

July 3, 2021

**National Stock Exchange of India Limited**

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

**BSE Limited**

Corporate Relations Department,  
1<sup>st</sup> Floor, New Trading Ring,  
P. J. Towers, Dalal Street,  
Mumbai - 400 001.

**Symbol: L&TFH**

**Security Code No.: 533519**

**Kind Attn: Head - Listing Department / Dept of Corporate Communications**

**Sub: Submission of the Annual Report for the financial year 2020-21 and Notice of the Annual General Meeting**

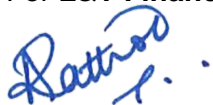
Dear Sir / Madam,

Pursuant to the requirements of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the Company for the financial year 2020-21 ("Annual Report") along with the Notice of the Thirteenth Annual General Meeting ("Notice") of the Company to be held on Wednesday, July 28, 2021 at 3:00 p.m. through electronic mode (video conference or other audio visual means). In accordance with Ministry of Corporate Affairs circulars dated May 5, 2020 and January 13, 2021 and SEBI circulars dated May 12, 2020 and January 15, 2021, the Annual Report along with the Notice is sent through electronic mode to the Members of the Company.

Further, the aforesaid Annual Report along with Notice has also been uploaded on the website of the Company at [www.ltf.com/investors.html](http://www.ltf.com/investors.html).

We request you to take the aforesaid on records.

For **L&T Finance Holdings Limited**

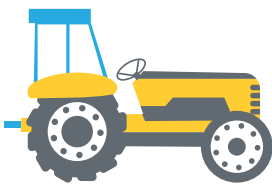
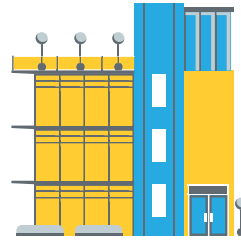
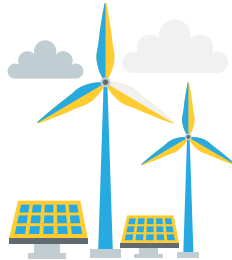
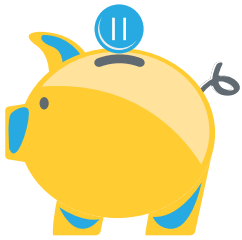
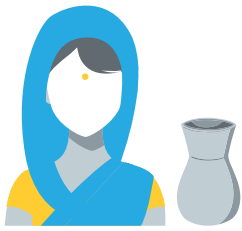


**Apurva Rathod**  
**Company Secretary and Compliance Officer**

Encl: as above

BUILDING ON

# Strengths

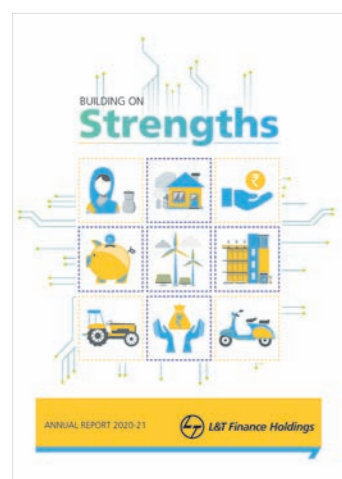


ANNUAL REPORT 2020-21



**L&T Finance Holdings**

# BUILDING ON Strengths



A cube symbolises steadiness and adaptability. It is one whole, yet each side has its own individuality that adds to the united strength of the cube.

The multi-dimensional appearance of a cube perfectly echoes the strength of LTFH. It stands for your Company's robustness through a diversified business presence, exceptional usage of digital and data analytics and a strong risk management framework.

The theme 'Building on Strengths' helps weave all these factors into a consolidated whole, one that reflects your Company's commitment to creating value for all stakeholders.

