L&T Financial Services

August 29, 2018

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 2017-18

Dear Sir / Madam,

Pursuant to requirements of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the Company for the financial year 2017-18. The Tenth Annual General Meeting of the Company was held on Tuesday, August 28, 2018 at 3:00 p.m. at Main Auditorium, Ground Floor, Y. B. Chavan Center, General Jagannathrao Bhonsale Marg, Opposite Mantralaya, Next to Sachivalaya Gymkhana, Mumbai - 400 021.

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

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POWER OF DATA

to unlock RoE

ANNUAL REPORT 2017-18

L&T Finance Holdings

LTFH 2.0

Our Commitment









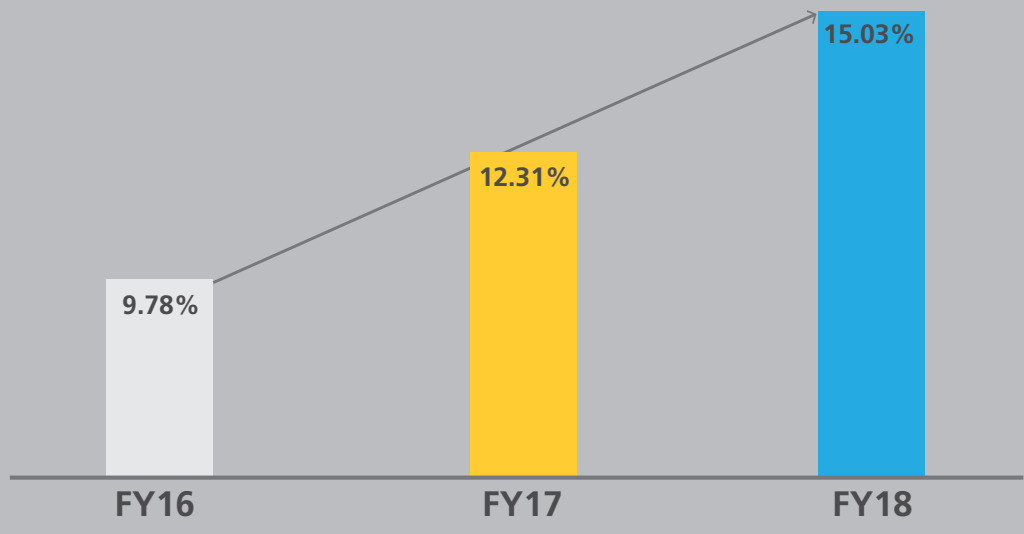
To be a company which:

- Delivers sustainable top quartile RoE
- Has a clear Right to Win in each of the businesses
- Grows fearlessly with a strong balance sheet and robust systems
- Uses data intelligence as a key to unlock RoE
- Has a culture of ‘Results’ not ‘Reasons’

GROWING FEARLESSLY

Results not Reasons

RETURN ON EQUITY (RoE)



Annual RoE

FY16 **9.78%** FY17 **12.31%** FY18 **15.03%**

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. P. V. Bhide
Independent Director

Mr. Harsh Mariwala
Independent Director

Mr. Thomas Mathew T.
Independent Director

Ms. Nishi Vasudeva
Independent Director

Dr. (Mrs.) Rajani R. Gupte
Independent Director

Mr. Pavninder Singh
Nominee Director

Mr. Prabhakar B.
Non- Executive Director

*As on date

Company Secretary

Ms. Apurva Rathod

Joint Statutory Auditors

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

Registered Office & Investor Service Centre

Brindavan, Plot No.177, C. S. T. Road,
Kalina, Santacruz (East),
Mumbai - 400 098,
Maharashtra, India.
Phone: +91 22 6212 5000
Fax: +91 22 6621 7509
Website: www.ltfs.com
Email: igrc@ltfs.com

Registrar and Share Transfer Agents

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

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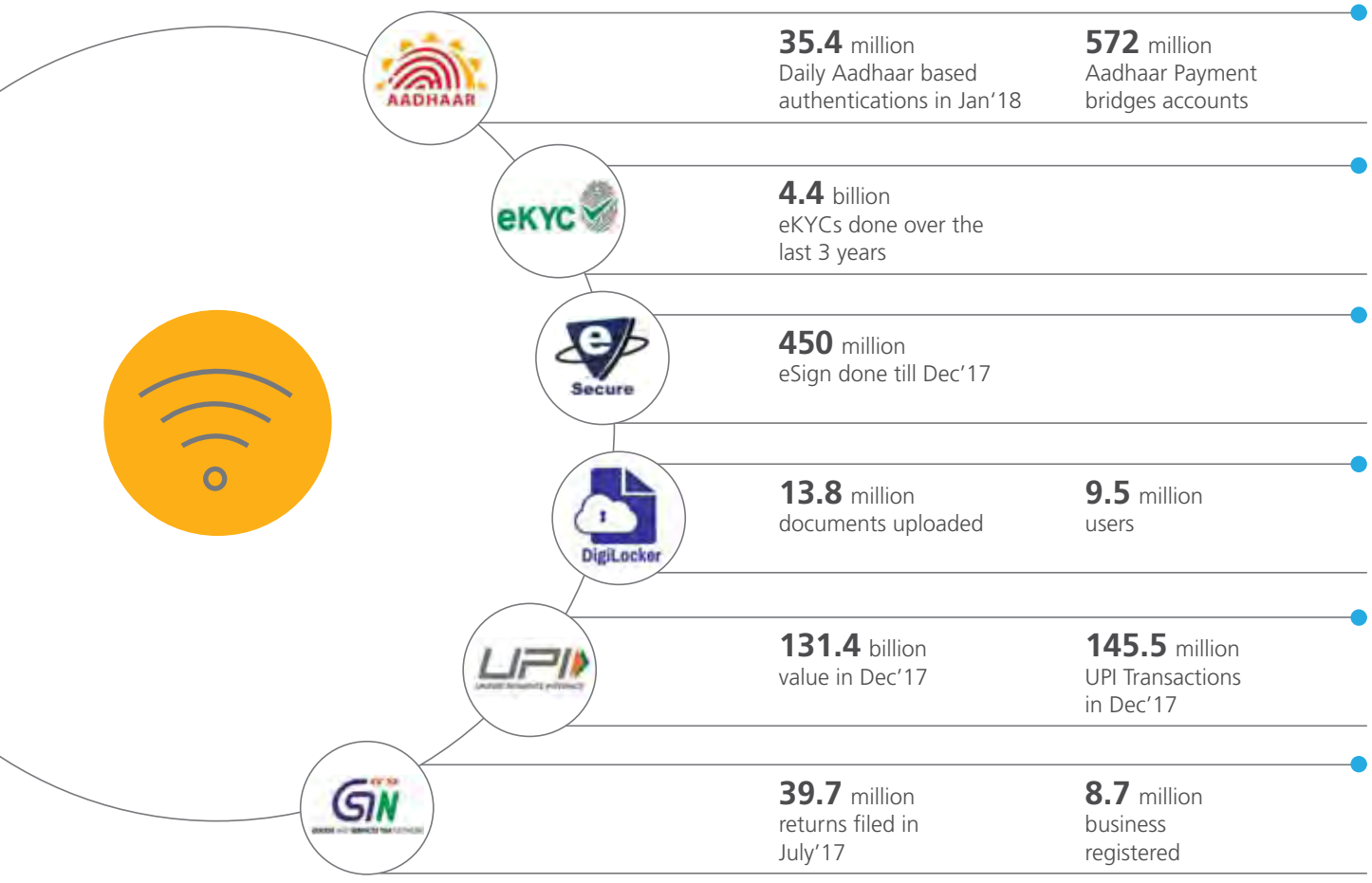
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Digital Roadmap

India is in the midst of a digital revolution. Rising levels of digitisation and digital adoption coupled with the Government initiatives are inevitably helping to fuel the economy and propel growth across sectors. Initiatives such as Aadhaar, India Stack, country wide internet access are acting as catalysts for transforming the country and their impact is inclusive, empowering and transformative.



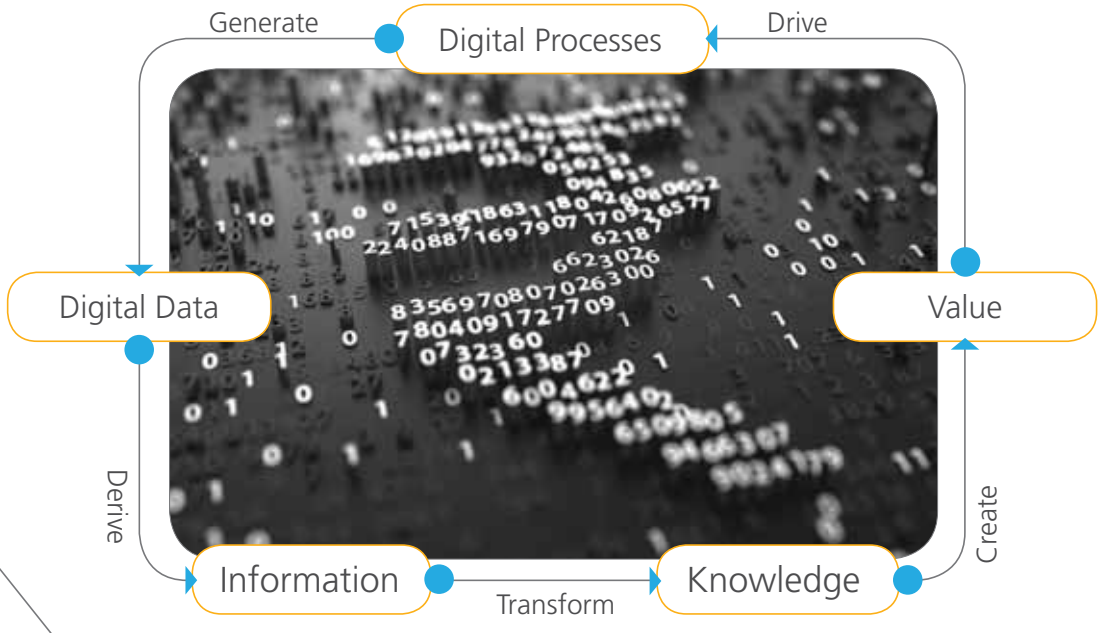
Public digital platforms have enabled India's inclusive digital growth

Source: India Stack statistics, Ministry of Electronics & Information Technology, Government of India

The digital revolution is transforming India socially and economically with inclusive growth, new business, job opportunities and elimination of middlemen. The new digital infrastructure will enable digital inclusion for people, create a society with minimal digital divide and will unleash tremendous amount of entrepreneurship, innovation and creativity.

Banking and financial services are on the threshold of complete disruption in India, which is one of the largest unbanked markets in the world. The technological developments have completely disrupted traditional business models by changing the way customers interact to offering lowest cost services. Technological innovation is being wrought and deployed across the spectrum of financial services. The success of fintech companies has been a game changer for small businesses and reshaping the financial services industry radically. The relationship between banks and fintech companies has also evolved over a period of time from competitors to being collaborators today.

Financial services today are like permanent white waters, where change is the only constant. Your Company's approach has always been adaptive and ahead of the market. In response to these developments in the Indian ecosystem, your Company has completely revamped its information technology architecture.



Your Company has developed an architecture to enhance its 'Right to Win' in all the focused products by offering the best turnaround time (TAT). Your Company also aims to inculcate Digital & Analytics into its culture by rewiring the complete business operations in such a way that technology will orchestrate all the processes. This digital transformation is focused on making the business processes robust through the use of data intelligence. This will enable the Company to achieve multi-fold improvement in "Scale", "Cost Effectiveness" and "Customer Experience". Your Company has undertaken the following initiatives to revamp the entire IT architecture to create a technology driven workspace.

Automation: All the processes in the customer life cycle are being relooked and your Company is working to achieve straight through processes across all its retail businesses. The applications will be platform independent, easy-to-use and standardized. The user at no point will have to get into any system related complications.

Technology Infrastructure: From using on premise technology infrastructure to cloud based infrastructure, your Company intends to leverage the power of cloud computing during peak hours.

Integrated Operations: Your Company has created a service oriented architecture by deploying enterprise service bus which enables your Company to bend whenever requirement changes and has the ability to interact with any kind of data. This has helped the Company in saving significant costs, as the selected systems are agile and interdisciplinary.

Fintech Partnership: Your Company is collaborating with fintech companies where innovative services are being consumed as a service rather than developing it in-house. The collaboration helps us to gain competitive advantage by leveraging the innovative products, nimble solutions, distinct culture and agility offered by the fintech companies. This has in turn helped to gain cost advantage and increase efficiency.

Data Analytics: Your Company has setup a full strength data analytics team, which enables us to take data backed decisions. In the field of digital & data analytics, your Company primarily concentrates on optimizing credit cost, collection cost and productivity rather than just focusing on more commonly talked about areas like cross-selling or customer acquisition. Your Company believes in using the power of data to provide strategic competitive advantage.

Even the risk management framework is supported by data analytics, it emphasizes on rule based assessment rather than individual discretion. Basis the defined risk framework and parameters, early warning signs are predicted by deploying the algorithms deployed for each of the business segments. The data collected over the entire customer life cycle serves as a huge reservoir of critical information for such risk management framework.

Your Company will see multifold benefits arising out of the digital transformation that it has embarked on. Some of the steps leading directly to RoE accretions are:

Cost of Collection/ Credit Cost:

- A robust customer differentiation model using analytics to deliver different customer experiences to different segments of customers
- Algorithms to assess customer's right at the time of sourcing. The same are recalibrated at regular intervals using champion and challenger model
- Early warning signals across businesses to identify potential losses and exposures proactively and prioritize collection basis analytical inputs

Cost of Servicing:

- Enterprise wide customer relationship management toll to address customer request anytime, anywhere

Cost of Acquisition/ On-boarding:

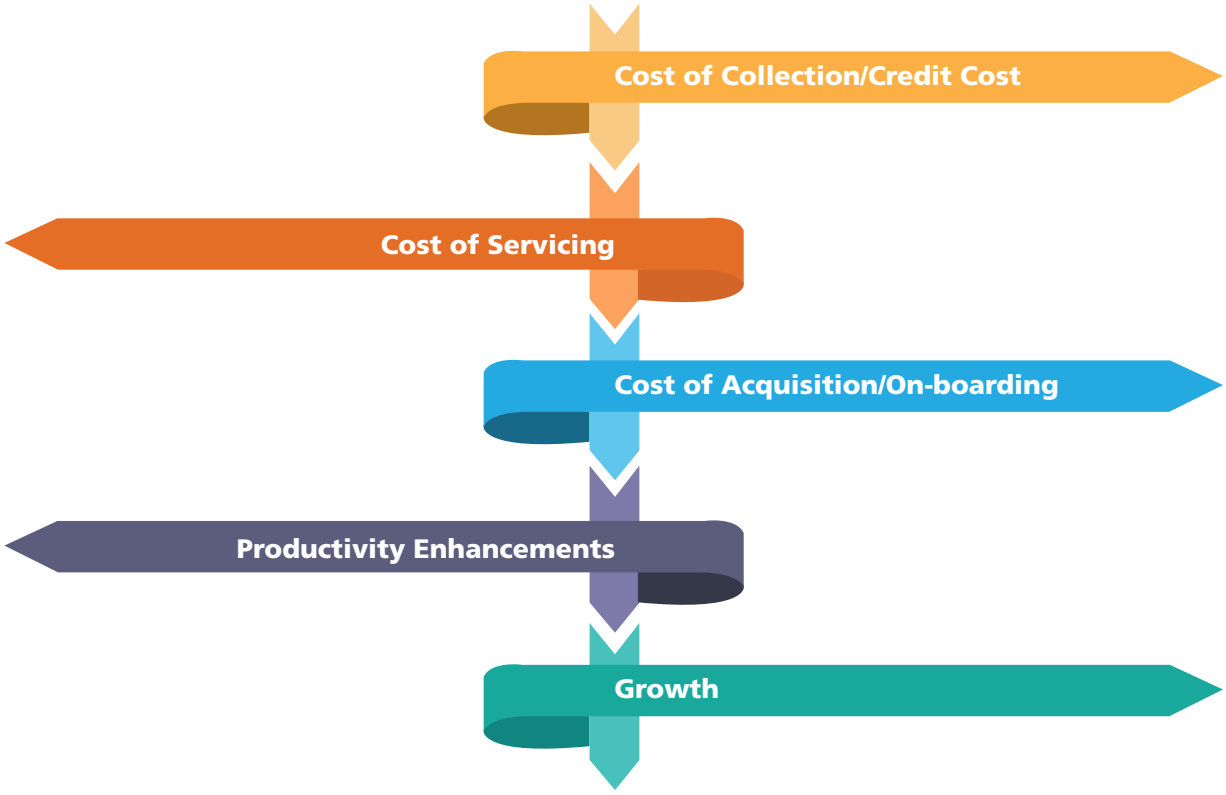
- Agile processes across products, speeding our go to market with new product variants
- EKYC, e-Stamping, e-NACH, eSign enabling timely authentication, paperless on-boarding, ensuring better TAT and cost reduction

Productivity Enhancements:

- Customer facing employees of your Company are completely empowered with mobility solutions, which allows them to complete end to end transaction on field
- Analytics based geography identification for better sourcing

Growth:

- Best in market turnaround time and continuously strengthen it using digital and data analytics



Chairman's Message



FY18 was the second year of successful execution of a strategy aimed at taking Return on Equity (RoE) from below 10% to sustainable top quartile level in the industry.

Dear Shareholder,

Macroeconomic Overview

India has re-established its position as the fastest growing nation on earth. The growth of 6.6% in FY18 was achieved by overwhelming the effects of demonetization in November 2017 and transitory challenges of a new tax (GST) system. The economy recovered significantly in the second half of FY18 thanks to the buoyancy in agriculture and increased government spending on public administration and construction projects (esp. roads).

FY19 remains sensitive to higher crude oil prices and tighter financial conditions. With the base level of US $ 2.5 trillion and a consensus growth expectation of ~7.5% with an upward trajectory, the economy is well poised to touch the 5 trillion levels in 2025.

FY2018 in Perspective

The year FY18 was the second year of successful execution of a strategy aimed at taking Return on Equity (RoE) from below 10% to sustainable top quartile level in the industry. This strategy is successfully executed through a combination of clear management intent, an efficient and well-oiled execution engine and an evolving result-oriented culture.

For FY18, disbursements went up by 68% whereas focused loan book grew by 28% from `63,978 cr. on March 31, 2017 to `82,114 cr. on March 31, 2018.

The Average AUM of the Mutual fund business went up from `39,300 cr. in FY17 to `65,932 cr. in FY18. For the Wealth management business, Average AUS increased from `13,623 cr. in FY17 to `18,347 cr. in FY18. This remarkable growth helped turn our asset management businesses.

Our asset quality improved substantially with Gross NPAs at 4.80% on March 31, 2018 vs 7.11% on March 31, 2017. Remarkably, Net NPAs showed a marked improvement YOY from 5.02% to 2.34%. Conservative provisioning policy and a sharp and relentless focus on collections on due dates led to these outcomes. We are hawkishly monitoring this aspect of your Company's activities.

The Company's investments in digital and data analytics have started yielding results. Our TAT improved substantially which resulted in increase in market share across products. The investments also resulted in substantial productivity gains causing cost to income ratio reduction from 26% in FY17 to 23% in FY18.

RoE increased to 15.03% for FY18 from 12.31% in previous year. This RoE is delivered after raising `3,000 cr. through Preferential allotment to our parent and QIP. I would also like to thank Larsen and Toubro Ltd and all investors for showing their support to us.

Clear focus on strategy

Our strategy of achieving top quartile RoE through the three pronged strategy of Right Businesses, Right Structure and Right People remains relevant and robust even after two years. Excellent growth in focused businesses, excellent fee income stream, strict cost control and improvement in asset quality with accelerated provisioning is leading to an excellent and sustainable trajectory of RoE improvement.

We will continue to improve our competitive position in each of our businesses, further simplify our systems, processes & structures and continue to attract, nurture and retain the right talent to implement this roadmap.

Our future will continue to be guided by these simple percepts. We are in it for the long haul.

Our massive investments in a strong digital and data analytics roadmap capturing every aspect of the customer journey are targeted to help us achieve seamless customer on-boarding, efficiency and productivity gains. Data intelligence will be used to unlock every part of RoE tree. Our commitment is to build a Company which delivers sustainable RoE for years, through a culture of "Results" not "Reasons".

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"

Reflected in Strong Performance through FY18

Strengthening the Balance Sheet

Provision Coverage Ratio (PCR) on Gross Non Performing Assets (GNPA) **improved** from 31.00% as on March 31, 2017 to 52.51% as on March 31, 2018

Growth in Focused Businesses

Lending: 68% disbursement and 28% asset growth between FY17 and FY18

Non-lending: 68% Average Assets Under Management (AAUM) and 35% Average Assets Under Service (AAUS) growth in Investment and Wealth Management, respectively

Exit from Non-Core Businesses

De-focused book rundown from 4.0% to 1.8% of assets from FY17 to FY18

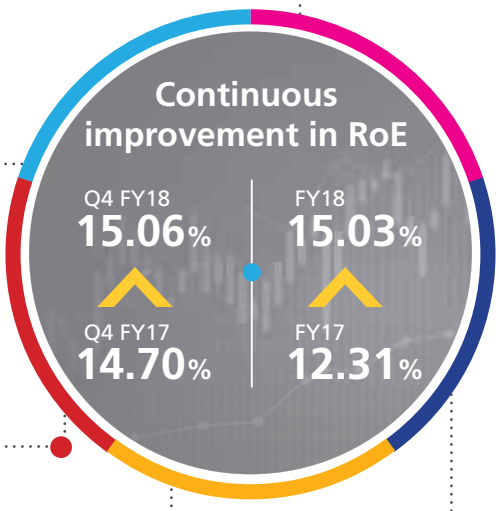
Increase in Fee and Other Income

Increase in fee and other income by 94% from `722 cr. to `1404 cr.

Increase from 1.19% to 1.91% as a %age of average book

Reduction in Cost to Income Ratio

Reduction in Cost to Income ratio by 302 bps - from 26.18% in FY17 to 23.16% in FY18





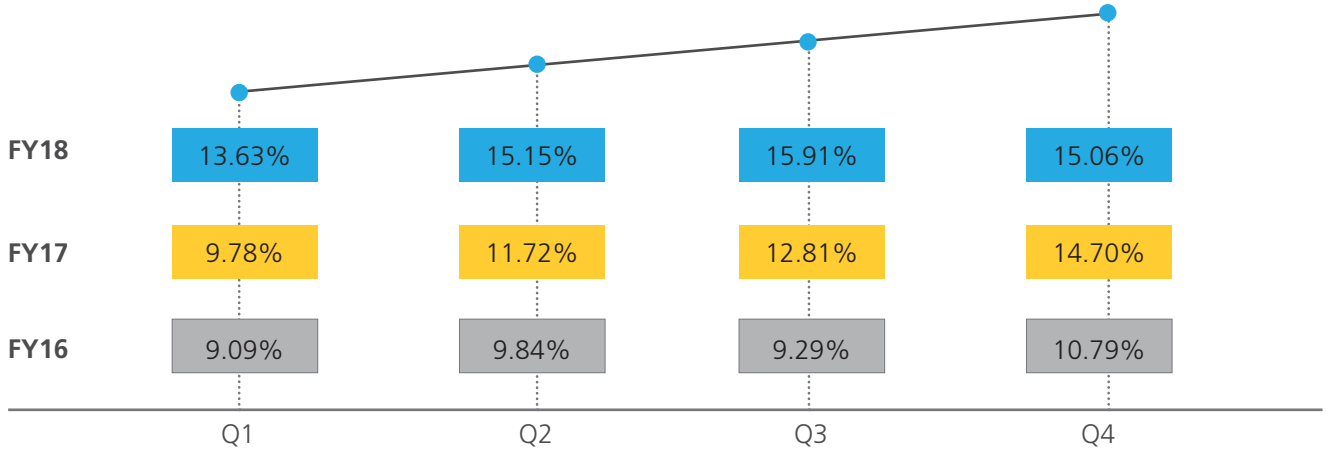






Top Quartile RoE Trajectory Established

FY18 - Delivering on our promise



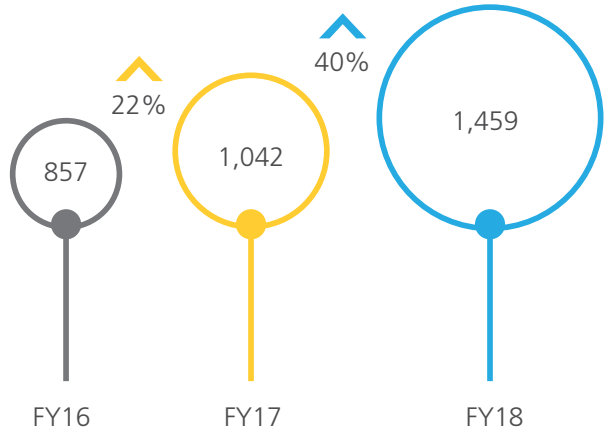
Capital Allocation and RoE Bridge

FY17			Business Segments	FY18			PAT YoY (%)
PAT (` cr.)	Net Worth (` cr.)	RoE		PAT (` cr.)	Net Worth (` cr.)	RoE	
289	1,331	21.80%	Rural Business	428	2,600	24.78%	48%
274	1,362	24.25%	Housing Business	511	2,561	29.47%	86%
559	5,317	11.34%	Wholesale Business	563	6,497	9.78%	1%
1,122	**8,010**	**15.19%**	**Lending Business**	**1,501**	**11,658**	**16.30%**	**34%**
45	771	5.97%	Investment Management	80	851	9.87%	80%
5	14	53.85%	Wealth Management	29	43	109.55%	437%
1,172	**8,795**	**14.39%**	**Focus Business Total**	**1,610**	**12,552**	**16.02%**	**37%**
(141)	323	(26.64%)	De-focused Business	(127)	202	(52.09%)	(9%)
1,031	**9,118**	**11.89%**	**Businesses Total**	**1,483**	**12,753**	**14.41%**	**44%**
11	(11)	7.10%	Others*	(23)	831	(9.81%)	-
-	-	-	Exceptional Gains	-	-	-	-
1,042	**9,107**	**11.81%**	**LTFH Consol.**	**1,459**	**13,584**	**14.45%**	**40%**
124	1,213	10.25%	Less Pref. Div/Pref Cap	112	1,034	10.39%	(10%)
918	**7,775**	**12.31%**	**LTFH Consol. (To ES)^**	**1,347**	**12,550**	**15.03%****	**47%**

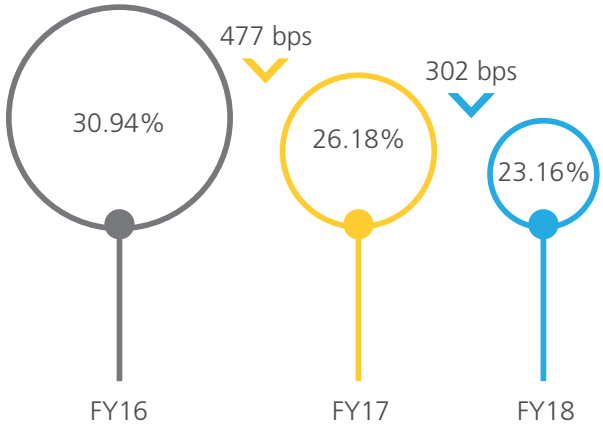
** * RoE after infusion of `3,000 cr. equity capital in March'18 | \* Includes `29 cr. of tax on section 14A | Net Worth excludes preference shares, pref. dividend on pro-rata basis |*
^ Consol. PAT to Shareholders is after considering dividend on preference shares on pro-rata basis; ES = Equity Shareholders

Performance Indicators

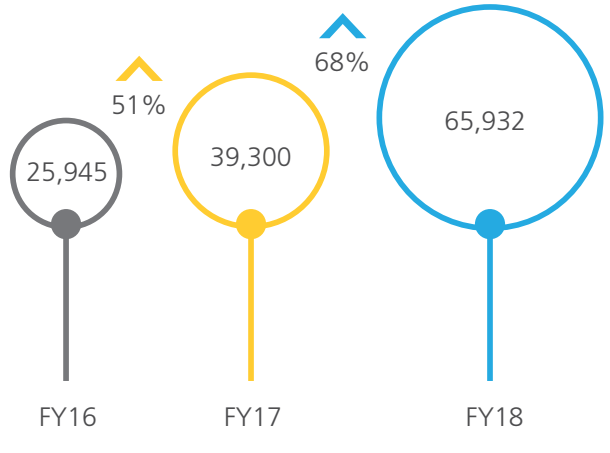
Consolidated Profit After Tax (in ` cr.)



Cost to Income Ratio (in %)

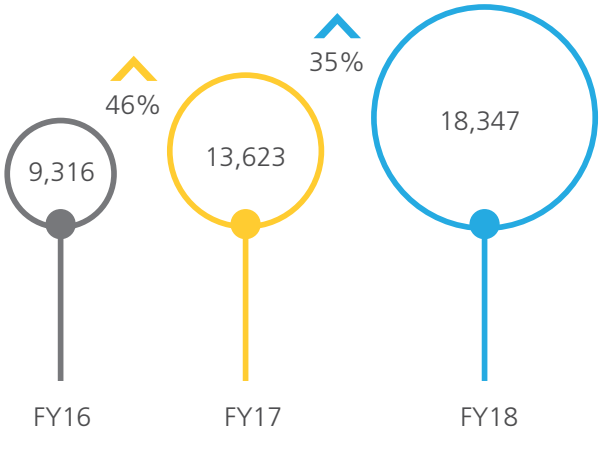


AAUM* (in ` cr.)



*Average Assets Under Management (Q4 averages)

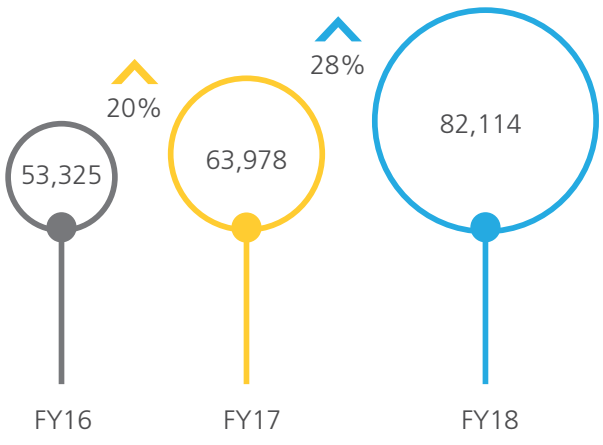
AAUS** (in ` cr.)



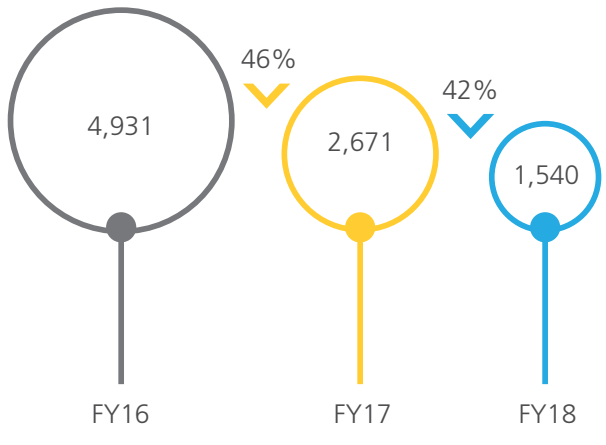
**Average Assets Under Service (Q4 averages)

Focused business growth and Decline in de-focused business

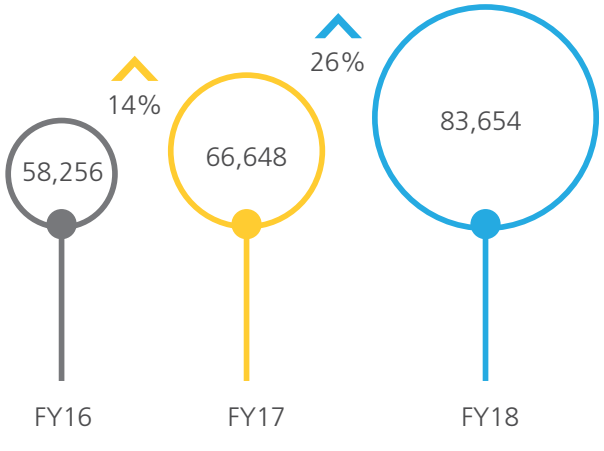
Focused Business (in ` cr.)



De-focused Business (in ` cr.)



Total Business (in ` cr.)





Board of Directors



Mr. Shailesh Haribhakti, ***Non-executive Chairman (Independent Director)***

Mr. Shailesh Haribhakti is the 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 organizations he is involved by being a deeply engaged Independent Director.

He currently is Non-Executive Chairman of L&T Mutual Fund Trustee Ltd and Future Lifestyle Fashions Ltd; Past Chairman & Trustee of the National Pension Scheme Trust (NPS Trust); Past Member of Pension Advisory Committee (PAC) of Pension Fund Regulatory & Development Authority (PFRDA). He currently serves on several large Boards of multinational and Indian Companies and is also a member of several Advisory Boards. He has participated in creating Indian Multinationals in the services sector. His passion for teaching, writing and public speaking has made him an associate with IIMA, many management institutions and several industry & professional forums. He has led BMA, IIA (Mumbai), ICAI (WIRC), IMC, FPSB and Rotary Club of Bombay over the last several decades. For two years he served on the Standards Advisory Council of the IASB in London.



Mr. Dinanath Dubhashi, ***Managing Director & CEO***

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, *Non-Executive Director*

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



Mr. P. V. Bhide, *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.

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. He 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. has four decades of strategic leadership and operational experience in the Life Insurance & Reinsurance industry. He was the Managing Director and Interim Chairman of L.I.C. He was also India MD & CEO of 'Reinsurance Group of America'. He was nominated by SEBI as the Chairman of the Metropolitan Stock Exchange of India. He has served as Director on the Boards of Mahindra & Mahindra Ltd., Tata Power Co. Ltd., Voltas Ltd., IFCI Ltd. and Corporation Bank. He was a member on the Governing Council of the MDI, Gurgaon, Actuarial Institute of India & Chairman of The National Insurance Academy, Pune.

