on debentures and loans	33,696.60	31,941.55
Others	2,728.34	28.54
Total other non current assets	**36,435.21**	**31,970.09**

Notes forming part of Consolidated Financial Statements - March 31, 2017

19 Current investments **(₹ in lakh)**

Non-trade Investments (valued at cost unless stated otherwise)	As at March 31, 2017		As at March 31, 2016	
	No. of units	₹ in Lakh	No. of units	₹ in Lakh
Investment in Equity shares				
Quoted instruments				
C&C Construction Limited	-	-	2,578,789	386.82
(Equity Shares of ₹ 10 each fully paid)				
B.L. Kashyap & Sons Limited	-	-	531,910	27.93
(Equity Shares of ₹ 1 each fully paid)				
Shiv-Vani Oil & Gas Exploration Services Limited	3,437,172	701.23	1,940,514	460.87
(Equity Shares of ₹ 10 each fully paid)				
Bhushan Steel Limited	1,023,392	700.00	1,023,392	700.00
(Equity Shares of ₹ 10 each fully paid)				
Glodyne Technoserve Limited	319,262	22.67	319,262	22.67
(Equity Shares of ₹ 6 each fully paid)				
Jaihind Projects Limited	150,000	8.63	-	-
(Equity Shares of ₹ 10 each fully paid)				
Diamond Power Infrastructure Limited	2,889,921	1,192.96	-	-
(Equity Shares of ₹ 10 each fully paid)				
Warasgaon Lakeview Hotels Ltd	63,849	572.00	-	-
(Equity Shares of ₹ 10 each fully paid)				
Sew Vizag Coal Terminal Private Limited	703,833	70.10	-	-
(Equity Shares of ₹ 10 each fully paid)				
Gol Offshore Limited	11,344,315	4,969.94	-	-
(Equity Shares of ₹ 10 each fully paid)				
Government of India securities				
7.50% Government of India Stock 2034	14,000	14.17	14,000	14.17
6.13% Government of India Stock 2028	40,000	38.22	40,000	38.22
Investment in Debenture/Bonds:				
IDFC Bank Limited	400	4,683.98	-	-
IFMR Capital Mosec Azeroth	59,86,64,559	2,920.85	-	-
Zlatan IFMR Capital 2016	1,23,39,58,721	8,345.61	-	-
Bajaj Finance Limited	1,000	10,082.36	-	-
Madhya Pradesh Uday Bond	14,13,000	1,413.00	-	-
Tamil Nadu Uday Bond	1,00,00,000	10,090.16	-	-

Notes forming part of Consolidated Financial Statements - March 31, 2017

19 Current investments **(₹ in lakh)**

Non-trade Investments (valued at cost unless stated otherwise)	As at March 31, 2017		As at March 31, 2016	
	No. of units	₹ in Lakh	No. of units	₹ in Lakh
Telangana Uday Bond	1,30,19,000	13,032.22	-	-
Piramal Finance Limited	3,900	39,000.00	-	-
TATA AIG General Insurance Co Ltd	1,530	15,300.00	-	-
U. P. Power Corporation Ltd	2,940	29,400.00	-	-
Frey IFMR capital	16,674,322	172.35	-	-
Zion IFMR capital	19,237,467	599.35	-	-
Goldstein IFMR Capital	857,170	384.04	-	-
Libertas IFMR Capital	3,519,752	36.03	-	-
Martell IFMR Capital	35,504,403	725.86	-	-
Mjolnir IFMR Capital	7,330,422	152.26	-	-
Napoleon IFMR Capital	52,118,415	543.53	-	-
Smith IFMR Capital	12,096,782	507.60	-	-
Syme IFMR Capital	14,210,515	148.24	-	-
Fubelt IFMR Capital	80,878,031	842.84	-	-
Moses IFMR Capital	2,250,000	23.77	-	-
Oracle IFMR Capital	261,793	528.81	-	-
Sentinel IFMR capital	887,538	174.79	-	-
Indian Overseas Bank (Perpetual Bond)	-	-	4,249	42,490.00
(Face value of ₹ 1,000,000 each fully paid)				
10% Sew Vizag Coal Terminal Private Limited (CCD)	4,091,423	407.51	-	-
(Debentures of ₹ 1,000,000 each)				
Dewan Housing Finance Limited (Perpetual Bond)	290	2,900.00	-	-
(Debentures of ₹ 1,000,000 each)				
Unquoted instruments				
Investment in Equity shares				
ICOMM Tele Limited	41,667	50.00	41,667	50.00
(Equity Shares of ₹ 10 each fully paid)				
VMC Systems Limited	907,264	1,930.94	907,264	1,930.94
(Equity Shares of ₹ 10 each fully paid)				
Saumya Mining Limited	1,077,986	517.64	1,077,986	517.64
(Equity Shares of ₹ 10 each fully paid)				

Notes forming part of Consolidated Financial Statements - March 31, 2017

19 Current investments **(₹ in lakh)**

Non-trade Investments (valued at cost unless stated otherwise)	As at March 31, 2017 No. of units	₹ in Lakh	As at March 31, 2016 No. of units	₹ in Lakh
Coastal Projects Limited	7,896,884	2,209.58	7,896,884	2,209.58
(Equity Shares of ₹ 10 each fully paid)				
Hanjer Biotech Energies Private Limited	208,716	944.31	208,716	944.31
(Equity Shares of ₹ 10 each fully paid)				
Soma Enterprises Limited	2,946,155	8,450.85	68,159	72.62
(Equity Shares of ₹ 10 each fully paid)				
Unity Infra Project	694,370	191.09	694,370	191.09
(Equity Shares of ₹ 2 each fully paid)				
Mediciti Healthcare Services Private Limited	1,635,003	50.00	1,635,003	50.00
(Equity Shares of ₹ 10 each fully paid)				
Monnet Ispat & Energy Limited	1,798,245	615.00	1,798,245	615.00
(Equity Shares of ₹ 10 each fully paid)				
3I Infotech Limited	3,896,954	242.64	-	-
(Equity Shares of ₹ 10 each fully paid)				
Investment in Debentures				
Jindal Steel & Power Limited	-	-	150	1,483.61
(Debentures of ₹ 1,000,000 each)				
Share Application Money pending allotment				
Shiv-Vani Oil & Gas Exploration Services Limited	-	-	-	3,347.35
NSL Tidong Power Generation Private Limited	-	6,277.23	-	-
Investment in Mutual Funds		169,644.83		174,035.04
		341,829.20		229,587.86
Less : Provision for diminution in the value of Investments		8,278.04		7,261.14
Total current investments		**333,551.16**		**222,326.72**
Note:				
Aggregate amount of quoted investments		8,237.54		1,598.29
Aggregate market value of quoted investments		4,911.65		2,088.02
Aggregate amount of unquoted investments		333,591.66		227,989.57