## QUICK INFORMATION:

Market Capitalisation  
as at March 31, 2021

₹23,669 Cr

BSE Code

533519

NSE Symbol

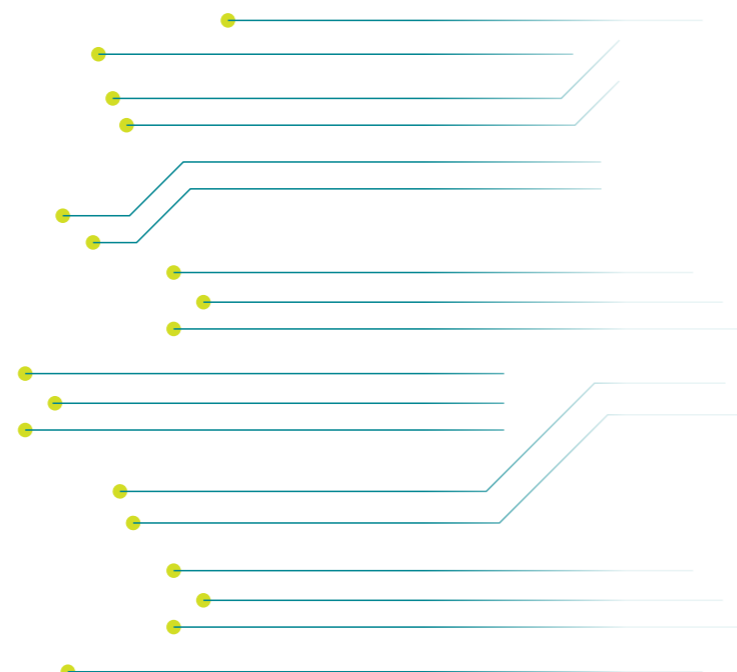
L&TFH

AGM Day & Date

Wednesday, July 28, 2021

AGM Mode

Video-Conference/Other Audio-Visual Means



## Corporate Information

### BOARD OF DIRECTORS

**SHAILESH HARIBHAKTI**  
Non-Executive Chairman

**DINANATH DUBHASHI**  
Managing Director &  
Chief Executive Officer

**R. SHANKAR RAMAN**  
Non-Executive Director

**P. V. BHIDE**  
Independent Director

**THOMAS MATHEW T.**  
Independent Director

**NISHI VASUDEVA**  
Independent Director

**RAJANI R. GUPTA**  
Independent Director

**PRABHAKAR B.**  
Non-Executive Director

**PAVNINDER SINGH**  
Nominee Director

### COMPANY SECRETARY

**APURVA RATHOD**

### JOINT STATUTORY AUDITORS

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

### REGISTERED OFFICE & INVESTOR SERVICE CENTRE

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

### REGISTRAR & 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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## About Us

L&T Finance Holdings Limited ('LTFH' or 'Your Company') is one of the leading, well-diversified Non-Banking Financial Companies (NBFCs) with a strong presence across lending and investment management businesses. LTFH was incorporated in 2008, and in 2011, your Company went on to become a public listed company (BSE and NSE).

Headquartered in Mumbai, LTFH is a financial solutions provider that caters to the diverse financing needs of its customers across various sectors, including Rural (Farm-Equipment Finance, Two-Wheeler Finance, Micro Loans and Consumer Loans), Housing (Home Loan, Loan Against Property and Real Estate Finance), Infrastructure and Mutual Funds. These businesses offer varied products and services that help customers secure both their financing needs as well as their future, including in the unserved and underserved segments of the society.