He is a Director on the Boards of Larsen & Toubro Ltd, Canara HSBC OBC Life Insurance Company and subsidiaries of the Company. He is also member of the 'Take Over Panel' of SEBI. He is PGDM – Marketing, Post Graduate in Economics, Law Graduate, Associate of the Insurance Institute of India.



Ms. Nishi Vasudeva, *Independent Director*

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

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



Dr. (Mrs.) Rajani R. Gupte, *Independent Director*

Dr. (Mrs.) Rajani R. Gupte is the Vice Chancellor of Symbiosis International University, Pune. During the period 2004-2012, she has also served as a Director of Symbiosis Institute of International Business (SIIB). She was actively involved in establishing SIIB as one of the leading B-Schools in India. She has also worked as Director-Finance, in a Private Limited Company. She has also served as a Dean of Symbiosis International University. She has also served as member WTO committee, Government of Maharashtra, Department of Horticulture during the period 2002-06.

She has done Ph.D in Economics from Gokhale Institute of Politics and Economics, Pune University, on the topic "The impact of trade liberalisation on the level of protection of Indian Industry".



Mr. Pavninder Singh, *Nominee Director*

Mr. Pavninder Singh serves as the Managing Director at Bain Capital Private Equity, LP, as part of the Asia Pacific Private Equity team. He leads their efforts in India and South East Asia with a focus on Financial & Business Services and Industrial & Energy Verticals. He was based in New York Office as part of the North American Private Equity industrials team. He currently serves on the boards of Quest, Bridge Data Centres and TMA.

Prior to Bain, he served as a Co-Chief Executive Officer of Medrishi.com. He served as a Consultant at Mercer Management Consulting in the e-commerce, retail and energy industries. He received an M.B.A. from Harvard Business School, where he was a Baker Scholar. He received a B.A. from Harvard College.



Mr. Prabhakar B., *Non- Executive Director*

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

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

Group Executive Committee



"We will differentiate ourselves by using digital and data analytics, primarily for unlocking value all along the RoE tree of the organisation."

Mr. Dinanath Dubhashi
Managing Director & CEO



Mr. Kailash Kulkarni
CE – Investment Management & Group Head - Marketing



Mr. Sunil Prabhune
CE – Rural Finance & CHRO



Mr. Virendra Pankaj
CE – Wholesale Finance & Group Head – Sell down



Mr. Srikanth J
CE – Housing Finance & Group Head – Central operations



Mr. Manoj Shenoy
CE – Wealth Management & Group Head – CSR



Mr. Sachinn Joshi
Group CFO



Mr. Raju Dodti
CE – Special Situations Group & Group Head – Legal & Compliance



Mr. S.Anantharaman
Chief Risk Officer & Head – Internal Audit



Mr. Soumendra Nath Lahiri
CIO – Investment Management



Mr. Shiva Rajaraman
CE – L&T Infra Debt Fund



Mr. Abhishek Sharma
Chief Digital Officer



Management Discussion & Analysis

"Factors that aided India's growth during FY18 have been the improved resilience of agriculture, a higher growth momentum in select industries (such as basic metals, electronics, transport equipments and food products) and steady growth in services such as trade, hotels, transport & communications and construction activities."

MACRO-ECONOMIC REVIEW

India is projected to be world's fastest growing economy for the rest of the decade, according to the projections from the World Bank and the International Monetary Fund. The nation posted a healthy GDP growth of 6.6% in FY18 even as it was in the process of recovering from temporary disruptions related to the currency exchange initiative (demonetisation) and the roll-out of the new Goods & Services Tax (GST). In recent years, India has been attracting the attention of global investors, thanks to its stable political climate and a reform-oriented government. During FY18, India witnessed a sovereign ratings upgrade by Moody's Investors Service after a 14-year hiatus. The country's ranking was moved up by 30 spots to the 100th rank on the World Bank's Ease of Doing Business rankings.

Factors that aided India's growth during FY18 have been the improved resilience of agriculture, a higher growth momentum in select industries (such as basic metals, electronics, transport equipment and food products) and steady growth in services such as trade, hotels, transport & communications and construction activities. Increased Government expenditure on infrastructure, especially roads have also been supportive of growth. In the past 3-4 years, Non-Banking Financial Companies (NBFCs) have also played a critical role in stimulating India's economic growth as bank credit flows have steadily slowed in the wake of continued asset quality stresses.

Outlook for FY19

Multilateral organisations as well as domestic policy-making bodies and think-tanks, remain optimistic over India's growth prospects for FY19. Majority of the forecasters expect India's economic growth in FY19 to rise further to 7.4-7.5%, on the back of robust private consumption, supportive fiscal policy and benefits from past reforms. Additionally, India's weather department has predicted a normal monsoon in 2018, which is likely to support the ongoing momentum in the rural and agricultural belts. The Central Government's continued thrust on rural and infrastructure sectors is expected to provide an additional impetus to growth in FY19.

However, there remain a few headwinds too. While the overall investment spending has shown some signs of revival, a more broad-based and sustained recovery in private investment remains a critical challenge. Surging crude oil prices, tightening of global financial conditions and increasing geopolitical tensions define the major downside risks to India's growth in FY19. While both inflation and interest rates would trend higher in FY19 compared to that in FY18, deleveraging of distressed corporates and rebuilding of bank's balance sheets remain the key challenges for policymakers.

Possible Threats

First, the rapidly rising and sustained level of global crude oil prices can significantly impact India's macro stability indicators and force macro-economic policies to become much tighter. This would pose a threat to India's potential economic recovery.

Other threats could be in the form of political uncertainties in the run-up to the General Elections in 2019, uneven monsoon distribution and fiscal slippage concerns. These have the potential to adversely influence economic growth and challenge macro-economic stability.

The NBFC sector may face tough challenges during FY19 due to an upsurge in borrowing costs, driven by elevated bond yields, inadequate availability of bank finance, increased competition and limited levers for margin expansion.

FY18 in perspective

A strategic roadmap was put in place by your Company in FY17 to deliver continuous improvements in the Return of Equity (RoE). FY18 has been a landmark year, marked by the prolific execution of the strategy put in place. It was a year in which your Company made substantial progress towards delivering results promised to the shareholders. The specific focus for the year was on the following areas:

Improved competitive position across all products

Being in the 'Right Businesses' forms an important part of the strategy, in which your Company has identified 5 core businesses and exited out of all non-core businesses. The core businesses were identified based on a 3-filtered approach – industry attractiveness, company profitability and the ability to extract value from it. Your Company's intent is to grow market share, improve margins and profitability and become distinctive in each of its core businesses. In FY18, your Company improved its competitive position in each of its products. Your Company leveraged its expertise in sourcing and appraisal for offering products customised to the needs of customer. Digital and data analytics has played a crucial role in improving competitive position in each of its products; it has also helped the Company to achieve dominant position in some products.

Established fee as a second line of income to counter interest rate cycle

Your Company believes that cycles form an inevitable part of any business. Whether these cycles are related to interest rates, business, environment or credit, it is imperative for a company to be prepared for all eventualities. Especially as a hedge against interest rate cycles, your Company has established 'fees' as a second line of income. Fee income generation happens through various modes such as processing fees, subvention income, cross selling income, advisory fees and underwriting fees among others. The Company believes that this alternate source of income will act as a great stabiliser in helping us counter any unforeseen adverse cycles.

Increased 'Retailisation' of balance sheet

Your Company is focusing on building a well-diversified book. The strong sell down capabilities have helped your Company to limit the wholesale book growth without slowing down the business. As a result of which, wholesale book has reduced from 62% to 56%. The sell down engine that your Company has put in place ensures that the retailisation does not happen at the cost of business. For FY19 as well, your Company's attention will be on increasing the rural and retail housing portfolio, as the trends in these sectors look increasingly promising. More importantly, the investments into digital and data analytics, vast branch network, good relationship with manufacturers, improved customer service and shorter TAT are helping your Company to continuously gain market share in each of the segments.

Used power of digital and data analytics to unlock RoE

In the field of digital & data analytics, your Company primarily concentrates on optimising credit cost, collection cost and productivity rather than just focusing on more commonly talked about areas like cross-selling or customer acquisition. Your Company believes in using the power of data to provide strategic competitive advantage, improve productivity and enhance performance. Your Company is in the process of digitalising and automating all its processes, to create a digital ecosystem.

Strengthening balance sheet with accelerated provisions

Your Company focuses as much on 'Sigma' as on 'Earnings' and 'Growth'. The Company believes that true greatness is achieved by a Company only by having a low Sigma, which means minimising the variability of returns. A strong Risk Management Framework, improving portfolio quality and continuously improving provision coverage ratio are important contributors to low Sigma. In order to further strengthen Company's balance sheet, `385 cr. of accelerated provisions were taken last year over the regulatory provisions. Your Company's provision coverage ratio has improved significantly from 31.0% in FY17 to 52.5% in FY18.

FY18 has been a landmark year, marked by the prolific execution of the strategy put in place.

- Improved competitive position across all products
- Established fee as a second line of income to counter interest rate cycle
- Increased ‘Retailisation’ of balance sheet
- Used power of digital and data analytics to unlock RoE
- Strengthening balance sheet with accelerated provisions

Our Businesses



L&T FINANCE HOLDINGS



RURAL FINANCE BUSINESS

BOOK SIZE

16,457cr.



HOUSING FINANCE BUSINESS

BOOK SIZE

18,898cr.



WHOLESALE FINANCE BUSINESS

BOOK SIZE

46,759cr.



INVESTMENT MANAGEMENT

AAUM

65,932cr.*



WEALTH MANAGEMENT

AAUS

18,347cr.**

* Average Assets Under Management
** Average Assets Under Service
All figures mentioned are in INR

RURAL FINANCE

Your Company's strength in Rural Finance lies in the use of cutting edge technology and deep analytical skills to increase market penetration, improve portfolio quality and most importantly help in timely detection of early warning signals.



`344cr. Absolute Reduction in Farm Equipment GNPA during FY18

Farm Equipment Finance

In FY18, the tractor industry grew by 22% to a record high of 7.11 lakh tractors sold in the year. With expectations of a normal monsoon and other determinants of farmers' cash flows such as reservoir storage, extent of irrigated area, area under sowing, minimum support prices staying positive, the industry is expected to record ~10% growth in FY19. This is expected to be backed by possible increase of liquidity in the rural economy with loan waivers and other farmer friendly measures by the Government.

Continuing on the upward trajectory, your Company increased its market share from 6.8% to 12.5% in FY18. Your Company displayed healthy growth in disbursements by 107% and book by 28% over the previous year. This growth has been achieved on the basis of improved collections with absolute reduction in Non-Performing Assets (NPAs) by `344 cr. over the year. In the coming year, your Company expects to build on these gains further and capture greater market share while improving its portfolio quality through better collections.

Competitive Advantage

- Differentiated value proposition for preferred OEMs and top dealers
- Analytics driven target allocation based on the portfolio performance
- Extensive focus on early bucket collections to maintain portfolio quality
- Best in class TAT proposition to customers and dealers on decisioning and disbursement

Future Strategy

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



57% Increase in Book Size in Two-Wheeler Business in FY18

Two-Wheeler Finance

During FY18, the two wheeler industry grew by 15% to 2.06 cr. units of two wheelers sold in the market. With increased urbanisation and sustained focus on road infrastructure developments, the market is expected to get a fillip. Increasing fuel prices should also drive consumers towards two-wheelers over the coming year. The industry is expected to report a growth of ~12% in the coming year with sustained performance from both motorcycles and scooters. The scooter industry which has been consistently outpacing the growth over the motorcycle industry is expected to outperform the market.

Through rigorous execution of digital proposition on the ground and domain expertise, your Company has been able to increase its market share from 5.9% to 8.2%. With this clear strategy in place, your Company has grown the business by 70% and book by 57% through increased penetration in the identified branches. With the implementation of 100% automated credit decisioning, your Company has been able to improve collection efficiencies and reduce NPA.

Competitive Advantage

- Best in industry TAT and technology for customer selection and on-boarding
- Effective use and implementation of data analytics along the customer life cycle
- Ability to execute strategy on ground with required scale-up

Future Strategy

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



113% Book Size Growth in Micro Loans Business in FY18

Micro Loans

The micro loans industry witnessed a change post demonetisation with some of the players having slowed down on account of high delinquencies, while those awarded the SFB license have tended to focus more on deposits. The industry has grown by ~25% over the previous year, with the industry recovering from the effects of demonetisation. The market is expected to sustain growth levels over the coming year.

Your Company has been able to increase disbursements by 105% and book by 113% during the year. This was on the back of increasing penetration in existing geographies and opening of new geographies in existing states and new states such as Bihar, Assam and Tripura. New geographies entered into in the previous year have contributed 37% to the business during the last quarter. Increase in business has been achieved with improved collections efforts and reduction in debtors YOY. This has resulted in its regular collections efficiency being brought back to pre-demonetisation levels.

In the current year, your Company will continue to focus on expansion in selected geographies and increase business while maintaining and enhancing its portfolio quality.

Competitive Advantage

- Deep market penetration and rural presence across geographies
- Risk mitigation through various market and credit checks
- Robust early warning systems with triggers in place to maintain delinquencies
- Extensive use of analytics across customer life cycles

Future Strategy

- Introduction of digital initiatives to ensure best TAT in the industry
- Retention of customer base with a holistic association approach
- Constant strengthening of risk framework

WHOLESALE FINANCE

Your Company has clearly established leadership position in the core areas of renewables, road refinance, and transmission. Your Company has built sustainable advantages in terms of its strong underwriting ability and sell-down capabilities.



37% Disbursement Growth in Infrastructure Finance in FY18

Infrastructure Financing

The infrastructure sector has been a key driver for the Indian economy and contributes to India's overall development. India has an investment requirement of worth `50 lakh cr. in infrastructure development by 2022. This is needed to increase GDP growth, connect and integrate the country through a network of roads, airports, railways, ports and inland waterways, besides power for all. On the renewable energy and road construction front, the demand is likely to rise rapidly over the next 3 years, driven by rapid commissioning of projects allotted under different State and Central policies.

The business, focused on sectors such as renewables, roads and transmission, witnessed a healthy growth in its book size and disbursement. An efficient down-selling desk, through increase in its sell down volume by 70%, kept the overall infrastructure finance book growth at 11%. Disbursement grew by 37% from `13,220 cr. to `18,053 cr. in FY18. Fee income grew by 74% during the year. The asset base of Infrastructure Debt Fund (IDF) increased by about 74% to ~ `7,000 cr. from around `4,000 cr., a year earlier.

In FY18, your Company was awarded the "Best Renewable Energy Financier of the Year 2017" by the Renewable Energy Investment and Finance Forum in Solar and Wind Sector for outstanding achievement in financing the renewable energy industry.

Competitive Advantage

- Efficient transaction processing, in-depth sector knowledge and management capabilities
- Growing IDF book with segment leading profitability and structuring capabilities
- Robust down selling desk with strong relationships with banks, both public and private financial institutions
- Vibrant Debt Capital Market desk with structuring strengths in credit bonds



Future Strategy

- Leverage industry dominance in renewables and roads sector to further enhance fee income through efficient underwriting and placement
- Use existing client and market relationship to cross sell other products
- Deepen expertise in social infrastructure segments, hospitality and health care

Structured Corporate Finance

Bank credit off-take was largely muted in FY18 due to stiffening of interest rates towards the end of the year.

Despite slow off-take of bank credit and rising interest rate scenario, your Company's structured corporate finance business reported a profitable growth in its asset base. The asset book grew by ~20% YOY, while disbursement growth was ~19%. The business continues to build and focus on its strong origination and underwriting skills.

Competitive Advantage

- Nimble footedness to respond to the needs for structured solutions
- Strength in large ticket underwriting enables comprehensive financing solutions

Future Strategy

- Leverage infrastructure financing expertise and relationships to enhance profitability through structured products
- Develop best in class speed of response and commence down selling



20% Book Growth in Structured Corporate Finance in FY18



Ranked No. 1
in Indian rupee loan mandated arranger

Debt and Capital Market (DCM)

Your Company's DCM business invests in non-convertible debentures (NCDs) issued by companies across multiple sectors and segments either by way of a private placement or a public issue.

During FY18, this desk commenced the Merchant Banking business on a full-fledged scale after having obtained necessary regulatory approvals. This enabled your Company to act as arrangers to various issues, thereby enhancing its ability to earn fee income. In FY18, the DCM desk acted as an arranger for issuances aggregating to ~`4,700 cr. of funds raised. It also made a mark in the new segments such as municipal bonds and state level undertakings, which are expected to grow significantly going forward. The desk also commenced trading in sovereign securities.

Your Company was ranked No. 1 in India Rupee Loans Mandated Arranger and India Rupee Loans Book-runner in Q1 FY18 Thomson Reuters' League Table. It was the only Indian player in Top 10 of APAC Project Finance Loans Book-runner and Mandated Lead Arranger in Bloomberg Global Syndicated Loans League Table, for Q4 FY18.

Competitive Advantage

- Ability to act as a lead arranger for transactions
- Large ticket size underwriting capability and wide distribution network across financial markets

Future Strategy

- Focus on new market segments and leverage the merchant banking license to act as arrangers for mandates

HOUSING FINANCE

Your Company has identified a harmonious balance in using the Group synergies, lending to 'A' category and 'B' category builders. The expertise lies in close monitoring of the project and early warning signals of projects in real estate and home loans. In this business, the focus is on direct sourcing to reduce cost of acquisition and improve the longevity of the loan. The Company's synergy with the developers financing helps it tremendously for direct sourcing.



23% Growth in YoY Disbursements in Home Loans & LAP Business in FY18

Home Loans & LAP

During FY17, domestic housing credit grew by 17% to reach `15.9 lakh cr. This is largely due to a marked recovery in the real estate market, improvement in sales velocity and stabilization of RERA and GST. Overall growth of housing credit will pick up from FY19 onwards, supported by improvement in primary sales and also support from the Government on the affordable housing segment. HFCs and NBFCs are likely to benefit from their focus on the housing finance market and from a thrust on the relatively high growth segments like affordable housing and self-employed customers, and their comparatively superior service levels.

Home Loans and LAP registered a 23% growth in YOY disbursements from `2,979 cr. in FY17 to `3,679 cr. in FY18. This was backed by over 100% growth in home loan disbursements in Q4 FY18 on account of better traction in retail conversion of home loans for real estate financed projects.

Competitive Advantage

- Digital lending model to provide best in class TAT
- Comprehensive use of analytics for business generation and portfolio risk management

Future Strategy

- Leverage relationship with real estate developers for sourcing of home loans
- Continued focus on increasing the share of direct sourcing volumes through the use of analytics
- Strong focus on early bucket delinquency through dynamic alignment of credit and collection policies



More than `10,000cr
Real Estate Book Size

Real Estate Finance

Real Estate sector has transitioned towards a more transparent and regulated industry after demonetisation, RERA and GST. Government initiatives such as "Housing for All" have improved demand as well as supply for affordable housing. Developers are also proactively accommodating this market need by reducing unit sizes (for new launches) and offering discounts in existing projects. Supply of commercial real estate has rationalized over the last 5 years leading to an uptrend in occupancy and rentals. Pre-commitments are increasing across the southern markets, led by robust IT demand and low vacancy rates at around 6% to 8%. All these will add to the current momentum of residential demand in the said markets.

Your Company has identified harmonious balance in using the group synergies, lending to 'A' category and 'B' category builders. Its expertise lies in closely monitoring the progress of the project & early warning signals of the projects. During the year, your Company established itself as one of the key lenders in real estate financing with a clear focus on Category A & B developers across 6 cities. Your Company's Real Estate Finance business registered significant growth in loan disbursement of `7,107 cr. and a loan book of `10,092 cr.

Competitive Advantage

- Strong structuring and underwriting capabilities with a focus on project completion
- Comprehensive and robust Early Warning Signal (EWS) framework
- Comprehensive product suite to address funding requirements of top developers

Future Strategy

- Continue focus on category A and B developers
- Monitor projects closely for identification and actioning of early warning signals
- Leverage the L&T ecosystem for business growth and market intelligence

MUTUAL FUNDS



131% YoY Increase in Active Investor Count

The Mutual Fund industry in India witnessed a 26% growth in FY18, increasing the Average Assets under Management (AAUM) to `2,305,212 cr., as compared to `1,829,583 cr. AAUM in FY17.

The average AUM of your Company increased by 68% to `65,932 cr. during FY18 as against `39,300 cr. in FY17. This has helped your Company garner a market share of 2.86% in FY18 as compared to 2.15% in FY17. Your Company's Mutual Fund business outperformed the industry growth rate of AAUM, with Equity to AUM ratio reaching to 58%. A strong investment performance is expected in FY19, coupled with strong inflows into the core products.

Competitive Advantage

- Robust performance of the fund's equity schemes
- Strong distributor relationships

Future Strategy

- Focus on building core assets to achieve the dual purpose of higher profitability and stability in overall AUM
- Increase SIP book to ensure steady flows
- Deepen presence in key counters to gain a higher share of assets

WEALTH MANAGEMENT



35% Rise in Average Assets under Service

Considering India's strong economic growth outlook and favourable demographics, the Indian Wealth Management market is on a continued path of growth. Focus on client-centric products, rising financial literacy and the use of technology is creating enormous opportunities for the industry.

FY18 remained a very positive year with tremendous growth opportunities in the business. Profits have grown significantly from `5 cr. in FY17 to `29 cr. in FY18. The Average Assets Under Service (AAUS) grew by almost 35% during the year with the FY18 AAUS being more than `18,000 cr. Your Company's Wealth management revenue of this vertical witnessed a rise of 87.93% during the year, being at `93 cr. for FY18.

Competitive Advantage

- Robust business model based on fundamental tenets of client centricity, intellectual property and execution efficiency.
- Strong and expanding distribution reach with a diversified product range
- Cutting edge portfolio analytics for tailored customer-centric advice and new customer acquisition

Future Strategy

- Focus on technology solutions to deliver superior analytics and investment advisory to strengthen existing relationships and forge new and meaningful relationships
- Acquisition of new clients will continue to remain a key area of focus for the business
- Increased sales strength, geographies and sales productivity will be the key drivers of business

HUMAN RESOURCES

LTFS 2.0 has a clear goal – to create shareholder value by achieving top quartile RoE. To achieve this, your Company has adopted the strategy of maximising earnings and growth, with minimum volatility.

The Human Resources function plays a pivotal role in this transformation journey by ensuring organisational efficiency and promoting the right culture. To sustain growth, your Company is investing in building its talent pool by developing skills internally and attracting the best talent in the industry. As on March 31, 2018, your Company had a total workforce of 15,126 employees across all its subsidiaries.

A Culture of 'Results not Reasons'

After another year of delivering excellent results, your Company is constantly working towards strengthening its foothold in each business and striving to reach a dominant position. Achieving these results was no mean feat, but your Company succeeded because of its strong core values and the inculcation of a culture of 'Results not Reasons' which lent a razor sharp focus to meet its goals.

A culture of 'Results not Reasons', which has been a hallmark of LTFS 2.0 transformational journey, has been instrumental in achieving success in FY18 despite many challenging conditions.

The Company's values of Pride, Integrity, Discipline and Ambition underlie all its actions and have been prevalent in all its endeavors. In order to ensure internalisation of its core values, your Company takes all efforts to clearly communicate its intent and strategy to all its employees. All the rewards and recognition programs have been aligned to the values and the culture of results.

Scalability

The Company continuously evaluates and optimises the structures in line with the business priorities. The Human Resources department worked in tandem with the business to ensure that there were "Right People" to meet the growth ambition. Your Company had significant growth ambition which called for new geographic expansion as well as same geography growth. Your Company is focused not only on acquiring talent, but also in laying significant importance to the induction process through programs such as "Parichay" – a frontline induction initiative.

To drive growth, it is imperative that the Company should not only be able to attract the best fit talent, but should also integrate and align the workforce in pursuit of organisation goals. A workforce with the right culture and values, aligned to the Company's strategy and vision is a competitive advantage and will help its success to become sustainable.

Capability Building

Another important agenda was to augment capability levels at the middle and senior management. For building leaders of tomorrow, the Company continues to give cross-functional exposure through various projects and internal job postings. World class faculty for the senior management is invited to



facilitate discussions on business practices and issues. The Company organises individual level coaching with experienced business practitioners for the leadership. An intensive Transformational Leadership development program has been put in place. This aims to define the values and beliefs expected from the leaders, providing a shared view of the capabilities vital to leading employees and ensuring business success from its leaders, providing a shared view of the capabilities vital to leading employees and ensuring business success.

Driving Productivity

The ultimate metric for success is continuous improvement in productivity. The Company takes pride in calling itself a "performance driven" organisation. In order to promote meritocracy and clarity, in terms of execution, achievement against targets till the last person on ground, is reviewed on an ongoing basis. The defined learning and development journey supports the employees through different career stages in the Company. A rewards & recognition mechanism is ensured across the Company to keep the morale high and appreciate the efforts of a competitive and talented workforce. The program is aligned to performance and examines the requisite motivation and adequate differentiation based on it.

RISK MANAGEMENT

The organization has built a strong culture of managing risk in a structured manner. Risk appetite statement is the governing document for effective management of risk within the organization which cascades down to the business units through robust risk processes.

The risk appetite statement acts as a governing framework to front line to facilitate trade-offs between risk, value and growth. It helps in effective risk-return management while providing greater clarity and autonomy to businesses. The framework focuses attention on the key areas of risks facing the organization such as credit, market and operational risks.

Your Company has well laid down portfolio concentration limits. These are reviewed on a quarterly basis to ensure that the overall portfolio is steered within the approved limits to minimize concentration risk to any particular business segment/ industry/group/borrower. Further, there are clear sets of identified risk hotspots which are closely monitored to identify any early signs of weakness.

Credit Risk

With the objective of growing fearlessly in the segments in which your Company is operating, target markets are clearly identified and understood with scoping of opportunity, given the competitive landscape. Your Company has defined strong credit underwriting standards, at micro and macro levels to determine the acceptable risk appetite, while building up the business portfolios. The portfolio is reviewed on a quarterly basis to ensure that overall behavior of the portfolio remains intact. Your Company has also defined product pricing algorithm which helps to price the risk appropriately.

Early Warning Signals

The Early warning signals (EWS) emanating from monitoring of pre-determined metrics relating to the behavior of customers with your Company as well as with other lenders such as the operational & financial performance of customers, portfolio trend of industry peers and operational risk events are in the nature of triggers with specific pre-decided action points attached to them. These signals are designed to help in predicting potential stress for the borrowers or portfolio much ahead of actual delinquency with your Company. Specific early warning signals have been selected based on the nuances of each of the products of your Company. In addition to these triggers, flags emanating from government action as well as macro-economic trends are also important early warning signals.



Note: For details on internal control systems & their adequacy please refer the board report.

Market Risk

In case of market risk, there are various limits such as portfolio stop loss limit, portfolio PV01 limit as well as alarm limits for early monitoring. This helps in taking corrective steps based on the market situation prevailing at that point of time. This risk is overseen on a day-to-day basis by treasury strategy team under the overall supervision of ALCO. The Company has rolled out a liquidity buffer management policy to tie up any liquidity risk arising out of unforeseen market scenarios. The liquidity buffer will provide adequate cushion to take care of 30 days of stressed liquidity market conditions despite the fact that creating such buffer has a downside impact on the overall RoE.

Operational Risk

Operational risk is inherent to processes and systems and a dedicated team monitors operational risks and incidents, including the robustness of various processes, systems and information security related matters. Your Company has put in place a process to identify / mitigate various risks across all entities and document standard operating procedures. These are periodically reviewed to ensure that the key risks and controls across your Company are well identified. Operational processes have been streamlined with critical processes being centralised to ensure consistency, control and oversight.

IT Security Risk

Cyber security is integrated in the IT security policies and procedures to mitigate the risk. The IT Infrastructure has multiple layer of security with in depth defense by design. The Company has perimeter security devices like firewalls, intrusion prevention system to detect and stop the threats stemming from internet. Your Company proactively monitors the critical applications and systems for any suspicious activity and anomaly. Employee security awareness training and regular security audits are also conducted to check the effectiveness of security controls.

Your Company was awarded the 'Golden Peacock Award for Risk Management 2017' for robust risk management processes. This prestigious award is being given annually by the Institute of Directors, New Delhi for over 25 years as recognition of high standards in various domains.

CORPORATE SOCIAL RESPONSIBILITY

Your Company aligns its social responsibility theme and commitment with the areas of the environment its business are engaged in.

Key initiatives are woven around sustainable livelihoods of rural communities facilitated by two spaces of intervention – Integrated Water Resource Management (IWRM) and Financial inclusion / literacy for women empowerment.

The IWRM programme engages with communities to prepare and implement interventions to address the core needs on water conservation and rejuvenation.

Through financial inclusion and digital financial literacy, your Company has designed a programme 'Digital Sakhi', which creates livelihood opportunities for women by educating them to imbibe the nuances of digital financial literacy leading to enhanced absorption of entitlements and schemes granted by the Government and other financial institutions. In the programme, 100 women, Digital Sakhis, are identified from the community and trained extensively on digital financial literacy, leadership and technology.

Each of these women are equipped with a mobile tablet with preloaded digital financial literacy (DFL) modules. This helps them disseminate information in the community on digital payments and other relevant government schemes. In another part of this programme, 1,000 women entrepreneurs practicing goat rearing, poultry, dairy and tailoring are selected and up-skilled in their respective trades to yield better produce.

13.86% increase in knowledge level, **11.6%** increase in household average monthly savings of the **100 Digital sakhis.**



23% increase in ground water level, **22%** increase in water storage created by water structures, and **17%** increase in household annual incomes due to IWRM project.



60% increase in volume of work, **14.08%** increase in overall annual revenues and **13.24%** increase in annual profits of the 1,000 Women Entrepreneurs.

100 employee volunteers clocking **167** hours contributed towards CSR activities reaching **494** beneficiaries.

Access to healthcare services and breast cancer screening provided to **1,34,296** beneficiaries.



Board's Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Tenth Annual Report together with the audited financial statements for the financial year ("FY") ended March 31, 2018.

FINANCIAL RESULTS

The summary of the Company's financial performance, both on a consolidated and standalone basis, for the FY 2017-18 as compared to the previous FY 2016-17 is given below:

(₹ in Lakh)

Particulars	Consolidated		Standalone	
	2017-18	**2016-17**	**2017-18**	**2016-17**
Total Income	10,49,994.08	8,57,231.01	47,837.11	31,488.99
Less: Total Expenses	8,76,011.69	7,49,340.82	8,368.76	6,978.26
Profit before Tax	**1,73,982.39**	**1,07,890.19**	**39,468.35**	**24,510.73**
Less: Tax Expense	27,483.30	3,643.67	2,684.52	(355.44)
Profit after Tax	**1,46,499.09**	**1,04,246.52**	**36,783.83**	**24,866.17**
Add: Share in profit of associate company	83.39	574.73	-	-
Add: Share of minority interest	633.68	(602.58)	-	-
Profit for the year	**1,45,948.80**	**1,04,218.67**	**36,783.83**	**24,866.17**
Add: Balance brought forward from previous year	1,84,037.58	1,18,752.54	16,509.32	9,065.58
Balance Available	**3,29,986.38**	**2,22,971.21**	**53,293.15**	**33,931.75**
Appropriations				
Statutory Reserve	17,665.98	8,020.39	7,356.77	4,973.24
Dividend paid for previous year	14,573.70	5.78	14,573.70	5.78
Dividend Distribution Tax	7,673.30	6,713.05	-	2,104.46
Interim dividend on Preference Shares	9,306.55	10,677.49	9,306.55	10,338.95
Transfer to/(from) Debenture Redemption Reserve	4,806.91	67.15	-	-
Transfer to Reserve u/s 36(1)(viii) of Income Tax Act, 1961	5,300.40	9,734.72	-	-
Transfer to Reserve u/s 29-C of National Housing Bank	3,327.12	2,729.93	-	-
Unamortised loss on sale of loans	1,387.45	-	-	-
Share in Associates' Reserves	-	985.12	-	-
Surplus in the Statement of Profit and Loss	**2,65,944.97**	**1,84,037.58**	**22,056.13**	**16,509.32**

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 22% from ₹ 8,57,231.01 Lakh in FY 2016-17 to ₹ 10,49,994.08 Lakh in FY 2017-18.
- Profit before taxes grew from ₹ 1,07,890.19

Lakh in FY 2016-17 to ₹ 1,73,982.39 Lakh in FY 2017-18.

- Profit for the year also grew from ₹ 1,04,218.67 Lakh in FY 2016-17 to ₹ 1,45,948.80 Lakh in FY 2017-18.

During the year, the net loan book size grew from ₹ 61,64,849.99 Lakh to ₹ 78,29,922.00 Lakh reflecting a growth of 27%.

The Average Assets Under Management ("AAUM") of the Mutual Fund business stood at ₹ 65,93,164.73 Lakh for the quarter ended March 31, 2018 as against ₹ 39,30,000.00 Lakh for the quarter ended March 31, 2017, reflecting a growth of 68%.

The Average Assets Under Service ("AAUS") of the Wealth Management business stood at ₹ 18,34,711.22 Lakh for the quarter ended March 31, 2018 as against ₹ 13,62,300.83 Lakh for the quarter ended March 31, 2017, reflecting a growth of 35%.

Standalone

- Total income grew from ₹ 31,488.99 Lakh in FY 2016-17 to ₹ 47,837.11 Lakh in FY 2017-18.
- Profit before tax grew from ₹ 24,510.73 Lakh in FY 2016-17 to ₹ 39,468.35 Lakh in FY 2017-18.
- Profit after tax grew from ₹ 24,866.17 Lakh in FY 2016-17 to ₹ 36,783.83 Lakh in FY 2017-18.

Appropriations

The Company proposes to transfer ₹ 7,356.77 Lakh (previous year ₹ 4,973.24 Lakh) 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 Management Discussion & Analysis Report forming part of this Report.

MATERIAL CHANGES AND COMMITMENTS

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

DIVIDEND

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

The Board of Directors had declared and paid an interim dividend @ 9.00% (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 Preference Shares ("CCRPS") of face value of ₹ 100 each of the Company, for FY 2017-18, entailing an outflow of ₹ 9,306.55 Lakh (excluding Dividend Distribution Tax).