Notes forming part of Consolidated Financial Statements - March 31, 2017

20 Trade receivable

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
Secured				
Considered good				
Debts outstanding for a period exceeding six months	9.28		-	
Other	951.21	960.49	593.14	593.14
Unsecured				
Considered good				
Debts outstanding for a period exceeding six months	3,964.17		169.56	
Other	3,097.11		2,008.34	
Less: Allowance for bad and doubtful debts	(136.85)	6,924.43	(101.92)	2,075.98
Total trade receivable		**7,884.92**		**2,669.12**

21 Cash and bank balances

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Balance with Banks		
In Current Account	38,827.44	30,536.23
In Deposit account	369.68	2,549.88
(Deposits with original maturity of less than three months)		
Cash on hand	6,134.17	3,098.87
Cheques on hand	-	1,192.03
Other balances		
In earmarked accounts		
- unclaimed dividend on equity shares	94.71	73.58
- unclaimed redemption proceeds and dividend on preference shares	73.62	625.75
- unclaimed infrastructure bonds application money	71.70	73.86
- unclaimed interest on infrastructure bonds	1,087.26	1,666.54
Deposits with original maturity for more than 3 months but less than 12 months	12,779.25	329.43
Deposits with original maturity for more than 12 months	0.45	7.26
Total cash and bank balances	**59,438.28**	**40,153.43**

Notes forming part of Consolidated Financial Statements - March 31, 2017

22 Short term loans and advances

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Advances recoverable in cash or in kind or for value to be received (net of provision)	7,595.31	7,358.09
Security deposit	10.79	148.49
Gratuity Deposit	25.11	-
	7,631.21	**7,506.58**

23 Short term loans and advances towards financing activities

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
(I) Secured		
Term loans	816.40	5,886.74
Total I	**816.40**	**5,886.74**
(II) Unsecured		
Term loans	216,308.12	305,581.33
Total II	**216,308.12**	**305,581.33**
Total short term loans and advances towards financing activities Total (I + II)	**217,124.52**	**311,468.07**

24 Other current assets

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Accrued interest and other receivable	91,294.26	86,129.99
Accrual of Fee Income	16.11	170.56
Unamortised loss on sale of NPAs	16,252.55	5,576.92
Less: Provision for unamortised loss on sale of loans to ARC	(16,252.55)	-
Assets acquired in settlement of claims	17,443.34	7,895.24
Others	6,207.24	4,439.09
Total other current assets	**114,960.95**	**104,211.80**

Notes forming part of Consolidated Financial Statements - March 31, 2017

25 Revenue from operations

(₹ in lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest on Term Loans and other financing activity (net of reversal)	749,285.69	660,467.18
Lease	6,281.35	8,742.92
Bill Discounting	10,568.76	12,532.05
Dividend Income on Preference Shares	-	362.65
Other Income from Preference Shares	3,015.48	3,300.66
Financial Advisory Fees	21,599.38	9,789.54
Investment Management Fees	34,594.35	24,518.99
Commission and Brokerage	4,108.49	3,201.23
Gain/(Loss) on loan sell down	1,226.71	1,196.50
Other operational income	3,378.64	4,767.20
Total revenue from operations	**834,058.85**	**728,878.92**

26 Other Income

(₹ in lakh)

	Year ended March 31, 2017		Year ended March 31, 2016	
Income from investments (Trade)				
- Interest and dividend on investments	10,365.83		5,746.43	
- Profit on sale / redemption of investments	8,732.88	19,098.71	9,360.40	15,106.83
Profit on sale of fixed assets		167.67		6.57
Others		3,905.78		3,076.64
Total other Income		**23,172.16**		**18,190.04**

27 Finance cost

(₹ in lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest expenses	459,452.21	410,164.08
Other borrowing cost	2,851.03	2,249.56
Total finance cost	**462,703.21**	**412,413.64**

28 Employee benefits expense

(₹ in lakh)

	Year ended March 31, 2017		Year ended March 31, 2016	
Salaries		44,555.70		42,841.16
Contribution to and provision for:				
Provident fund and Pension fund	1,882.88		1,853.21	
Gratuity fund	508.67		953.00	
Superannuation fund	213.86		310.97	
Compensated absences/ leave encashment	605.79	3,211.20	981.03	4,098.21
Expenses on ESOP		72.55		132.61
Welfare and other expenses		1,512.71		1,696.79
Total employee benefits expense		**49,352.16**		**48,768.77**

Notes forming part of Consolidated Financial Statements - March 31, 2017

29 Administration and other expenses

(₹ in lakh)

	Year ended March 31, 2017		Year ended March 31, 2016	
Travelling and conveyance		2,535.11		3,440.55
Printing and stationery		913.61		1,018.57
Telephone and postage		1,642.61		2,441.61
Directors' Sitting fees		119.97		99.76
Non Executive Directors Remunerations		446.32		217.42
Brokerage and service charges		5,425.76		8,812.93
Stamping charges		2,655.38		168.31
Advertising and publicity		229.63		1,277.83
Repairs and maintenance		5,870.63		4,454.25
Rent		3,799.78		4,662.24
Rates and taxes		922.88		857.78
Electricity charges		586.73		843.63
Property Maintenance		53.48		80.18
Insurance		140.31		139.90
Auditors remuneration				
Audit fees	106.56		131.72	
Tax audit fees	18.37		13.51	
Limited Review	76.08		47.25	
Certification	90.67		24.36	
Expenses reimbursed	8.64	300.32	16.49	233.33
Professional fees		17,768.00		17,435.56
Bank Charges		832.80		928.57
Filling fees		47.64		34.15
Loss on sale of fixed assets		1,479.56		2,302.56
Membership and subscription		353.55		346.70
Brand license fees		1,653.82		3,807.73
Corporate social responsibilities		1,127.14		1,885.53
Mutual fund scheme expenses		19,384.65		12,932.39
PMS business promotion and distribution expenses		1,704.53		910.27
Miscellaneous expenses		1,571.53		4,904.76
Total administration and other expenses		**71,565.74**		**74,236.51**