BRANCHES

197



MICRO LOANS MEETING CENTRES

1,395



CUSTOMER BASE

111+ Lakh



EMPLOYEES

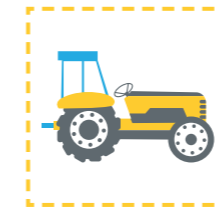
22,532

All figures as on March 31, 2021

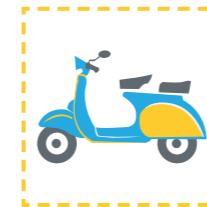
## OUR OFFERINGS

### Lending Businesses

#### Rural Finance



Farm Equipment Finance



Two-Wheeler Finance



Micro Loans



Consumer Loans

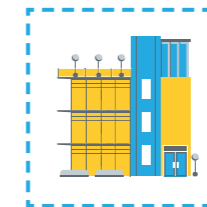
#### Housing Finance



Home Loan



Loan Against Property

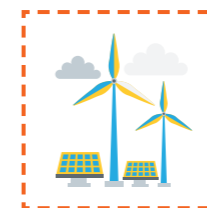


Real Estate Finance

#### Infrastructure Finance

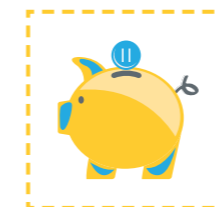


Infra Finance

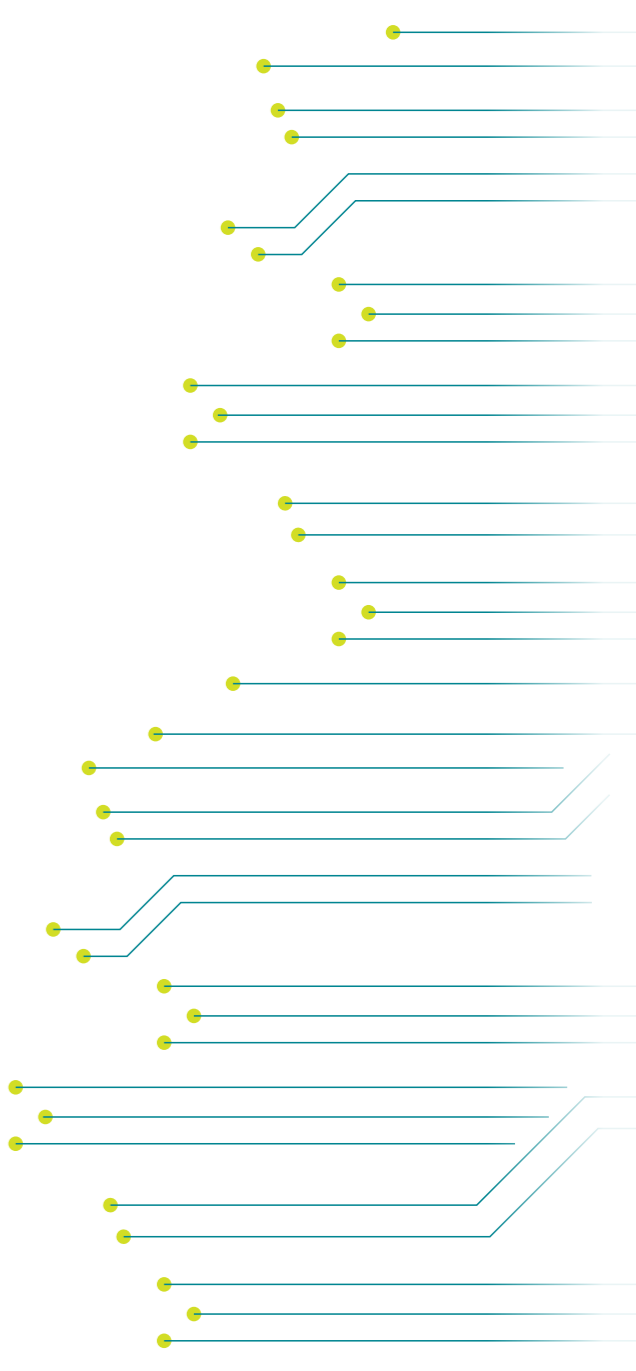


Infra Debt Fund

### Non-Lending Businesses



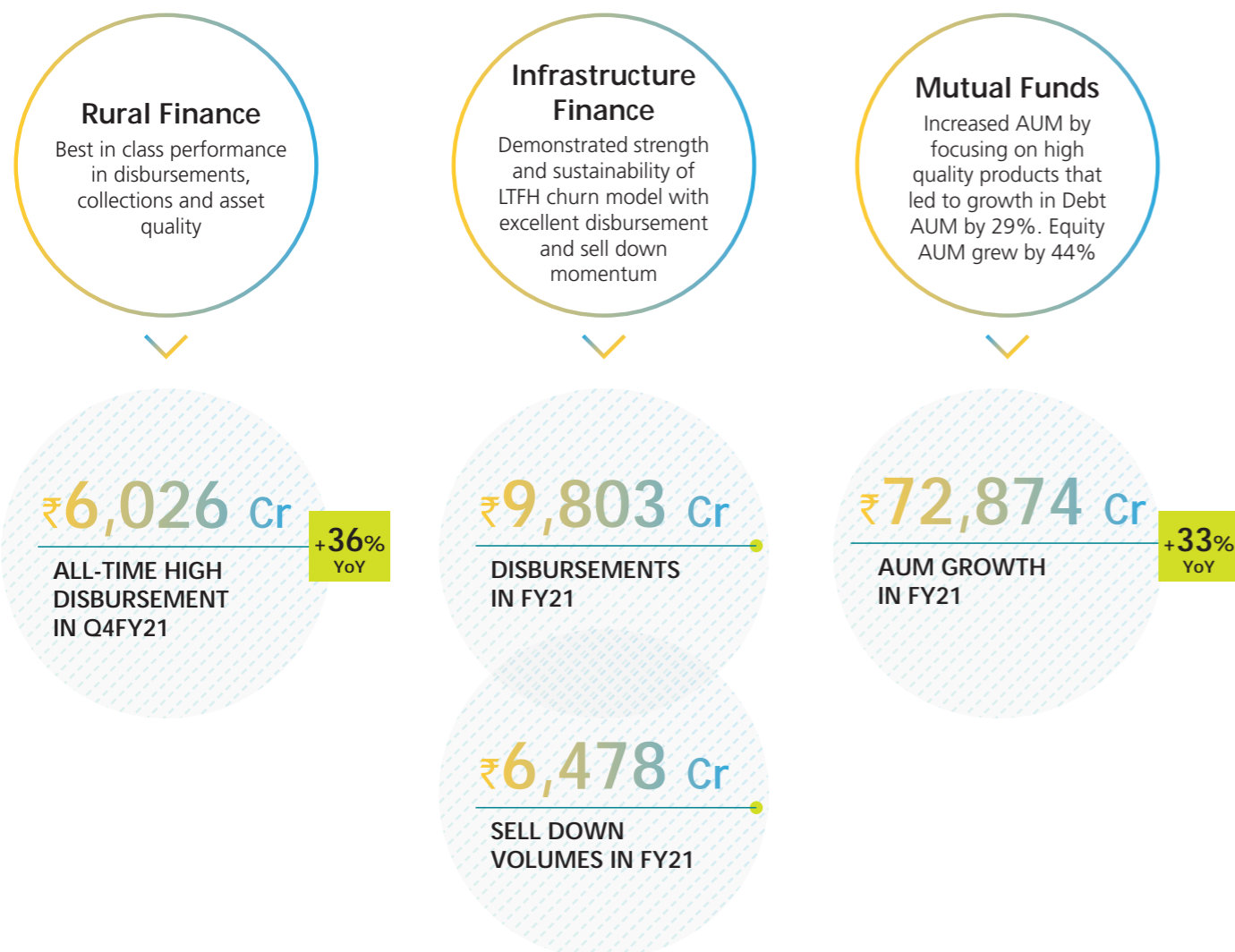
Investment Management



# FY21 Performance Snapshot

FY21 can be aptly described as a year of two halves - the first half focused on challenges in business environment and the second half focused on maximising growth opportunities. Despite prevailing uncertainties in the operating environment, your Company has delivered a balanced outcome by building on its strengths. The pandemic surely posed a challenge to the intrinsic strengths of business as well as people, however your Company was able to navigate the storm with conviction and confidence. Most of the key achievements of the year were a result of our ongoing efforts of embracing lessons learnt over the years and we continue to maintain sharp focus on delivering value for all our stakeholders.

## Business Strengths



### Market Share

- Increased market share in Farm Equipment Finance and Two-Wheeler Finance
- Continues to be one of the leading players in Micro Loans and Renewable Finance

### Retailisation

Continued to deliver on the retailisation strategy

26%	40%	43%
FY16	FY20	FY21

## Strong Collections Framework

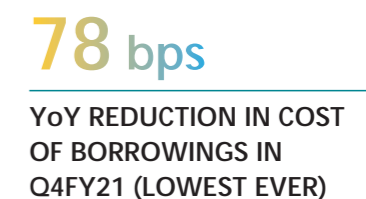
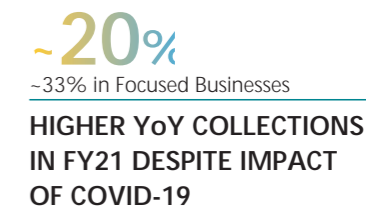
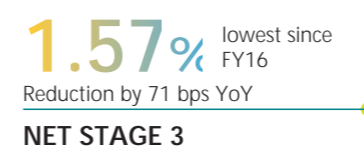
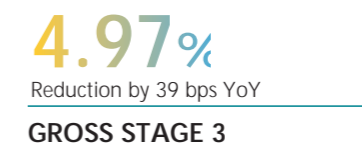
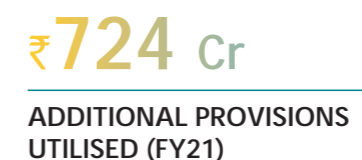
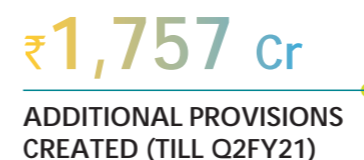