The Board of Directors are pleased to recommend a final dividend of ₹ 1 per Equity Share of ₹ 10 each (previous year ₹ 0.80 per share) subject to approval of the Members in the 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) Amendment Rules, 2016 dated March 30, 2016, proposed dividend of ₹ 19,956.77 Lakh and Dividend Distribution Tax (net) thereon is not recognised as liability as on March 31, 2018.

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

CREDIT RATING

During the year under review, CARE Ratings Limited ("CARE") and ICRA Limited ("ICRA") reviewed the ratings on various debt instruments of the Company. Furthermore, new rating was assigned by India Ratings and Research Private Limited ("India Ratings") to the non-convertible debentures ("NCD") and commercial papers of the Company.

CARE upgraded the long-term rating on NCDs to "CARE AAA/Stable" (Triple A; Outlook: Stable by CARE) from "CARE AA+/Positive" (Double A Plus; Outlook: Positive by CARE) and the rating on CCRPS was upgraded to "CARE AAA (RPS)/Stable" (Triple A [Redeemable Preference Shares]; Outlook: Stable by CARE) from "CARE AA+ (RPS)/Positive" (Double A Plus [Redeemable Preference Shares]; Outlook: Positive by CARE). These long-term ratings carried a "Stable" outlook as on March 31, 2018. During the FY 2017-18, the outlook on these ratings was revised to "Positive" from "Stable" in October 2017 and subsequent to the upgrade in long-term ratings, in February 2018 the outlook was again revised to "Stable" from "Positive". CARE has also reaffirmed the rating assigned to the commercial papers issued by the Company at "CARE A1+" (A One Plus by CARE).

ICRA has reaffirmed its ratings on the rated NCD at "ICRA AA+/Stable" (Double A Plus; Outlook: Stable by ICRA). During the year under review, ICRA has also assigned rating of "ICRA A1+" (A One Plus by ICRA) to the commercial papers issued by the Company.

In January 2018, India Ratings assigned a rating of "IND AAA/Stable" (Triple A; Outlook: Stable by India Ratings) to the NCD issues and a rating of "IND A1+" (A One Plus by India Ratings) to the commercial paper issued by the Company.

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

The instruments/bank facilities with long term ratings of AA+ are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

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

SHARE CAPITAL

The Company had allotted 6,38,20,990 Warrants ("Warrants") with each Warrant convertible into one Equity Share of the face value of ₹ 10 each at a price of ₹ 74 per Warrant to BC Asia Growth Investments ("Investor") on December 18, 2015 on a preferential basis. The Company had received 25% upfront money of total consideration from the Investor at the time of allotment of Warrants and balance 75% was received at the time of exercise of notice for option to convert the Warrants. Pursuant to the said conversion of Warrants, the Company has allotted 6,38,20,990 Equity Shares of face value of ₹ 10 each to Investor on May 17, 2017.

Further, the Company also allotted 10,78,10,899 Equity Shares of ₹ 10 each at an issue price of ₹ 185.51 to Larsen & Toubro Limited, the Promoter of the Company by way of preferential issue under Chapter VII of Securities and Exchange Board of India (Issue of Securities and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR") on March 8, 2018 and 6,30,51,702 Equity Shares of ₹ 10 each at an issue price of ₹ 158.60 to the eligible qualified institutional buyers on a private placement basis under Chapter VIII of SEBI ICDR on March 15, 2018.

During the year under review, the Company has issued 16,91,008 Equity Shares and 35,80,500 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.

During the year under review, the Company also redeemed 1,79,00,000 CCRPS amounting to ₹ 17,900 Lakh.

Pursuant to the allotment of the Equity Shares and subsequent redemption of CCRPS, the paid-up share capital of the Company was ₹ 3,03,007.70 Lakh (including preference share capital of ₹ 1,03,440 Lakh) as at March 31, 2018 as compared to ₹ 2,96,912.19 Lakh (including preference share capital of ₹ 1,21,340 Lakh) as at March 31, 2017.

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 Lakh)
L&T Finance Limited	1,40,000
L&T Housing Finance Limited	60,000
L&T Infrastructure Finance Company Limited	45,000
L&T Infra Debt Fund Limited	1,635

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 SEBI Listing Regulations, with an appropriate combination of Non-Executive Directors and Independent Directors. The complete list of Directors of the Company has been provided as part of the Corporate Governance Report.

During the year under review, Mr. Y. M. Deosthalee ceased to be Director and Chairperson of the Company with effect from May 31, 2017 and Mr. S. V. Haribhakti was appointed as Chairperson of the Company with effect from June 1, 2017. Mr. Amit Chandra, Nominee Director and Mr. B. V. Bhargava, an Independent Director of the Company, resigned from the Board of Directors to devote time to other commitments and accordingly, ceased to be Directors of the Company with effect from June 15, 2017 and August 31, 2017 respectively. The Board places on record its appreciation of the valuable services rendered by them during their tenure as the Directors of the Company.

During the year under review, the Company appointed Ms. Nishi Vasudeva and Ms. Vaishali Kasture as Independent Directors in accordance with the provisions of Sections 149, 152 and 161 of the Act and Mr. Pavninder Singh as the Nominee Director in accordance with the provisions of Section 161 of the Act, not being liable to retire by rotation with effect from June 15, 2017, pursuant to approval of the Members at the Ninth AGM held on August 28, 2017.

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. Dinanath Dubhashi, Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

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

Declaration by Independent Directors

All Independent Directors have submitted the declaration of independence, as required pursuant to provisions of the 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 SEBI 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 relating to the familiarization programme are available on the website of the Company at *https://www.ltfs.com/investors.html*.

Fit and Proper Criteria & Code of Conduct

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

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

KEY MANAGERIAL PERSONNEL ("KMPs")

There was no change in the KMPs of the Company during the year under review. As at March 31, 2018, the Company had the following KMPs:

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

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

A. Background and Objectives

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

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

of director and remuneration for KMPs and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMPs 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, Senior Management/KMPs and other employees.

C. Appointment of Director(s) – Criteria identification

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

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

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

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

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

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

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

  a) Membership & Attendance - Board and Committee Meetings;

  b) Contribution during such meetings;

  c) Active participation in strategic decision making;

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

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

- **Executive Directors**

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

- **Senior Management / KMPs / Employees**

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

The HR Department of the Company is authorised to design the framework for evaluating the EDs / Senior Management / KMPs / employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during a financial year. Training and Development Orientation 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, Senior Management / KMPs and other employees ensures that:

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

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

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

PERFORMANCE EVALUATION

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

Manner of Evaluation

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

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

The process of the annual performance evaluation broadly comprises:

a) Board and Committee Evaluation:

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

b) Independent / Non-Executive Directors Evaluation:

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

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

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

EMPLOYEE STOCK OPTION SCHEME

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

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

BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of the SEBI Listing Regulations, top 500 listed entities based on their market capitalisation as on March 31, 2018 are required to submit a Business Responsibility Report ("BRR") as a part of the Annual Report. The Company's BRR describing the initiatives taken by the Company has been hosted on the website of the Company at *https://www.ltfs.com/investors.html*. Any Member interested in obtaining a copy of the BRR may write to the Company Secretary of the Company at the registered office.

REPORT ON CORPORATE GOVERNANCE

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

STATUTORY AUDITORS

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

AUDITORS' REPORT

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

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Ms. Naina R. Desai, Practicing Company Secretary to undertake the Secretarial Audit of the Company for FY 2017-18.

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

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

PARTICULARS OF EMPLOYEES

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

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

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

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

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

There were no foreign exchange earnings during the year (previous year ₹ Nil); the foreign exchange outgo by the Company during the year was ₹ 146.82 Lakh (previous year ₹ 485.89 Lakh) towards professional fees, travelling expenses and Directors' sitting fees.

DEPOSITORY SYSTEM

The Company's Equity Shares are compulsorily tradable in electronic form. As on March 31, 2018, out of the Company's total equity paid-up share capital comprising of 199,56,76,960 Equity Shares, only 20,313 Equity Shares were in physical form and the remaining capital is in dematerialized 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 dematerialization.

SUBSIDIARY COMPANIES

The Company conducts its business through subsidiaries its the various business segments in which it operates. As of March 31, 2018, the Company had 11 subsidiaries (including step down subsidiaries).

MERGER - SUBSIDIARY COMPANY

During the year under review, L&T Access Distribution Services Limited (CIN:U65100MH2011PLC284632),

wholly owned subsidiary of the Company was merged with L&T Capital Markets Limited (CIN:U67190MH2013PLC240261), another wholly owned subsidiary of the Company with effect from November 10, 2017.

MATERIAL SUBSIDIARIES

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirms that, to the best of 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, 2018 and of the profit of the Company for that period;
3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4) the Directors have prepared the annual accounts on a going concern basis;
5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws including applicable secretarial standards and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

BOARD MEETINGS

The details of the Board meetings held during FY 2017-18 are disclosed in the Corporate Governance Report appended to this Report.

COMPOSITION OF AUDIT COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee 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 *https://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 E** to this Report.

VIGIL MECHANISM

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

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

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

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

Key features of the RPT Policy are as under:

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

  a) Board:

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

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

  b) Shareholders:

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

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

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

- All RPTs that were entered into during FY 2017-18 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, KMPs or Body Corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

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

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

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 workplace. 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 as prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is enclosed 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, 2018.

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

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

Place: Mumbai
Date: May 3, 2018

ANNUAL REPORT 2017-18 - 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/2017-18/4312 dated September 5, 2017.

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, 2018 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").

Management's 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 for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Place : Mumbai
Date : May 3, 2018

ANNUAL REPORT 2017-18 – ANNEXURE B TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

for the financial year ended March 31, 2018

[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, 2018, 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, 2018, 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, (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 (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 **Uniform Listing Agreements** entered into by the Company with Stock Exchange(s), applicable as follows:

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

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

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

I further report that the Board of Directors of the Company is constituted with 1 Executive Director, 1 Non-Executive Director, 6 Independent Directors and 1 Investor Director. The Independent Directors are more than 50% of the required Board strength. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

I further report that, in my opinion,there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

➢ **Conversion of Warrants into Equity Shares issued on preferential basis –**

6,38,20,990 Warrants with each Warrant convertible into one Equity Share of the face value of ₹ 10 each at a price of ₹ 74 per Warrant were allotted on December 18, 2015 to BC Asia Growth Investments. Out of the total consideration, 25% consideration was received upfront and remaining 75% of the consideration was received on May 16, 2017 pursuant to conversion of warrants into equity shares.

➢ **Preferential Allotment of Equity Shares**

- 10,78,10,899 Equity Shares of face value of ₹ 10 each were allotted to Larsen & Toubro Limited, Promoter of Company at issue price of ₹ 185.51 aggregating to ₹ 1999,99,99,873.49 on preferential basis on March 8, 2018.

- 6,30,51,702 Equity Shares of face value of ₹ 10 each were allotted to qualified institutional buyers at issue price of ₹ 158.60 aggregating to ₹ 999,99,99,937.20 through Qualified Institutions Placement on March 15, 2018.

(ii) Redemption / buy-back of securities-

➢ **Redemption of 179,00,000 Cumulative Compulsorily Redeemable Non-Convertible Preference Shares of face value ₹ 100 each aggregating to ₹ 179,00,00,000.**

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

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

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

(vi) Other Events –

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

Sr. No.	Name of the Company	No. of Equity Shares
1	L&T Finance Limited	15,90,90,905
2	L&T Housing Finance Limited	3,57,14,285
3	L&T Infra Debt Fund Limited	45,57,767
4	L&T Infrastructure Finance Company Limited	9,78,26,086

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

Place: Mumbai
Date: April 19, 2018

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 records 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
Practicing Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 19, 2018

ANNUAL REPORT 2017-18 - ANNEXURE C TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

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

Sr. No.	Particulars	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.(1)	N.A.(2)	
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.(1)	Managing Director & Chief Executive Officer – 10% Chief Financial Officer – 8% Company Secretary – 10%	
3	The percentage increase in the median remuneration of employees in the financial year.	9.3%	
4	The number of permanent employees on the rolls of Company.	2 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(3) thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		8%	10%
6	Affirmation that the remuneration is as per remuneration policy of the Company.	We affirm that the remuneration is as per the Nomination and Remuneration Policy of the Company.	

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

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

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

For and on behalf of the Board of Directors

S. V. Haribhakti
Chairperson
DIN: 00007347

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
DIN: 03545900

Place: Mumbai

Date: May 3, 2018

ANNUAL REPORT 2017-18 - ANNEXURE D TO BOARD'S REPORT

Form AOC - I

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

Part - A: Subsidiaries

(₹ in Lakh)

Sr. No.	1	2	3	4	5	6	7	8	9	10	11
Name of the subsidiary	L&T Infrastructure Finance Company Ltd.	L&T Finance Ltd. (erstwhile known as Family Credit Ltd.)	L&T Housing Finance 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. [1]	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	98,991.37	1,59,913.82	16,536.51	59,548.02[2]	500.00	10.00	25,182.43	15.00	5,231.20	1,875.00	210.48
Reserves & surplus	2,35,831.06	6,98,761.30	1,19,670.50	42,054.12	1,045.91	(5.60)	23,011.62	137.67	66.44	4,518.73	(2,141.71)
Total Assets	26,21,922.94	44,65,697.04	12,00,252.45	7,24,654.93	1,707.49	6.08	58,599.55	158.81	8,017.22	48,886.67	3,934.94
Total Liabilities	22,87,100.51	36,07,021.92	10,64,045.44	6,23,052.79	161.58	1.68	10,405.50	6.14	2,719.58	42,492.94	5,866.17
Investments	2,17,979.00	2,41,293.84	57,197.33	-	1,368.10	2.60	11,884.47	125.00	2,790.00	426.10	-
Turnover	2,73,441.51	5,24,568.84	1,20,356.11	56,751.69	848.61	3.77	62,279.04	13.59	10,491.94	8,673.24	-
Profit before taxation	8,196.06	43,453.47	25,527.36	14,917.27	335.82	(0.95)	1,730.27	(7.74)	3,671.93	2,492.50	(544.72)
Provision for taxation	606.92	14,461.31	8,891.77	(47.42)	94.95	-	-	(1.34)	248.88	520.83	22.88
Profit after taxation	7,589.14	28,992.16	16,635.59	14,964.69	240.87	(0.95)	1,730.27	(6.40)	3,423.05	1,971.67	(567.60)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

[1] Pursuant to order of National Company Law Tribunal, Mumbai Bench dated October 18, 2017, the Scheme of Amalgamation for merger of wholly owned subsidiary of the Company, L&T Access Distribution Services Ltd. (CIN: U65100MH2011PLC284632) into another wholly owned subsidiary of the Company, L&T Capital Markets Ltd. (CIN: U67190MH2013PLC240261) was effected from November 10, 2017 and appointed date for the Scheme was April 1, 2017. Accordingly, L&T Access Distribution Services Ltd. ceased to exist as subsidiary of the Company.

[2] Includes preference share capital of ₹ 10,530 Lakh.

Name of subsidiaries which are yet to commence operations: **Mudit Cement Pvt. Ltd.**
Name of subsidiaries which have been liquidated or sold during the year: **Nil**

Part - B: Associate and Joint Venture

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

Name of Associate or Joint Venture	Grameen Capital India Pvt. Ltd.
1. Latest audited Balance Sheet Date	March 31, 2017
2. Date on which the Associate or Joint Venture was associated or acquired	June 5, 2015
3. Shares of Associates held by the company as at March 31, 2018	
Number of shares	21,26,000
Amount of investment in Associates or Joint Venture (₹ in Lakh)	212.60
4. Holding % / Description of significant influence	26% of shareholding
5. Reason of non consolidation of the associate / joint venture	N.A.
6. Networth attributable to Shareholding as per latest Audited Balance Sheet (₹ in Lakh)	N.A.
7. Profit / Loss for the year:	
i. Considered in Consolidation (₹ in Lakh)	N.A.
ii. Not Considered in Consolidation (₹ in Lakh)	N.A.

Name of associates or joint ventures which are yet to commence operations: **Nil**
Name of associates or joint ventures which have been liquidated or sold during the year: **Feedback Infra Private Ltd.**

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

S. V. Haribhakti
Chairperson
(DIN: 00007347)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place: Mumbai
Date: May 3, 2018

ANNUAL REPORT 2017-18 - ANNEXURE E TO BOARD'S REPORT

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

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

1) A brief outline of the Company's CSR policy, including overview of projects or 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 the CSR Committee:

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

3) Average Net Profit of the Company for the last three financial years is ₹ 2,989.66 Lakh.

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

Particulars	Amount (₹ in Lakh)
Prescribed CSR Expenditure	59.79
Amount spent as CSR	59.79
Amount unspent	-

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

(₹ in Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	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 agencies
1.	**Integrated Water Resource Management (IWRM)** Improve the crop yield for the marginalized farmers in the semi arid regions through Integrated Water Resource Management, reaching to 7,000 farmers from 12 villages of Beed district	(i) eradicating extreme hunger and poverty; (iv) ensuring environmental sustainability; (x) rural development project	State: Maharashtra Districts: Beed	55.62	(a) 50.57 (b) 5.05	55.62	Indirect**
2.	**Road safety – Mumbai Traffic Police** Promotion of Road Safety among municipal school children & larger eco system; training and deployment of community youth as traffic wardens	(ii) promotion of education	State: Maharashtra District: Mumbai	0.11	(a) 0.10 (b) 0.01	0.11	Indirect**

(₹ in Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**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 agencies**
3.	**Gujarat Relief Fund**	(viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments	State: Gujarat	1.07	1.07	1.07	Direct*
4.	**CSR Administration, NGO capacity building**	capacity building	State: Maharashtra District: Beed, Mumbai	2.99	2.99	2.99	Direct*
Total CSR Spend in FY 2017-18				**59.79**	**59.79**	**59.79**	

Note:

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

*Indirect** = CSR activities/ projects have been carried out by partnering with several Non-Governmental Organisations/ Charitable Institutions such as Dilasa Janvikas Pratishthan and Children in Progress (CHIP).*

6) Responsibility Statement:

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

S. V. Haribhakti
Chairperson
CSR Committee
DIN: 00007347

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
DIN: 03545900

Place: Mumbai
Date: May 3, 2018

ANNUAL REPORT 2017-18 - ANNEXURE F TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS

i)	**CIN**	L67120MH2008PLC181833
ii)	**Registration Date**	May 1, 2008
iii)	**Name of the Company**	L&T Finance Holdings Limited
iv)	**Category/Sub-category of the Company**	Company limited by shares / Indian Non-Government Company
v)	**Address of the Registered office & contact details**	Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India Tel: +91 22 6212 5000 Fax: +91 22 6621 7509 E-mail: igrc@ltfs.com Website: www.ltfs.com
vi)	**Whether listed company**	Yes
vii)	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	**Link Intime India Private Limited** C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India Tel: +91 22 4918 6270 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. No.	Name & Description of main products/services	NIC Code of the Product / service	% to total turnover of the company
1	Non-Banking Financial Institution – Core Investment Company (NBFC-CIC)	64200	94.06%

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	**Larsen and Toubro Limited** L&T House, N. M. Marg, Ballard Estate, Mumbai – 400 001, Maharashtra, India.	L99999MH1946PLC004768	Holding Company	64.01	2(46)
2	**L&T Infrastructure Finance Company Limited** Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U67190MH2006PLC299025	Subsidiary Company	100	2(87)(ii)

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
3	**L&T Investment Management Limited** Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U65991MH1996PLC229572	Subsidiary Company	100	2(87)(ii)
4	**L&T Mutual Fund Trustee Limited** Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U65993MH1996PLC211198	Subsidiary Company	100	2(87)(ii)
5	**L&T Financial Consultants Limited (erstwhile L&T Vrindavan Properties Limited)** Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U65100MH2011PLC299024	Subsidiary Company	100	2(87)(ii)
6	**L&T Housing Finance Limited** Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U45200MH1994PLC259630	Subsidiary Company	100	2(87)(ii)
7	**L&T Finance Limited (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)(ii)
8	**L&T Capital Markets Limited** Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U67190MH2013PLC240261	Subsidiary Company	100	2(87)(ii)
9	**L&T Infra Investment Partners Advisory Private Limited** Plot No. 177, Vidyanagari Marg, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U67190MH2011PTC218046	Subsidiary Company	100	2(87)(ii)
10	**L&T Infra Investment Partners Trustee Private Limited** Plot No. 177, Vidyanagari Marg, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U67190MH2011PTC220896	Subsidiary Company	100	2(87)(ii)
11	**L&T Infra Debt Fund Limited** Plot No. 177, Vidyanagari Marg, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	L67100MH2013PLC241104	Subsidiary Company	100*	2(87)(ii)
12	**Mudit Cement Private Limited** 5th Floor, DCM Building, 16, Barakhamba Road, Cannaught Place, New Delhi - 110 001.	U26942DL1990PTC041941	Subsidiary Company	100	2(87)(ii)
13	**Grameen Capital India Private Limited** 402, 36 Turner Road, Bandra West, Mumbai – 400 050, Maharashtra, India.	U65923MH2007PTC168721	Associate Company	26	2(6)

***** *Company alongwith its wholly-owned subsidiaries*

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

(i) Category – wise Shareholding :-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% 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	66.62	1,27,75,20,203	-	1,27,75,20,203	64.01	-2.61
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	**1,16,97,09,304**	**-**	**1,16,97,09,304**	**66.62**	**1,27,75,20,203**	**-**	**1,27,75,20,203**	**64.01**	**-2.61**
(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**	**66.62**	**1,27,75,20,203**	**-**	**1,27,75,20,203**	**64.01**	**-2.61**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	5,47,53,686	-	5,47,53,686	3.12	10,43,97,227	-	10,43,97,227	5.23	2.11
b) Banks/FI	98,05,606	-	98,05,606	0.56	97,57,141	-	97,57,141	0.49	-0.07
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s).	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs / FPIs	19,87,96,449	-	19,87,96,449	11.32	18,35,03,993	-	18,35,03,993	9.20	-2.12
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
(i) Alternate Investment Funds	-	-	-	-	14,47,478	-	14,47,478	0.07	0.07
Sub-total (B)(1)	**26,33,55,741**	**-**	**26,33,55,741**	**15.00**	**29,91,05,839**	**-**	**29,91,05,839**	**14.99**	**-0.01**
(2) Non - Institutions									
a) Bodies corporate	8,67,16,401	-	8,67,16,401	4.94	9,49,07,392	-	9,49,07,392	4.76	-0.18
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% 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	14,36,02,018	21,940	14,36,23,958	8.18	15,84,79,672	20,313	15,84,99,985	7.94	-0.24
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	4,59,63,749	2,00,000	4,61,63,749	2.63	5,32,96,805	-	5,32,96,805	2.67	0.04
c) Others (specify)									
(i) Non-Resident Repatriates	54,77,441	-	54,77,441	0.31	61,10,429	-	61,10,429	0.31	0.00
(ii) Foreign Companies	3,18,36,971	-	3,18,36,971	1.81	9,56,57,961	-	9,56,57,961	4.79	2.98
(iii) Foreign Nationals	500	-	500	0.00	2,397	-	2,397	0.00	0.00
(iv) Non-Resident Non-Repatriates	16,71,764	-	16,71,764	0.10	18,86,472	-	18,86,472	0.09	-0.01
(v) Trusts	37,39,362	-	37,39,362	0.21	72,65,716	-	72,65,716	0.36	0.15
(vi) Directors & their Relatives & Friends	34,26,670	-	34,26,670	0.20	14,23,761	-	14,23,761	0.07	-0.13
(vii) Private Equity Funds	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	**32,24,34,876**	**2,21,940**	**32,26,56,816**	**18.38**	**41,90,30,605**	**20,313**	**41,90,50,918**	**21.00**	**2.62**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**58,57,90,617**	**2,21,940**	**58,60,12,557**	**33.38**	**71,81,36,444**	**20,313**	**71,81,56,757**	**35.99**	**2.61**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**1,75,54,99,921**	**2,21,940**	**1,75,57,21,861**	**100.00**	**1,99,56,56,647**	**20,313**	**1,99,56,76,960**	**100.00**	**-**

**After considering increase in paid-up share capital of the Company on allotment of shares pursuant to conversion of warrants, preferential issue, qualified institutional placement and exercise of options granted under ESOP scheme(s).*

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2017)			Shareholding at the end of the year (As on March 31, 2018)			% 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	66.62	-	1,27,75,20,203	64.01	-	-2.61*
	Total	**1,16,97,09,304**	**66.62**	**-**	**1,27,75,20,203**	**64.01**	**-**	**-2.61**

**After considering increase in paid-up share capital of the Company on allotment of shares pursuant to conversion of warrants, preferential issue, qualified institutional placement and exercise of options granted under ESOP scheme(s).*

(iii) Change in Promoters' Shareholding

Sr. No.	Name of the Promoter	Date	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			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, 2017	1,16,97,09,304	66.62	-	-
	Allotment pursuant to preferential allotment	March 8, 2018	10,78,10,899	5.58	1,27,75,20,203	66.10*
	At the end of the year	March 31, 2018	-	-	1,27,75,20,203	64.01#

** After considering the preferential allotment to Promoter on March 8, 2018.*

#After considering increase in paid-up share capital of the Company on allotment of shares pursuant to conversion of warrants, preferential issue, qualified institutional placement and exercise of options granted under ESOP scheme(s).

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

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
1	**BC Asia Growth Investments**					
	At the beginning of the year	April 1, 2017	Nil	N.A.	-	-
	Conversion of warrants	May 19, 2017	6,38,20,990	3.50	6,38,20,990	3.50
	At the end of the year	March 31, 2018	-	-	6,38,20,990	3.20
2	**Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Balanced 95 Fund**					
	At the beginning of the year	April 1, 2017	3,69,65,942	2.11	-	-
	Purchase	April 7, 2017	32,00,000	0.18	4,01,65,942	2.29
	Purchase	April 14, 2017	14,30,000	0.08	4,15,95,942	2.37
	Purchase	April 21, 2017	50,000	0.00	4,16,45,942	2.37
	Purchase	May 5, 2017	67,500	0.00	4,17,13,442	2.37
	Purchase	May 26, 2017	1,80,000	0.01	4,18,93,442	2.30
	Purchase	June 2, 2017	3,00,000	0.02	4,21,93,442	2.32
	Purchase	June 16, 2017	14,46,000	0.08	4,36,39,442	2.40
	Purchase	June 23, 2017	11,24,000	0.06	4,47,63,442	2.46
	Purchase	June 30, 2017	1,70,000	0.01	4,49,33,442	2.47
	Purchase	July 7, 2017	20,69,500	0.11	4,70,02,942	2.58
	Purchase	July 14, 2017	35,000	0.00	4,70,37,942	2.58
	Purchase	July 28, 2017	1,70,000	0.01	4,72,07,942	2.59
	Sale	August 4, 2017	-70,000	0.00	4,71,37,942	2.59
	Purchase	August 18, 2017	50,000	0.00	4,71,87,942	2.59
	Sale	September 1, 2017	-2,16,000	-0.01	4,69,71,942	2.58
	Sale	September 8, 2017	-8,66,000	-0.05	4,61,05,942	2.53
	Sale	September 15, 2017	-5,49,500	-0.03	4,55,56,442	2.50
	Sale	September 22, 2017	-14,200	0.00	4,55,42,242	2.50
	Sale	September 29, 2017	-1,86,000	-0.01	4,53,56,242	2.49
	Sale	October 6, 2017	-4,19,500	-0.02	4,49,36,742	2.47
	Sale	October 13, 2017	-91,000	0.00	4,48,45,742	2.46
	Purchase	October 20, 2017	99,000	0.01	4,49,44,742	2.47
	Sale	October 27, 2017	-9,00,000	-0.05	4,40,44,742	2.42
	Sale	November 3, 2017	-4,50,000	-0.02	4,35,94,742	2.39
	Sale	November 10, 2017	-4,92,000	-0.03	4,31,02,742	2.36
	Sale	November 17, 2017	-38,000	0.00	4,30,64,742	2.36
	Purchase	November 24, 2017	16,51,500	0.09	4,47,16,242	2.45
	Purchase	December 8, 2017	1,50,000	0.01	4,48,66,242	2.46
	Purchase	December 15, 2017	5,00,000	0.03	4,53,66,242	2.49
	Purchase	December 22, 2017	3,20,000	0.02	4,56,86,242	2.51
	Sale	January 5, 2018	-6,42,000	-0.04	4,50,44,242	2.47
	Sale	January 12, 2018	-7,81,161	-0.04	4,42,63,081	2.43
	Purchase	January 19, 2018	2,73,000	0.01	4,45,36,081	2.44
	Purchase	February 9, 2018	12,17,573	0.07	4,57,53,654	2.51
	Purchase	February 16, 2018	20,00,000	0.11	4,77,53,654	2.62

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
	Purchase	March 2, 2018	2,50,000	0.01	4,80,03,654	2.63
	Purchase	March 9, 2018	6,00,000	0.03	4,86,03,654	2.51
	Purchase	March 16, 2018	1,17,20,927	0.59	6,03,24,581	3.02
	Purchase	March 23, 2018	22,22,711	0.11	6,25,47,292	3.13
	At the end of the year	March 31, 2018	-	-	6,25,47,292	3.13
3	**Citigroup Global Markets Mauritius Private Limited**					
	At the beginning of the year	April 1, 2017	10,04,21,992	5.72	-	-
	Sale	April 7, 2017	-11,000	0.00	10,04,10,992	5.72
	Purchase	August 11, 2017	8,89,272	0.05	10,13,00,264	5.56
	Purchase	August 18, 2017	1,85,728	0.01	10,14,85,992	5.57
	Sale	September 1, 2017	-75,000	0.00	10,14,10,992	5.57
	Sale	September 8, 2017	-3,00,000	-0.02	10,11,10,992	5.55
	Sale	September 15, 2017	-7,00,000	-0.04	10,04,10,992	5.51
	Sale	November 24, 2017	-3,80,66,285	-2.09	6,23,44,707	3.42
	Sale	December 1, 2017	-15,17,625	-0.08	6,08,27,082	3.34
	Sale	December 8, 2017	-10,82,130	-0.06	5,97,44,952	3.28
	Sale	December 15, 2017	-5,47,071	-0.03	5,91,97,881	3.25
	Sale	December 22, 2017	-13,27,889	-0.07	5,78,69,992	3.17
	Purchase	March 16, 2018	4,41,362	0.02	5,83,11,354	2.92
	At the end of the year	March 31, 2018	-	-	5,83,11,354	2.92
4	**BC Investments VI Limited**					
	At the beginning of the year	April 1, 2017	3,18,36,971	1.81	-	-
	At the end of the year	March 31, 2018	-	-	3,18,36,971	1.60
5	**ICICI Prudential Life Insurance Company Limited**					
	At the beginning of the year	April 1, 2017	Nil	N.A.	-	-
	Purchase	December 1, 2017	3,919	0.00	3,919	0.00
	Purchase	December 8, 2017	6,519	0.00	10,438	0.00
	Purchase	December 15, 2017	4,960	0.00	15,398	0.00
	Purchase	December 22, 2017	4,54,447	0.02	4,69,845	0.03
	Purchase	December 29, 2017	8,715	0.00	4,78,560	0.03
	Purchase	January 5, 2018	22,955	0.00	5,01,515	0.03
	Purchase	January 12, 2018	3,393	0.00	5,04,908	0.03
	Purchase	January 26, 2018	5,715	0.00	5,10,623	0.03
	Purchase	February 2, 2018	9,023	0.00	5,19,646	0.03
	Purchase	February 9, 2018	15,81,154	0.09	21,00,800	0.12
	Purchase	February 16, 2018	4,059	0.00	21,04,859	0.12
	Purchase	February 23, 2018	5,99,354	0.03	27,04,213	0.15
	Purchase	March 2, 2018	2,50,529	0.01	29,54,742	0.16
	Purchase	March 9, 2018	6,98,351	0.04	36,53,093	0.19
	Purchase	March 16, 2018	1,90,62,403	0.96	2,27,15,496	1.14
	Purchase	March 23, 2018	15,52,187	0.08	2,42,67,683	1.22
	Purchase	March 31, 2018	9,19,333	0.05	2,51,87,016	1.26
	At the end of the year	March 31, 2018	-	-	2,51,87,016	1.26

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
6	**Prazim Trading and Investment Co. Pvt. Ltd.**					
	At the beginning of the year	April 1, 2017	2,54,55,222	1.45	-	-
	Sale	June 23, 2017	-15,00,000	-0.08	2,39,55,222	1.32
	Sale	July 28, 2017	-32,44,500	-0.18	2,07,10,722	1.14
	Sale	December 8, 2017	-31,45,500	-0.17	1,75,65,222	0.96
	Sale	February 2, 2018	-45,01,500	-0.25	1,30,63,722	0.72
	At the end of the year	March 31, 2018	-	-	1,30,63,722	0.65
7	**Morgan Stanley Investment Funds Indian Equity Fund**					
	At the beginning of the year	April 1, 2017	Nil	N.A.	-	-
	Purchase	June 16, 2017	52,08,883	0.29	52,08,883	0.29
	Sale	September 1, 2017	-6,04,094	-0.03	46,04,789	0.25
	Purchase	September 22, 2017	7,08,315	0.04	53,13,104	0.29
	Sale	September 29, 2017	-2,27,748	-0.01	50,85,356	0.28
	Purchase	October 27, 2017	18,56,450	0.10	69,41,806	0.38
	Purchase	November 3, 2017	9,90,320	0.05	79,32,126	0.43
	Purchase	November 10, 2017	6,74,179	0.04	86,06,305	0.47
	Sale	November 24, 2017	-2,94,933	-0.02	83,11,372	0.46
	Purchase	December 22, 2017	7,59,801	0.04	90,71,173	0.50
	Purchase	December 29, 2017	4,61,382	0.03	95,32,555	0.52
	Purchase	January 5, 2018	4,90,000	0.03	1,00,22,555	0.55
	Sale	January 12, 2018	-5,58,056	-0.03	94,64,499	0.52
	Purchase	February 2, 2018	4,43,401	0.02	99,07,900	0.54
	Purchase	February 9, 2018	3,35,265	0.02	1,02,43,165	0.56
	Purchase	March 16, 2018	11,08,254	0.06	1,13,51,419	0.57
	At the end of the year	March 31, 2018	-	-	1,13,51,419	0.57
8	**HDFC Standard Life Insurance Company Limited**					
	At the beginning of the year	April 1, 2017	1,14,43,413	0.65	-	-
	Purchase	April 7, 2017	4,42,250	0.03	1,18,85,663	0.68
	Purchase	April 14, 2017	1,75,000	0.01	1,20,60,663	0.69
	Sale	May 5, 2017	-5,900	0.00	1,20,54,763	0.69
	Sale	May 12, 2017	-6,000	0.00	1,20,48,763	0.69
	Purchase	May 26, 2017	1,25,000	0.01	1,21,73,763	0.67
	Purchase	June 2, 2017	2,00,000	0.01	1,23,73,763	0.68
	Purchase	June 9, 2017	1,00,000	0.01	1,24,73,763	0.68
	Sale	June 16, 2017	-1,82,432	-0.01	1,22,91,331	0.67
	Sale	June 23, 2017	-4,41,718	-0.02	1,18,49,613	0.65
	Purchase	June 30, 2017	5,236	0.00	1,18,54,849	0.65
	Sale	July 14, 2017	-861	0.00	1,18,53,988	0.65
	Sale	July 21, 2017	-3,474	0.00	1,18,50,514	0.65
	Purchase	July 28, 2017	671	0.00	1,18,51,185	0.65
	Sale	August 4, 2017	-4,02,250	-0.02	1,14,48,935	0.63
	Sale	August 18, 2017	-2,00,000	-0.01	1,12,48,935	0.62