30 Allowances and written offs

(₹ in lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Provision for standard assets	39,670.86	9,490.49
Provision for non-performing assets	76,282.32	11,614.45
Provision for restructured assets	(988.55)	326.25
Provision for diminution in value of investments	3,936.41	5,485.43
Provision for advances and receivables	85.37	(45.93)
Loss on foreclosure of loans (net)	21,622.22	24,030.59
Bad debts written off	18,381.10	27,200.85
Total allowances and written offs	**158,989.73**	**78,102.13**

Notes forming part of Consolidated Financial Statements - March 31, 2017

NOTE NO. – 31 : Notes on financial statements

31.1 Basis of preparation:

a) The Consolidated Financial Statement (CFS) are prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statement", Accounting Standard (AS) 23"Accounting for investment in Associates in Consolidated Financial Statement" as notified under 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The CFS comprises the financial statements of L&T Finance Holdings Limited, its subsidiaries and associates. Reference in these notes to L&T Finance Holdings Limited, Company, Companies or Group shall mean to include L&T Finance Holdings Limited or any of its subsidiaries and associates, unless otherwise stated.

b) The notes and significant policies to the CFS are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

31.2 The list of subsidiaries and associates included in the consolidated financial statement are as under:

Sr. No.	Name of subsidiary/ associate company	Country of Incorporation	As at March 31, 2017		As at March 31, 2016	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
1	L& T Finance Limited *	India			100	100
2	L&T Infrastructure Finance Company Limited	India	100	100	100	100
3	L&T Fincorp Limited *	India			100	100
4	L&T Investment Management Limited	India	100	100	100	100
5	L&T Mutual Fund Trustee Limited	India	100	100	100	100
6	L&T Access Distribution Services Limited	India	100	100	100	100
7	L &T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	India	100	100	100	100
8	L & T Infra Investment Partners Advisory Private Limited	India	100	100	100	100
9	L & T Infra Investment Partners Trustee Private Limited	India	100	100	100	100
10	L& T Finance Limited (erstwhile known as Family Credit Limited) *	India	100	100	100	100
11	L&T Housing Finance Limited	India	100	100	100	100
12	Consumer Financial Services Limited #	India			100	100
13	L&T Capital Markets Limited	India	100	100	100	100

Notes forming part of Consolidated Financial Statements - March 31, 2017

Sr. No.	Name of subsidiary/ associate company	Country of Incorporation	As at March 31, 2017		As at March 31, 2016	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
14	L&T Infra Debt Fund Limited	India	100	100	100	100
15	Mudit Cements Private Limited	India	100	100	100	100
	Name of associate company					
1	Feedback Infra Private Limited (formerly Feedback Infrastructure Services Private Limited)	India	23.16	23.16	23.16	23.16
2	Grameen Capital India Limited	India	26.00	26.00	26.00	26.00

* Pursuant to order of National Company Law Tribunal, Mumbai Bench ("NCLT") dated January 24, 2017 and Hon'ble High Court of Calcutta dated February 6, 2017, the Scheme of Amalgamation for merger of two wholly owned subsidiaries of the Company, L&T Finance Limited and L&T Fincorp Limited into another wholly owned subsidiary Family Credit Limited is effected from April 01, 2016. Accordingly, L&T Finance Limited and L&T Fincorp Limited cease to exist as subsidiaries of the Company. Subsequently, as mentioned in the Scheme of Amalgamation, Family Credit Limited is renamed as L&T Finance Limited.

On approval of Hon'ble High Court of Bombay vide its Order dated July 10, 2015 and of Hon'ble High Court of Delhi vide its Order dated August 29, 2016, Company's wholly owned subsidiary Consumer Financial Services Limited merged into another wholly owned Subsidiary L&T Housing Finance Limited with effect from April 01, 2015.

31.3 Stock option scheme

a) In respect of stock options granted pursuant to Company's stock options scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation over the vesting period.

b) 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 vest in a graded manner over a period of four year with15 %, 20%, 30 % and 35 % of grants vesting each year, commencing from the end of 24 month from the date of grant.

c) 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.

d) 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.

e) During the year ended March 31, 2017, 1,803,810 and 519,500 options were allotted under scheme 2010 and 2013 respectively.

Notes forming part of Consolidated Financial Statements - March 31, 2017

f) The details of the grants are summarised below:

Sr. No.	Particulars	2016-17	2015-16
1	Options granted and outstanding at the beginning of the year	29,658,998	33,152,519
2	Options granted during the year	12,290,000	900,000
3	Options cancelled/ lapsed during the year	13,013,893	3,117,841
4	Options exercised during the year	2,323,310	1,275,680
5	Options granted and outstanding at the end of the year of which –		
	- Options vested	3,967,295	4,095,548
	- Options yet to vest	22,644,500	25,563,450
6	Weighted average remaining contractual life of options (in years)	6.22	6.47

g) During the year, the Company has debited to the Statement of Profit and Loss ₹ 63.63 lakh (previous year ₹ 36.72) {net of recovery from its subsidiary companies during the year ₹ 8.29 lakh (previous year ₹ 95.46 lakh) } towards the stock options granted to their employees, pursuant to the employee stock option schemes.

h) Total carrying amount of liabilities arising from employee share-based payment plans as on March 31, 2017 is ₹ 553.74 lakh (previous year: ₹ 845.97 lakh), including ₹ 232.27 lakh (previous year : ₹ 415.97 lakh) for which the options have vested to employees as on March 31, 2017.

i) Weighted average fair values of options granted during the year is ₹ 27.24 (previous year: ₹ 32.02) per options.

j) Had the Company opted for accounting of employee compensation cost under 'Fair value Method', Profit after tax would have been lower by ₹ 845.80 lakh (Previous year: ₹ 2,156.85 lakh) and Earnings per share Basic and diluted would have been ₹ 5.16 and 5.09 respectively (Previous year: Basic and Diluted ₹ 3.66)

k) The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows

Sr. No	Particulars	2016-2017	2015-2016
a)	Weighted average risk-free interest rate	7.49%	7.52%
b)	Weighted average expected life of options	3.98 years	3.68 years
c)	Weighted average expected volatility	32.53%	31.78%
d)	Weighted average expected dividends	₹ 3.19 per option	₹ 2.94 per option
e)	Weighted average share price	₹ 75.53 per option	₹ 65.73 per option
f)	Weighted average exercise price	₹ 73.70 per share	₹ 44.20 per option
g)	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.	