- Continued witnessing strong collection volumes owing to concerted on-field efforts, analytics-led prioritisation and resource allocation
- Achieved Collection Efficiency (CE) of pre-Covid level across businesses

## Well Established Liability Franchise

- Continued maintaining prudent ALM (Asset Liability Management) and diversified funding owing to AAA rating and strong parentage
- Demonstrated astute treasury management to diversify sources of funding at a lower cost of borrowing
- Raised over ₹15,000 Cr in long term borrowings across quarters reflecting the strength of the balance sheet; raised over ₹3,500 Cr of Priority Sector Loans (PSL) during FY21

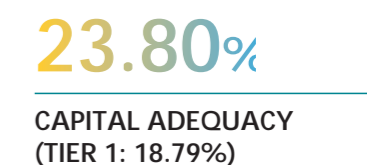
## Improved Asset Quality and Provisions

- Reduced Gross Stage 3 (GS3) and improved Provision Coverage Ratio (PCR)
- Achieved lowest level of Net Stage 3 (NS3) since FY16
- Carried forward ₹1,033 Cr of additional provisions to cushion for any future uncertainty due to second wave of COVID-19



## Strengthened Balance Sheet

- Raised additional capital through Rights Issue
- Improved Capital Adequacy
- Reduced Debt Equity Ratio



GS3 and NS3 figures are on principal outstanding basis

## Chairman's Message



**“AS THE NATION CONTINUES FIGHTING A PANDEMIC, THE SPOTLIGHT IS DRAWN ON THE SHOCK ABSORBERS OF OUR ECONOMY – OUR RESPECTED GOVERNMENT AND ESTEEMED REGULATORY BODIES, BANKS, NBFCS AND OTHER SUPPORTING FINANCIAL SERVICE INTERMEDIARIES. I HAVE EXTREME GRATITUDE FOR THESE FINANCIAL WARRIORS RESPONSIBLE FOR KEEPING OUR ENGINES UP AND RUNNING. TOGETHER, WE WILL WIN AND EMERGE STRONGER FROM THIS CRISIS.”**

### Dear Shareholders,

The year 2020 belonged to active listeners, better observers, and fast learners. Today, as I write this letter to you, I am thinking of how far and fast the world has changed within the last twelve months. We have experienced profound changes starting from better awareness towards health, discovering the power of flexibility in businesses, to rapid digitalisation, and growing interest towards sourcing alternative energy options. A lot we see around today was barely there a year back and yet, we have all seamlessly become a part of ‘this new normal.’