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
	Sale	August 25, 2017	-2,450	0.00	1,12,46,485	0.62
	Sale	September 1, 2017	-3,66,121	-0.02	1,08,80,364	0.60
	Sale	September 8, 2017	-5,67,842	-0.03	1,03,12,522	0.57
	Sale	September 15, 2017	-16,587	0.00	1,02,95,935	0.57
	Sale	September 22, 2017	-2,34,792	-0.01	1,00,61,143	0.55
	Purchase	October 6, 2017	8,340	0.00	1,00,69,483	0.55
	Purchase	November 24, 2017	37,026	0.00	1,01,06,509	0.55
	Purchase	December 8, 2017	97,161	0.01	1,02,03,670	0.56
	Purchase	December 15, 2017	1,39,903	0.01	1,03,43,573	0.57
	Sale	December 22, 2017	-12,511	0.00	1,03,31,062	0.57
	Sale	December 29, 2017	-30,159	0.00	1,03,00,903	0.56
	Sale	January 12, 2018	-5,262	0.00	1,02,95,641	0.56
	Sale	January 19, 2018	-1,498	0.00	1,02,94,143	0.56
	Sale	February 23, 2018	-5,950	0.00	1,02,88,193	0.56
	Purchase	March 2, 2018	81,952	0.00	1,03,70,145	0.57
	Purchase	March 16, 2018	3,12,333	0.02	1,06,82,478	0.54
	At the end of the year	March 31, 2018	-	-	1,06,82,478	0.54
9	**Morgan Stanley India Investment Fund, Inc.**					
	At the beginning of the year	April 1, 2017	47,38,935	0.27	-	-
	Purchase	May 26, 2017	6,06,931	0.03	53,45,866	0.29
	Purchase	June 2, 2017	1,22,704	0.01	54,68,570	0.30
	Purchase	November 10, 2017	4,92,508	0.03	59,61,078	0.33
	Purchase	December 8, 2017	10,94,230	0.06	70,55,308	0.39
	Purchase	December 29, 2017	4,26,248	0.02	74,81,556	0.41
	Sale	January 5, 2018	-10,26,097	-0.06	64,55,459	0.35
	Purchase	January 19, 2018	38,642	0.00	64,94,101	0.36
	Purchase	January 26, 2018	2,95,568	0.02	67,89,669	0.37
	Purchase	February 2, 2018	1,70,000	0.01	69,59,669	0.38
	Purchase	March 16, 2018	11,50,662	0.06	81,10,331	0.41
	At the end of the year	March 31, 2018	-	-	81,10,331	0.41
10	**Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds**					
	At the beginning of the year	April 1, 2017	48,10,877	0.27	-	-
	Purchase	April 7, 2017	90,252	0.01	49,01,129	0.28
	Purchase	April 28, 2017	8,280	0.00	49,09,409	0.28
	Purchase	May 5, 2017	66,240	0.00	49,75,649	0.28
	Purchase	May 12, 2017	20,700	0.00	49,96,349	0.28
	Purchase	May 19, 2017	44,712	0.00	50,41,061	0.28
	Purchase	June 2, 2017	18,216	0.00	50,59,277	0.28
	Purchase	June 30, 2017	5,50,359	0.03	56,09,636	0.31
	Purchase	July 7, 2017	3,64,302	0.02	59,73,938	0.33
	Purchase	July 14, 2017	20,700	0.00	59,94,638	0.33
	Purchase	July 21, 2017	2,88,851	0.02	62,83,489	0.35

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
	Purchase	July 28, 2017	2,10,721	0.01	64,94,210	0.36
	Purchase	August 4, 2017	18,216	0.00	65,12,426	0.36
	Purchase	August 11, 2017	24,012	0.00	65,36,438	0.36
	Purchase	August 25, 2017	1,21,029	0.01	66,57,467	0.37
	Purchase	September 1, 2017	1,99,746	0.01	68,57,213	0.38
	Purchase	September 8, 2017	42,228	0.00	68,99,441	0.38
	Purchase	September 15, 2017	38,088	0.00	69,37,529	0.38
	Purchase	October 6, 2017	24,840	0.00	69,62,369	0.38
	Purchase	October 13, 2017	25,668	0.00	69,88,037	0.38
	Purchase	October 20, 2017	19,044	0.00	70,07,081	0.38
	Purchase	October 27, 2017	17,388	0.00	70,24,469	0.39
	Sale	December 22, 2017	-8,112	0.00	70,16,357	0.38
	Purchase	January 26, 2018	29,328	0.00	70,45,685	0.39
	Purchase	February 2, 2018	26,208	0.00	70,71,893	0.39
	Sale	March 31, 2018	-31,750	0.00	70,40,143	0.35
	At the end of the year	March 31, 2018	-	-	70,40,143	0.35
11	**Life Insurance Corporation Of India**					
	At the beginning of the year	April 1, 2017	60,93,518	0.35	-	-
	At the end of the year	March 31, 2018	-	-	60,93,518	0.31
12	**Kuwait Investment Authority Fund 223**					
	At the beginning of the year	April 1, 2017	70,20,093	0.40	-	-
	Sale	April 7, 2017	-4,73,100	-0.03	65,46,993	0.37
	Sale	April 14, 2017	-4,36,396	-0.02	61,10,597	0.35
	Sale	June 16, 2017	-4,56,500	-0.03	56,54,097	0.31
	Sale	July 7, 2017	-1,29,194	-0.01	55,24,903	0.30
	Sale	July 21, 2017	-9,84,104	-0.05	45,40,799	0.25
	Sale	August 18, 2017	-28,402	0.00	45,12,397	0.25
	Sale	September 8, 2017	-44,979	0.00	44,67,418	0.25
	Sale	September 22, 2017	-3,56,759	-0.02	41,10,659	0.23
	Sale	September 29, 2017	-3,54,000	-0.02	37,56,659	0.21
	Sale	November 17, 2017	-10,05,925	-0.06	27,50,734	0.15
	Purchase	February 2, 2018	7,65,000	0.04	35,15,734	0.19
	Purchase	February 9, 2018	9,05,700	0.05	44,21,434	0.24
	Purchase	March 16, 2018	12,25,114	0.06	56,46,548	0.28
	At the end of the year	March 31, 2018	-	-	56,46,548	0.28
13	**Government Pension Fund Global**					
	At the beginning of the year	April 1, 2017	61,14,894	0.35	-	-
	Sale	April 7, 2017	-50,000	0.00	60,64,894	0.35
	Sale	June 23, 2017	-1,67,856	-0.01	58,97,038	0.32
	Sale	June 30, 2017	-1,32,144	-0.01	57,64,894	0.32
	Sale	August 4, 2017	-2,00,000	-0.01	55,64,894	0.31
	Sale	September 1, 2017	-2,00,000	-0.01	53,64,894	0.29
	Sale	September 15, 2017	-1,00,000	-0.01	52,64,894	0.29
	Sale	October 27, 2017	-51,636	0.00	52,13,258	0.29

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
	Sale	November 3, 2017	-48,364	0.00	51,64,894	0.28
	Purchase	November 24, 2017	10,00,000	0.05	61,64,894	0.34
	Sale	January 19, 2018	-1,00,000	-0.01	60,64,894	0.33
	Sale	January 26, 2018	-4,00,000	-0.02	56,64,894	0.31
	Sale	February 2, 2018	-2,00,000	-0.01	54,64,894	0.30
	Sale	February 16, 2018	-1,00,000	-0.01	53,64,894	0.29
	Sale	March 2, 2018	-1,00,000	-0.01	52,64,894	0.29
	At the end of the year	March 31, 2018	-	-	52,64,894	0.26
14	**Azim Premji Trust**					
	At the beginning of the year	April 1, 2017	1,11,78,027	0.64	-	-
	Sale	June 23, 2017	-10,50,000	-0.06	1,01,28,027	0.56
	Sale	June 30, 2017	-24,48,000	-0.13	76,80,027	0.42
	Sale	July 28, 2017	-24,28,930	-0.13	52,51,097	0.29
	Sale	January 26, 2018	-17,60,522	-0.10	34,90,575	0.19
	Sale	February 2, 2018	-8,23,902	-0.05	26,66,673	0.15
	Sale	February 16, 2018	-7,75,000	-0.04	18,91,673	0.10
	At the end of the year	March 31, 2018	-	-	18,91,673	0.09
15	**Morgan Stanley Mauritius Company Limited**					
	At the beginning of the year	April 1, 2017	1,10,62,604	0.63	-	-
	Sale	April 7, 2017	-46,843	0.00	1,10,15,761	0.63
	Sale	April 14, 2017	-4,95,650	-0.03	1,05,20,111	0.60
	Sale	April 21, 2017	-1,87,242	-0.01	1,03,32,869	0.59
	Sale	April 28, 2017	-12,95,872	-0.07	90,36,997	0.51
	Sale	May 5, 2017	-2,72,481	-0.02	87,64,516	0.50
	Sale	May 12, 2017	-5,97,130	-0.03	81,67,386	0.46
	Sale	May 19, 2017	-1,14,331	-0.01	80,53,055	0.44
	Sale	June 2, 2017	-7,92,018	-0.04	72,61,037	0.40
	Sale	June 9, 2017	-22,39,857	-0.12	50,21,180	0.28
	Sale	June 30, 2017	-8,16,585	-0.04	42,04,595	0.23
	Sale	July 7, 2017	-4,13,114	-0.02	37,91,481	0.21
	Sale	July 14, 2017	-1,24,459	-0.01	36,67,022	0.20
	Sale	July 21, 2017	-23,892	0.00	36,43,130	0.20
	Sale	July 28, 2017	-58,895	0.00	35,84,235	0.20
	Sale	August 4, 2017	-4,46,260	-0.02	31,37,975	0.17
	Sale	August 11, 2017	-3,59,213	-0.02	27,78,762	0.15
	Sale	August 18, 2017	-1,41,371	-0.01	26,37,391	0.14
	Sale	August 25, 2017	-5,01,510	-0.03	21,35,881	0.12
	Sale	September 1, 2017	-2,58,338	-0.01	18,77,543	0.10
	Sale	September 8, 2017	-3,47,256	-0.02	15,30,287	0.08
	Sale	September 15, 2017	-1,48,307	-0.01	13,81,980	0.08
	Sale	September 22, 2017	-3,130	0.00	13,78,850	0.08
	Sale	September 29, 2017	-13,70,995	-0.08	7,855	0.00
	Sale	October 27, 2017	-2,700	0.00	5,155	0.00
	At the end of the year	March 31, 2018	-	-	5,155	0.00

**After considering increase in paid-up share capital of the Company on allotment of shares pursuant to conversion of warrants, preferential issue, qualified institutional placement and exercise of options granted under ESOP scheme(s).*

#As stated in the beneficiary position data of Depositories.

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

Sr. No.	Name of Director/KMP	Date	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
1	**Mr. S. V. Haribhakti (Chairperson)**					
	At the beginning of the year	April 1, 2017	1,00,000	0.01	-	-
	Purchase	July 31, 2017	1,00,000	0.01	2,00,000	0.02
	At the end of the year	March 31, 2018	-	-	2,00,000	0.01
2	**Mr. Dinanath Dubhashi (Managing Director & Chief Executive Officer)**					
	At the beginning of the year	April 1, 2017	3,11,087	0.02	-	-
	ESOP	May 4, 2017	25,000	0.00	3,36,087	0.02
	ESOP	July 26, 2017	1,55,000	0.01	4,91,087	0.03
	ESOP	October 26, 2017	2,95,000	0.02	7,86,087	0.05
	At the end of the year	March 31, 2018	-	-	7,86,087	0.04
3	**Mr. Ramamurthy Shankar Raman (Non-Executive Director)**					
	At the beginning of the year	April 1, 2017	24,461	0.00	-	-
	At the end of the year	March 31, 2018	-	-	24,461	~
4	**Mr. P. V. Bhide (Independent Director)**					
	At the beginning of the year	April 1, 2017	4,990	0.00	-	-
	At the end of the year	March 31, 2018	-	-	4,990	~
5	**Mr. Harsh Mariwala (Independent Director)**					
	At the beginning of the year	April 1, 2017	4,00,000	0.03	-	-
	At the end of the year	March 31, 2018	-	-	4,00,000	0.02
6	**Mr. Thomas Mathew T. (Independent Director)**					
	At the beginning of the year	April 1, 2017	Nil	N.A.	-	-
	At the end of the year	March 31, 2018	-	-	Nil	N.A.
7	**Ms. Nishi Vasudeva (Independent Director)(1)**					
	At the beginning of the year	April 1, 2017	Nil	N.A.	-	-
	At the end of the year	March 31, 2018	-	-	Nil	N.A.
8	**Ms. Vaishali Kasture (Independent Director)(1)**					
	At the beginning of the year	April 1, 2017	Nil	N.A.	-	-
	Purchase	September 15, 2017	4,500	0.00	4,500	~
	At the end of the year	March 31, 2018	-	-	4,500	~
9	**Mr. Pavninder Singh (Nominee Director)(1)**					
	At the beginning of the year	April 1, 2017	Nil	N.A.	-	-
	At the end of the year	March 31, 2018	-	-	Nil	N.A.

Sr. No.	Name of Director/KMP	Date	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
10	**Mr. Sachinn Joshi (Chief Financial Officer)**					
	At the beginning of the year	April 1, 2017	Nil	N.A.	-	-
	ESOP	May 4, 2017	83,500	0.00	83,500	~
	ESOP	October 26, 2017	1,00,000	0.01	1,83,500	0.01
	At the end of the year	March 31, 2018	-	-	1,83,500	0.01
11	**Ms. Apurva Rathod (Company Secretary)**					
	At the beginning of the year	April 1, 2017	Nil	N.A.	-	-
	Purchase	September 4, 2017	200	0.00	200	~
	At the end of the year	March 31, 2018	-	-	200	~

~Less than 0.01%.

(1) Appointed as a Director with effect from June 15, 2017.

***After considering increase in paid-up share capital of the Company on allotment of shares pursuant to conversion of warrants, preferential issue, qualified institutional placement and exercise of options granted under ESOP scheme(s).*

V. INDEBTEDNESS

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

(₹ in Lakh)

Particulars		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	-	97,993.55	-	97,993.55
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	2,302.07	-	2,302.07
Total (i+ii+iii)		**-**	**1,00,295.62**	**-**	**1,00,295.62**
Change in Indebtedness during the financial year					
i)	Additions	-	2,06,485.59	-	2,06,485.59
ii)	Reduction	-	2,63,983.08	-	2,63,983.08
iii)	Interest accrued but not due	-	4,071.43	-	4,071.43
Net Change		**-**	**(53,426.06)**	**-**	**(53,426.06)**
Indebtedness at the end of the financial year					
i)	Principal Amount	-	40,496.06	-	40,496.06
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	6,373.50	-	6,373.50
Total (i+ii+iii)		**-**	**46,869.56**	**-**	**46,869.56**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the MD/WTD/Manager Mr. Dinanath Dubhashi (Managing Director & Chief Executive Officer)
1	**Gross salary:**	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961	4,33,54,324
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961[(1)]	4,23,40,590
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-
2	Stock option (Number of options)	17,00,000
3	Sweat Equity	-
4	Commission	
	- as % of profit	-
	- others (specify)	-
5	Others, please specify	-
	Total (A)	**8,56,94,914**
	Ceiling as per the Act	**₹ 2,003.09 Lakh (being 5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**

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

B. Remuneration to other Directors

(Amount in ₹)

Particulars of Remuneration	Name of the Directors											Total Amount
	Independent Directors							Non-Executive Directors				
Independent Directors	**Mr. S. V. Haribhakti**	**Mr. P. V. Bhide**	**Mr. Harsh Mariwala**	**Mr. Thomas Mathew T.**	**Ms. Nishi Vasudeva [(1)]**	**Ms. Vaishali Kasture[(1)]**	**Mr. B. V. Bhargava [(2)]**	**Mr. Y. M. Deosthalee [(3)]**	**Mr. R. Shankar Raman**	**Mr. Amit Chandra[(4)]**	**Mr. Pavninder Singh[(5)]**	
(a) Fee for attending Board and Committee meetings	7,80,000	6,30,000	6,30,000	7,40,000	3,10,000	2,00,000	1,00,000	-	-	40,000	3,50,000	37,80,000.00
(b) Commission	49,07,000	18,30,000	20,70,000	18,20,000	8,60,000	4,50,000	5,70,000	8,33,333.35	-	2,65,000	11,35,000	1,47,40,333.35
(c) Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-
Total (B)	**56,87,000**	**24,60,000**	**27,00,000**	**25,60,000**	**11,70,000**	**6,50,000**	**6,70,000**	**8,33,333.35**	**-**	**3,05,000**	**14,85,000**	**1,85,20,333.35**
Total Managerial Remuneration = (A) + (B)												**10,42,39,247.35**
Overall Ceiling as per the Act	**₹ 4,406.80 Lakh (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**											

(1) Appointed as a Director with effect from June 15, 2017.
(2) Ceased to be a Director with effect from August 31, 2017.
(3) Ceased to be a Director with effect from May 31, 2017.
(4) Ceased to be a Director with effect from June 15, 2017.
(5) Appointed as a Director with effect from June 15, 2017.

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the Key Managerial Personnel		Total Amount
		Mr. Sachinn Joshi (CFO)	Ms. Apurva Rathod (CS)	
1	**Gross Salary:**			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1,94,03,478	76,07,706	2,70,11,184
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961[1]	1,86,36,050	8,146	1,86,44,196
	c) Profits in lieu of salary under Section17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option (Number of options)	4,00,000	2,00,000	6,00,000
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	**3,80,39,528**	**76,15,852**	**4,56,55,380**

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

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NONE

For and on behalf of the Board of Directors

S. V. Haribhakti
Chairperson
DIN: 00007347

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
DIN: 03545900

Place: Mumbai
Date: May 3, 2018

Corporate Governance Report

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

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

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

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

B. Board of Directors

The members of the Board of the Company are eminent personalities from various fields and are entrusted with the 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 Composition of Board is in compliance with the provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI Listing Regulations. As on the date of this Report, the Board consists of nine Directors comprising six Independent Directors (including two women Independent Directors), one Executive Director, one Non-Executive Director and one Nominee Director. Mr. Y. M. Deosthalee ceased to be Chairperson and Director of the Company with effect from May 31, 2017 and Mr. S. V. Haribhakti was appointed as Chairperson of the Company with effect from June 1, 2017. Mr. Amit Chandra, Nominee Director and Mr. B. V. Bhargava, an Independent Director of the Company, resigned from the Board of Directors to devote time to other commitments and accordingly ceased to be a Directors of the Company with effect from June 15, 2017 and August 31, 2017 respectively. The Company appointed Ms. Nishi Vasudeva and Ms. Vaishali Kasture as Independent Directors in accordance with the provisions of Sections 149, 152 and 161 of the Act and Mr. Pavninder Singh as the Nominee Director in accordance with the provisions of Section 161 of the Act, not being liable to retire by rotation with effect from June 15, 2017, pursuant to approval of the Members at the Ninth Annual General Meeting held on August 28, 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 SEBI 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 SEBI 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 are inter-se related to each other.

2. Board Procedure:

The Board meets at regular intervals to discuss and decide on policy of the Company / business and strategy apart from other Board business. The Board

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

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

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

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

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

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

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

3. Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act 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 May 4, 2017 and October 26, 2017, pursuant to the provisions of the Act and the SEBI Listing Regulations.

4. Meetings & Attendance:

During the financial year ended March 31, 2018, 6 (six) Board meetings were held on May 4, 2017, July 26, 2017, October 26, 2017, January 25, 2018, January 31, 2018 and March 21, 2018. The meetings of the Board are generally held at 8th Floor, Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.

The attendance of the members of the Board at the meetings held during the year and at the last AGM and also the number of other Directorships and Memberships / Chairmanships of Committees held by them as on March 31, 2018 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held / conducted during the tenure of Directors / 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[4]	00001698	C (NED)	1	1	N.A.	-	-	-	-
Mr. S. V. Haribhakti	00007347	C (ID)	6	6	Present	18	10	5	7
Mr. Dinanath Dubhashi	03545900	MD & CEO	6	6	Present	7	6	2	-
Mr. R. Shankar Raman	00019798	NED	6	6	Present	8	4	-	-
Mr. B. V. Bhargava[5]	00001823	ID	2	1	Present	-	-	-	-
Mr. P. V. Bhide	03304262	ID	6	6	Present	8	9	3	6
Mr. Harsh Mariwala	00210342	ID	6	5	Absent	13	1	-	4
Mr. Thomas Mathew T.	00130282	ID	6	6	Present	4	3	-	2
Ms. Nishi Vasudeva[6]	03016991	ID	5	4	Present	2	4	1	2
Ms. Vaishali Kasture[6]	01837395	ID	5	3	Absent	3	-	-	1
Mr. Pavninder Singh[7]	03048302	NED(ND)	5	4	Present	-	-	-	-
Mr. Amit Chandra[8]	00009797	NED(ND)	1	-	N.A.	-	-	-	-

Notes:

(1) *Excludes Directorship in foreign company.*

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

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

(4) *Ceased to be a Director with effect from May 31, 2017.*

(5) *Ceased to be a Director with effect from August 31, 2017.*

(6) *Appointed as an Independent Director with effect from June 15, 2017.*

(7) *Appointed as a Nominee Director of BC Investments VI Limited and BC Asia Growth Investments (Equity Investors) with effect from June 15, 2017.*

(8) *Ceased to be a Nominee Director of BC Investments VI Limited and BC Asia Growth Investments (Equity Investors) with effect from June 15, 2017.*

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

5. Information to the Board:

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

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

6. Post-meeting internal communication system:

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

7. 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.

8. Succession Planning:

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

9. Familiarization programme:

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

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

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 Committees of the Board is placed before the Board for noting.

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

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

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 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 the accounting policies and practices and reasons for the same
  c. Major accounting entries involving estimates based on the exercise of judgment by management
  d. Significant adjustments made in the financial statements arising out of audit findings
  e. Compliance with listing and other legal requirements relating to financial statements
  f. Disclosure of any related party transactions
  g. Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;

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

Composition:

The AC as on March 31, 2018 comprises of the following:

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

Meetings and Attendance:

The AC met eight times during the year on April 25, 2017, May 4, 2017, June 6, 2017, July 26, 2017, October 26, 2017, November 28, 2017, January 25, 2018 and March 20, 2018. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Mr. S. V. Haribhakti	8	8
Mr. R. Shankar Raman	8	7
Mr. Thomas Mathew T.	8	8
Mr. B. V. Bhargava[1]	4	3

[1] Ceased to be a Director with effect from August 31, 2017.

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, 2018 comprises of the following:

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

[1] Appointed as a Member with effect from July 26, 2017.

Meetings and Attendance:

The SRC met four times during the year on May 4, 2017, July 26, 2017, October 26, 2017 and January 25, 2018. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Mr. P. V. Bhide	4	4
Mr. R. Shankar Raman	4	4
Mr. Harsh Mariwala	4	4
Ms. Nishi Vasudeva	2	2

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]	2	18	20	0
Queries :				
Transmission/ Transfer	Nil	0	0	Nil
Demat/Remat	Nil	13	13	Nil

[1] SEBI – 9, Stock Exchange - 11.

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 five 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"), deciding the terms and conditions, making appropriate recommendations to the Board of Directors and administering and superintending ESOS.

Composition:

The NRC as on March 31, 2018 comprises of the following:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Thomas Mathew T.[(1)]	Chairperson	ID
Mr. S. V. Haribhakti	Member	ID
Mr. P. V. Bhide	Member	ID
Mr. Harsh Mariwala	Member	ID
Mr. Pavninder Singh[(2)]	Member	ND

[(1)] Appointed as a Member with effect from May 4, 2017.
[(2)] Appointed as a Member with effect from July 12, 2017.

Meetings and Attendance:

The NRC met six times during the year on April 25, 2017, May 4, 2017, June 9, 2017, July 26, 2017, October 26, 2017, and January 25, 2018. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Mr. Thomas Mathew T.	4	4
Mr. S. V. Haribhakti	6	6
Mr. P. V. Bhide	6	6
Mr. Harsh Mariwala	6	6
Mr. Pavninder Singh	3	3
Mr. Y. M. Deosthalee[(1)]	2	2
Mr. Amit Chandra[(2)]	3	1

[(1)] Ceased to be a Director with effect from May 31, 2017.
[(2)] Ceased to be a Director with effect from June 15, 2017.

Remuneration Policy:

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

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

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

Details of remuneration paid to Directors for the financial year ended March 31, 2018:

a) Remuneration to Executive Director(s)

Mr. Dinanath Dubhashi was paid remuneration during FY 2017-18 in accordance with the terms and conditions of the Agreement entered into by the Company with him.

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

(₹ in Lakh)

Salary and Perquisites[(1)]	Variable Remuneration[(2)]	Retirement Benefits	Total
671.00	164.00	21.95	856.95

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

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

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

b) Remuneration to Non-Executive Directors

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

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

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

The details of remuneration to the NEDs are as follows: **(₹ in Lakh)**

Name of the Director	Sitting Fees for Board Meetings/ Independent Director Meetings	Sitting Fees for Committee Meetings	Commission[1]	Total
Mr. S. V. Haribhakti	3.40	4.40	49.07	56.87
Mr. R. Shankar Raman	-	-	-	-
Mr. P. V. Bhide	3.40	2.90	18.30	24.60
Mr. Harsh Mariwala	2.90	3.40	20.70	27.00
Mr. Thomas Mathew T.	3.40	4.00	18.20	25.60
Ms. Vaishali Kasture	2.00	Nil	4.50	6.50
Ms. Nishi Vasudeva	2.50	0.60	8.60	11.70
Mr. Pavninder Singh	2.00	1.50	11.35	14.85
Mr. Y. M. Deosthalee	Nil	Nil	8.33[2]	8.33
Mr. B. V. Bhargava	0.40	0.60	5.70	6.70
Mr. Amit Chandra	Nil	0.40	2.65	3.05

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

[2] Upto May 31, 2017.

Details of shares / convertible instruments, if any, held by the NEDs as on March 31, 2018 are as follows:

Name of the Director	No. of Equity Shares
Mr. S. V. Haribhakti	2,00,000
Mr. R. Shankar Raman	24,461
Mr. P. V. Bhide	4,990
Mr. Harsh Mariwala	4,00,000
Ms. Vaishali Kasture	4,500

4. Corporate Social Responsibility Committee ("CSR")

Terms of reference:

The role of CSR includes the following:

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

Composition:

The CSR as on March 31, 2018 comprises of the following:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S. V. Haribhakti[(1)]	Chairperson	ID
Mr. Dinanath Dubhashi	Member	MD & CEO
Mr. R. Shankar Raman	Member	NED
Mr. Harsh Mariwala	Member	ID
Ms. Nishi Vasudeva[(2)]	Member	ID

(1) Appointed as a Member with effect from October 26, 2017.

(2) Appointed as a Member with effect from July 26, 2017.

Meetings and Attendance:

The Committee met twice during the year on May 4, 2017 and July 26, 2017. The attendance of members at the meeting was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Mr. S. V. Haribhakti	-	-
Mr. Dinanath Dubhashi	2	2
Mr. R. Shankar Raman	2	2
Mr. Harsh Mariwala	2	2
Ms. Nishi Vasudeva	-	-
Mr. Y. M. Deosthalee[(1)]	1	1

(1) Ceased to be a Director with effect from May 31, 2017.

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, 2018 comprises of the following:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S. V. Haribhakti[(1)]	Member	ID
Mr. Dinanath Dubhashi	Member	MD & CEO
Mr. R. Shankar Raman	Member	NED

(1) Appointed as a Member with effect from July 26, 2017.

Meetings and Attendance:

The Committee met seven times during the year on May 17, 2017, January 25, 2018, March 7, 2018, March 8, 2018 (2 meetings held), March 13, 2018, and March 15, 2018. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Mr. S. V. Haribhakti	6	6
Mr. Dinanath Dubhashi	7	7
Mr. R. Shankar Raman	7	6
Mr. Y. M. Deosthalee[(1)]	1	0

(1) Ceased to be a Director with effect from May 31, 2017.

6. Asset Liability Management Committee ("ALCO")

Terms of reference:

The role of the ALCO includes the following:

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

Composition:

The ALCO as on March 31, 2018 comprises of the following:

Name of the Member	Designation in the Committee
Mr. Dinanath Dubhashi	Chairperson
Mr. R. Govindan	Member
Mr. Soumendra Nath Lahiri	Member
Dr. Rupa Rege Nitsure	Member
Mr. Sachinn Joshi	Member
Mr. Ravindra Gersappa[(1)]	Member
Mr. S. Anantharaman[(2)]	Member

(1) Inducted as a Member with effect from May 4, 2017.

(2) Inducted as a Member with effect from October 26, 2017.

Meetings and Attendance:

The Committee met twelve times during the year on April 17, 2017, May 19, 2017, June 15, 2017, July 17, 2017, August 16, 2017, September 15, 2017, October 16, 2017, November 15, 2017, December 18, 2017, January 15, 2018, February 15, 2018 and March 9, 2018.

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 to it.

Composition:

The RMC as on March 31, 2018 comprises of the following:

Name of the Member	Designation in the Committee
Mr. Dinanath Dubhashi	Member
Mr. R. Shankar Raman	Member
Mr. Pavninder Singh[1]	Member
Mr. S. Anantharaman[2]	Member

[1] Appointed as a Member with effect from July 26, 2017.

[2] Appointed as a Member with effect from October 26, 2017.

Meetings and Attendance:

The Committee met three times during the year on April 25, 2017, September 5, 2017 and March 13, 2018.

D. Directors on Boards of Material Subsidiaries

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

E. Other Information

Training of Directors:

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

Information to Directors:

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

Statutory Auditors:

Mr. Sanjiv V. Pilgaonkar, Partner of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants and 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 2017-18.

Code of Conduct:

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

To the Members of
L&T Finance Holdings Limited

Sub: Compliance with Code of Conduct

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

Dinanath Dubhashi
Managing Director & Chief Executive Officer

Date: May 3, 2018
Place: Mumbai

Vigil Mechanism Framework/Whistle Blower Mechanism:

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

As on March 31, 2018, no complaint has been received by the Company from any directors or employees of the Company with respect to any wrongdoings that may have an adverse impact on the Company's image or financials of the Company. During the year, no person has been declined access to the Audit Committee, wherever desired.

General Body Meetings:

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

Year	Date	Time	Venue
2014-15	September 8, 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
2016-17	August 28, 2017	3:00 P.M.	ST. Andrew's Auditorium, ST. Dominic Road, Bandra (West), Mumbai – 400 050

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

Year	Date	Resolution
2014-15	September 8, 2015	➢ Issue of Non-Convertible Debentures / Bonds on a private placement basis during FY 2015-16 for an amount not exceeding ₹ 2,000 Crore. ➢ Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 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 FY 2016-17 for an amount not exceeding ₹ 2,000 Crore. ➢ Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Crore.
2016-17	August 28, 2017	➢ Issue of Non-Convertible Debentures / Bonds on a private placement basis during FY 2017-18 for an amount not exceeding ₹ 2,000 Crore. ➢ Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Crore.

Postal Ballot:

The Board of Directors of the Company had, at its meeting held on January 31, 2018, provided its approval to the proposal for conducting Postal Ballot pursuant to Section 110 of the Act for seeking approval of the Members by way of special resolution under Sections 23, 42 and 62(1)(c) of the Act for issuance of equity shares through qualified institutions placement for an aggregate consideration of up to ₹ 1,000 Crore (Rupees One Thousand Crore only) and for issuance of equity shares on a preferential basis to Larsen & Toubro Limited, Promoter of the Company for an aggregate consideration of up to ₹ 2,000 Crore (Rupees Two Thousand Crore only).

The Board had appointed Mr. S. N. Ananthasubramanian, Practicing Company Secretary (Membership No.: FCS - 4206) or failing him Ms. Malati Kumar, Practicing Company Secretary

(Membership No.: ACS - 15508) as the Scrutinizer for conducting the Postal Ballot and electronic voting process in a fair and transparent manner. The Notice of Postal Ballot dated January 31, 2018 along with the Postal Ballot Forms and postage pre-paid self-addressed business reply envelope were sent to all the Members (with dispatch having been completed on February 5, 2018), for recording their assent or dissent in writing therein or through electronic means. The voting period commenced from Tuesday, February 6, 2018 from 9:30 a.m. (IST) till Wednesday, March 7, 2018 at 5:00 p.m. (IST). Voting rights of Members were reckoned in proportion to their shares of the paid-up equity share capital on January 25, 2018.