Notes forming part of Consolidated Financial Statements - March 31, 2017

31.4 Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits":

i) Defined Contribution Plans :

Amount of ₹ 2,096.74 lakh (previous year ₹ 2,164.18 lakh) is recognised as an expense and included in employee benefits expense in the statement of profit and loss.

ii) Defined Benefit Gratuity Plans :

a) The amounts recognised in Balance Sheet are as follows:

(₹ in Lakh)

Particulars		Gratuity Plan	
		As at March 31, 2017	As at March 31, 2016
A.	**Amount to be recognized in Balance Sheet**		
	Present Value of Defined Benefit Obligation		
	- Wholly Funded	1,581.83	2,568.93
	- Wholly Unfunded	157.71	180.07
	Less: Fair value of Plan Assets	(1,078.10)	(1,845.40)
	Amount to be recognised as liability or (asset)	661.43	903.60
B.	**Amounts reflected in the Balance Sheet**		
	- Liability	686.55	903.60
	- Assets	25.11	-
	Net Liability (asset)	**661.43**	**903.60**

b) The amount recognised in Statement of Profit and Loss are as follows:

(₹ in Lakh)

Particulars		Gratuity Plan	
		2016-17	2015-16
1	Current Service Cost	479.79	409.70
2	Interest on Defined Benefit Obligation	205.22	187.46
3	Expected Return on Plan Assets	(109.20)	(129.71)
4	Actuarial Losses/(Gains)	(62.53)	582.55
5	Amount not recognized as Assets (Limits in para 59(b))	-	(97.00)
	Net Cost recognised in Statement of Profit and Loss	**513.29**	**953.00**
	Actual Return on Plan Assets	124.54	20.97

Notes forming part of Consolidated Financial Statements - March 31, 2017

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

(₹ in Lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the present value of		
Defined Benefit Obligation	1,895.52	2,067.84
Add: Current Service Cost	479.80	409.70
Add: Interest Cost	205.22	187.46
Add/(less): Actuarial Losses/(Gain)	(40.52)	473.81
Add: Past service cost	-	-
Add : Liability assume on acquisition/(settlement)	819.34	-
Add: Transferred from holding company	-	-
Add : Actuarial losses / (Gain) due to curtailments	-	(2.07)
Add: Liabilities Extinguished on Settlements	29.03	-
Less: Benefits paid	(1,648.86)	(387.74)
Closing balance of the present value of		
Defined Benefit Obligation	1,739.54	2,749.00

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

(₹ in Lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the fair value of the plan assets	1,845.39	1,658.47
Add: Expected Return on plan assets*	109.20	129.71
Add/(less): Actuarial gains/(losses)	22.00	(108.74)
Add: Assets Distributed on Settlements	-	-
Add: Contributions by Employer	711.34	553.70
Add: Assets Acquired on Acquisition/(Distributed on Divestiture)	-	-
Add: Exchange Difference on Foreign Plans	-	-
Less: Benefits Paid	(1609.84)	(387.74)
Closing balance of the plan assets	1078.09	1,845.40

Note: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

Notes forming part of Consolidated Financial Statements - March 31, 2017

The trust formed by the company manages the investment of provident fund and gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

e) The broad categories of plan assets as a percentage of total plan assets, are as follows:

Particulars		Gratuity Plan	
		As at March 31, 2017	As at March 31, 2016
1	Government of India Securities	17%	11%
2	Corporate Bonds	19%	16%
3	Special Deposit Scheme	3%	1%
4	Equity Shares of Listed Companies	0%	2%
5	Property	0%	0%
6	Insurer Managed Funds	49%	70%
7	Others	11%	0%

f) Principal actuarial assumption at the balance sheet date (expressed as weighted averages):

Particulars		As at March 31, 2017	As at March 31, 2016
1.	Discount rate	6.90% - 8.05%	7.60% - 8.05%
2.	Expected return on plan assets	8.00%	7.50% - 8.00%
3.	Salary growth rate	6.00% - 8.00%	6.00% - 8.00%

g) The amounts pertaining to experience adjustments are as follows:

(₹ in Lakh)

	As at March 31				
Particulars	**2017**	**2016**	**2015**	**2014**	**2013**
- *Defined Benefit Obligation*	(1739.53)	(2,749.00)	(2,067.84)	(1,494.02)	(851.76)
- *Plan Assets*	1078.09	1,845.40	1,658.47	1,576.60	542.34
- *Surplus /(Deficit)*	(661.43)	(903.60)	(409.37)	82.58	(309.42)
Exp. Adjustment on Plan Liabilities	195.39	481.81	(58.04)	(289.77)	(214.32)
Exp. Adjustment on Plan Asset	22.00	(108.74)	(5.28)	46.30	5.92

Notes forming part of Consolidated Financial Statements - March 31, 2017

iii) Defined Benefit Provident Fund Plan:

a. The amounts recognised in Balance Sheet are as follows:

(₹ in Lakh)

Particulars	Provident Fund Plan	
	As at March 31, 2017	As at March 31, 2016
A. Net (Liability) / Asset recognized in the Balance Sheet		
Present Value of Funded Obligation	(5,152.11)	(5,311.22)
Present Value of Unfunded obligation	5,182.87	5,325.47
Less: Fair value of Plan Assets	-	-
Amount to be recognised in the Balance Sheet as (liability) or asset	30.76	14.25
B. Amounts to be recognised in the Balance Sheet		
Liability	-	-
Assets	30.76	14.25

b. Expenses recognised in the statement of Profit & Loss:

(₹ in Lakh)