Amidst this, our team’s undying hard work, unwavering commitment and strong resolution to smoothly transition into ‘this world’ have helped support our customers and other stakeholders. Each one of them deserves our deepest gratitude and sincerest appreciation.

As the nation continues fighting a pandemic, the spotlight is drawn on the shock absorbers of our economy – our respected Government and esteemed regulatory bodies, banks, NBFCS and other supporting financial service intermediaries. I have extreme gratitude for these financial warriors responsible for keeping our engines up and running. Together, we will win and emerge stronger from this crisis.

From a business standpoint, the pandemic definitely created headwinds. But like I mentioned earlier, active listeners and better observers who focussed on lessons learned, adapted

swiftly to this new normal. Your Company, backed by prudence, proactiveness and preparedness, waded through the tide of every quarter to ensure business continuity and continued to build on strengths.

### Macro-economic Headwinds

The economy witnessed sharp degrowth owing to lockdowns with restrictions on travel and trade dampening business sentiment. As commerce started slowing down, the Indian Government promptly took measures, to announce fiscal and monetary policies to limit economic disruption. In the second half of the year, gradual un-locks and phased resumption of business across sectors boosted confidence. However, the second wave of COVID-19 once again pulled brakes on the otherwise improving economic scenario.

### Building on Strengths

Despite the challenging operating environment, your Company focused on building strengths and concentrated on getting the basics right during the year.

**Business:** We continued being one of the leading financiers in our focused Rural and Infrastructure Finance businesses. Our digital and data analytics capabilities allowed us to identify the right sales point leading to strengthening of market share for Farm and Two-Wheeler financing. In the Micro Loans business, we largely focussed on collections for most part of the year and only in Q4FY21, did we cautiously

start underwriting new customers. In our Housing Finance business, we mostly focussed on existing real estate projects and restricted disbursement for LAP. Under Infrastructure Finance, we continued to maintain our sell down abilities and concentrating on projects with strong sponsors. Our Mutual Fund business, saw an increase in Assets under Management this year owing to our consistent focus on building a high-quality portfolio.

**Collection:** Being in the lending business, collections play a crucial role in establishing business stability. Our continuous on-field efforts, rebalancing the sales and collection teams within products, coupled with analytics-led prioritisation and resource allocation, led to improved collections across all our businesses. The collection efficiencies reached pre-Covid levels and surpassed FY20 collections by ~20%.

**ALM and Liquidity:** The objective of our liability franchise has always been to raise funds in a timely manner and ensure sufficient liquidity. During the year, your Company proactively built its liquidity buffers as a cover against unforeseen disruptions resulting out of moratorium and tight funding scenarios. With easing of liquidity from Q3FY21 onwards, your Company was able to reduce cost of borrowing.

**Asset Quality and Provisioning:** Your Company maintained sharp focus on asset quality backed by a strong collection performance, strengthened the balance sheet and built a strong risk management framework. Despite the pandemic, we have had the lowest ever NS3 and a good level of PCR. We also created additional cushion and reserves through macro prudential provisions and additional overlays on standard assets.

**Balance Sheet:** Your Company raised additional capital through a successful rights issue during the year which was oversubscribed by ~15%. This helped in strengthening the balance sheet and enabling your Company to pursue long term growth opportunities. Besides, we maintained a strong capital adequacy and lowered our debt-to-equity ratio.

In summary, your Company’s agility, preparedness and solid financial strength will help counter future uncertainties.

### Future Trends

The short-term scenario appears vulnerable considering the prevailing situation owing to the second wave. Furthermore, ongoing concerns around a potential third COVID-19 wave, its impact on business, especially rural, as well as on our society and the economy is yet to be calibrated. However, with the country’s rollout of vaccination and improving public awareness, I do hope there will be a rebound in H2FY22. Your Company’s preparedness is aimed at agilely navigating the future trends of our businesses in order to propel growth over the medium to long term.

### Digital & Data Analytics

In these uncertain times, Digital and Data Analytics will continue to radically change the way business is conducted. Right from intuitive customer experience to robust risk management framework, giving early warning signals and driving business efficiencies, and more will undergo transformation. We believe Digital and Data Analytics being

‘Core’ in our ‘Right to Win’ framework, right from the start, has positioned us well ahead of the curve in navigating the Covid related crisis. Your Company will continue to leverage Digital and Data Intelligence to drive Scale, Cost Effectiveness and Customer Experience across businesses.