Mr. Ananthasubramanian had submitted the Scrutinizer's Report dated March 7, 2018 on Postal Ballot & electronic voting process. The details of the voting pattern are given below:

Date of passing of the Resolutions	Subject matter of the Resolution	Voting Pattern				
		No. of Votes cast / %	Assent	Dissent	Abstained	Total
March 7, 2018	Issuance of equity shares through qualified institutional placement for an aggregate consideration of up to ₹ 10,000 million.	Votes	151,96,38,095	30,686	0	151,96,68,781
		%	99.998	0.002	0.000	100.000
	Issuance of equity shares on a preferential basis to Larsen & Toubro Limited, Promoter, for an aggregate consideration of up to ₹ 20,000 million.	Votes	151,96,35,263	26,361	0	151,96,61,624
		%	99.998	0.002	0.000	100.000

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 SEBI Listing Regulations.
- The web link with respect to the Policy for determining 'material subsidiaries' and Policy on dealing with related party transactions is mentioned in the Board's Report.
- The Company has also substantially complied with the discretionary requirements stipulated under Regulation 27 of the SEBI Listing Regulations.

Means of Communication:

- Quarterly Results are communicated through a Press Release and Newspaper Advertisements in prominent national and regional dailies like

Financial Express and Loksatta.

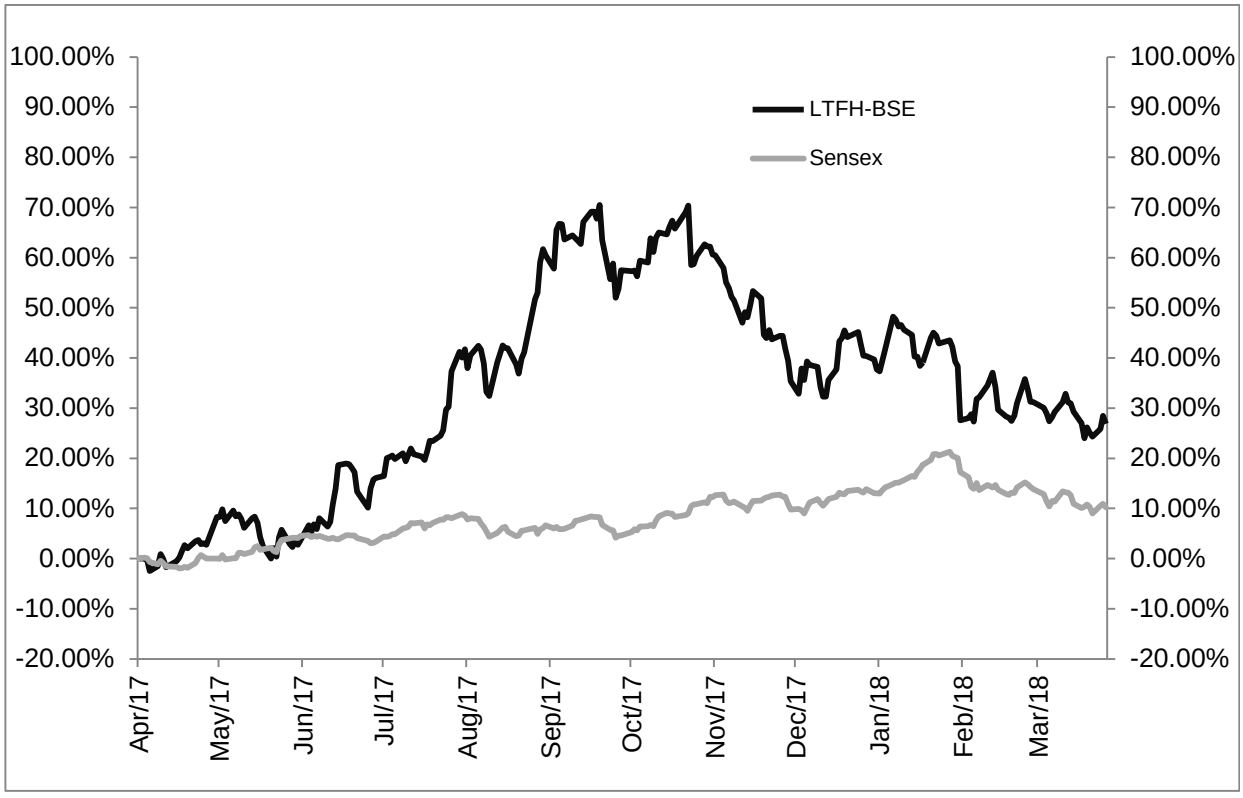
- The financial results, official news releases and presentations are also displayed on the website of the Company at *https://www.ltfs.com/investors.html*.
- The Annual Report is circulated to all the Members and all others like auditors, equity analysts, etc.
- Management Discussion and Analysis forms a part of the Annual Report which is mailed / dispatched to the Members of the Company.

General Shareholders' Information:

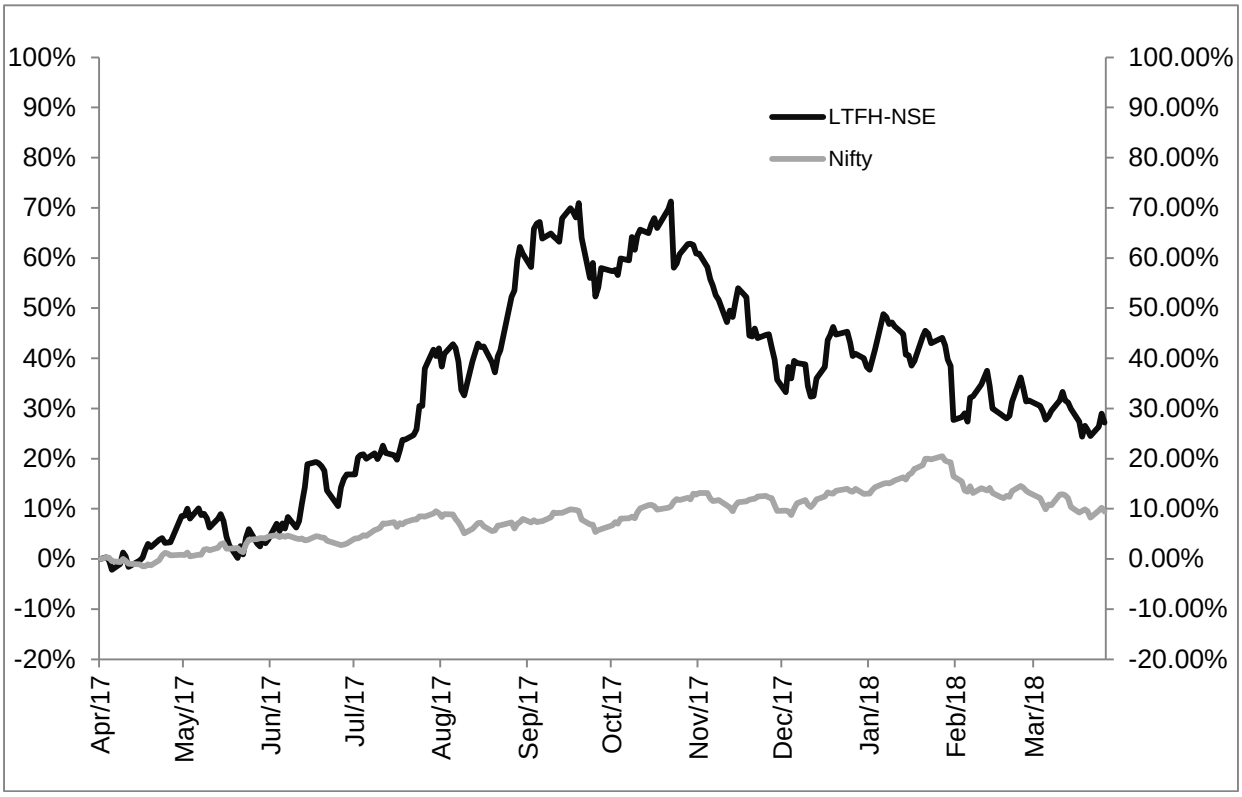
Annual General Meeting	Tuesday, August 28, 2018 at 3:00 p.m. Main Auditorium, Ground Floor, Y. B. Chavan Center, General Jagannathrao Bhonsale Marg, Opposite Mantralaya, Next to Sachivalaya Gymkhana, Mumbai - 400 021.
Financial Year	April 1, 2017 to March 31, 2018.
Date of Book Closure	Wednesday, August 22, 2018 to Tuesday, August 28, 2018 (both days inclusive).
Dividend Payment	The dividend of ₹ 1 per Equity Share of face value of ₹ 10 each, if approved by the Members at the ensuing AGM, will be credited / dividend warrant dispatched before Thursday, September 27, 2018.
Listing on Stock Exchanges (Equity Shares)	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 2. National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051. The Company has paid the listing fees to the Stock Exchanges.
Listing of Preference Shares	All the series of Cumulative Compulsorily Redeemable 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, 715010, 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-2017	129.70	119.35	127.25	30,184.22	29,241.48	29,918.40
May-2017	140.30	119.10	128.45	31,255.28	29,804.12	31,145.80
Jun-2017	150.10	126.35	143.70	31,522.87	30,680.66	30,921.61
Jul-2017	175.80	143.45	174.85	32,672.66	31,017.11	32,514.94
Aug-2017	202.95	158.65	200.15	32,686.48	31,128.02	31,730.49
Sep-2017	212.70	185.00	195.00	32,524.11	31,081.83	31,283.72
Oct-2017	213.60	191.60	200.85	33,340.17	31,440.48	33,213.13
Nov-2017	203.35	171.90	172.65	33,865.95	32,683.59	33,149.35
Dec-2017	182.35	159.80	173.80	34,137.97	32,565.16	34,056.83
Jan-2018	185.45	168.00	172.50	36,443.98	33,703.37	35,965.02
Feb-2018	175.50	144.65	162.55	36,256.83	33,482.81	34,184.04
Mar-2018	165.70	151.15	157.05	34,278.63	32,483.84	32,968.68



Month	LTFH NSE Price (₹)			CNX-NIFTY		
	High	Low	Month Close	High	Low	Month Close
Apr-2017	129.70	119.15	127.60	9,367.15	9,075.15	9,304.05
May-2017	140.40	119.35	128.45	9,649.60	9,269.90	9,621.25
Jun-2017	150.15	126.40	144.30	9,709.30	9,448.75	9,520.90
Jul-2017	175.80	141.10	175.00	10,114.85	9,543.55	10,077.10
Aug-2017	202.85	158.55	200.30	10,137.85	9,685.55	9,917.90
Sep-2017	212.90	184.75	195.10	10,178.95	9,687.55	9,788.60
Oct-2017	213.85	190.65	201.15	10,384.50	9,831.05	10,335.30
Nov-2017	203.30	171.70	172.60	10,490.45	10,094.00	10,226.55
Dec-2017	182.45	159.80	174.00	10,552.40	10,033.35	10,530.70
Jan-2018	185.70	168.25	172.60	11,171.55	10,404.65	11,027.70
Feb-2018	175.50	144.35	162.30	11,117.35	10,276.30	10,492.85
Mar-2018	165.75	151.10	157.10	10,525.50	9,951.90	10,113.70



In case the securities are suspended from trading, the Board's Report shall explain the reason thereof	Not applicable
Registrar and Share Transfer Agent ("RTA")	**Link Intime India Private Limited** C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in
Share Transfer System	The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Share Transfer Committee. The Company ensures that the half yearly Compliance Certificate pursuant to Regulations 40(9) and 40(10) of the SEBI Listing Regulations are filed with the Stock Exchanges.

Distribution of Shareholding as on March 31, 2018:

Category (Shares)	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	3,76,154	84.41	6,05,53,636	3.03
501-1000	36,452	8.18	2,84,92,233	1.43
1001-2000	18,364	4.12	2,66,88,245	1.34
2001-3000	5,535	1.24	1,41,29,805	0.71
3001-4000	2,397	0.54	85,74,876	0.43
4001-5000	1,877	0.42	88,42,296	0.44
5001-10000	2,639	0.59	1,92,73,158	0.97
10001 and above	2,204	0.50	1,82,91,22,711	91.65
TOTAL	**4,45,622**	**100.00**	**1,99,56,76,960**	**100.00**

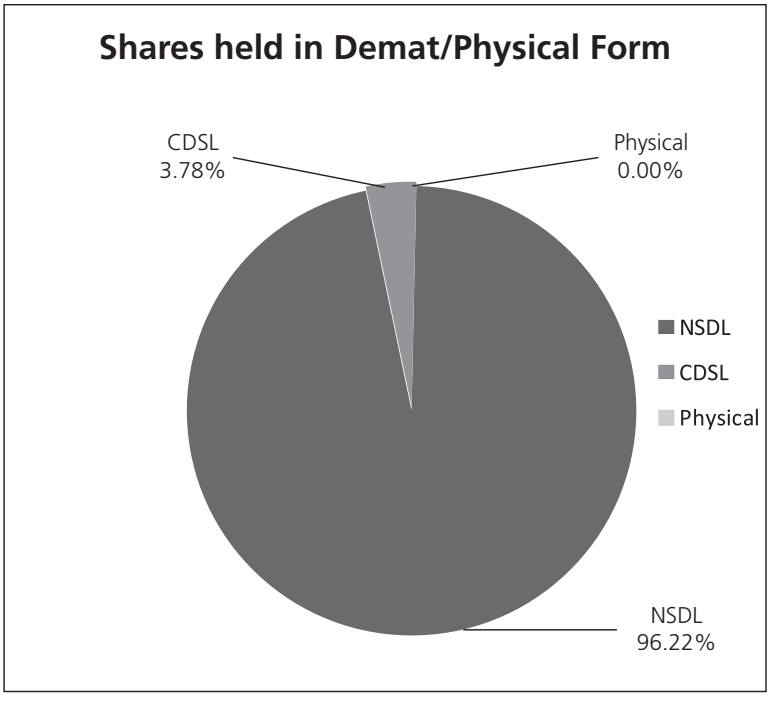
Categories of the Shareholders as on March 31, 2018:

Category	No. of Shares	%
Promoters	1,27,75,20,203	64.01
Financial Institutions	93,92,683	0.47
Foreign Institutional Investors, Foreign Portfolio Investors & Alternate Investment Funds	28,06,09,432	14.06
Mutual Funds	10,43,97,227	5.23
Bodies Corporate	9,49,07,392	4.76
Directors & Relatives	14,23,761	0.07
Resident Individuals & Others	21,90,64,903	10.98
Banks	3,64,458	0.02
Non-Resident Indians	79,96,901	0.40
TOTAL	**1,99,56,76,960**	**100.00**

Dematerialization of Shares:

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

Particulars	No. of Shares	%
NSDL	1,92,01,85,975	96.22
CDSL	7,54,70,672	3.78
Physical	20,313	0.00
TOTAL	**1,99,56,76,960**	**100.00**



Dematerialization of shares and liquidity	As on March 31, 2018 almost the entire equity capital was held in the dematerialized form with NSDL and CDSL. Only 20,313 shares were held in physical form.
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments as on March 31, 2018.
Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
Plant Locations	As the Company is engaged in the business of Non-Banking Financial Services, this section is not applicable.
Address for correspondence	**Link Intime India Private Limited** C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in
Name and Address of the Compliance Officer	**Ms. Apurva Rathod,** **Company Secretary and Compliance Officer** L&T Finance Holdings Limited Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India. Tel: +91 22 6212 5000 Fax: +91 22 6621 7509 E-mail: igrc@ltfs.com

Unclaimed Shares lying in the Suspense Account:

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

Sr. No.	Particulars	No. of Shareholders	No. of Equity Shares Outstanding
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year as on April 1, 2017.	6	689
(ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2017-18.	Nil	Nil
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2017-18.	Nil	Nil
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year as on March 31, 2018.	6	689

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

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

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

For the Company, the amount which is unpaid / unclaimed for a period exceeding 7 years is due to be transferred to IEPF by September 14, 2018. The details of unpaid and unclaimed amounts lying with the Company as on August 28, 2017 (date of last AGM) are available on the website of the Company at *https://www.ltfs.com/investors.html* and Ministry of Corporate Affairs at *www.iepf.gov.in/*. The Company requests the Members to claim the unclaimed dividend within the prescribed period. Members can contact Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company for claiming the unclaimed amount standing to the credit in their account. The Members / claimants whose shares or unclaimed dividends get transferred to IEPF may claim the shares or apply for refund from the IEPF Authority by following the refund procedure as detailed on the website of IEPF Authority at *http://www.iepf.gov.in/IEPFA/refund.html*.

Securities Dealing Code

The Company has framed the Securities Dealing Code in line with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015.

The objective of the Code is to prevent purchase and / or sale of shares of the Company by an Insider on the basis of Unpublished Price Sensitive Information. Under this Code, Designated Persons are 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 6 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 has been designated as the Chief Investor Relations Officer under the Code to deal with dissemination of information and disclosure of Unpublished Price Sensitive Information.

Secretarial Audit

The Board of Directors of the Company at its meeting held on July 26, 2017 had appointed Ms. Naina R. Desai, Practicing Company Secretary as the Secretarial Auditor of the Company for FY 2017-18.

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

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

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

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

Dear Sirs / Madams,

We have reviewed the financial statements read with the cash flow statement of L&T Finance Holdings Limited for the year ended March 31, 2018 and to the best of our knowledge and belief, we state that;

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

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

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

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

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

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

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

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

Yours sincerely,

Dinanath Dubhashi
Managing Director &
Chief Executive Officer

Sachinn Joshi
Chief Financial Officer

Place: Mumbai
Date: May 3, 2018

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/2017-18/4312 dated September 5, 2017.

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 31 March 2018, 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").

Management's 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, 2018.

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 3, 2018

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 March 31, 2018, 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 Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial 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 and the Order issued under section 143(11) of the Act.

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 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 Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, 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, 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 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 director of the Company and taken on record by the Board of Directors, none of the Director is disqualified as on March 31, 2018 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 which have not been provided for in the Statement of Profit and Loss.

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

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

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

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
MUMBAI, May 3, 2018

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

Ravi Kapoor
Partner
(Membership No. 040404)
MUMBAI, May 3, 2018

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, 2018 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 of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
MUMBAI, May 3, 2018

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

Ravi Kapoor
Partner
(Membership No. 040404)
MUMBAI, May 3, 2018

Annexure 'B' to the Independent Auditors' Report

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

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

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

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

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

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

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

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

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Service Tax and Value Added Tax as on March 31, 2018 on account of disputes.

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

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

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

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

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

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

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review.

In respect of the above issue, we further report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.

(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 3, 2018

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

Ravi Kapoor
Partner
(Membership No. 040404)
MUMBAI, May 3, 2018

Balance Sheet as at March 31, 2018

(₹ in Lakh)

	Note No	As at March 31, 2018		As at March 31, 2017	
EQUITY AND LIABILITIES:					
1 Shareholders' funds					
(a) Share capital	**2**	303,007.70		296,912.19	
(b) Reserves and surplus	**3**	562,149.65		223,653.58	
(c) Money received against share warrants	**4**	-		11,806.88	
			865,157.35		**532,372.65**
2 Current liabilities					
(a) Short term borrowings	**5**	40,496.06		97,390.14	
(b) Other current liabilities	**6**	7,629.72		7,579.64	
(c) Short term provisions	**7**	580.90		433.70	
			48,706.68		**105,403.48**
TOTAL			**913,864.03**		**637,776.13**
ASSETS:					
1 Non current assets					
(a) Property, plant and equipment	**8**	0.67		1.00	
(b) Intangible assets	**8**	-		2.13	
(c) Non current investments	**9**	784,038.71		537,403.38	
(d) Deferred tax assets (net)	**10**	196.43		935.43	
(e) Long term loans and advances	**11**	3,434.39		4,684.03	
			787,670.20		**543,025.97**
2 Current assets					
(a) Current investments	**12**	-		27,013.92	
(b) Cash and bank balances	**13**	1,226.65		221.57	
(c) Short term loans and advances	**14**	100,613.37		58,367.40	
(d) Other current assets	**15**	24,353.81		9,147.27	
			126,193.83		**94,750.16**
TOTAL			**913,864.03**		**637,776.13**
See accompanying notes forming part of the financial statements	**1 to 22**				

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 3, 2018

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 3, 2018

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 3, 2018

Statement of Profit and Loss for the year ended March 31, 2018

(₹ in Lakh)

		Note No	Year ended March 31, 2018		Year ended March 31, 2017	
REVENUE						
1	Revenue from operations	**16**	44,993.34		27,757.57	
2	Other income	**17**	2,843.77		3,731.42	
3	**Total Revenue (1+2)**			**47,837.11**		**31,488.99**
EXPENSES						
4	Employee benefits expense	**18**	472.00		1,156.99	
5	Finance costs	**19**	6,587.18		4,591.56	
6	Depreciation and amortisation	**8**	2.47		5.13	
7	Administration and other expenses	**20**	1,109.59		1,090.33	
8	Provisions and contingencies	**21**	197.52		134.25	
9	**Total expenses (4+5+6+7+8)**			**8,368.76**		**6,978.26**
10	**Profit before tax (3-9)**			**39,468.35**		**24,510.73**
11	**Tax expense:**					
	- Current tax		700.58		512.25	
	- MAT credit entitlement		-		(835.87)	
	- Deferred tax		739.00		(31.82)	
	- Short provision relating to earlier years		1,244.94		-	
	Total provision for tax			**2,684.52**		**(355.44)**
12	**Profit after tax (10-11)**			**36,783.83**		**24,866.17**
Earnings per equity share:		**22.5**				
Basic earnings per equity share (₹)				1.51		0.71
Diluted earnings per equity share (₹)				1.49		0.70
Face value per equity share (₹)				10.00		10.00
See accompanying notes forming part of the financial statements		**1 to 22**				

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 3, 2018

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

S. V. Haribhakti
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(DIN: 00007347)

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Managing Director &
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(DIN: 03545900)

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 3, 2018

Cash Flow Statement for the year ended March 31, 2018

(₹ in lakh)

		Year ended March 31, 2018	Year ended March 31, 2017
A.	**Cash flow from operating activities**		
	Profit before tax as per statement of profit and loss	39,468.35	24,510.73
	Adjustment for:		
	Provision on standard assets	197.52	115.64
	Provision and MTM (gain)/loss on current investments	-	18.61
	Provision for gratuity	(41.61)	39.07
	Provision for compensated absences	(54.39)	130.62
	Provision for superannuation fund	19.50	65.56
	Depreciation and amortisation	2.47	5.13
	Profit on sale of property, plant and equipment	-	(2.00)
	Profit on sale of investments	(521.87)	(1,712.38)
	Expense on employee stock option scheme	41.93	63.63
	Operating profit before working capital changes	39,111.90	23,234.61
	Changes in working capital		
	Increase in current and non current assets	(56,457.63)	(37,549.74)
	Increase in current and non current liabilities and provisions	2,249.16	2,423.74
	Net cash used in operations	(15,096.57)	(11,891.39)
	Direct taxes paid (net)	(695.88)	(890.71)
	Net cash used in operating activities (A)	**(15,792.45)**	**(12,782.10)**
B.	**Cash flows from investing activities**		
	Current investments not considered as cash and cash equivalents		
	- Purchased	(306,047.45)	(373,375.00)
	- Proceeds from sale	333,583.23	398,487.57
	Purchase of long-term investments in subsidiaries	(246,635.33)	(31,235.00)
	Proceed from sale of long term investments	-	500.00
	Capital expenditure on property, plant and equipment, including capital advances	-	(0.43)
	Proceeds from sale of property, plant and equipment	-	21.36
	Net cash used in investing activities (B)	**(219,099.55)**	**(5,601.50)**

Cash Flow Statement for the year ended March 31, 2018

(₹ in lakh)

		Year ended March 31, 2018	Year ended March 31, 2017
C.	**Cash flows from financing activities**		
	Proceeds from issue of share capital including securities premium	338,597.44	1,149.76
	Proceeds from short term borrowings (net)	(56,894.08)	37,630.97
	Share issue expenses	(1,853.13)	-
	Dividend paid on equity shares	(14,573.70)	(14,032.97)
	Dividend paid on preference shares (including dividing distribution tax)	(9,306.55)	(10,338.95)
	Dividend tax paid on cumulative redeemable preference shares	(2,104.46)	-
	Redemption of preference shares	(17,900.00)	-
	Net cash generated from financing activities (C)	**235,965.52**	**14,408.81**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**1,073.52**	**(3,974.79)**
	Cash and cash equivalents as at beginning of the year	52.89	4,027.68
	Cash and cash equivalents as at end of the year	**1,126.41**	**52.89**
	Components of cash and cash equivalents as at end of the year		
	Cash and bank balances	1,226.65	221.57
	Less: Earmarked accounts	100.24	168.68
	With banks - in current accounts	**1,126.41**	**52.89**
	See accompanying notes forming part of the financial statements		

Notes:

1. Net cash used in operating activities includes:

Interest received	6,350.48	4,962.68
Dividend received	23,920.35	22,633.20
Interest paid	3,041.44	1,533.78

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

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 3, 2018

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 3, 2018

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 3, 2018

Notes forming part of the Financial Statements for the year ended March 31, 2018

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/materialise.

1.3 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 recognised when the Company's right to receive dividend is established by the reporting date

1.4 Property, plant and equipment and Intangible assets

Property, plant and equipment are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of Property, plant and equipment 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 Property, plant and equipment up to the date it is ready for its intended use.

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

Capital work in progress: Projects under which Property, plant and equipment 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".

1.5 Depreciation/Amortisation

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

- Property, plant and equipment 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.

Notes forming part of the Financial Statements for the year ended March 31, 2018

1.6 Investments

The Company being regulated as a Non-Banking Financial Company (NBFC) by the RBI, investments are classified under two categories i.e. Current and Non current and are valued in accordance with the RBI guidelines and the Accounting Standard (AS) 13 on 'Accounting for Investments'.

Non current 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. Non current 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 Employee benefits

Short term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Post-employment benefits:

(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

Defined benefit plans is in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

1.9 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

Notes forming part of the Financial Statements for the year ended March 31, 2018

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 if there is convincing evidence that the Company will pay normal Income Tax. 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.

1.10 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 issued by the Institute of Chartered Accountants of India.

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

The Company reports basic and diluted earnings per share 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 share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

1.16 Impairment of Assets

Property, plant and equipment 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 carrying amount of Property, plant and equipment exceeds its recoverable amount, which is the higher of net selling price or its value in use.

1.17 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. Costs 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.

1.18 Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes forming part of the Financial Statements for the year ended March 31, 2018

2 Share capital

(I) Share capital - Authorised, issued, subscribed and paid up

	As at March 31, 2018		As at March 31, 2017	
	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	1,995,676,960	199,567.70	1,755,721,861	175,572.19
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
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	6,000,000	6,000.00	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 and paid up capital		**303,007.70**		**296,912.19**

(II) Terms/rights attached to equity shares

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

The CRPS do not have voting rights other than in respect of matters directly affecting it. In the event of any due and payable dividends remain unpaid for aggregate period of at least 2 years prior to the start of any general meeting of the equity shareholders, CRPS holders shall have voting rights in line with their voting rights of the equity shareholders. The CRPS will be redeemed at the end of 3 to 5 years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of Preference Shares. The tenure may be extended by a further period, not exceeding 5 days from the original tenure, which shall be notified to the Investors at the time of allotment. On winding or repaymentof capital, CRPS holders enjoy preferential rights vis a vis equity shareholders, for repaymnet of capital paid up and shall include any unpaid dividends and any fixed premium (if applicable).

Notes forming part of the Financial Statements for the year ended March 31, 2018

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, 2018		As at March 31, 2017	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	1,755,721,861	175,572.19	1,753,398,551	175,339.86
Issued during the year				
- on a preferential basis	171,631,889	17,163.19	-	-
- qualified institutional placement	63,051,702	6,305.17	-	-
- against employee stock option	5,271,508	527.15	2,323,310	232.33
Outstanding at the end of the year	**1,995,676,960**	**199,567.70**	**1,755,721,861**	**175,572.19**

9.00% Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2018		As at March 31, 2017	
	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
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, 2018		As at March 31, 2017	
	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
Redeemed during the year	(13,900,000)	(13,900.00)	-	-
Outstanding at the end of the year	**-**	**-**	**13,900,000**	**13,900.00**

8.50% Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2018		As at March 31, 2017	
	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
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, 2018		As at March 31, 2017	
	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
Redeemed during the year	(4,000,000)	(4,000.00)	-	-
Outstanding at the end of the year	**6,000,000**	**6,000.00**	**10,000,000**	**10,000.00**

8.15% Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	60,000,000	60,000.00	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 the Financial Statements for the year ended March 31, 2018

2 Share capital

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

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
Larsen & Toubro Limited and it's nominee	1,277,520,203	127,752.02	1,169,709,304	116,970.93
	1,277,520,203	**127,752.02**	**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, 2018		As at March 31, 2017	
	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,277,520,203	64.01%	1,169,709,304	66.62%
Citigroup Global Markets Mauritius Private Limited	-	-	100,421,992	5.72%

Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% holding	No. of Shares	% holding
Pioneer Independent Trust	10,000,000	9.67%	10,000,000	8.24%
Bajaj Allianz General Insurance Company Limited	7,525,000	7.27%	11,525,000	9.50%

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

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
Equity Shares of ₹ 10 each	34,294,925	3,429.49	26,611,795	2,661.18
	34,294,925	**3,429.49**	**26,611,795**	**2,661.18**

Notes forming part of the Financial Statements for the year ended March 31, 2018

3 Reserves and surplus

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
a. Securities premium account		
As per last balance sheet	177,153.52	176,067.53
Add: premium on issue of equity shares	326,729.23	1,085.99
Less: share issue expenses adjusted during the year*	1,853.13	-
Closing balance	**502,029.62**	**177,153.52**
* including payment to auditors ₹ 71.94 lakh		
b. Employee stock option outstanding account		
As per last balance sheet	401.31	619.92
Add: addition during the year	1,036.81	71.92
Less: allotment of shares	320.42	168.56
Less: transferred to general reserve	22.91	121.97
Closing balance	**1,094.79**	**401.31**
c. Reserve u/s 45-IC of Reserve Bank of India Act, 1934		
As per last balance sheet	29,429.24	24,456.00
Add: transferred from surplus in the statement of profit and loss	7,356.77	4,973.24
Closing balance	**36,786.01**	**29,429.24**
d. General reserve		
As per last balance sheet	160.19	38.22
Add: transferred from employee stock option outstanding	22.91	121.97
Closing balance	**183.10**	**160.19**
e. Surplus in the statement of profit and loss		
As per last balance sheet	16,509.32	9,065.58
Add: profit for the year	36,783.83	24,866.17
Less : appropriations		
Dividend paid on equity shares for previous year	14,573.70	5.78
Dividend paid on cumulative compulsorily redeemable preference shares	9,306.55	10,338.95
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	7,356.77	4,973.24
Closing balance	**22,056.13**	**16,509.32**
	562,149.65	**223,653.58**

Notes forming part of the Financial Statements for the year ended March 31, 2018

4 Money received against share warrants

	As at March 31, 2018		As at March 31, 2017	
	No. of Share Warrants	(₹ in Lakh)	No. of Share Warrants	(₹ in Lakh)
Money received against share warrants	-	-	63,820,990	11,806.88
Total	**-**	**-**	**63,820,990**	**11,806.88**

Money received against share warrants represent 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 year, 63,820,990 share warrants were due for conversion. The investor exercised the rights for conversion of share warrants into equity shares and accordingly equivalent number of equity shares of Face value of ₹ 10 each are issued at premium of ₹ 64 each. The Company received a total consideration of ₹ 47,227.54 lakh of which ₹ 35,420.65 lakh is received during the year ended March 31, 2018, being 75% of total consideration.

5 Short term borrowings (₹ in Lakh)

	As at March 31, 2018		As at March 31, 2017	
Unsecured				
Commercial Papers				
Face value	-		57,500.00	
Less : unexpired discount	-	-	603.41	56,896.59
Intercorporate borrowings		40,000.00		40,000.00
Cash credit		496.06		493.55
Total short term borrowings		**40,496.06**		**97,390.14**

6 Other current liabilities (₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on borrowings	6,373.50	2,905.48
Statutory dues	170.42	38.38
Accrued expenses	653.45	629.23
Income received in advance	-	1,650.98
Employee benefits - gratuity payable to fund	3.10	56.38
Unclaimed dividend on equity shares	95.28	94.71
Unclaimed redemption proceeds and dividend on preference shares	4.96	73.62
Dividend tax on cumulative redeemable preference shares	-	2,104.46
Payable to related party	2.15	19.07
Other liabilities	326.86	7.33
Total other current liabilities	**7,629.72**	**7,579.64**

7 Short-term provisions (₹ in Lakh)

	As at March 31, 2018		As at March 31, 2017	
For employee benefits				
- Compensated absences	97.45		159.25	
- Superannuation fund	81.98		70.50	
		179.43		229.75
Contingency provisions against standard assets		401.47		203.95
Total short-term provisions		**580.90**		**433.70**

Notes forming part of the Financial Statements for the year ended March 31, 2018

8 Property, plant and equipment / Intangible assets (₹ in Lakh)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	As at April 1, 2017	Additions	Deductions	As at March 31, 2018	Upto April 1, 2017	For the year	Deductions	Upto March 31, 2018	As at March 31, 2018
Property, plant and equipment									
Motor Car	-	-	-	-	-	-	-	-	-
	(50.11)	-	(50.11)	-	(29.61)	(1.16)	(30.77)	-	-
Computers	8.01	-	-	8.01	7.21	0.27	-	7.48	0.53
	(8.07)	(0.44)	(0.50)	(8.01)	(7.47)	(0.24)	(0.49)	(7.22)	(0.79)
Office Equipments	1.02	-	0.54	0.48	0.81	0.07	0.54	0.34	0.14
	(1.02)	-	-	(1.02)	(0.74)	(0.07)	-	(0.81)	(0.21)
Total Property, plant and equipment (A)	**9.03**	**-**	**0.54**	**8.49**	**8.02**	**0.34**	**0.54**	**7.82**	**0.67**
	(59.20)	(0.44)	(50.61)	(9.03)	(37.82)	(1.47)	(31.26)	(8.03)	(1.00)
Intangible Assets									
Computer Software	15.85	-	-	15.85	13.72	2.13	-	15.85	-
	(15.85)	-	-	(15.85)	(10.06)	(3.66)	-	(13.72)	(2.13)
Total intangible assets (B)	**15.85**	**-**	**-**	**15.85**	**13.72**	**2.13**	**-**	**15.85**	**-**
	(15.85)	-	-	(15.85)	(10.06)	(3.66)	-	(13.72)	(2.13)
Total (A+B)	**24.88**	**-**	**0.54**	**24.34**	**21.74**	**2.47**	**0.54**	**23.67**	**0.67**
Total Previous year*	(75.05)	(0.44)	(50.61)	(24.88)	(47.88)	(5.13)	(31.26)	(21.75)	(3.13)

* Previous year figures are shown in brackets.