Particulars		Provident Fund Plan	
		2016-17	2015-16
1	Current Service Cost	394.97	518.85
2	Provident Fund transfer In	-	-
3	Interest on Defined Benefit Obligation	425.74	376.29
4	Expected Return on Plan Assets	(425.74)	(376.29)
5	Net Actuarial Losses/(Gains)	62.62	(56.13)
6	(Shortfall) in actual return on plan assets over interest payable not to be recognised as expenses to the extent of excess of asset over liabilities	(62.62)	56.13
7	Expenses recognized in the statement of Profit & Loss Account	394.97	518.85
8	Actual Return of Plan Asset	363.12	432.42

Notes forming part of Consolidated Financial Statements - March 31, 2017

c. The changes in value of defined benefit Obligation representing reconciliation of opening and closing balance thereof are as follows:

(₹ in Lakh)

Particulars	Provident Fund Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the present value of Defined Benefit Obligation	5,311.22	4,405.27
Transfer in/out	(316.46)	(342.06)
Add: Current Service Cost	394.97	518.85
Add: Interest Cost	425.74	376.29
Add: Contribution by Plan Participants	780.81	962.70
Add: Actuarial Losses / (Gain)	-	-
Less: Benefits paid	(1,444.16)	(609.83)
Closing balance of the present value of Defined Benefit Obligation	**5,152.11**	**5,311.22**

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

(₹ in Lakh)

Particulars	Provident Fund Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the fair value of the plan assets	5,325.47	4,409.44
Transfer in/out	(316.46)	(342.06)
Add: Expected Return on plan assets	425.74	376.29
Add/(less): Actuarial gains/(losses)	(62.62)	56.13
Add: Contributions by Employer	431.23	497.06
Add: Contribution by Plant participants	823.68	938.44
Less: Benefits Paid	(1,444.16)	(609.83)
Closing balance of the plan assets	**5,182.87**	**5,325.47**

e. The major categories of plan assets as a percentage of total plan assets, are as follows:

Particulars		Provident Fund Plan	
		As at March 31, 2017	As at March 31, 2016
1	Government of India Securities	20%	25%
2	State Government Scheme	21%	16%
3	Special Deposit Scheme	8%	9%
4	Public Sector Unit Bond	33%	39%
5	Corporate Bonds	15%	9%
6	Others	3%	2%
		100%	100%

Notes forming part of Consolidated Financial Statements - March 31, 2017

a) General description of defined benefit plans:

1. Gratuity Plan:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favorable compared to the obligation under the Payment of Gratuity Act, 1972.

2. Provident Fund Plan:

One of the subsidiaries manages Provident Fund Plan through a Provident Fund Trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The Plan envisages contributions by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

31.5 Disclosure pursuant to Accounting Standard (AS) 16 Borrowing Cost

Borrowing costs capitalised during the year are Nil (previous year ₹ 462.02 lakh).

31.6 Disclosure pursuant to Accounting Standard (AS) 17 Segment Reporting

a) Primary Segment (Business Segment)

The Company 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 unallocated expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

b) Segment composition :

Rural Business comprises of Farm Equipments, Micro Finance and Two Wheeler Finance.

Housing Business comprises of Home Loans, Loan against Property and Real Estate Finance.

Wholesale Business comprises of Infrastructure Finance, Structured Corporate Loans and Supply Chain Finance.

Defocused Business comprises of Commercial Vehicle Finance, Construction Equipment Finance, SME term loans and Leases.

Others comprises of Asset Management, Wealth Management, Unallocated etc.

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
I	**Gross segment revenue from continuing operations**		
(a)	Rural Business	1,803.52	1,587.37
(b)	Housing Business	1,466.60	925.40
(c)	Wholesale Business	4,236.61	3,831.90
(d)	Defocused Business	477.33	720.15
(e)	Others	590.86	589.62
	Total	**8,574.92**	**7,654.44**
	Less: Inter Segment revenue	(234.33)	(365.65)
	Net segment revenue from continuing operations	**8,340.59**	**7,288.79**

Notes forming part of Consolidated Financial Statements - March 31, 2017

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
II	**Segment Result (Profit/(loss) before tax)**		
(a)	Rural Business	356.22	322.58
(b)	Housing Business	419.60	201.86
(c)	Wholesale Business	453.13	795.29
(d)	Defocused Business	(214.06)	(109.91)
(e)	Others	64.01	42.84
	Profit before tax	**1,078.90**	**1,252.66**
III	**Segment assets**		
(a)	Rural Business	10,261.67	9,030.31
(b)	Housing Business	13,229.27	9,794.28
(c)	Wholesale Business	43,731.63	37,444.28
(d)	Defocused Business	2,489.12	5,042.93
(e)	Others	1,551.01	1,726.83
(f)	Unallocated	1,250.89	762.43
	Total segment assets	**72,513.59**	**63,801.06**
IV	**Segment liabilities**		
(a)	Rural Business	9,080.23	7,902.26
(b)	Housing Business	11,926.84	8,936.17
(c)	Wholesale Business	39,175.94	33,189.98
(d)	Defocused Business	2,202.54	4,412.86
(e)	Others	995.87	898.22
(f)	Unallocated	24.83	53.02
	Total segment liabilities	**63,406.25**	**55,392.51**
V	**Capital Expenditure (tangible and intangible fixed assets)**		
(a)	Rural Business	581.80	3,137.69
(b)	Housing Business	750.05	3,403.14
(c)	Wholesale Business	2,479.43	13,010.47
(d)	Defocused Business	141.12	1,752.23
(e)	Others	87.94	600.01
	Total Capital Expenditure	**4,040.34**	**24,761.10**
VI	**Depreciation & amortisation expenses (included in segment expense)**		
(a)	Rural Business	724.07	1,043
(b)	Housing Business	457.40	377
(c)	Wholesale Business	1,242.46	917
(d)	Defocused Business	3,301.05	5,289
(e)	Others	1,005.00	655
	Total Depreciation & amortization	**6,729.98**	**8,281.38**

Note :

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net)
2. Includes share capital, share warrants and reserves and surplus

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c) Secondary Segment (Geographical Segment)

The company operates only in the domestic market. As a result separate segment information for different geographical segments is not disclosed.