### Commitment to ESG

We believe sustainability is the nucleus of comprehensive growth, and addressing its issues is your Company’s topmost priority. For us, sustainability is a dynamic process of meeting the needs of our employees and our society with a compassionate mindset and responsible approach. To this end, your Company’s Corporate Social Responsibility Committee’s remit extends to ESG initiatives as well.

Your Company’s Covid Care support for employees was immediate. In addition to safety kits and vaccination cost reimbursement, we were amongst the first to announce ex-gratia and two-year salary payment, as well as education and vocational training support for families of deceased employees.

Our long-standing commitment is to create value for society through our initiatives, and investments.

**E:** Our environment stewardship is reflected through our investments in renewables. We believe we are rightly positioned to empower India’s journey to Net Zero.

**S:** Our social endeavours are reflected through our Rural Finance business. Our products and services facilitate financial inclusion for our customers through strong linkages in the Rural sector, especially in unserved and underserved communities. Besides, our community initiatives are further highlighted through our flagship program ‘Digital Sakhi,’ which promotes women empowerment and nurtures an ecosystem of digital financial transactions.

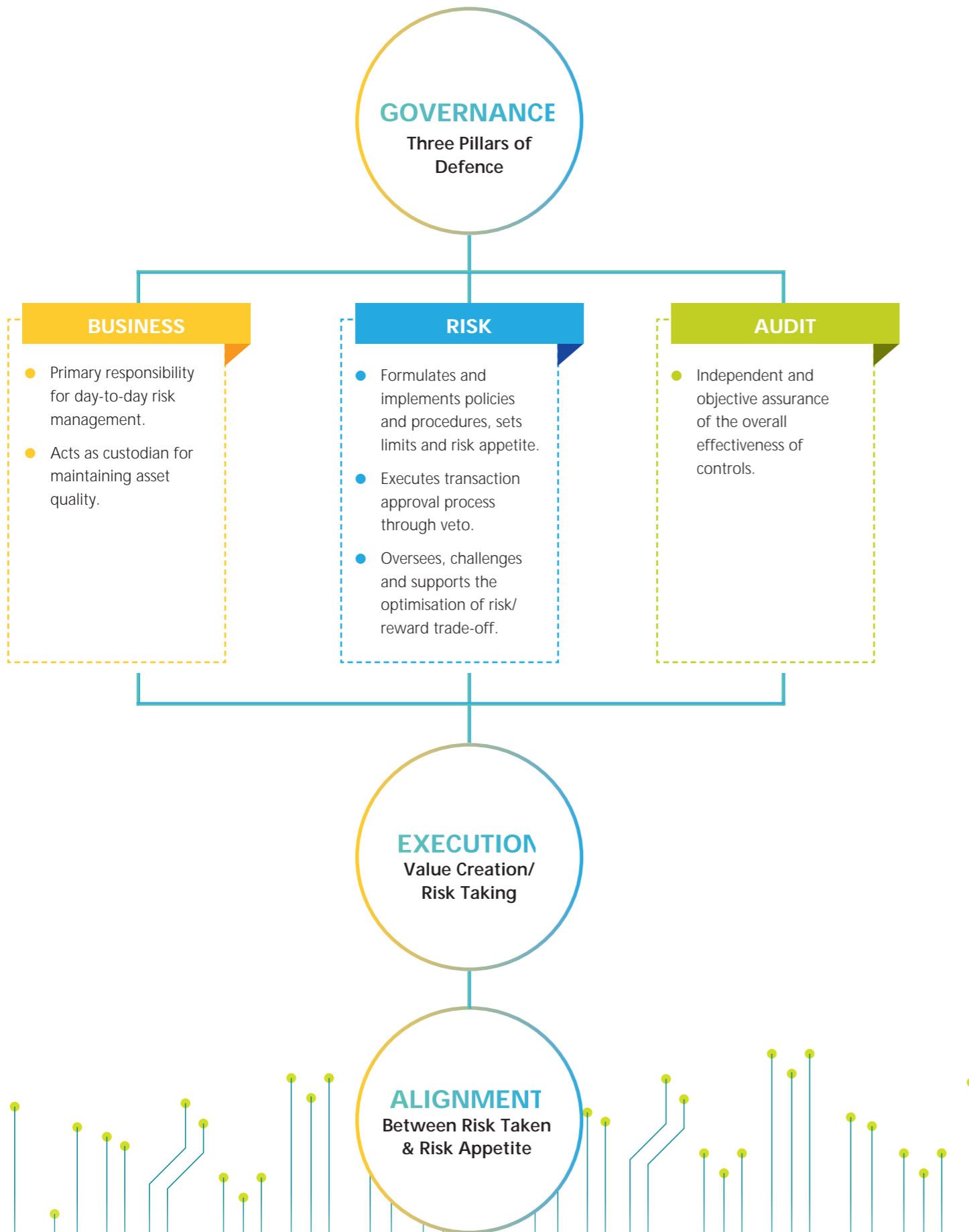
**G:** On the Governance front, your Company has a diverse and independent board. It keeps a constant track of the management’s operation of the business and effective handling of all the governance issues. Your Company already has separate offices of the Chairman and Managing Director & CEO since July 2016 and Chairman is an independent director on the Board since 2017. Besides, we also have a strong gender diversity with two women Independent Directors on the Board in the total strength of nine since June 2018.