9 Non current investments

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	(₹ in Lakh)	No. of shares	(₹ in Lakh)
Trade investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in subsidiaries				
L&T Infrastructure Finance Company Limited (Equity Shares of ₹ 10 each fully paid)	989,913,695	212,509.85	892,087,609	167,509.85
L&T Financial Consultants Limited (erstwhile known as 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 # (Equity Shares of ₹ 10 each fully paid)	-	-	21,350,000	2,135.00
L&T Housing Finance Limited (Equity Shares of ₹ 10 each fully paid)	165,365,110	114,287.84	129,650,825	54,287.84
L&T Finance Limited (erstwhile known as Family Credit Limited) (Equity Shares of ₹ 10 each fully paid)	1,599,138,199	346,909.95	1,440,047,294	206,909.95

Notes forming part of the Financial Statements for the year ended March 31, 2018

9 Non current investments (Continued)

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	(₹ in Lakh)	No. of shares	(₹ in Lakh)
L&T Capital Markets Limited # (Equity Shares of ₹ 10 each fully paid)	52,312,000	7,110.00	49,750,000	4,975.00
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)	114,491,100	14,575.33	109,933,333	12,940.00
		784,038.71		**537,403.38**
Aggregate amount of unquoted investments		784,038.71		537,403.38
Aggregate provision for diminution in value of investments		-		-

During the current year, L&T Access Distribution Services Limited merged into L&T Capital Markets Limited w.e.f April 1, 2017 being the appointed date.

10 Deferred tax assets (net)

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Deferred tax assets		
Contingency provisions against standard assets	140.29	70.58
Difference between book balance and tax balance of property, plant and equipment	0.25	-
Compensated absences	34.05	55.11
Unused tax losses	-	788.53
Other item giving rise to timing difference	21.84	21.58
Total	**196.43**	**935.80**
Deferred tax liabilities		
Difference between book balance and tax balance of property, plant and equipment	-	0.37
Total	**-**	**0.37**
Total deferred tax assets (net)	**196.43**	**935.43**

11 Long term loans and advances

(₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
	Non Current	Non Current
Advance taxes (net)	154.34	1,403.98
Minimum alternate tax credit entitlement	3,280.05	3,280.05
Total long term loans and advances	**3,434.39**	**4,684.03**

Notes forming part of the Financial Statements for the year ended March 31, 2018

12 Current investments

	As at March 31, 2018		As at March 31, 2017	
	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 Flexi Bond Fund Direct Plan - Growth	-	-	9,887,321	1,828.53
Total investment in mutual fund	**-**	**-**	**169,091,915**	**27,032.53**
Less : Provision and MTM loss on current investments	-	-	-	18.61
Total current investments	**-**	**-**	**-**	**27,013.92**

13 Cash and bank balances (₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balances with banks:		
In current accounts	1,126.41	52.89
Other bank balances		
In earmarked accounts		
Unclaimed dividend- For Equity Shares	95.28	94.70
Unclaimed redemption proceeds and dividend- For Preference Shares	4.96	73.98
Total cash and bank balances	**1,226.65**	**221.57**

14 Short term loans and advances (₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Inter corporate deposits to related parties	100,368.27	58,270.82
Security deposits	31.58	30.88
Prepaid expenses	26.15	27.14
Input credit available	115.21	9.40
Advances recoverable in cash or in kind	72.16	29.16
Total short term loans and advances	**100,613.37**	**58,367.40**

15 Other current assets (₹ in Lakh)

	As at March 31, 2018	As at March 31, 2017
Receivable from related parties	540.51	56.48
Interest accrued but not due from related parties	1,441.17	490.79
Dividend receivable from related parties	22,372.13	8,600.00
Total other current assets	**24,353.81**	**9,147.27**

Notes forming part of the Financial Statements for the year ended March 31, 2018

16 Revenue from operations

(₹ in Lakh)

	Year ended March 31, 2018	Year ended March 31, 2017
Dividend income:		
From subsidiaries	37,692.48	22,633.20
Interest income:		
From subsidiaries	7,300.86	5,124.37
Total revenue from operations	**44,993.34**	**27,757.57**

17 Other income

(₹ in Lakh)

	Year ended March 31, 2018	Year ended March 31, 2017
Profit on sale of investments	521.87	1,712.38
Management fees	654.00	1,058.00
Corporate support fees	1,650.98	957.71
Profit on sale of property, plant and equipment	-	2.00
Others	16.92	1.33
Total other income	**2,843.77**	**3,731.42**

18 Employee benefits expenses

(₹ in Lakh)

		Year ended March 31, 2018		Year ended March 31, 2017
Salaries		472.95		797.61
Contribution to and provision for:				
Provident fund	29.12		53.54	
Gratuity	(41.61)		39.07	
Compensated absences	(54.39)		130.62	
Superannuation fund	19.50		65.56	
		(47.38)		288.79
Expenses on employees stock option plans (refer note 22.1)		41.93		63.63
Staff welfare expenses		4.50		6.96
Total employee benefits expenses		**472.00**		**1,156.99**

19 Finance costs

(₹ in Lakh)

	Year ended March 31, 2018	Year ended March 31, 2017
Commercial paper discounting charges	3,007.34	1,660.01
Interest on borrowings	3,502.12	2,908.26
Others	77.72	23.29
Total finance costs	**6,587.18**	**4,591.56**

Notes forming part of the Financial Statements for the year ended March 31, 2018

20 Administration and other expenses

(₹ in Lakh)

	Year ended March 31, 2018		Year ended March 31, 2017	
Professional fees		261.08		410.86
Rent		104.79		85.17
Travelling and conveyance		73.40		56.84
Printing and stationery		43.64		61.87
Telephone, postage and telegrams		26.87		46.32
Advertising and publicity		85.17		25.87
Directors' sitting fees		40.98		24.50
Non executive directors remuneration		155.17		169.72
Auditors remuneration				
Audit fees	9.00		9.00	
Tax audit fees	1.00		1.00	
Review fees	9.00		9.83	
Certification fees	4.56		1.35	
Other services (including taxes)	6.37	29.93	6.22	27.40
Rates and taxes		1.73		4.41
Repairs and maintenance		47.75		10.20
Listing and custodian fees		86.81		87.69
Corporate social responsibility expenditure		59.79		35.25
Membership Fees		24.61		-
Miscellaneous expenses		67.87		44.23
Total administration and other expenses		**1,109.59**		**1,090.33**

21 Provisions and contingencies

(₹ in Lakh)

	Year ended March 31, 2018	Year ended March 31, 2017
Provision and MTM loss on current investments	-	18.61
Provision for standard assets	197.52	115.64
Total provisions and contingencies	**197.52**	**134.25**

Notes forming part of the Financial Statements for the year ended March 31, 2018

22 Notes on Financial Statements

22.1 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 years with 0%, 33%, 33% and 34% 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, 2018, 1,691,008 and 3,580,500 options were allotted under scheme 2010 and 2013 respectively.

f) The details of the grants are summarised below:

S. No	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
1	Options granted and outstanding at the beginning of the year	26,611,795	29,658,998
2	Options granted during the year	1,7050,000	12,290,000
3	Options cancelled/ lapsed during the year	4,095,362	13,013,893
4	Options exercised during the year	5,271,508	2,323,310
5	Options granted and outstanding at the end of the year of which –		
	- Options vested	1,601,425	3,967,295
	- Options yet to vest	32,693,500	22,644,500
6	Weighted average remaining contractual life of options (in years)	6.13	6.22

g) During the year, the Company has debited to the Statement of Profit and Loss ₹ 41.93 lakh (Previous year ₹ 63.63 lakh) {net of recovery from its subsidiary companies during the year ₹ 994.88 lakh (Previous year: ₹ 8.29 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, 2018 is ₹ 5,156.05 lakh (Previous year: ₹ 553.74 lakh), including ₹ 24.96 lakh (Previous year: ₹ 232.27 lakh) for which the options have vested to employees as on March 31, 2018.

i) Weighted average fair values of options granted during the year is ₹ 68.27 (Previous year: ₹ 27.24) per options.

Notes forming part of the Financial Statements for the year ended March 31, 2018

j) Had the Company opted for accounting of employee compensation cost under 'Fair value Method', Profit after tax would have been lower by ₹ 483.43 lakh (Previous year: ₹ 45.79 lakh) and Earnings per share Basic and diluted would have been ₹ 1.48 & ₹ 1.47 respectively. (Previous year: ₹ 0.71 & ₹ 0.70 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:

Sr. No.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a)	Weighted average risk-free interest rate	6.72%	7.49%
b)	Weighted average expected life of options	3.90 years	3.98 years
c)	Weighted average expected volatility	32.57%	32.53%
d)	Weighted average expected dividends	₹ 3.12 per option	₹ 3.19 per option
e)	Weighted average share price	₹ 145.59 per option	₹ 75.53 per option
f)	Weighted average exercise price	₹ 116.58 per share	₹ 73.70 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.	

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

i) Defined Contribution Plans:

The company recognized charges of ₹ 48.62 lakh (Previous year ₹ 119.10 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 benefits scheme to its employees; Gratuity expense which included in employee benefits expense in Note 18.

a) The amounts recognised in balance sheet are as follows:

(₹ in lakh)

Sr. No.	Particulars	Gratuity Plan	
		As at March 31, 2018	As at March 31, 2017
A.	Amount to be recognized in Balance Sheet		
	Present Value of Defined Benefit Obligation		
	-Funded	84.63	132.05
	Less: Fair value of Plan Assets	(81.53)	(75.67)
	Amount not recognised as an assets (limits in para 59(b))	-	-
B.	Amounts reflected in the Balance Sheet		
	- Liability	3.10	56.38
	- Assets	-	-
	Net Liability	**3.10**	**56.38**

Notes forming part of the Financial Statements for the year ended March 31, 2018

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

(₹ in lakh)

Particulars	Gratuity Plan	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Service Cost	16.03	8.71
Interest on Defined Benefit Obligation	10.21	41.79
Expected Return on Plan Assets	(6.84)	(26.76)
Actuarial Losses/(Gain)	(61.01)	15.33
Amount not recognised as an assets		
(limits in para 59(b))	-	-
Total, included in "Employee Benefit Expenses"	**(41.61)**	**39.07**
Actual Return on Plan Assets	5.68	36.47

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, 2018	As at March 31, 2017
Opening balance of the present value of defined benefit obligation	132.05	1,063.35
Add: Current Service Cost	16.03	8.71
Add: Interest Cost	10.21	41.79
Add/(less): Actuarial Losses/(Gain)	(62.17)	25.04
Add: Liabilities Extinguished on Settlements	-	33.62
Less: Benefits paid	11.49	1,040.46
Closing balance of the present value of defined benefit obligation	**84.63**	**132.05**
Expected employer's contribution next year	20	20

Notes forming part of the Financial Statements for the year ended March 31, 2018

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, 2018	As at March 31, 2017
Opening balance of the fair value of the plan assets	75.68	856.78
Add: Expected Return on plan assets*	6.84	26.76
Add/(less): Actuarial gain/(losses)	(1.16)	9.70
Add: Contributions by Employer	11.66	222.89
Less: Benefits Paid	11.49	1,040.46
Closing balance of the plan assets	**81.53**	**75.67**

* 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.

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

(₹ in Lakh)

	Particulars	Gratuity Plan	
		As at March 31, 2018	As at March 31, 2017
1	Insurer Managed Funds	100%	100%

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

(₹ in Lakh)

	Particulars	Gratuity Plan	
		As at March 31, 2018	As at March 31, 2017
1	Discount rate (p.a.)	7.70%	6.90%
2	Expected return on plan assets (p.a.)	7.50%	8.00%
3	Salary escalation rate (p.a.)	9.00%	6.00%
4	Mortality rate	Indian assured lives mortality (2006-08) Ult table	Indian assured lives mortality (2006-08) Ult table

Notes forming part of the Financial Statements for the year ended March 31, 2018

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

(₹ in lakh)

Particulars	As at March 31				
	2018	2017	2016	2015	2014
- Defined Benefit Obligation	(84.63)	(132.05)	(1,063.35)	(620.70)	(545.11)
- Plan Assets	81.53	75.67	856.78	906.05	842.31
- Surplus /(Deficit)	(3.10)	(56.38)	(206.57)	285.35	297.20
Exp. Adjustment on Plan Liabilities	(71.76)	19.15	392.96	(108.11)	(214.53)
Exp. Adjustment on Plan Asset	(1.16)	9.70	(94.79)	0.38	48.52

22.3 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'.

22.4 Related Party Disclosures: Accounting Standard - 18

a. List of Related Parties and Relationships

A. Holding Company

Larsen & Toubro Limited

B. Subsidiary Companies

L&T Infrastructure Finance Company Limited

L&T Financial Consultants Limited
(erstwhile known as L&T Vrindavan Properties Limited)

L&T Investment Management Limited

L&T Housing Finance Limited

L&T Finance Limited (erstwhile known as Family Credit Limited)

L&T Capital Markets Limited #

L&T Infra Debt Fund Limited

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

L&T Electromech LLC

L&T General Insurance Company Limited (till September 8, 2016)

D. Key Management Personnel

Mr. Dinanath Dubhashi (from April 14, 2016)

Mr. Y.M. Deosthalee (till September 5, 2016)

During the current year, L&T Access Distribution Services Limited merged into L&T Capital Markets Limited w.e.f. April 1, 2017, being appointed date.

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

Notes forming part of the Financial Statements for the year ended March 31, 2018

b. Related party transactions:

(₹ in lakh)

Sr. No.	Nature of Transactions	2017-18	2016-17
1	**Subscription to equity shares of**		
	• L&T Capital Markets Limited	-	200.00
	• L&T Housing Finance Limited	60,000.00	7,500.00
	• L&T Infra Debt Fund Limited	1,635.33	-
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	140,000.00	-
	• L&T Infrastructure Finance Company Limited	45,000.00	22,000.00
	• L&T Access Distribution Services Limited	-	1,535.00
2	**Inter corporate deposits given**		
	• L&T Finance Limited	7,42,103.00	-
	• L&T Infrastructure Finance Company Limited	4,22,465.49	2,70,135.00
	• L&T Capital Markets Limited	1,652.00	-
	• L&T Access Distribution Services Limited	-	580.75
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	-	7,65,606.10
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	39,268.14	38,179.82
	• L&T Housing Finance Limited	2,34,006.59	1,84,325.00
3	**Professional fees expense**		
	• Larsen & Toubro Limited	3.82	3.58
4	**Rent and maintenance expenditure**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	137.08	75.30
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	-	7.53
5	**Reimbursement of expense to**		
	• Larsen & Toubro Limited	8.44	16.47
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	-	8.94
	• L&T Electromech LLC	0.15	-

Notes forming part of the Financial Statements for the year ended March 31, 2018

(₹ in lakh)

Sr. No.	Nature of Transactions	2017-18	2016-17
6	**Interest income on NCD**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	-	50.86
7	**Reimbursement of expense from**		
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	8.43	-
	• L&T Infrastructure Finance Company Limited	8.43	-
	• L&T Investment Management Limited	8.43	-
	• L&T Housing Finance Limited	8.43	-
	• L&T Capital Markets Limited	8.43	-
8	**ESOP charges recovered**		
	• L&T Investment Management Limited	567.66	-
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	427.22	8.29
9	**Interest income on inter corporate deposit**		
	• L&T Infrastructure Finance Company Limited	670.86	334.31
	• L&T Capital Markets Limited	3.48	-
	• L&T Access Distribution Services Limited	-	69.51
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	3,129.05	2,149.46
	• L&T Housing Finance Limited	285.55	597.92
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	3,211.92	1,922.32
10	**Management fees income**		
	• L&T Infra Debt Fund Limited	33.00	-
	• L&T Infrastructure Finance Company Limited	196.00	434.00
	• L&T Investment Management Limited	65.00	-
	• L&T Capital Markets Limited	33.00	-
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	262.00	497.00
	• L&T Housing Finance Limited	65.00	127.00
	• L&T General Insurance Company Limited	-	102.00

Notes forming part of the Financial Statements for the year ended March 31, 2018

(₹ in lakh)

Sr. No.	Nature of Transactions	2017-18	2016-17
11	**Dividend income**		
	• L&T Housing Finance Limited	17,343.68	14,033.20
	• L&T Infrastructure Finance Company Limited	15,154.68	8,600.00
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	5,203.12	-
12	**Deputation cost recovered**		
	• L&T General Insurance Company Limited	-	165.00
13	**Subscription to equity shares of the company by**		
	• Larsen & Toubro Limited	200,000.00	-
14	**Managerial remuneration #**		
	• Mr. Dinanath Dubhashi	820.60	566.87
	• Mr. Y.M. Deosthalee	-	158.36

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.

Note: The above figures are exclusive of service tax / GST.

c. Amount due to/from related parties:

(₹ in lakh)

Sr. No.	Nature of Transactions	As at March 31, 2018	As at March 31, 2017
1	**Receivable from/ (payable to)**		
	• L&T Investment Management Limited	341.81	-
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	198.70	(2.89)
	• L&T Housing Finance Limited	-	33.34
	• Larsen & Toubro Limited	(2.15)	6.87
2	**Interest accrued but not due on inter corporate deposit given**		
	• L&T Housing Finance Limited	0.98	-
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	1,320.30	463.36
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	119.89	27.43

Notes forming part of the Financial Statements for the year ended March 31, 2018

(₹ in lakh)

Sr. No.	Nature of Transactions	As at March 31, 2018	As at March 31, 2017
3	**Outstanding balance of inter corporate deposits**		
	• L&T Housing Finance Limited	1,500.00	-
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	32,934.27	38,179.82
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	65,934.00	20,091.00
4	**Security deposit given to**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	30.63	30.63
5	**Dividend receivable**		
	• L&T Infrastructure Finance Company Limited	15,145.68	8,600.00
	• L&T Housing Finance Limited	7,226.45	-

22.5 Earnings Per Share: Accounting Standard - 20

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
Basic			
Profit after tax (₹ in lakh)		36,783.83	24,866.17
Less: Dividend on cumulative compulsorily redeemable preference shares (including dividend distribution tax of ₹ Nil)		9,306.55	12,443.41
Profit attributable to equity shareholders (₹ in lakh)	A	27,477.28	12,422.76
Number of equity shares			
Weighted average number of equity shares outstanding	B	1,822,419,741	1,754,486,014
Basic EPS before and after extraordinary items (₹)	A/B	1.51	0.71
Diluted			
Profit after tax (after deducting proposed preference dividend) (₹ in lakh)	A	27,477.28	12,422.76
Weighted average number of equity shares outstanding	B	1,822,419,741	1,754,486,014
Add: Weighted average no. of potential equity shares on account of employee stock options and share warrants	C	17,613,844	24,404,228
Weighted average number of shares outstanding for diluted EPS	D=B+C	1,842,033,585	1,778,890,242
Diluted EPS before and after extraordinary items (₹)	A/D	1.49	0.70
Face value of shares (₹)		10.00	10.00

22.6 The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2018. 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.

Notes forming part of the Financial Statements for the year ended March 31, 2018

22.7 Expenditure in foreign currency: **(₹ in Lakh)**

Sr. No.	Nature of Transactions	2017-18	2016-17
1	Professional and other fees (including reimbursement)	134.82	462.50
2	Directors sitting fees and commission (including reimbursements)	12.00	23.39

22.8 Contingent Liabilities **(₹ in Lakh)**

Particulars	2017-18	2016-17
Income tax matter in dispute	Nil	451.00

22.9 During the year, the Company has allotted 5,271,508 equity shares of ₹ 10 each fully paid up, on exercise of options by employees, in accordance with the Company's stock option schemes.

22.10 The Board of Directors have recommended a final dividend of ₹ 1 per Equity Share of ₹ 10 each (Previous year ₹ 0.80 per share) subject to approval of shareholders in forthcoming Annual General Meeting.

22.11 During the year, the Company has paid interim dividend of ₹ 8,891.19 lakh on cumulative compulsorily redeemable preference shares of ₹ 100 each fully paid and redeemed cumulative compulsory redeemable preference shares (CRPS) amounting ₹ 17,900.00 lakh and paid dividend of ₹ 415.36 lakh on these shares.

22.12 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2018.

22.13 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.

22.14 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	2017-18	2016-17
a)	**Direct exposure**		
(i)	Residential Mortgages – Lending secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)	Nil	Nil
(ii)	Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	Nil	Nil
	a. Residential		
	b. Commercial Real Estate		

Notes forming part of the Financial Statements for the year ended March 31, 2018

22.14 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 (continued)

(₹ in lakh)

	Category	2017-18	2016-17
b)	**Indirect exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

2) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

As at March 31, 2018

(₹ 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	496.06	-	-	-	-	-	-	-	496.06
Market Borrowings	-	-	40,000.00	-	-	-	-	-	40,000.00
Assets:									
Advances	-	16,886.10	626.98	2,166.59	80,688.60	-	-	-	100,368.27
Investments	-	-	-	-	-	-	-	784,038.71	784,038.71

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	-	-	-	-	-	-	537,403.38	564,417.30

22.15 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company as required in terms of paragraph 21 of 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 the Financial Statements for the year ended March 31, 2018

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, 2018		As at March 31, 2017	
		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	46,373.50	-	42,905.48	-
(e)	Commercial Paper (net of unexpired discount charges)	-	-	56,896.59	-
(f)	Other Loans (Cash Credit)	496.06	-	493.55	-

Asset Side:

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

(₹ in lakh)

	Particular	As at March 31, 2018 Amount Outstanding	As at March 31, 2017 Amount Outstanding
(a)	Secured	-	-
(b)	Unsecured	100,368.27	58,270.82

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

(₹ in lakh)

	Particular	As at March 31, 2018 Amount Outstanding	As at March 31, 2017 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 the Financial Statements for the year ended March 31, 2018

Break-up of Investments

(₹ in lakh)

Particulars	As at March 31, 2018 Amount Outstanding	As at March 31, 2017 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 (please specify)	-	-
2. Unquoted:		
(j) Shares : (a) Equity		
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	27,013.92
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Long term investments		
1. Quoted		
(i) Shares : (a) Equity		
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted:		
(i) Shares : (a) Equity	784,038.71	537,403.38
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify) Sec deposits & share application money	-	-

Notes forming part of the Financial Statements for the year ended March 31, 2018

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

(₹ in lakh)

	Particular	As at March 31, 2018			As at March 31, 2017		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1.	Related Parties						
	(a) Subsidiaries	-	100,368.27	100,368.27	-	58,270.82	58,270.82
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	-	-	-	-	-	-
2.	Other than related parties	-	-	-	-	-	-
	Total	**-**	**100,368.27**	**100,368.27**	**-**	**58,270.82**	**58,270.82**

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

(₹ in lakh)

Particular	As at March 31, 2018		As at March 31, 2017	
	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	784,038.71	784,038.71	537,403.38	537,403.38
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	27,013.92	27,013.92
Total	**784,038.71**	**784,038.71**	**564,417.30**	**564,417.30**

6. Other Information

(₹ in lakh)

	Particulars	As at March 31, 2018 Amount	As at March 31, 2017 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 the Financial Statements for the year ended March 31, 2018

22.16 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 Important Non-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, 2018	As at March 31, 2017
1.	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	784,038.71	564,435.91
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	18.61
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	784,038.71	564,417.30
	(b) Outside India	-	-
2.	**Movement of provisions held towards depreciation on investments**		
	(i) Opening balance	18.61	-
	(ii) Add: Provisions made during the year	-	18.61
	(iii) Less: Write –off/write back of excess provisions during the year	(18.61)	-
	(iv) Closing balance	-	18.61

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, 2018 (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, 2018 (Previous year: Nil)

3) Securitization: No securitization deal (including assignment deal) has carried out during the financial year ended March 31, 2018 (Previous year: Nil)

4) Asset Liability Management Maturity Pattern: Refer note no. 22.14 -2) for details of Asset Liability Management Maturity Pattern

Notes forming part of the Financial Statements for the year ended March 31, 2018

5) Exposures:

I) Exposures to Real Estate Sector: Refer note no. 22.14 -1) for details of exposures to Real Estate Sector

II) Exposures to Capital Markets: None

III) Details of financing of parent company products: None

IV) The particulars of unsecured advances net off provision are given below:

(₹ in lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Intercorporate Deposit	100,368.27	58,270.82

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 have been imposed by RBI or other regulators during the year. (Previous Year: NIL)

III) Ratings assigned by credit rating agencies and migration of ratings during the year:

Instrument	2017-18			2016-17	
	INDIA RATINGS	CARE	ICRA	CARE	ICRA
Non-Convertible Debentures	IND AAA (Stable)	CARE AAA (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
CRPS	-	CARE AAA (RPS) (Stable)	-	CARE AA+ (RPS) (Stable)	-
Commercial Paper	IND A1+	CARE A1+	ICRA 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	2017-18	2016-17
Provisions for depreciation on investment	Nil	18.61
Provision towards non-performing assets	Nil	Nil
Provision made towards Income tax (shown below profit before tax)		
Current tax	700.58	512.25
MAT credit entitlement	Nil	(835.87)
Deferred tax	739.00	(31.82)
Short provision relating to earlier years	1,244.94	Nil
Other provision and contingencies		
Provision for standard assets	197.52	115.64

Notes forming part of the Financial Statements for the year ended March 31, 2018

8) Concentration of Advances and NPAs:

I) Concentration of Advances:

(₹ in lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Inter corporate deposit to twenty largest borrowers	100,368.27	58,270.82
Percentage of advances to twenty largest borrowers to total advances of the company	100%	100%

II) Concentration of NPAs:

Particulars	As at March 31, 2018	As at March 31, 2017
Total Exposure to top four NPA accounts	Nil	Nil

9) Disclosure of customer complaints:

Particulars	2017-18	2016-17
(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

22.17 Corporate social responsibility expenditure:

(₹ in lakh)

Particulars	2017-18	2016-17
(a) Gross amount required to be spent by the Company during the year	59.79	35.25
(b) Amount spent in cash during the year on:		
(i) Constructions/acquisition of any asset	-	-
(ii) On purpose other than (i) above	59.79	35.25

22.18 Previous year figures have been regrouped/ reclassified wherever necessary to correspond with current year's classification/disclosure.

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 3, 2018

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") which includes the Group's share of profit in its associate, comprising of the Consolidated Balance Sheet as at March 31, 2018, 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 Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India. 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 consolidated 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)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 the 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 Standards and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, 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 7 subsidiaries whose financial statements reflect total assets of ₹121,311.08 lakh as at March 31, 2018, total revenues of ₹79,748.83 lakh and net cash inflows amounting to ₹883.79 lakh for the year ended on that date, as considered in the consolidated financial statements.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.

(b) The consolidated financial statements also include the Group's share of net profit of ₹83.39 lakh for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of an associate, whose financial information have not been audited by us. This financial information is unaudited and 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 this associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

Our opinion on the consolidated financial statements above and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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 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, 2018 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, its associate company is disqualified as on March 31, 2018 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 internal financial controls over financial reporting of the Holding Company, its subsidiaries and its associate company.

(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 which have not been provided for in the Consolidated Statement of Profit and Loss.

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.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
MUMBAI, May 3, 2018

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

Ravi Kapoor
Partner
(Membership No. 040404)
MUMBAI, May 3, 2018

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, 2018, we have audited the internal financial controls over financial reporting of **L&T FINANCE HOLDINGS LIMITED** (hereinafter referred to as "the Holding Company"), 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 from 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 from the 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 companies 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 the 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, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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 in so far as it relates to 7 subsidiary companies and an associate company, is based solely on the corresponding reports of the auditors of such companies.

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 3, 2018

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

Ravi Kapoor
Partner
(Membership No. 040404)
MUMBAI, May 3, 2018

Consolidated Balance Sheet as at March 31, 2018

(₹ in lakh)

	Note No	As at March 31, 2018		As at March 31, 2017	
EQUITY AND LIABILITIES:					
Shareholders' funds					
(a) Share capital	**2**	303,007.70		296,912.20	
(b) Reserves and surplus	**3**	1,055,419.86		602,014.70	
(c) Money received against share warrants	**4**	-		11,806.88	
			1,358,427.56		910,733.78
Minority interest			12,314.01		11,856.64
Non-current liabilities					
(a) Long-term borrowings	**5**	5,104,324.48		4,323,034.62	
(b) Deferred tax liabilities (net)	**6**	261.75		238.87	
(c) Other long-term liabilities	**7**	42,389.44		73,205.64	
(d) Long-term provisions	**8**	28,045.18		26,382.84	
			5,175,020.85		4,422,861.97
Current liabilities					
(a) Short-term borrowings	**9**	1,080,295.51		1,176,409.93	
(b) Current maturities of long term borrowings	**5**	973,085.39		481,660.93	
(c) Trade payables					
- Total outstanding dues of micro enterprises and small enterprises		-		-	
- Total outstanding dues of creditors other than micro enterprises and small enterprises	**10**	16,964.33		7,263.62	
(d) Other current liabilities	**11**	295,302.50		232,382.50	
(e) Short-term provisions	**12**	11,646.43		8,189.83	
			2,377,294.16		1,905,906.81
TOTAL			**8,923,056.58**		**7,251,359.20**
ASSETS:					
Non-current assets					
(a) Property, plant and equipment	**13**	46,657.46		58,046.39	
(b) Intangible assets	**13**	1,964.95		1,049.31	
(c) Capital work-in-progress		3,900.18		2,596.75	
(d) Intangible assets under development		591.43		192.42	
(e) Goodwill on consolidation		63,891.06		63,891.06	
(f) Non-current investments	**14**	256,281.14		217,601.95	
(g) Deferred tax assets (net)	**15**	98,632.07		74,262.65	
(h) Long-term loans and advances	**16**	82,965.53		58,887.42	
(i) Long-term loans and advances towards financing activities	**17**	6,269,418.07		4,933,479.05	
(j) Other non-current assets	**18**	29,204.01		36,514.74	
			6,853,505.90		5,446,521.74
Current assets					
(a) Current investments	**19**	228,051.92		383,551.16	
(b) Trade receivables	**20**	12,650.56		7,884.92	
(c) Cash and bank balances	**21**	106,330.61		59,438.28	
(d) Short-term loans and advances	**22**	20,116.20		11,840.71	
(e) Short-term loans and advances towards financing activities	**23**	186,647.36		217,124.52	
(f) Current maturities of long term loans and advances towards financing activities	**17**	1,373,856.57		1,014,246.42	
(g) Other current assets	**24**	141,897.46		110,751.45	
			2,069,550.68		1,804,837.46
TOTAL			**8,923,056.58**		**7,251,359.20**
See accompanying notes forming part of the financial statements	**1 to 31**				

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 3, 2018

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 3, 2018

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 3, 2018

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(₹ in lakh)

	Note No	Year ended March 31, 2018		Year ended March 31, 2017	
INCOME:					
Revenue from operations	**25**	1,002,103.36		834,058.85	
Other income	**26**	47,890.72		23,172.16	
Total Income			**1,049,994.08**		**857,231.01**
EXPENSES:					
Finance costs	**27**	532,610.70		462,703.21	
Employee benefits expense	**28**	50,344.14		49,352.16	
Administration and other expenses	**29**	98,189.31		71,565.74	
Allowances and write offs	**30**	189,674.89		158,989.73	
Depreciation and amortisation		5,192.65		6,729.98	
Total expenses			**876,011.69**		**749,340.82**
Profit before exceptional and extraordinary items and taxes			**173,982.39**		**107,890.19**
Exceptional items			-		-
Profit before extraordinary items and taxes			**173,982.39**		**107,890.19**
Extraordinary items			-		-
Profit before tax			**173,982.39**		**107,890.19**
Tax expense:					
Current tax		51,846.99		39,923.15	
MAT credit entitlement		(1,214.67)		(2,183.30)	
Deferred tax		(24,346.54)		(34,096.18)	
Short provision relating to earlier years		1,197.52		-	
Tax expense			**27,483.30**		**3,643.67**
Profit after tax			**146,499.09**		**104,246.52**
Add: share in profit of associate company			83.39		574.73
Less: share of minority interest			633.68		602.58
Profit for the year attributable to the shareholders of the company			**145,948.80**		**104,218.67**
Earnings per equity share:					
Basic earnings per equity share before and after extraordinary items (₹)			7.49		5.21
Diluted earnings per equity share before and after extraordinary items (₹)			7.42		5.14
Face value per equity share (₹)			10.00		10.00
See accompanying notes forming part of the financial statements	**1 to 31**				

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 3, 2018

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 3, 2018

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 3, 2018

Consolidated Cash Flow Statement for the year ended March 31, 2018

(₹ in lakh)

		Year ended March 31, 2018	Year ended March 31, 2017
A.	**Cash flow from operating activities**		
	Profit before tax	**173,982.39**	**107,890.19**
	Adjustments for:		
	Depreciation and amortisation	5,192.65	6,729.98
	(Profit)/ Loss on sale of investments (net)	(20,813.52)	(8,732.88)
	(Profit)/ Loss on sale of property, plant and equipments (net)	207.96	1,311.89
	Provision for diminution in value of investments	6,107.22	3,936.41
	Loss on foreclosure of loans and bad debts write offs	108,273.21	40,003.32
	Provision for non-performing assets	67,905.08	76,282.32
	Provision for advances and receivables	(37.65)	85.37
	Provision for standard assets	9,666.02	39,670.86
	Provision for restructured assets	(2,238.99)	(988.55)
	Expense on employee stock option scheme	1,036.81	72.55
	Operating profit before working capital changes	**349,281.18**	**266,261.46**
	Changes in working capital		
	(Increase)/ Decrease in trade and other receivables and advances	(44,585.01)	(41,600.33)
	Increase/ (Decrease) in trade and other payables	40,028.59	(7,336.27)
	Cash generated from operations	**344,724.76**	**217,324.86**
	Direct taxes paid	(64,914.17)	(53,167.17)
	Loans disbursed (net of repayments)	(1,838,896.40)	(742,098.89)
	Net cash used in operating activities (A)	**(1,559,085.81)**	**(577,941.20)**
B.	**Cash flow from investing activities**		
	Add : Inflow from investing activities		
	Proceeds from sale of property, plants and equipment	10,898.95	3,194.83
	Sale of current investments	176,447.46	-
		187,346.41	3,194.83
	Less : Outflow from investing activities		
	Purchase of property, plants and equipment (including capital work in progress)	8,325.45	3,328.50
	Purchase of non current investments	24,139.99	126,652.69
	Purchase of current investments	-	84,968.00
		32,465.44	214,949.19
	Net cash from/(used in) investing activities (B)	**154,880.97**	**(211,754.36)**

Consolidated Cash Flow Statement for the year ended March 31, 2018

(₹ in lakh)

	Year ended March 31, 2018	Year ended March 31, 2017
C. Cash flow from financing activities		
Add : Inflow from financing activities		
Proceeds from issue of share capital including securities premium	338,597.44	1,149.74
Proceeds from issue of preference share capital (Minority Interest)	-	500.00
Net proceeds from long term borrowings	1,272,754.36	317,030.37
Net proceeds from short term borrowings	-	506,857.03
	1,611,351.80	**825,537.14**
Less : Outflow from financing activities		
Shares / Debenture issue expenses	3,234.20	743.94
Dividend paid (including dividend distribution tax) including Minority Interest	30,428.77	29,583.09
Redemption of Preference shares	17,900.00	-
Net repayments towards short term borrowings	96,114.42	-
	147,677.39	30,327.03
Net cash from financing activities (C)	**1,463,674.41**	**795,210.11**
Net cash increase in cash and cash equivalents (A+B+C)	59,469.57	5,514.55
Cash and cash equivalents as at beginning of the year	45,331.29	39,816.74
Cash and cash equivalents as at end of the year	**104,800.86**	**45,331.29**
Reconciliation of Cash and Cash Equivalents		
Closing Balance as per Balance Sheet	106,330.61	59,438.28
Less : Deposits with original maturity for more than 3 months	5.29	12,779.70
Less : Earmarked balances	1,524.46	1,327.29
Cash and cash equivalents as at end of the year	**104,800.86**	**45,331.29**
Notes:		
1. Net cash used in operating activities includes:		
Interest received	856,140.18	742,366.37
Dividend received	66.33	-
Interest paid	475,113.63	428,915.33

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

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 3, 2018

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 3, 2018

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 3, 2018

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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 Principles of consolidation

1) The consolidated financial statements relate to L&T Finance Holdings Limited (the "Company"), its subsidiaries (the Company and its subsidiaries together referred to as the "Group") and its associate. The consolidated financial statements have been prepared on the following basis:

   a) The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after 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 company.