31.7 As per the Accounting Standard (AS) 18 on 'Related Party Disclosures' prescribed under section 133 of the Companies Act, 2013, the related parties, nature and volume of transactions carried out with them in the ordinary course of business are as follows:

Disclosure pursuant to Accounting Standard (AS) 18 Related Party Disclosures:

(a) List of related parties (with whom transactions were carried out during current and previous year):

A Holding Company

1 Larsen & Toubro Limited

B Fellow Subsidiary Companies

1 L&T General Insurance Company Limited (till September 8, 2016)

2 Larsen & Toubro Infotech Limited

3 L&T Sargent & Lundy Limited

4 Larsen & Toubro Electromech LLC

5 L&T Capital Company Limited

6 EWAC Alloys Limited

7 Hyderabad International Trade Expositions Limited

8 L&T Metro Rail (Hyderabad) Limited

9 L&T Hydrocarbon Engineering Limited

10 L&T Construction Equipment Limited

11 L&T Infrastructure Engineering Limited

C Associate Companies

1 Feedback Infra Private Limited

(Formerly known as Feedback Infrastructure Services Private Limited)

D Fellow Joint Ventures

1 Metro Tunnelling Group

E Fellow Associates

1 JSK Electricals Private Limited

2 Magtorq Private Limited

3 Salzer Electronics Limited

F Key Management Personnel

1 Mr. Dinanath Dubhashi (from April 14, 2016)

2 Mr. Y. M. Deosthalee (till September 5, 2016)

3 Mr. N. Sivaraman (till FY 2015-2016)

Notes forming part of Consolidated Financial Statements - March 31, 2017

(b) Disclosure of related party transactions:-

(₹ in Lakh)

Sr. No.	Nature of Transactions	2016-2017	2015-2016
1	**Corporate support charges recovered from**		
	• L&T General Insurance Company Limited	102.00	329.74
2	**Corporate support charges recovered by**		
	• Larsen & Toubro Limited	-	1.81
3	**Deputation and other expenses recovered from**		
	• L&T General Insurance Company Limited	176.74	592.68
4	**Income on leases**		
	• Larsen & Toubro Infotech Limited	-	0.55
	• Larsen & Toubro Limited	12.05	13.77
	• L&T General Insurance Company Limited	-	416.35
5	**Interest income on term loan**		
	• EWAC Alloys Limited	-	93.90
	• Hyderabad International Trade Expositions Limited	-	113.87
	• JSK Electricals Private Limited	10.29	-
	• Magtorq Private Limited	2.06	-
	• Salzer Electronics Limited	-	9.94
	• Feedback Infra Private Limited	850.83	-
6	**Rent recovered from**		
	• L&T General Insurance Company Limited	-	281.48
	• Larsen & Toubro Limited	-	3.27
7	**Commission Income**		
	• L&T General Insurance Company Limited	-	345.61
	• Larsen and Toubro Limited	6.34	3.06
	• L&T Construction Equipment Limited	2.22	-
8	**Sitting Fees received**		
	• Feedback Infra Private Limited	1.25	-
9	**Interest Income on Non Convertible Debentures**		
	• Feedback Infra Private Limited	-	288.06

Notes forming part of Consolidated Financial Statements - March 31, 2017

(₹ in Lakh)

Sr. No.	Nature of Transactions	2016-2017	2015-2016
10	**Brand License Fees**		
	• Larsen & Toubro Limited	1,535.43	3,539.34
11	**ESOP Charges recovered by**		
	• Larsen & Toubro Limited	-	0.44
12	**Interest expense on inter corporate borrowings**		
	• Metro Tunnelling Group	20.83	272.25
	• L&T Capital Company Limited	55.51	114.98
13	**Data centre charges paid to**		
	• Larsen & Toubro Limited	-	293.51
14	**Professional fees paid to**		
	• Larsen & Toubro Limited	729.22	252.03
	• Larsen & Toubro Infotech Limited	103.19	252.68
	• L&T Sargent & Lundy Limited	1.35	3.00
	• L&T Capital Company Limited	12.20	-
	• Feedback Infra Private Limited	19.25	22.75
	• L&T Infrastructure Engineering Limited	4.50	-
15	**Brokerage paid to**		
	• Larsen & Toubro Limited	-	43.52
16	**Rent recovered by**		
	• Larsen & Toubro Limited	-	335.03
17	**Data processing charges recovered by**		
	• Larsen & Toubro Limited	-	209.31
18	**Other expenses**		
	• Larsen & Toubro Limited	22.58	48.75
	• Larsen & Toubro Infotech Limited	12.64	16.14
19	**Purchase of Fixed Asset**		
	• Larsen & Toubro Infotech Limited	17.37	-

Notes forming part of Consolidated Financial Statements - March 31, 2017

(₹ in Lakh)

Sr. No.	Nature of Transactions	2016-2017	2015-2016
20	**Inter Corporate borrowing taken from**		
	• Metro Tunnelling Group	-	3,000.00
	• L&T Capital Company Limited	760.00	820.60
21	**Inter Corporate borrowing repaid**		
	• L&T Capital Company Limited	557.00	-
	• Metro Tunnelling Group	3,000.00	-
22	**Term loan/Operating lease given**		
	• Feedback Infra Private Limited	-	6,000.00
	• L&T General Insurance Company Limited	-	17.24
23	**Interest paid on Non Convertible Debentures**		
	• Larsen & Toubro Limited	-	221.56
24	**Computer Maintenance**		
	• Larsen & Toubro Infotech Limited	-	42.09
	• Larsen & Toubro Limited	41.31	36.02
25	**Reimbursement of expense from**		
	• Larsen & Toubro Limited	308.31	0.21
	• L&T Metro Rail (Hyderabad) Limited	-	1.28
	• L&T General Insurance Company Limited	-	31.44
26	**Reimbursement of expense to**		
	• Larsen & Toubro Limited	-	9.58
27	**Construction charges debited by**		
	• Larsen & Toubro Limited	532.28	195.00
28	**Managerial remuneration #**		
	• Mr. Dinanath Dubhashi	566.87	-
	• Mr. Y.M. Deosthalee	158.36	308.15
	• Mr. N. Sivaraman	-	819.12

Managerial Remuneration disclosed above is on accrual basis. It excludes provision for gratuity, pension and leave encashment, since it is provided on actuarial basis for the company as a whole.