### Closing Thoughts

As I close this letter, I would like to sincerely thank all our shareholders, associates, partners and stakeholders for their undeterred support and continued faith in the Company’s capabilities. I would like to recognise the support and committed involvement of all my fellow Board colleagues. I also appreciate the outstanding contribution of the leadership teams who have remained dedicated to implementing our value creation strategy.

Despite a trying year and challenges, we see good prospects in the years to come. Rest assured that we will invest all our efforts there, and until then, take care and stay safe!

**SHAILESH HARIBHAKTI**



## Board of Directors



**SHAILESH HARIBHAKTI**  
Non-Executive Chairperson  
(Independent Director)

Shailesh Haribhakti has over four decades of experience in developing and leading one of India's most respected and diversified Chartered Accounting firm – Haribhakti & Co. LLP. He is currently chairman of Shailesh Haribhakti & Associates, Chartered Accountants. He has been conferred with the Global Competent Boards Designation (GCB.D) by Competent Boards Inc. He is also currently the Non-Executive Chairman of L&T Mutual Fund Trustee Limited, Future Lifestyle Fashions Limited, Blue Star Limited, NSDL e-Governance Infrastructure Limited, Mentorcap Management Private Limited, Planet People & Profit Consulting Private Limited, Bluevine Technologies Private Limited and IBS Fintech India Private Limited. He is the Vice Chairman of GovEVA Private Limited.

He serves as an Independent Director on the Boards of several other public and private limited companies. He is a strong supporter of a clean and green environment, shared value creation and has pioneered the concept of 'innovating to zero' in the social context.

He was associated with the Indian of Management Ahmedabad (IIMA), BMA, IIA (Mumbai), ICAI (WIRC), IMC, FPSB and Rotary Club of Bombay over the last several decades. For two years he served on the Standards Advisory Council of the IASB in London and was the chairman of NPS (National Pension Scheme) Trust from 2015-2017. He has been conferred with the 'Distinguished Fellowship of IOD (Institute of Directors) Award – 2009', by the Institute of Directors.

He is a Chartered Accountant and Cost Accountant, and a Certified Internal Auditor, Financial Planner & Fraud Examiner.



**DINANATH DUBHASHI**  
Managing Director &  
Chief Executive Officer

With a rich experience of over three decades, Mr. Dinanath Dubhashi has worked in multiple domains of Financial Services such as Corporate Banking, Cash Management, Credit Rating, Retail Lending & Rural Finance.

Mr. Dubhashi has been associated with LTFH since 2007 and has been instrumental in scaling up the retail business operations manifold, across customer segments and geographies. During his tenure as MD & CEO, since 2016, LTFH has achieved several market leading positions in Farm Equipment Finance, Two-Wheeler Finance, Micro Loans and Renewable Power Finance.

The strategy roadmap defined under his leadership has transformed LTFH into an organisation focussed on delivering sustainable top quartile RoE through decisive strategic choices. The increase in retail proportion of loan book under his leadership, to 43% in FY21, has been built on the foundations of distinctive digital and analytics-based offering and a robust risk management framework.

As a part of his professional journey, he has also been associated with organisations such as BNP Paribas, CARE Ratings and SBI Capital Markets in various capacities.

Mr. Dubhashi has also been co-chairing the FICCI Committee on NBFCs since 2018. He is a Postgraduate from IIM Bangalore and holds a B.E. (Mechanical) degree.



**R. SHANKAR RAMAN**  
Non-Executive Director

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 L&T Group. He joined L&T Group in 1994 to set up L&T Finance Limited. Over the past 37 years, he has worked for leading listed corporates in varied capacities in the field of finance and general management.

He is a qualified Chartered Accountant and a Cost Accountant with a degree in Commerce from the Madras University.



**P. V. BHIDE**  
Independent Director

P. V. Bhide is a retired IAS Officer of the Andhra Pradesh Cadre (1973 Batch). He has worked in several Government positions during a career spanning nearly four decades. In the State Government, he has worked as the Deputy Secretary in Medical & Health Department and also as the Commissioner Relief (Department of Revenue). He was also the Finance Secretary and Secretary Energy for Andhra Pradesh. He also worked as the Managing Director of A.P. State Handloom Weavers Co-operative Society Limited (APCO) and Chief Executive & Managing Director of Godavari Fertilisers and Chemicals Limited.

With the Government of India, his roles include Deputy Secretary/Director of Economic Affairs, Ministry of Finance, Executive Advisor to India's Executive Director to the International Bank for Reconstruction and Development (IBRD/World Bank), Joint Secretary and later as Secretary-Department of Disinvestment, Ministry of Finance, Additional Secretary/Spl. Secretary - Ministry of Home Affairs. He retired as Revenue Secretary - Ministry of Finance, Govt. of India.