   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.

1.3 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.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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/materialise.

1.4 Revenue recognition

(a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(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 group 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.

1.5 Property, plant and equipment and Intangible assets

Property, plant and equipment are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of Property, plant and equipment 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 Property, plant and equipment up to the date it is ready for its intended use.

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

Capital work in progress: Projects under which Property, plant and equipment 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".

1.6 Depreciation/Amortisation

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

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

- Leasehold improvements are amortized over the period of lease term.
- Property, plant and equipment 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.

1.7 Investments

Investments, which are readily realisable 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".

1.8 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 group subject to minimum as stipulated in RBI Guidelines or where additional specific risks are identified by the management, based on such identification.

1.9 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. 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.

1.10 Leases

Where the group is lessee

Finance leases, which effectively transfer to the group 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 group is lessor

Leases in which the group 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 group 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

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

is recognized 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.

Leases in which the group 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.

1.11 Employee benefits

Short term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Post-employment benefits:

(a) Defined contribution plans:

The group'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.

1.12 Earnings per share

The group reports basic and diluted earnings per share 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 share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

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

1.14 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 group 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 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 property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of Property, plant and equipment exceeds its recoverable amount, which is the higher of net selling price or its value in use.

1.16 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.

1.17 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 group are segregated based on the available information.

1.18 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.

1.19 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.

1.20 Provisions, contingent liabilities and contingent assets

A provision is recognised when the group 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.

1.21 Segment reporting

The group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

'The accounting policies adopted for segment reporting are in line with the accounting policies of the group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities"

1.22 Operating cycle

Based on the nature of products / activities of the group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

2 Share capital

(I) Share capital - Authorised, issued, subscribed and paid up

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
Authorised shares				
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 and paid up shares				
Equity shares of ₹ 10 each fully paid up	1,995,676,960	199,567.70	1,755,721,861	175,572.20
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
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	6,000,000	6,000.00	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 share capital		**303,007.70**		**296,912.20**

(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, 2018		As at March 31, 2017	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	1,755,721,861	175,572.19	1,753,398,551	175,339.86
Issued during the year				
- on a preferential basis	171,631,889	17,163.19	-	-
- on a qualified institutional placement	63,051,702	6,305.17	-	-
- against employee stock option	5,271,508	527.15	2,323,310	232.33
Outstanding at the end of the year	**1,995,676,960**	**199,567.70**	**1,755,721,861**	**175,572.19**

9.00% cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each	As at March 31, 2018		As at March 31, 2017	
	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
Outstanding at the end of the year	**25,000,000**	**25,000.00**	**25,000,000**	**25,000.00**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

8.40% cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each	As at March 31, 2018		As at March 31, 2017	
	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
Redeemed during the year	(13,900,000)	(13,900.00)	-	-
Outstanding at the end of the year	**-**	**-**	**13,900,000**	**13,900.00**

8.50% cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each	As at March 31, 2018		As at March 31, 2017	
	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
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, 2018		As at March 31, 2017	
	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
Redeemed during the year	(4,000,000)	(4,000.00)	-	-
Outstanding at the end of the year	**6,000,000**	**6,000.00**	**10,000,000**	**10,000.00**

8.15% cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	60,000,000	60,000.00	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 forthcoming Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders."

(IV) Terms/rights attached to preference shares

The CRPS do not have voting rights other than in respect of matters directly affecting it. In the event of any due and payable dividends remain unpaid for aggregate period of at least 2 years prior to the start of any general meeting of the equity shareholders, CRPS holders shall have voting rights in line with their voting rights of the equity shareholders. The CRPS will be redeemed at the end of 3 to 5 years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of Preference Shares. The tenure may be extended by a further period, not exceeding 5 days from the original 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 repaymnet of capital paid up and shall include any unpaid dividends and any fixed premium (if applicable).

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

(V) Shares held by holding company

Equity Shares	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
Larsen & Toubro Limited and it's nominee				
Equity Shares of ₹ 10 each fully paid	1,277,520,203	127,752.02	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, 2018		As at March 31, 2017	
	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,277,520,203	64.01%	1,169,709,304	66.62%
Citigroup Global Markets Mauritius Private Limited	-	-	100,421,992	5.72%

Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	% holding	No. of Shares	% holding
Pioneer Independent Trust	10,000,000	9.67%	10,000,000	8.24%
Bajaj Allianz General Insurance Company Limited	7,525,000	7.27%	11,525,000	9.50%

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

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
Equity Shares of ₹ 10 each	34,294,925	3,429.49	26,611,795	2,661.18

3 Reserves and surplus **(₹ in lakh)**

	As at March 31, 2018	As at March 31, 2017
(I) Securities premium account		
Balance as per last financial statements	164,246.35	164,088.12
Addition during the year on account of issue of shares	326,729.24	1,085.96
Less: share issue expenses adjusted during the year	2,105.13	82.86
Less: debenture issue expenses adjusted during the year (net of tax)	738.32	432.28
Less: redemption premium on cumulative compulsorily redeemable prefrence shares	457.37	412.59
Closing balance	**487,674.77**	**164,246.35**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

3 Reserves and surplus (Continued) **(₹ in lakh)**

	As at March 31, 2018	As at March 31, 2017
(II) Debenture redemption reserve		
Balance as per last financial statements	42,429.91	44,218.53
Add: transferred from surplus in the statement of profit and loss	4,806.91	67.15
Less: transferred to general reserve	4,992.34	1,855.77
Closing balance	**42,244.48**	**42,429.91**
(III) Reserve u/s 45-IC of RBI Act, 1934		
Balance as per last financial statements	122,469.26	114,448.87
Add: transferred from surplus in the statement of profit and loss	17,665.98	8,020.39
Closing balance	**140,135.24**	**122,469.26**
(IV) General reserves		
Balance as per last financial statements	3,803.35	1,825.61
Add: transferred from debenture redemption reserve	4,992.34	1,855.77
Add: transferred from employee stock option outstanding account	22.91	121.97
Closing balance	**8,818.60**	**3,803.35**
(V) Reserve u/s 36(1)(viii) of Income tax Act		
Balance as per last financial statements	46,197.34	36,462.62
Add: transferred from surplus in the statement of profit and loss	5,300.40	9,734.72
Closing balance	**51,497.74**	**46,197.34**
(VI) Employee stock option outstanding account		
Balance as per last financial statements	401.31	619.92
Addition during the year	1,036.81	71.92
Less: allotment of shares	320.42	168.56
Less: transferred to general reserve	22.91	121.97
Closing balance	**1,094.79**	**401.31**
(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	5,446.22	2,716.29
Add: transferred from surplus in the statement of profit and loss	3,327.12	2,729.93
Closing balance	**8,773.34**	**5,446.22**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

3 Reserves and surplus (Continued) **(₹ in lakh)**

	As at March 31, 2018	As at March 31, 2017
(IX) Unamortised loss on sale of loans		
Balance as per last financial statements	(16,252.55)	-
Less: adjustment during the year	16,252.55	16,252.55
Closing balance	**-**	**(16,252.55)**
(X) Surplus in the statement of Profit and loss		
Balance as per last financial statements	184,037.58	118,752.54
Add: net profit for the year	145,948.80	104,218.67
Less : appropriations		
Dividend paid for previous year	14,573.70	5.78
Dividend on cumulative compulsorily redeemable preference shares	415.35	10,338.95
Interim dividend on cumulative compulsorily redeemable preference shares	8,891.20	338.54
Dividend distribution tax	7,673.30	6,713.05
Transfer to debenture redemption reserve	4,806.91	67.15
Provision for unamortised loss	1,387.45	-
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	5,300.40	9,734.72
Transfer to reserve u/s 29-C of National Housing Bank	3,327.12	2,729.93
Transfer to reserve u/s 45-IC of RBI Act, 1934	17,665.98	8,020.39
Share in associates reserves	-	985.12
Net surplus in the statement of profit and loss	**265,944.97**	**184,037.58**
Total reserves and surplus	**1,055,419.86**	**602,014.70**

4 Money received against share warrants **(₹ in lakh)**

	As at March 31, 2018		As at March 31, 2017	
	No. of Shares Warrants	₹ in lakh	No. of Shares Warrants	₹ in lakh
Money received against share warrants	-	-	63,820,990	11,806.88
Total money received against share warrants	**-**	**-**	**63,820,990**	**11,806.88**

Money received against share warrants represent 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 year, 63,820,990 share warrants were due for conversion. The investor exercised the rights for conversion of share warrants into equity shares and accordingly equivalent number of equity shares of Face value of ₹ 10 each are issued at premium of ₹ 64 each. The Company received a total consideration of ₹ 47,227.54 lakh of which ₹ 35,420.65 lakh is received during the year ended March 31, 2018, being 75% of total consideration.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

5 Long term borrowings

(₹ in lakh)

	As at March 31, 2018		As at March 31, 2017	
	Non current portion	Current maturities	Non current portion	Current maturities
(I) Secured				
Redeemable non convertible debentures	2,355,630.93	439,727.05	1,752,940.18	399,581.10
- Less : buy back	-	-	(1,890.23)	-
Term loans				
- From banks	985,358.33	416,758.34	1,063,407.67	48,367.33
Foreign currency loan	10,106.22	-	-	12,970.00
External commercial borrowing	-	-	-	3,242.50
Working capital demand loan	-	53,600.00	2,000.00	-
Line of credit	414,000.00	-	340,000.00	10,000.00
Total I	**3,765,095.48**	**910,085.39**	**3,156,457.62**	**474,160.93**
(II) Unsecured				
Redeemable non convertible debentures	302,650.00	-	296,650.00	7,500.00
Perpetual debt	59,500.00	-	59,500.00	-
Working capital demand loan	-	63,000.00	-	-
Line of credit	977,079.00	-	810,427.00	-
Total II	**1,339,229.00**	**63,000.00**	**1,166,577.00**	**7,500.00**
Total long term borrowings Total (I + II)	**5,104,324.48**	**973,085.39**	**4,323,034.62**	**481,660.93**

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) 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).(iii) 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 and 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, 2018	As at March 31, 2017
Component		
Deferred tax liabilities		
Difference between book balance and tax balance of property, plant and equipment	261.75	238.87
Total deferred tax liabilities	**261.75**	**238.87**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

7 Other long term liabilities

(₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on debentures	37,345.40	66,405.15
Long term obligations	-	390.48
Security deposits and margin money received #	309.14	1,348.50
Deferred income on loan processing and assignments	4,578.32	4,453.20
Construction finance - debt service reserve amount and interest payable thereon	56.70	452.78
Others	99.88	155.53
Total other long term liabilities	**42,389.44**	**73,205.64**

Inlcudes ₹ Nil to related parties (Previous year ₹ 28.46 lakh) (Refer note 31.6)

8 Long term provisions

(₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
Contingency provision against standard assets	25,060.32	18,680.34
Interest capitalised on restructured assets	2,707.66	7,546.92
For employee benefits		
- Gratuity	277.20	155.58
Total long term provisions	**28,045.18**	**26,382.84**

9 Short term borrowings

(₹ in lakh)

	As at March 31, 2018		As at March 31, 2017	
(I) Secured				
- Term loans from banks		-		1,444.47
- Bank overdraft/ cash credit		5,882.23		8,079.11
		5,882.23		**9,523.58**
(II) Unsecured				
Term loans				
- Term loans from banks		3,000.00		-
- Commercial papers	1,049,500.00		1,139,100.00	
Less : unexpired discounting charge	26,719.78	1,022,780.22	23,646.57	1,115,453.43
- Loans and advances from related parties (ICDs)		637.00		760.00
- Bank overdraft/ cash credit		7,996.06		10,672.92
- Intercorporate borrowings		40,000.00		40,000.00
		1,074,413.28		**1,166,886.35**
Total short term borrowings		**1,080,295.51**		**1,176,409.93**

10 Trade payable

(₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
- Dues to micro and small enterprises	-	-
- Others *	16,964.33	7,263.62
Total trade payable	**16,964.33**	**7,263.62**

* Inlcudes ₹ 2,631.21 lakh to related parties (Previous year ₹ 817.34 lakh) (Refer note 31.6)

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

11 Other current liabilities

(₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on borrowings *	217,765.51	132,186.88
Deferred income on loan processing and assignments	1,712.74	1,962.10
Security deposits and cash margin money received	1,548.47	1,084.14
Short term obligations	1,037.95	1,319.73
Statutory dues	7,170.10	4,559.48
Advance from customers	22,406.25	29,298.24
Trade payable for capital goods **	11.79	13.16
Unclaimed infrastructure bond application money	63.32	71.70
Unclaimed dividend	100.24	168.33
Unclaimed interest on debentures	1,360.90	1,087.26
Bank book credit balance	16,219.52	26,748.44
Accrued expenses ***	12,843.46	15,878.44
Gratuity contribution payable to fund	166.34	319.33
Dividend distribution tax payable	5,613.67	3,855.21
Other liabilities ****	7,282.24	13,830.06
Total other current liabilities	**295,302.50**	**232,382.50**

* Inlcudes ₹ 22.35 lakh to related parties (Previous year ₹ 0.02 lakh) (Refer note 31.6)

** Inlcudes ₹ Nil to related parties (Previous year ₹ 1.37 lakh) (Refer note 31.6)

*** Inlcudes ₹ 1.80 lakh to related parties (Previous year ₹ Nil) (Refer note 31.6)

**** Inlcudes ₹ 11.47 lakh to related parties (Previous year ₹ 20.25 lakh) (Refer note 31.6)

12 Short term provisions

(₹ in lakh)

	As at March 31, 2018		As at March 31, 2017	
Contingency provision against standard assets		6,230.83		4,932.40
For employee benefits				
- Gratuity	180.68		211.65	
- Compensated absences	2,023.67		1,907.42	
- Others	81.98	2,286.33	70.50	2,189.57
Provision for tax (net)		3,103.26		1,041.85
Others		26.01		26.01
Total short term provisions		**11,646.43**		**8,189.83**

13 Property, plant and equipment/Intangible Assets

(₹ in Lakh)

Particulars	Gross Block				Accumulated depreciation				Net Block
	As at April 01, 2018	Additions	Sale / Adjustment	As at March 31, 2018	Upto April 01, 2018	For the year	Deductions	Upto March 31, 2018	As at March 31, 2018
Property, plant and equipment									
Owned Assets									
Land - freehold	15,880.11	-	81.56	15,798.55	-	-	-	-	15,798.55
	(15,880.11)	-	-	(15,880.11)	-	-	-	-	(15,880.11)
Buildings	24,260.77	47.31	2,582.75	21,725.33	1,327.57	387.81	104.39	1,610.99	20,114.34
	(24,171.11)	(456.03)	(366.37)	(24,260.77)	(983.43)	(367.45)	(23.31)	(1,327.57)	(22,933.20)
Office equipment	2,983.65	54.08	94.85	2,942.88	2,123.25	282.70	173.84	2,232.11	710.77
	(3,053.73)	(128.59)	(198.67)	(2,983.65)	(1,986.02)	(312.87)	(175.64)	(2,123.25)	(860.40)
Plant and Machinery	39.05	5.48	-	44.53	0.62	2.77	-	3.39	41.14
	-	(39.05)	-	(39.05)	-	(0.62)	-	(0.62)	(38.43)
Furniture and fixtures	2,679.00	119.82	130.43	2,668.39	1,561.20	287.09	101.39	1,746.90	921.49
	(2,749.30)	(133.58)	(203.88)	(2,679.00)	(1,458.68)	(269.09)	(166.57)	(1,561.20)	(1,117.80)
Leasehold renovation	4,111.93	105.93	185.84	4,032.02	2,907.65	474.54	164.20	3,217.99	814.03
	(4,001.44)	(404.15)	(293.66)	(4,111.93)	(2,583.69)	(561.13)	(237.17)	(2,907.65)	(1,204.28)
Computers	8,376.50	997.51	1,217.53	8,156.48	7,021.77	804.87	1,010.31	6,816.33	1,340.15
	(8,614.91)	(433.77)	(672.18)	(8,376.50)	(6,746.44)	(948.54)	(673.21)	(7,021.77)	(1,354.73)
Motor car	37.74	279.59	14.20	303.13	29.69	44.30	14.00	59.99	243.14
	(72.15)	-	(34.41)	(37.74)	(59.30)	(1.16)	(30.77)	(29.69)	(8.05)
Electrical and Installation	2,711.11	-	-	2,711.11	300.49	257.56	-	558.05	2,153.06
	(2,711.11)	-	-	(2,711.11)	(42.94)	(257.55)	-	(300.49)	(2,410.62)
Owned Assets Leased out									
Plant and machinery	7,682.40	-	794.27	6,888.13	4,329.01	597.67	209.54	4,717.14	2,170.99
	(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)
Office equipment	181.73	-	-	181.73	136.28	31.17	-	167.45	14.28
	(185.70)	-	(3.97)	(181.73)	(104.68)	(35.17)	(3.57)	(136.28)	(45.45)
Furniture and fixtures	1,772.34	-	-	1,772.34	977.10	207.61	-	1,184.71	587.63
	(1,816.78)	-	(44.44)	(1,772.34)	(784.54)	(212.20)	(19.64)	(977.10)	(795.24)
Motor car	11,036.87	424.62	5,199.08	6,262.41	5,161.12	820.26	1,431.91	4,549.47	1,712.94
	(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)
Vehicles	12.85	-	-	12.85	12.85	-	-	12.85	-
	(904.80)	-	(891.95)	(12.85)	(764.54)	(50.34)	(802.03)	(12.85)	0.00
Computers	3,470.97	-	75.00	3,395.97	3,305.79	55.22	-	3,361.01	34.96
	(3,628.41)	-	(157.44)	(3,470.97)	(3,369.59)	(69.61)	(133.41)	(3,305.79)	(165.18)
(A)	**85,237.02**	**2,034.34**	**10,375.51**	**76,895.85**	**29,194.39**	**4,253.57**	**3,209.58**	**30,238.38**	**46,657.47**
	(94,590.39)	(1,870.85)	(11,224.22)	(85,237.02)	(30,128.17)	(5,834.24)	(6,768.02)	(29,194.39)	(56,042.63)
Assets held for sale									
Land	81.61	-	81.61	-	-	-	-	-	-
	(81.61)	-	-	(81.61)	-	-	-	-	(81.61)
Building	2,096.99	-	2,096.99	-	124.40	-	124.40	-	-
	(2,096.99)	-	-	(2,096.99)	(91.16)	(33.24)	-	(124.40)	(1,972.59)
Less: provision for loss on sale	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	50.44
(B)	**2,178.60**	**-**	**2,178.60**	**-**	**124.40**	**-**	**124.40**	**-**	**-**
	(2,178.60)	-	-	(2,178.60)	(91.16)	(33.24)	-	(124.40)	(2,003.76)
Intangible Assets									
Owned Assets									
Specialised software	8,805.65	1,854.71	-	10,660.36	7,756.34	939.08	-	8,695.42	1,964.94
	(7,725.52)	(1,085.51)	(5.38)	(8,805.65)	(6,899.22)	(862.50)	(5.38)	(7,756.34)	(1,049.31)
(C)	**8,805.65**	**1,854.71**	**-**	**10,660.36**	**7,756.34**	**939.08**	**-**	**8,695.42**	**1,964.94**
	(7,725.52)	**(1,085.51)**	**(5.38)**	**(8,805.65)**	**(6,899.22)**	**(862.50)**	**(5.38)**	**(7,756.34)**	**(1,049.31)**
Total (A) + (B) + (C)	**96,221.27**	**3,889.05**	**12,554.11**	**87,556.21**	**37,075.13**	**5,192.65**	**3,333.98**	**38,933.80**	**48,622.41**
Previous year	(104,494.51)	(2,956.36)	(11,229.60)	(96,221.27)	(37,118.55)	(6,729.98)	(6,773.40)	(37,075.13)	(59,095.70)

* Previous year figures are shown in brackets.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018		As at March 31, 2017	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
(I) Trade Investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in Associates				
Feedback Infra Private Limited *	-	-	3,790,000	4,340.73
(Equity Shares of ₹ 100 each fully paid)				
Grameen Capital India Private Limited	2,126,000	212.60	2,126,000	212.60
(Equity Shares of ₹ 10 each fully paid)				
(A)		**212.60**		**4,553.33**
*Ceased to be an associate of the company w.e.f. March 14, 2018				
(II) Other Investments (valued at cost unless stated otherwise)				
(A) Quoted instruments				
Investment in equity				
City Union Bank Limited				
(Equity Shares of ₹ 1 each fully paid)				
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
(Equity Shares of ₹ 10 each fully paid)				
(B) Unquoted instruments				
Investment in equity				
Invent Assets Securitisation & Reconstruction Private Limited	-	-	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)				
Metropoli Overseas Limited	99,400	14.91	99,400	14.91
(Equity Shares of ₹ 10 each fully paid)				
Anil Chemicals and Industries Limited	40,000	8.00	40,000	8.00
(Equity Shares of ₹ 10 each fully paid)				

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018		As at March 31, 2017	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
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	6,413,216	32,910.30
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	717.23	10,000	728.74
L&T Infra Investments Partner Fund	20,886,473	20,877.47	23,652,361	23,643.36
Investments in debentures /bonds				
Indian Overseas Bank	4,249	42,490.00	4,249	42,490.00
3i Infotech Limited	-	-	3,896,954	194.85
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
Investments in optional convertible preference shares				
Grameen Capital India Private Limited (Preference Shares of ₹ 10 each fully paid)	3,874,000	387.40	3,874,000	387.40
3i Infotech Limited (Preference Shares of ₹ 5 each fully paid)	3,896,954	194.85	-	-

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018		As at March 31, 2017	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
Investments in cumulative convertible preference shares				
SKS Ispat Power Limited	9,773,621	922.15	9,773,621	922.18
(Preference Shares of ₹ 10 each fully paid)				
Others				
Investment in units				
Security receipt				
KKR India debt Opportunities Fund II	1,125,000	11,250.00	875,000	8,750.00
KKR India debt Opportunities Fund III	149,242	961.17	178,249	1,782.49
Phoenix ARC Private Limited	1,250,773	11,984.95	1,250,773	12,000.67
EARC Trust - SC 105 Trust	1,190,000	11,617.55	1,190,000	11,617.55
EARC Trust - SC 132 Trust	8,500	85.00	8,500	85.00
EARC Trust - SC 258 Trust	3,230,000	32,159.80	3,230,000	32,300.00
Series I - JMFARC-IRIS December 2016 - Trust	6,885	68.85	6,885	68.85
JMFARC LTF June 2017 Trust	778,349	7,664.87	-	-
JM Financials (JMFARC) Series -I	2,621,651	25,816.98	-	-
Suraksha ARC 0-20 Trust	867,000	8,630.93	-	-
Suraksha ARC - 024 Trust	1,087,175	10,871.76	-	-
Sponseror's contribution to trustee	-	0.10	-	0.10
Investments in open ended Mutual Funds	-	1,382.00	-	1,382.00
LTFL Securitisation Trust 2002	-	0.01	-	0.01
12% National Saving Certificate 2002	-	0.04	-	0.04
(Deposited as security with sales tax authorities)				
(B)		**263,489.59**		**220,188.23**
Total (A) + (B)		263,702.19		224,741.56
Less : Provision for diminution in the value of Investments		7,421.05		7,139.61
Total non current investments		**256,281.14**		**217,601.95**
Aggregate value of quoted investments		38.68		1,369.69
Aggregate market value of quoted investments		-		397.45
Aggregate value of unquoted investments		263,663.51		223,371.87

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

15 Deferred tax assets

In compliance with the Accounting Standard (AS) 22 on 'Accounting for Taxes on Income' the Company has provided for deferred tax assets (net) 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:

(₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
Deferred tax liability		
Difference between book balance and tax balance of property, plant and equipment	1,516.76	1,766.21
Amount transferred to special reserve	3,262.04	2,101.57
Other item giving rise to timing difference	3,259.88	1,203.65
Total I	**8,038.68**	**5,071.43**
Deferred tax assets		
Provision for NPA/interest receivable	94,625.56	63,523.93
Provision on standard assets	5,339.28	9,890.74
Difference between book balance and tax balance of property, plant and equipment	1,679.14	1.09
Provision for compensated absences	476.19	461.07
Unused tax losses	2,501.75	2,731.37
Other item giving rise to timing difference	2,048.83	2,725.88
Total II	**106,670.75**	**79,334.08**
Net deferred tax assets Total (I + II)	**98,632.07**	**74,262.65**

16 Long term loans and advances

(₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
Unsecured (considered good)		
Capital advances	969.42	291.03
Advance taxes (net)	59,325.51	44,035.20
MAT credit entitlement	7,168.85	6,922.67
Security deposit	6,214.47	5,332.62
Loans and advances to others	39.01	-
Prepaid expenses	4,200.81	1,463.92
Balances with government authorities	4,551.39	
Others	496.07	841.98
Total long term loans and advances	**82,965.53**	**58,887.42**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

17 Long term loans and advances towards financing activities

(₹ in lakh)

	As at March 31, 2018		As at March 31, 2017	
	Non current portion #	Current maturities	Non current portion #	Current maturities
(I) Secured				
- Term loans	5,111,943.03	809,717.04	4,378,426.25	684,510.51
- Finance lease	7,092.56	2,407.86	4,436.09	2,513.17
- Debentures	911,692.67	90,109.23	462,303.91	33,453.11
Less: allowances for non-performing assets	164,380.37	-	131,782.43	-
Less: provision on restructured assets	7,507.32	-	9,746.31	-
Less: allowances for standard assets	46,702.03	-	44,714.42	-
Total I	**5,812,138.54**	**902,234.13**	**4,658,923.09**	**720,476.79**
(II) Unsecured				
- Term loans	474,358.43	470,622.44	224,031.75	293,139.63
- Debentures	22,500.00	1,000.00	53,500.00	630.00
	496,858.43	**471,622.44**	**277,531.75**	**293,769.63**
Less: allowances for non-performing assets	39,578.90	-	2,975.79	-
Total II	**457,279.53**	**471,622.44**	**274,555.96**	**293,769.63**
Total long term loans and advances towards financing activities (I + II)	**6,269,418.07**	**1,373,856.57**	**4,933,479.05**	**1,014,246.42**

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, 2018	As at March 31, 2017
Unamortised loss on sale of NPAs	-	10.27
Accrued interest/premium on debentures and loans	24,682.50	33,696.60
Margin money deposits	4,385.15	2,252.47
Others #	136.36	555.40
Total other non current assets	**29,204.01**	**36,514.74**

Inlcudes net gratuity of ₹ 12.86 lakh (Previous year ₹ Nil)

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018		As at March 31, 2017	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
Non trade Investments (valued at cost unless stated otherwise)				
Investment in equity shares				
Quoted instruments				
Shiv-Vani Oil & Gas Exploration Services Limited (Equity Shares of ₹ 10 each fully paid)	3,437,172	701.23	3,437,172	701.23
Bhushan Steel Limited (Equity Shares of ₹ 10 each fully paid)	212,471	145.34	1,023,392	700.00
Glodyne Technoserve Limited (Equity Shares of ₹ 6 each fully paid)	319,262	22.67	319,262	22.67
Jaihind Projects Limited (Equity Shares of ₹ 10 each fully paid)	24,797	1.43	150,000	8.63
Diamond Power Infrastructure Limited (Equity Shares of ₹ 10 each fully paid)	2,889,921	1,192.96	2,889,921	1,192.96
Warasgaon Lakeview Hotels Ltd (Equity Shares of ₹ 10 each fully paid)	-	-	63,849	572.00
Gol Offshore Limited (Equity Shares of ₹ 10 each fully paid)	11,344,315	4,969.94	11,344,315	4,969.94
3i Infotech Limited (Equity Shares of ₹ 10 each fully paid)	2,426,383	242.64	3,896,954	242.64
Usher Agro Limited (Equity Shares of ₹ 10 each fully paid)	335,344	30.01	-	-
MIC Electronics Limited (Equity Shares of ₹ 2 each fully paid)	5,384,616	529.31	-	-
Amara Raja Batteries Limited (Equity Shares of ₹ 1 each fully paid)	3,293	27.86	-	-
KSK Energy Ventures Limited (Equity Shares of ₹ 10 each fully paid)	10,688,253	1,160.83	-	-
Hindusthan National Glass & Industries Limited (Equity Shares of ₹ 10 each fully paid)	147,765	157.00	-	-
Monnet Ispat & Energy Limited (Equity Shares of ₹ 10 each fully paid)	1,798,245	615.00	1,798,245	615.00
Unity Infra Project Limited (Equity Shares of ₹ 10 each fully paid)	694,370	191.09	694,370	191.09
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
Punjab National Bank	-	-	5,000	50,000.00
Bajaj Finance Limited	-	-	1,000	10,082.36

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018		As at March 31, 2017	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
Madhya Pradesh Uday Bond	-	-	1,413,000	1,413.00
Tamil Nadu Uday Bond	-	-	10,000,000	10,090.16
Telangana Uday Bond	-	-	13,019,000	13,032.22
Piramal Finance Limited	-	-	3,900	39,000.00
TATA AIG General Insurance Company Limited	379	3,790.00	1,530	15,300.00
U. P. Power Corporation Limited	301	3,010.00	2,940	29,400.00
Cholamandalam Ms General Insurance Company Limited	428	4,280.00	-	-
Dewan Housing Finance Corporation Limited	2,500	25,000.00	-	-
Union Bank of India	800	8,000.00	-	-
State Bank of India	4,100	41,000.00	-	-
Corporation Bank Limited	500	5,000.00	-	-
UCO Bank	400	4,000.00	-	-
Allahabad Bank	311	3,110.00	-	-
The South Indian Bank Limited	40,000	40,000.00	-	-
Axis Bank Limited	500	5,000.00	-	-
Bank of Baroda	150	1,500.00	-	-
Dewan Housing Finance Limited (Perpetual Bond) (Debentures of ₹ 1,000 each)	-	-	290	2,900.00
Unquoted instruments				
Investment in equity shares				
ICOMM Tele Limited (Equity Shares of ₹ 10 each fully paid)	41,667	50.00	41,667	50.00
VMC Systems Limited (Equity Shares of ₹ 10 each fully paid)	907,264	1,930.94	907,264	1,930.94
Saumya Mining Limited (Equity Shares of ₹ 10 each fully paid)	1,077,986	517.64	1,077,986	517.64
Coastal Projects Limited (Equity Shares of ₹ 10 each fully paid)	7,896,884	2,209.58	7,896,884	2,209.58
Hanjer Biotech Energies Private Limited (Equity Shares of ₹ 10 each fully paid)	208,716	944.31	208,716	944.31
Soma Enterprises Limited (Equity Shares of ₹ 10 each fully paid)	500,000	50.00	2,946,155	8,450.85
Mediciti Healthcare Services Private Limited (Equity Shares of ₹ 10 each fully paid)	1,635,003	50.00	1,635,003	50.00
NSL Sugars Limited (Equity Shares of ₹ 10 each fully paid)	2,925,656	292.57	-	-
NSL Tidong Power Generation Private Limited (Equity Shares of ₹ 10 each fully paid)	62,772,331	6,277.24	-	-
Athena Chattisgarh Power Limited (Equity Shares of ₹ 10 each fully paid)	69,300,000	6,930.00	-	-