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(c) Amount due to/from related parties:- **(₹ in Lakh)**

Sr. No.	Nature of Transactions	As at March 31, 2017	As at March 31, 2016
1	**Outstanding Balance of ICD taken**		
	• Metro Tunnelling Group	-	3,000.00
	• L&T Capital Company Limited	760.00	557.00
2	**Outstanding Balance of loan given**		
	• Magtorq Private Limited	35.67	-
	• Hyderabad International Trade Expositions Limited	-	539.44
	• Feedback Infra Private Limited	7,500.00	6,000.00
3	**Outstanding balance of security deposit recovered**		
	• L&T General Insurance Company Limited	-	1,533.90
	• Larsen & Toubro Limited	-	6.56
4	**Account Payable**		
	• Larsen & Toubro Electromech LLC	1.50	1.64
	• Larsen & Toubro Limited	827.37	4,136.11
	• Larsen & Toubro Infotech Limited	8.08	91.67
	• L&T Hydrocarbon Engineering Limited	2.01	-
	• L&T General Insurance Company Limited	-	5.87
5	**Account Receivable**		
	• L&T General Insurance Company Limited	4.22	336.53
	• Larsen & Toubro Limited	14.36	13.46
6	**Outstanding balance of Non convertible debentures issued**		
	• Larsen & Toubro Limited	-	2,157.70
7	**Interest accrued but not due on Non Convertible Debenture**		
	• Larsen & Toubro Limited	-	0.61
8	**Interest accrued but not due on Inter Corporate Borrowings taken**		
	• L&T Capital Company Limited	0.02	-
9	**Interest accrued but not due on term loan given**		
	• Hyderabad International Trade Expositions Limited	-	3.23
	• Feedback Infra Private Limited	-	2.14
10	**Advance Premium Deposit**		
	• L&T General Insurance Company Limited	-	81.00
11	**Operating Lease given**		
	• L&T General Insurance Company Limited	-	17.24
12	**Security Deposit repaid to**		
	• Larsen & Toubro Limited	6.56	-
	• L&T General Insurance Company Limited	21.90	-

Notes forming part of Consolidated Financial Statements - March 31, 2017

31.8 Disclosure in respect of leases pursuant to Accounting Standard (AS) 19 "Leases" :

Finance Lease:

a) Where the company is Lessor:

The group companies have given assets on finance lease to its customers with respective underlying assets/equipments as security. The details of gross investments, unearned finance income and present value of rentals as at March 31, 2017 in respect of these assets are as under:

(₹ in Lakh)

Particulars	2016-17	2015-16
Gross Investments :		
- Within one year	2,827.26	5,268.84
- Later than one year and not later than five years	5,039.97	3,507.57
- Later than five years	-	307.64
Total	**7,867.23**	**9,084.05**
Unearned Finance Income :		
- Within one year	649.75	721.03
- Later than one year and not later than five years	864.56	516.77
- Later than five years	-	52.67
Total	**1,514.31**	**1,290.47**
Present Value of Rentals :		
- Within one year	2,177.27	4,547.81
- Later than one year and not later than five years	4,175.32	2,990.80
- Later than five years	-	254.97
Total	**6,352.59**	**7,793.58**

Operating Lease:

a) Where the company is lessee:

The group companies have taken cars, furniture and fixtures and premises on operating leases. Lease Payments recognized in the statement of profit and loss during the year is ₹ 3,799.78 lakh (previous year ₹ 4,153.63 lakh). The future minimum lease payments in respect of which as at March 31, 2017 are as follows:

(₹ in Lakh)

Particulars	2016-17	2015-16
	Lease Payments	
- Within one year	1,322.07	1,377.02
- Later than one year and not later than five years	634.81	3,189.67
- Later than five years	-	200.00
Total	**1,956.68**	**4,766.69**

b) Where the company is lessor:

(₹ in Lakh)

Particulars	2016-17	2015-16
	Minimum Lease	
- Within one year	3,404.30	5,861.57
- Later than one year and not later than five years	4,006.49	7,465.44
- Later than five years	145.43	959.42
Total	**7,556.22**	**14,286.43**

Notes forming part of Consolidated Financial Statements - March 31, 2017

31.9 Basic and Diluted Earnings Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earnings Per Share"

		2016-17	2015-16
Basic			
Profit after tax as per Statement of Profit and Loss (₹ lakh)		104,218.67	85,669.26
Less:- Dividend on Cumulative Compulsorily Redeemable Preference Shares (₹ lakh)		12,781.95	20,113.57
Less:- Redemption premium on Cumulative Compulsorily Redeemable Preference Shares		-	-
Profit attributable to equity share holders	**A**	91,436.72	65,555.69
Number of equity shares		1,755,721,861	1,753,398,551
Weighted average number of equity shares outstanding	**B**	1,754,486,014	1,730,229,294
Basic EPS before and after extraordinary items (₹)	**A/B**	5.21	3.79
Diluted			
Profit attributable to equity share holders (₹ lakh)	**A**	91,436.72	65,555.69
Weighted average number of equity shares outstanding	**B**	1,754,486,014	1,730,229,294
Add: Weighted average no. of potential equity shares	**C**	24,404,228	1,010,108
Weighted average number of shares outstanding for diluted EPS	**D=B+C**	1,778,890,242	1,731,239,403
Diluted EPS before and after extraordinary items (₹)	**A/D**	5.14	3.79
Face value of shares (₹)		10.00	10.00

31.10 Contingent liabilities and commitments: Accounting Standard (AS) 29

(₹ in Lakh)

Contingent Liabilities	**As at March 31, 2017**	**As at March 31, 2016**
a) Claims against the Company not acknowledged as debt:		
• Income Tax matter in dispute	1,317.15	866.15
• Service Tax / Sales Tax / VAT matters in dispute	2,859.37	2,325.97
• Legal matters in dispute	109.09	267.51
b) Bank Guarantees	7,120.00	490.25
c) Other money for which the Company is contingently liable; Letter of Credit/ Letter of Comfort	79,516.30	47,682.74
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	765.83	2,896.96
b) Other Commitments		
• Undrawn Commitments* (standby facilities)	99,533.47	1,50,935.18

*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.

Notes forming part of Consolidated Financial Statements - March 31, 2017

31.11 On the basis of replies received by the Group in response to enquiries made, below are the details of dues payable as at the year end to Micro, Small and Medium Enterprises and other particulars that are required to be disclosed under the Companies Act, 2013 or the Micro, Small and Medium Enterprises Development Act, 2006.