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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

	As at March 31, 2018		As at March 31, 2017	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
Supreme Best Value Kolhapur(Shiroli) Sangli Tollways Private Limited (Equity Shares of ₹ 10 each fully paid)	5,026	0.50	-	-
KSK Mahanadi Power Co. Limited (Equity Shares of ₹ 10 each fully paid)	6,221,868	622.19	-	-
Pass Through Certificates				
IFMR Capital Mosec Azeroth	598,664,559	694.64	598,664,559	2,920.85
Zlatan IFMR Capital 2016	-	-	1,233,958,721	8,345.61
Frey IFMR capital	-	-	16,674,322	172.35
Zion IFMR capital	-	-	19,237,467	599.35
Goldstein IFMR Capital	857,170	368.58	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	521.18	52,118,415	543.53
Smith IFMR Capital	12,096,782	483.87	12,096,782	507.60
Syme IFMR Capital	14,210,515	142.10	14,210,515	148.24
Fubelt IFMR Capital	-	-	80,878,031	842.84
Moses IFMR Capital	2,250,000	22.50	2,250,000	23.77
Oracle IFMR Capital	-	-	261,793	528.81
Sentinel IFMR capital	-	-	887,538	174.79
Seagull Trust-II Series A2	30	3,012.87	-	-
Investment in Preference Shares				
Sew Vizag Coal Terminal Private Limited	4,795,256	477.61	4,795,256	477.61
Investment in debentures				
NSL Sugars Limited	2,132,310	2,132.31	-	-
U. P. Power Corporation Limited	221	2,210.00	-	-
Soma Enterprises Limited	80,712,081	8,071.14	-	-
Share application money pending allotment				
NSL Tidong Power Generation Private Limited	-	-	-	6,277.23
Investment in mutual funds		51,783.06		169,644.83
		243,524.54		**391,829.20**
Less : Provision for diminution in the value of Investments		15,472.62		8,278.04
Total current investments		**228,051.92**		**383,551.16**
Aggregate value of quoted investments		9,987.31		8,237.54
Aggregate market value of quoted investments		2,987.77		4,911.65
Aggregate value of unquoted investments		233,537.22		383,591.66

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

20 Trade receivable

(₹ in lakh)

	As at March 31, 2018		As at March 31, 2017	
Secured				
Considered good				
Debts outstanding for a period exceeding six months	-		9.28	
Other	15.16	15.16	951.21	960.49
Unsecured				
Considered good				
Debts outstanding for a period exceeding six months	29.50		3,964.17	
Other *	12,774.52		3,097.11	
Less: allowance for bad and doubtful debts	168.62	12,635.40	136.85	6,924.43
Total trade receivable		**12,650.56**		**7,884.92**

* Inlcudes ₹ 4.31 lakh from related parties (Previous year ₹ 11.71 lakh) (Refer note 31.6)

21 Cash and bank balances

(₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Balance with banks		
- In current accounts	84,181.43	38,827.44
- In deposit accounts with original maturity of less than 3 months	14,641.19	369.68
Cash on hand	5,978.24	6,134.17
Other bank balances		
In earmarked accounts		
- Unclaimed dividend on equity shares	95.28	94.71
- Unclaimed redemption proceeds and dividend on preference shares	4.96	73.62
- Unclaimed infrastructure bonds application money	63.32	71.70
- Unclaimed interest on infrastructure bonds	1,360.90	1,087.26
Deposits with original maturity for more than 3 months but less than 12 months	4.84	12,779.25
Deposits with original maturity for more than 12 months	0.45	0.45
Total cash and bank balances	**106,330.61**	**59,438.28**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

22 Short term loans and advances

(₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
Security deposit	83.75	10.79
Gratuity deposit	58.13	25.11
Prepaid expenses	11,872.67	4,889.94
Forward contract receivable	-	1,002.50
Loans and advances to others	569.98	82.15
Loans and advances to related parties	25.73	-
Other charges receivable *	7,295.16	442.85
Others	210.78	5,387.37
Total short term loans and advances	**20,116.20**	**11,840.71**

*Inlcudes ₹ 254.25 lakh from related parties (Previous year ₹ Nil) (Refer note 31.6)

23 Short term loans and advances towards financing activities

(₹ in lakh)

		As at March 31, 2018	As at March 31, 2017
(I)	**Secured**		
	Term loans	16.04	816.40
	Total I	**16.04**	**816.40**
(II)	**Unsecured**		
	Term loans	186,631.32	216,308.12
	Total II	**186,631.32**	**216,308.12**
Total short term loans and advances towards financing activities	**Total (I + II)**	**186,647.36**	**217,124.52**

24 Other current assets

(₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
Accrued interest and other receivable	117,604.37	91,294.26
Accrual of fee income	2,299.58	16.11
Unamortised loss on sale of NPAs	-	16,252.55
Less: Provision for unamortised loss on sale of loans to ARC	-	(16,252.55)
Assets acquired in settlement of claims	19,412.84	17,443.34
Others *	2,580.67	1,997.74
Total other current assets	**141,897.46**	**110,751.45**

* Inlcudes ₹ 4.72 lakh from related parties (Previous year ₹ 6.87 lakh) (Refer note 31.6)

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

25 Revenue from operations

(₹ in lakh)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on term loans and other financing activity (net of reversal)	860,490.54	749,285.69
Lease	3,595.22	6,281.35
Bill discounting	9,350.43	10,568.76
Other income from preference shares	-	3,015.48
Financial advisory fees	44,712.50	21,599.38
Investment management fees	61,550.96	34,594.35
Commission and brokerage	10,227.35	4,108.49
Gain on loan sell down	1,201.65	1,226.71
Other operational income	10,974.71	3,378.64
Total revenue from operations	**1,002,103.36**	**834,058.85**

26 Other Income

(₹ in lakh)

	Year ended March 31, 2018		Year ended March 31, 2017	
Income from investments (trade)				
- Interest and dividend on investments	21,621.52		10,365.83	
- Profit on sale / redemption of investments	17,449.94	39,071.46	8,732.88	19,098.71
Profit on sale of associate		3,363.58		-
Profit on sale of property, plant and equipment		92.03		167.67
Others		5,363.65		3,905.78
Total other Income		**47,890.72**		**23,172.16**

27 Finance cost

(₹ in lakh)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expenses	528,559.30	459,452.21
Other borrowing cost	4,335.09	2,851.03
Exchange loss (attributable to finance cost)	(283.69)	399.97
Total finance cost	**532,610.70**	**462,703.21**

28 Employee benefits expense

(₹ in lakh)

	Year ended March 31, 2018		Year ended March 31, 2017	
Salaries		44,140.11		44,555.70
Contribution to and provision for:				
- Provident fund and pension fund	2,866.07		1,882.88	
- Gratuity fund	631.05		508.67	
- Superannuation fund	87.33		213.86	
- Compensated absences	7.15	3,591.60	605.79	3,211.20
Expenses on ESOP		1,036.81		72.55
Welfare and other expenses		1,575.62		1,512.71
Total employee benefits expense		**50,344.14**		**49,352.16**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

29 Administration and other expenses

(₹ in lakh)

	Year ended March 31, 2018		Year ended March 31, 2017	
Travelling and conveyance		2,744.77		2,535.11
Printing and stationery		838.44		913.61
Telephone and postage		1,472.25		1,642.61
Directors' sitting fees		160.39		119.97
Non executive directors remunerations		328.50		446.32
Brokerage and service charges		7,363.09		5,425.76
Stamping charges		230.02		2,655.38
Advertising and publicity		591.46		229.63
Repairs and maintenance		5,876.95		5,870.63
Rent		3,983.41		3,799.78
Rates and taxes		405.38		922.88
Electricity charges		742.75		586.73
Property maintenance		80.97		53.48
Insurance		151.40		140.31
Auditors remuneration				
- Audit fees	109.64		106.56	
- Tax audit fees	16.35		18.37	
- Limited review	64.05		76.08	
- Certification	98.43		90.67	
- Expenses reimbursed	16.50	304.97	8.64	300.32
Professional fees		22,763.91		17,768.00
Bank charges		851.04		832.80
Filling fees		143.52		47.64
Loss on sale of property, plant and equipment		299.99		1,479.56
Membership and subscription		354.12		353.55
Brand license fees		3,917.30		1,653.82
Corporate social responsibility expenditure		1,071.15		1,127.14
Mutual fund scheme expenses		39,388.69		19,384.65
PMS business promotion and distribution expenses		2,918.96		1,704.53
Miscellaneous expenses		1,205.88		1,571.53
Total administration and other expenses		**98,189.31**		**71,565.74**

30 Allowances and write offs

(₹ in lakh)

	Year ended March 31, 2018	Year ended March 31, 2017
Provision for standard assets	9,666.02	39,670.86
Provision for non-performing assets	67,905.08	76,282.32
Provision for restructured assets	(2,238.99)	(988.55)
Provision for diminution in value of investments	6,107.22	3,936.41
Provision for advances and receivables	(37.65)	85.37
Loss on foreclosure of loans (net)	49,414.79	21,622.22
Bad debts write off	58,858.42	18,381.10
Total allowances and write offs	**189,674.89**	**158,989.73**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

31 Notes on consolidated 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, 2018		As at March 31, 2017	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
1	L&T Infrastructure Finance Company Limited	India	100	100	100	100
2	L&T Investment Management Limited	India	100	100	100	100
3	L&T Mutual Fund Trustee Limited	India	100	100	100	100
4	L&T Access Distribution Services Limited *	India	-	-	100	100
5	L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	India	100	100	100	100
6	L&T Infra Investment Partners Advisory Private Limited	India	100	100	100	100
7	L&T Infra Investment Partners Trustee Private Limited	India	100	100	100	100
8	L&T Finance Limited (erstwhile known as Family Credit Limited)	India	100	100	100	100
9	L&T Housing Finance Limited	India	100	100	100	100
10	L&T Capital Markets Limited *	India	100	100	100	100

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

Sr. No.	Name of subsidiary / associate company	Country of Incorporation	As at March 31, 2018		As at March 31, 2017	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
11	L&T Infra Debt Fund Limited	India	100	100	100	100
12	Mudit Cements Private Limited	India	100	100	100	100
	Name of associate company					
1	Feedback Infra Private Limited#	India	-	-	23.16	23.16
2	Grameen Capital India Private Limited	India	26	26	26	26

* Pursuant to order of National Company Law Tribunal, Mumbai Bench ("NCLT") dated October 18, 2017, the scheme of amalgamation for merger of L&T Access Distribution Services Limited (a wholly owned subsidiary of L&T Finance Holdings Limited) with L&T Capital Markets Limited is effected from November 10, 2017 with appointed date being April 01, 2017.

With effect from March 14, 2018, Feedback Infra Private Limited ceased to be an associate of the group.

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 with 0%, 33%, 33% and 34% 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, 2018, 1,691,008 and 3,580,500 options were allotted under scheme 2010 and 2013 respectively.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

f) The details of the grants are summarised below:

S. No	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
1	Options granted and outstanding at the beginning of the year	26,611,795	29,658,998
2	Options granted during the year	17,050,000	12,290,000
3	Options cancelled/ lapsed during the year	4,095,362	13,013,893
4	Options exercised during the year	5,271,508	2,323,310
5	Options granted and outstanding at the end of the year of which –		
	- Options vested	1,601,425	3,967,295
	- Options yet to vest	32,693,500	22,644,500
6	Weighted average remaining contractual life of options (in years)	6.13	6.22

g) During the year, the Group has debited to the Statement of Profit and Loss ₹ 1,036.81 lakh (Previous year ₹ 72.55 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, 2018 is ₹ 5,156.05 lakh (Previous year: ₹ 553.74 lakh), including ₹ 24.96 lakh (Previous year: ₹ 232.27 lakh) for which the options have vested to employees as on March 31, 2018.

i) Weighted average fair values of options granted during the year is ₹ 68.27 (Previous year: ₹ 27.24) per options.

j) Had the Group opted for accounting of employee compensation cost under 'Fair value Method', Profit after tax would have been lower by ₹ 483.43 lakh (Previous year: ₹ 845.80 lakh) and Earnings per share Basic and diluted would have been ₹ 7.46 and ₹ 7.39 respectively (Previous year: Basic and Diluted ₹ 5.16 and ₹ 5.09 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:

S. No	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
a)	Weighted average risk-free interest rate	6.72%	7.49%
b)	Weighted average expected life of options	3.90 years	3.98 years
c)	Weighted average expected volatility	32.57%	32.53%
d)	Weighted average expected dividends	₹ 3.12 per option	₹ 3.19 per option
e)	Weighted average share price	₹ 145.59 per option	₹ 75.53 per option
f)	Weighted average exercise price	₹ 116.58 per share	₹ 73.70 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.	

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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

i) Defined contribution plans:

Amount of ₹ 2,953.40 (Previous year: ₹ 2,096.74 lakh) is recognised as an expense and included in employee benefits expense in the Statement of Profit and Loss in respect of Provident Fund and Superannuation Fund benefits.

ii) Defined benefit gratuity plans:

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

(₹ in Lakh)

Particulars	Gratuity Plan	
	As at March 31, 2018	As at March 31, 2017
A. Amount to be recognized in Balance Sheet		
Present Value of Defined Benefit Obligation		
- Wholly Funded	1,662.19	1,581.83
- Wholly Unfunded	295.80	157.71
Less: Fair value of Plan Assets	1,434.70	1078.10
Amount not recognised as asset as per para 59(b) of Accounting Standard 15	29.94	-
Amount to be recognised as liability	553.23	661.43
B. Amounts reflected in the Balance Sheet		
- Liability	624.22	686.55
- Assets	70.99	25.11
Net Liability	**553.23**	**661.43**

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

(₹ in Lakh)

Particulars		Gratuity Plan	
		Year ended March 31, 2018	Year ended March 31, 2017
1	Current Service Cost	474.60	479.79
2	Interest on Defined Benefit Obligation	157.25	205.22
3	Expected Return on Plan Assets	(100.48)	(109.20)
4	Actuarial Losses/(Gains)	69.73	(62.53)
5	Amount not recognized as Assets (Limits in para 59(b))	29.94	-
	Net Cost recognised in Statement of Profit and Loss	**631.05**	**513.29**
	Actual Return on Plan Assets	87.24	124.54

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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, 2018	As at March 31, 2017
Opening balance of the present value of Defined Benefit Obligation	1,739.54	1,895.52
Add: Current Service Cost	474.60	479.80
Add: Interest Cost	157.25	205.22
Add/(less): Actuarial Losses/(Gain)	59.93	(40.52)
Add: Liability assume on acquisition/(settlement)	14.93	819.34
Add: Actuarial losses / (Gain) due to curtailments	(1.39)	-
Add/(less): Liabilities Extinguished on Settlements	(48.53)	29.03
Less: Benefits paid	438.34	1,648.86
Closing balance of the present value of Defined Benefit Obligation	**1,957.99**	**1,739.54**

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, 2018	As at March 31, 2017
Opening balance of the fair value of the plan assets	1,078.09	1,845.39
Add: Expected Return on plan assets	100.48	109.20
Add/(less): Actuarial gains/(losses)	(9.82)	22.00
Add: Contributions by Employer	735.74	711.34
Less: Benefits Paid	469.79	1,609.84
Closing balance of the plan assets	**1,434.70**	**1,078.09**

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.

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.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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

S. No	Particulars	Gratuity Plan	
		As at March 31, 2018	As at March 31, 2017
1	Government of India Securities	13%	17%
2	Corporate Bonds	14%	19%
3	Special Deposit Scheme	2%	3%
4	Insurer Managed Funds	49%	49%
5	Others	22%	12%
		100%	100%

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

S. No	Particulars	As at March 31, 2018	As at March 31, 017
1	Discount rate	7.20% - 7.85%	6.90% - 8.05%
2	Expected return on plan assets	7.50%	8.00%
3	Salary growth rate	9.00%	6.00% - 8.00%

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

(₹ in Lakh)

Particulars	2018	2017	2016	2015	2014
- Defined Benefit Obligation	(1,957.99)	(1739.53)	(2,749.00)	(2,067.84)	(1,494.02)
- Plan Assets	1,434.70	1078.09	1,845.40	1,658.47	1,576.60
- Amount not recognized as an asset	(29.94)	-	-	-	-
- Surplus /(Deficit)	(553.23)	(661.43)	(903.60)	(409.37)	82.58
Exp. Adjustment on Plan Liabilities	(152.15)	195.39	481.81	(58.04)	(289.77)
Exp. Adjustment on Plan Assets	(9.82)	22.00	(108.74)	(5.28)	46.30

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

iii) Defined benefit provident fund plan:

a) The amounts recognised in balance sheet are as follows:

(₹ in Lakh)

S. No	Particulars	Provident Fund Plan	
		As at March 31, 2018	As at March 31, 2017
A.	Net (Liability) / Asset recognized in the Balance Sheet		
	Present Value of Funded Obligation	2,406.96	(5,152.11)
	Present Value of Unfunded obligation	-	5,182.87
	Less: Fair value of Plan Assets	2,427.12	-
	Amount to be recognised in the Balance Sheet as (liability) or asset	20.16	30.76
B.	**Amounts to be recognised in the Balance sheet**		
	Assets	**20.16**	**30.76**

b) Expenses recognised in the statement of profit and loss:

(₹ in Lakh)

S. No	Particulars	Provident Fund Plan	
		Year ended March 31, 2018	Year ended March 31, 2017
1	Current Service Cost	0.01	394.97
2	Interest on Defined Benefit Obligation	275.49	425.74
3	Expected Return on Plan Assets	(275.49)	(425.74)
4	Net Actuarial Losses/(Gains)	(255.63)	62.62
5	(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	255.63	(62.62)
6	**Expenses recognized in the statement of Profit & Loss Account**	**0.01**	**394.97**
7	Actual Return of Plan Asset	531.12	363.12

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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, 2018	As at March 31, 2017
Opening balance of the present value of Defined Benefit Obligation	5,152.11	5,311.22
Transfer in/out	(7.95)	(316.46)
Add: Current Service Cost	0.01	394.97
Add: Interest Cost	275.49	425.74
Add: Contribution by Plan Participants	194.93	780.81
Less: Benefits paid	3,207.63	1,444.16
Closing balance of the present value of Defined Benefit Obligation	**2,406.96**	**5,152.11**

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, 2018	As at March 31, 2017
Opening balance of the fair value of the plan assets	5,182.87	5,325.47
Transfer in/(out)	(79.83)	(316.46)
Add: Expected Return on plan assets	275.49	425.74
Add/(less): Actuarial gains/(losses)	255.63	(62.62)
Add: Contributions by Employer	0.17	431.23
Add: Contribution by Plant participants	0.42	823.68
Less: Benefits Paid	3,207.63	1,444.16
Closing balance of the plan assets	**2,427.12**	**5,182.87**

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, 2018	As at March 31, 2017
1	Government of India Securities	23%	20%
2	State Government Scheme	20%	21%
3	Special Deposit Scheme	6%	8%
4	Public Sector Unit Bond	29%	33%
5	Corporate Bonds	17%	15%
6	Others	5%	3%
		100%	**100%**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

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) 17 Segment Reporting:

a) Primary Segment (Business Segment)

The Group has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Rural, Housing, Wholesale, Defocused and Other businesses. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly attributable to each reportable segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as 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 Equipment Finance, Two Wheeler Finance and Micro 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 etc.
- **Unallocated** represents tax assets and tax liabilities

(₹ in Lakh)

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
I	**Gross segment revenue from continuing operations**		
(a)	Rural business	2,47,510.35	1,80,352.28
(b)	Housing business	2,13,766.69	1,46,659.74
(c)	Wholesale business	4,46,120.57	4,23,660.85
(d)	Defocused business	22,505.36	47,733.16
(e)	Others	79,748.44	39,928.70
	Segment revenue from continuing operations	**10,09,651.41**	**8,38,334.73**
(f)	Less: Inter segment revenue	7,548.05	4,275.88
	Revenue as per the Statement of Profit & Loss	**10,02,103.36**	**8,34,058.85**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

(₹ in Lakh)

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
II	**Segment results**		
(a)	Rural business	60,842.90	35,622.41
(b)	Housing business	71,698.86	41,959.91
(c)	Wholesale business	43,967.93	45,313.14
(d)	Defocused business	(19,072.74)	(21,405.90)
(e)	Others	16,545.44	6,400.63
	Profit before tax	**1,73,982.39**	**1,07,890.19**
(f)	Tax expense (net)	27,483.30	3,643.67
	Profit after tax	**1,46,499.09**	**1,04,246.52**
III	**Segment assets**		
(a)	Rural business	16,50,265.92	10,26,167.14
(b)	Housing business	20,12,024.21	13,22,926.80
(c)	Wholesale business	48,23,969.54	43,73,162.95
(d)	Defocused business	1,27,652.93	2,48,911.92
(e)	Others	10,23,298.16	7,36,234.89
	Sub Total	**96,37,210.76**	**77,07,403.70**
(f)	Less: Inter segment assets	8,79,280.61	5,81,133.90
	Segment assets	**87,57,930.15**	**71,26,269.80**
(g)	Unallocated	1,65,126.43	1,25,089.40
	Total assets	**89,23,056.58**	**72,51,359.20**
IV	**Segment liabilities**		
(a)	Rural business	14,17,436.14	9,08,022.92
(b)	Housing business	17,71,545.96	11,92,683.84
(c)	Wholesale business	42,80,163.97	39,17,593.76
(d)	Defocused business	1,09,642.86	2,20,254.30
(e)	Others	1,09,426.96	1,67,834.17
	Sub Total	**76,88,215.89**	**64,06,388.99**
(f)	Less: Inter segment liabilities	1,26,951.89	67,044.29
	Segment liabilities	**75,61,264.00**	**63,39,344.70**
(g)	Unallocated	3,365.02	1,280.72
	Total liabilities	**75,64,629.02**	**63,40,625.42**
V	**Capital expenditure (property, plant and equipment/ intangible assets)**		
(a)	Rural business	665.96	537.93
(b)	Housing business	811.94	693.5
(c)	Wholesale business	1,946.69	2,292.48
(d)	Defocused business	51.51	130.48
(e)	Others	412.95	385.95
	Total capital expenditure	**3,889.05**	**4,040.34**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

(₹ in Lakh)

Sr. No.	Particulars	Year ended March 31, 2018	Year ended March 31, 2017
VI	**Depreciation and amortisation expenses (included in segment expense)**		
(a)	Rural business	1,138.56	724.07
(b)	Housing business	357.70	457.40
(c)	Wholesale business	537.74	1,242.46
(d)	Defocused business	2,214.12	3,301.05
(e)	Others	944.53	1,005.00
	Total depreciation and amortization	**5,192.65**	**6,729.98**

c) Secondary Segment (Geographical Segment)

The Group operates only in the domestic market. As a result separate segment information for different geographical segments is not disclosed.

31.6 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 L&T Electricals and Automation Limited

7 L&T Hydrocarbon Engineering Limited

8 L&T Construction Equipment Limited

9 L&T Infrastructure Engineering Limited

C Associate Companies

1 Feedback Infra Private Limited (till March 14, 2018)

D Key Management Personnel

1 Mr. Dinanath Dubhashi (from April 14, 2016)

2 Mr. Y. M. Deosthalee (till September 5, 2016)

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

31.6 Disclosure pursuant to Accounting Standard (AS) 18 Related Party Disclosures:

b) Disclosure of related party transactions:

(₹ in Lakh)

S No	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
1	**Corporate support charges recovered from**		
	L&T General Insurance Company Limited	-	102.00
	Larsen and Toubro Limited	0.34	-
2	**Deputation and other expenses recovered from**		
	L&T General Insurance Company Limited	-	176.74
3	**Income on leases**		
	Larsen & Toubro Limited	-	12.05
4	**Commission income**		
	Larsen and Toubro Limited	-	6.34
	L&T Construction Equipment Limited	-	2.22
5	**Sitting fees received**		
	Feedback Infra Private Limited	3.00	1.25
6	**Brand license fees**		
	Larsen & Toubro Limited	3,607.95	1,535.43
7	**Advisory fees received**		
	Larsen & Toubro Limited	12.50	-
8	**Branch sharing cost recovered from**		
	L&T Electricals and Automation Limited	5.06	-
9	**Interest expense on inter corporate borrowings**		
	L&T Capital Company Limited	63.72	55.51
10	**Professional fees paid to**		
	Larsen & Toubro Limited	777.70	729.22
	Larsen & Toubro Infotech Limited	311.84	103.19
	L&T Sargent & Lundy Limited	9.20	1.35
	L&T Capital Company Limited	-	12.20
	L&T Infrastructure Engineering Limited	-	4.50
	Feedback Infra Private Limited	-	19.25

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

(₹ in Lakh)

S No	Nature of transactions	Year ended March 31, 2018	Year ended March 31, 2017
11	**Branch sharing cost paid to**		
	Larsen & Toubro Limited	11.40	-
12	**Other expenses**		
	Larsen & Toubro Limited	58.57	22.58
	L&T Infotech Limited	19.79	12.64
13	**Purchase of property, plant and equipment**		
	L&T Infotech Limited	11.93	17.37
	L&T Capital Company Limited	0.02	-
14	**Inter corporate borrowing taken from**		
	L&T Capital Company Limited	837.00	760.00
15	**Inter corporate borrowing repaid**		
	L&T Capital Company Limited	960.00	557.00
16	**Computer maintenance**		
	Larsen & Toubro Infotech Limited	56.88	-
	Larsen & Toubro Limited	10.10	41.31
17	**Reimbursement of expense from**		
	Larsen & Toubro Limited	-	308.31
18	**Reimbursement of expense to**		
	Larsen & Toubro Limited	8.44	-
	Larsen & Toubro Electromech LLC	0.15	-
19	**Construction charges debited by**		
	Larsen & Toubro Limited	-	532.28
20	**Subscription to equity shares by**		
	Larsen & Toubro Limited	2,00,000.00	-
21	**Managerial remuneration #**		
	Mr. Dinanath Dubhashi	820.60	566.87
	Mr. Y.M. Deosthalee	-	158.36

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 the Consolidated Financial Statements for the year ended March 31, 2018

c) Amount due to/from related parties:

(₹ in Lakh)

S No	Nature of transactions	As at March 31, 2018	As at March 31, 2017
1	**Other long term liabilities**		
	Larsen & Toubro Limited	-	6.56
	L&T General Insurance Company Limited	-	21.90
2	**Short term borrowings**		
	L&T Capital Company Limited	637.00	760.00
3	**Trade payable**		
	Larsen & Toubro Electromech LLC	1.50	1.50
	Larsen & Toubro Limited	2,627.70	807.75
	L&T Hydrocarbon Engineering Limited	2.01	2.01
	Larsen & Toubro Infotech Limited	-	6.08
4	**Other current liabilities**		
	L&T Capital Company Limited	22.37	0.02
	Larsen & Toubro Limited	3.95	19.62
	Larsen & Toubro Infotech Limited	9.30	2.00
5	**Trade receivable**		
	L&T General Insurance Company Limited	-	4.22
	Larsen & Toubro Limited	4.31	7.49
6	**Short term loans and advances**		
	Larsen & Toubro Limited	248.83	-
	L&T Electricals and Automation Limited	5.42	-
7	**Other current assets**		
	Larsen & Toubro Limited	4.72	6.87

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

31.7 Disclosure in respect of leases pursuant to Accounting Standard (AS) 19 "Leases":

Finance Lease:

a) As 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, 2018 in respect of these assets are as under:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gross Investments:		
- Within one year	2,589.01	2,827.26
- Later than one year and not later than five years	8,727.65	5,039.97
- Later than five years	0.52	-
Total	**11,317.18**	**7,867.23**
Unearned Finance Income:		
- Within one year	745.16	649.75
- Later than one year and not later than five years	1,509.77	864.56
- Later than five years	0.02	-
Total	**2,254.95**	**1,514.31**
Present Value of Rentals:		
- Within one year	1,843.85	2,177.27
- Later than one year and not later than five years	7,217.88	4,175.32
- Later than five years	0.49	-
Total	**9,062.22**	**6,352.59**

Operating Lease:

b) As 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 ₹ 3,983.41 lakh (Previous year ₹ 3,799.78 lakh). The future minimum lease payments in respect of which as at March 31, 2018 are as follows:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Lease payments	
- Within one year	2,511.92	1,322.07
- Later than one year and not later than five years	7,516.92	634.81
- Later than five years	-	-
Total	**10,028.84**	**1,956.68**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

a) As lessor:

(₹ in Lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Minimum lease	
Within one year	1,244.02	3,404.30
Later than one year and not later than five years	1,886.45	4,006.49
Later than five years	145.10	145.43
Total	**3,275.57**	**7,556.22**

31.8 Basic and Diluted Earnings Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earnings Per Share:

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
Basic:			
Profit after tax as per Statement of Profit and Loss (₹ lakh)		145,948.80	104,218.67
Less: Dividend on Cumulative Compulsorily Redeemable Preference Shares (₹ lakh)		9,306.55	12,781.95
Profit attributable to equity share holders	A	136,642.25	91,436.72
Number of equity shares		1,995,676,960	1,755,721,861
Weighted average number of equity shares outstanding	B	1,824,419,741	1,754,486,014
Basic EPS before and after extraordinary items (₹)	A/B	7.49	5.21
Diluted:			
Profit attributable to equity shareholders (₹ lakh)	A	136,642.25	91,436.72
Weighted average number of equity shares outstanding	B	1,824,419,741	1,754,486,014
Add: Weighted average no. of potential equity shares	C	17,613,844	24,404,228
Weighted average number of shares outstanding for diluted EPS	D=B+C	1,842,033,585	1,778,890,242
Diluted EPS before and after extraordinary items (₹)	A/D	7.42	5.14
Face value of shares (₹)		10.00	10.00

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

31.9 Contingent liabilities and commitments in accordance with Accounting Standard (AS) 29:

(₹ in Lakh)

S. No	Particulars	As at March 31, 2018	As at March 31, 2017
	Contingent liabilities:		
a)	Claims against the Group not acknowledged as debt:		
	Income Tax matter in dispute	866.15	1,317.15
	Service Tax / Sales Tax / VAT matters in dispute	7,020.66	2,859.37
	Legal matters in dispute	134.94	109.09
b)	Bank guarantees	26,869.79	7,120.00
c)	Other money for which the Group is contingently liable; Letter of Credit/ Letter of Comfort	252,666.78	79,516.30
	Commitments:		
a)	Estimated amounts of contracts remaining to be executed on capital account and not provided for	33,827.55	765.83
b)	Other commitments		
	Undrawn Commitments* (standby facilities)	48,633.00	99,533.47

* 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.

31.10 Details of dues to micro, small and medium enterprises:

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)

S No.	Particulars	As at March 31, 2018	As at March 31, 2017
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.	-	-

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

31.11 The 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 Group as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding:

Borrower Name	No. of shares kept as bailee	
	2017-18	2016-17
Hanjer Biotech Energies Private Limited	3,25,096	3,25,096
VMC Systems Ltd	1,79,608	1,79,608
Saumya Mining Limited	513,012	513,012
Sew Vizag Coal Terminal Private Limited	703,833	703,833
Bhushan Steel Limited	7,189,089	7,189,089
Sterling International Enterprises Limited	217,309	217,309
Tulip Telecom Limited	1,401,762	1,401,762
Punj Lloyed Limited	5	5
Golden Tobacco Limited	10,000	10,000
Gujurat Highway Corporation Limited	70,000	70,000
KSK Energy Ventures Limited	5,27,937	2,26,813
KSK Mahanadi Power Co Limited	5,96,052	-
Hindusthan National Glass & Industries Ltd	3,802,235	-
Vakrangee Limited	81,524	-

31.12 Subsidiaries have entered into currency swap transactions with a view to convert its USD borrowings into Indian rupee borrowing. Accordingly, the Group has revalued the foreign currency borrowing and currency swap at the balance sheet date.

Particulars	As at March 31, 2018	As at March 31, 2017
Liability – External Commercial Borrowings	USD 15,506,284	USD 25,000,000
Assets – Currency Swap	USD 15,506,284	USD 25,000,000

31.13 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.

31.14 Investment in Grameen Capital India Limited, an associate of the Group 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.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

31.15 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 (A)	63.12%	865,157.35	25.20%	36,783.83
Subsidiaries				
Indian				
L&T Capital Markets Limited	0.39%	5,297.64	2.35%	3423.05
L&T Finance Limited	62.64%	858,675.12	19.86%	28,992.16
L&T Housing Finance Limited	9.94%	136,207.01	11.40%	16,635.59
L&T Infra Debt Fund Limited	7.41%	101,602.14	10.25%	14,964.69
L&T Infra Investment Partners Advisory Private Limited	0.11%	1,545.91	0.17%	240.87
L&T infra Investment Partners Trustee Private Limited	0.00%	4.40	(0.00%)	(0.95)
L&T Infrastructure Finance Company Limited	24.43%	334,822.43	5.20%	7,589.14
L&T Investment Management Limited	3.52%	48,194.05	1.19%	1,730.27
L&T Mutual Fund Trustee Limited	0.01%	152.67	(0.00%)	(6.40)
L&T Financial Consultants Limited	0.47%	6,393.73	1.35%	1,971.67
Mudit Cement Private Limited	(0.14%)	(1,931.23)	(0.39%)	(567.60)
Total Subsidiaries (B)	**108.78%**	**1,490,963.87**	**51.37%**	**74,972.49**
Minority Interests in all subsidiaries (C)	**0.90%**	**12,314.01**	**(0.43%)**	**(633.68)**
Associates (Investments as per equity method)				
Indian				
Feedback Infra Private Limited	-	-	0.06%	83.39
Total Associates (D)	**-**	**-**	**0.06%**	**83.39**
Inter-company elimination & consolidated adjustments (E)	(72.78%)	(997,693.70)	23.80%	34,742.76
Total (A+B-C+D-E)	**100.00%**	**1,370,741.53**	**100.00%**	**145,948.79**

31.16 Previous year figures have been regrouped/ reclassified wherever necessary to correspond with current year's classification / disclosure.

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 3, 2018

Notes

Registered Office:

L&T Finance Holdings Limited
Brindavan, Plot No. 177, C. S. T. Road
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Mumbai 400 098
Maharashtra, India

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