(₹ in Lakh)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
1	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	-	-
2	The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
3	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 Micro Small and Medium Enterprise Development Act, 2006.	-	-
4	The amount of Interest accrued and remaining unpaid at the end of each accounting year.	-	-

31.12 The Board of Directors have recommended a final dividend of ₹ 0.80/- per Equity Share of ₹ 10/- each (previous year ₹ 0.80/- per share) subject to approval of shareholders in ensuing Annual General Meeting. In terms of revised Accounting Standard (AS-4) 'Contingencies and events occurring after Balance Sheet' as notified by Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendments Rules, 2016 dated March 30, 2016, proposed dividend of ₹ 14,556 lakh and dividend distribution tax (net) thereon is not recognised as liability as on March 31, 2017.

31.13 Subsidiaries has invoked pledge of equity shares in the following borrower companies, pledged with it as collateral by the borrowers and these shares are being held by the Company as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

Borrower Name	No. of shares kept as bailee	
	2016-17	2015-16
Hanjer Biotech Energies Private Limited	3,25,096	325,096
VMC Systems Ltd	1,79,608	717,736
Neeraj Singhal	1,426,754	3,426,608
Saumya Mining Limited	513,012	513,012
Sew Vizag Coal Terminal Private Limited	703,833	-
Bhushan Steel Limited	7,189,089	-
Sterling International Enterprises Limited	217,309	-
Tulip Telecom Limited	1,401,762	-

Notes forming part of Consolidated Financial Statements - March 31, 2017

Borrower Name	No. of shares kept as bailee	
	2016-17	2015-16
PunjLloyed Limited	5	-
Golden Tobacco Limited	10,000	-
Gujurat Highway Corporation Limited	70,000	-
Brij BhushanSinghal	-	1,022,500
KSK Energy Ventures Limited	226,813	226,813

31.14 Subsidiaries have entered into currency swap transactions with a view to convert its USD borrowings into Indian rupee borrowing. Accordingly, the Company has revalued the foreign currency borrowing and currency swap at the balance sheet date.

Particulars	2016-17	2015-16
Liability – External Commercial Borrowings	USD 5,000,000	USD 15,000,000
Liability – FCNR	USD 20,000,000	USD 40,000,000
Assets – Currency Swap	USD 25,000,000	USD 55,000,000

31.15 Appropriation to the Debenture Redemption Reserve has been created in terms of Section 71 of the Companies Act, 2013 is carried out of distributable profits of the Group.

31.16 Investment in Grameen Capital India Limited, an associate of the company is accounted in consolidated financial statements in accordance with Accounting Standard (AS) 13, Accounting for Investments and not under the equity method as per Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, as the associate operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor.

31.17 Disclosure with regard to Specified Bank Notes to be read with footnote:

(₹ in Lakh)

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	6,246.59	20.46	6,267.05
(+) Permitted receipts	4,171.75	36,677.13	40,848.88
(-) Permitted payments	-	(0.29)	(0.29)
(-) Amount deposited in Banks	(10,418.34)	(36,054.79)	(46,473.13)
Closing cash in hand as on December 30, 2016	-	642.51	642.51

The Group has some subsidiaries engaged in the lending business offering a wide range of products such as micro finance, tractor loans, two-wheeler loans, mortgage lending products and other rural lending products to a large number of customers. The operations of these subsidiaries are geographically wide-spread with significant volume of transactions including cash collections. The above information covers cash received at the offices of these subsidiaries as well as direct deposits in Group's bank accounts by the borrowers of these subsidiaries and is based on information and records available with the Group.

The Group took steps not to accept Specified Bank Notes at its offices after November 8, 2016. Amounts directly deposited into the Group's bank account by borrowers of these subsidiaries have been classified as "Permitted receipts" and where details of denomination were not available, the same have been shown as "Other denomination notes".

Notes forming part of Consolidated Financial Statements - March 31, 2017

31.18 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ Lakh)	As % of consolidated profit or loss	Amount (₹ Lakh)
Parent				
L&T Finance Holdings Limited	57.70%	532,372.65	23.86%	24,866.17
Subsidiaries				
Indian				
L&T Finance Limited (erstwhile known as Family Credit Limited)	74.57%	687,938.89	1.54%	1,604.17
L&T Access Distribution Services Limited	0.03%	317.26	(0.09%)	(93.92)
L&T Capital Markets Limited	0.17%	1,557.32	0.63%	660.84
L&T Housing Finance Limited	8.73%	80,528.48	13.09%	13,641.15
L&T Infra Debt Fund Limited	8.77%	80,891.56	9.03%	9,410.96
L&T Infra Investment Partners Advisory Private Limited	0.14%	1,305.02	0.47%	487.43
L&T Infra Investment Partners Trustee Private Limited	0.00%	5.34	0.00%	0.16
L&T Infrastructure Finance Company Limited	31.23%	288,084.42	4.05%	4,220.66
L&T Investment Management Limited	5.05%	46,463.78	(2.47%)	(2,581.47)
L&T Mutual Fund Trustee Limited	0.02%	159.07	0.00%	2.10
L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	1.16%	10,684.41	1.58%	1,650.41
Mudit Cement Private Limited	(0.15%)	(1363.63)	(0.53%)	(548.74)
Total Subsidiaries	**129.71%**	**1,196,571.92**	**27.30%**	**28,453.75**

Notes forming part of Consolidated Financial Statements - March 31, 2017

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ Lakh)	As % of consolidated profit or loss	Amount (₹ Lakh)
Minority Interests in all subsidiaries	**(1.29%)**	**(11,856.64)**	**(0.58%)**	**(602.58)**
Associates (Investments as per equity method)				
Indian				
Feedback Infra Private Limited (formerly Feedback Infrastructure Services Private Limited)	0.47%	4,340.43	0.55%	574.73
Total Associates	**0.47%**	**4340.43**	**0.55%**	**574.73**
Inter-Company Elimination & Consolidated Adjustments	(86.59%)	(798,837.94)	48.87%	50,926.58
Total	**100.00%**	**922,590.42**	**100.00%**	**104,218.67**

31.19 Previous year figures have been regrouped/ reclassified wherever necessary.

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

Y.M. Deosthalee
Chairperson
(DIN : 00001698)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

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