He holds a Masters degree in Business Administration and also has LLB and B.Sc. (Hons. Chemistry) degrees.



**RAJANI R. GUPTA**  
Independent Director

Rajani R. Gupte is the Vice Chancellor of the Symbiosis International (Deemed University), Pune. She joined Symbiosis as a founding member of the Symbiosis Institute of International Business in 1992. Later she was a Director of the Institute for nearly a decade. She has earlier held several leadership positions at Symbiosis: Dean-Faculty of Management, Dean-Academics and Pro-Vice Chancellor at the Symbiosis International (Deemed University).

She is an Independent Director on the Governing Board of NSDL, L&T Hydrocarbon Engineering Limited and subsidiaries of the Company. She has been frequently invited on committees of important organisations, such as International Trade Panel - Confederation of Indian Industries (CII), World Trade Organisation Committee, Government of Maharashtra. She has also served on committees of higher education appointed by the University Grants Commission and NITI Aayog.

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



**THOMAS MATHEW T.**  
Independent Director

Thomas Mathew T. has over four decades of strategic leadership and operational experience in the Life Insurance and Reinsurance industry. He was the Managing Director and Interim Chairman of L.I.C. He was also India MD & CEO of 'Reinsurance Group of America'. He was nominated by SEBI as the Chairman of the Metropolitan Stock Exchange of India. He has served as Director on the Boards of Mahindra & Mahindra Limited, Tata Power Co. Limited, Voltas Limited, IFCI Limited and Corporation Bank. He was a member of 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 Canara HSBC OBC Life Insurance Company, LIC (International) B.S.C.(c), Bahrain, PTC India Financial Services Limited and subsidiaries of the company. He is also member of the 'Take Over Panel' of SEBI.

He is PGDM Marketing, Postgraduate in Economics, Law Graduate and Associate of the Insurance Institute of India.



**PRABHAKAR B.**  
Non-Executive Director

Prabhakar B. retired as the Chairman and Managing Director of Andhra Bank in August 2013 after serving various banks for about 38 years. Prior to that, he had served as the Executive Director of Bank of India for a period of over three 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.



**NISHI VASUDEVA**  
Independent Director

Nishi Vasudeva with over 39 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 the Chairman and Managing Director of Hindustan Petroleum Corporation Limited, 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.



**PAVNINDER SINGH**  
Nominee Director

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

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

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



## Group Executive Committee



**SUNIL PRABHUNE**  
Chief Executive - Rural Finance & Housing and Group Head - Digital, IT and Analytics



**KAILASH KULKARNI**  
Chief Executive - Investment Management & Group Head - Marketing



**SACHINN JOSHI**  
Group Chief Financial Officer



**RAJU DODTI**  
Chief Executive - Wholesale Finance



**SHIVA RAJARAMAN**  
Chief Executive - L&T Infra Debt Fund



**TUSHAR PATANKAR**  
Chief Risk Officer



**SANTOSH PARAB**  
General Counsel



**ABHISHEK SHARMA**  
Chief Digital Officer



**APURVA RATHOD**  
Group Head - Secretarial & CSR and Sustainability

“OVER THE YEARS, DIFFERENT MACROECONOMIC HEADWINDS AND ENVIRONMENT TRIGGERS HAVE HELPED SEASON US, WITH CORRESPONDING LESSONS LEARNT AND ASSIMILATED. THESE LESSONS HAVE BECOME OUR STRENGTH AS WE CONTINUE TO FOCUS ON OUR STRATEGIC GOALS AND CLIENT VALUE PROPOSITION.

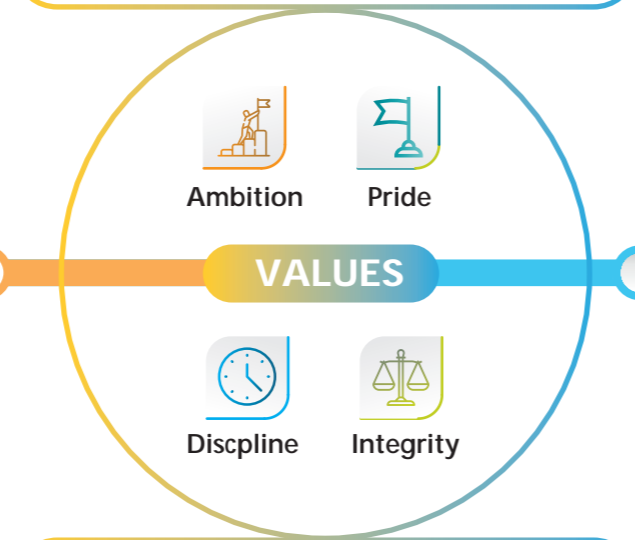
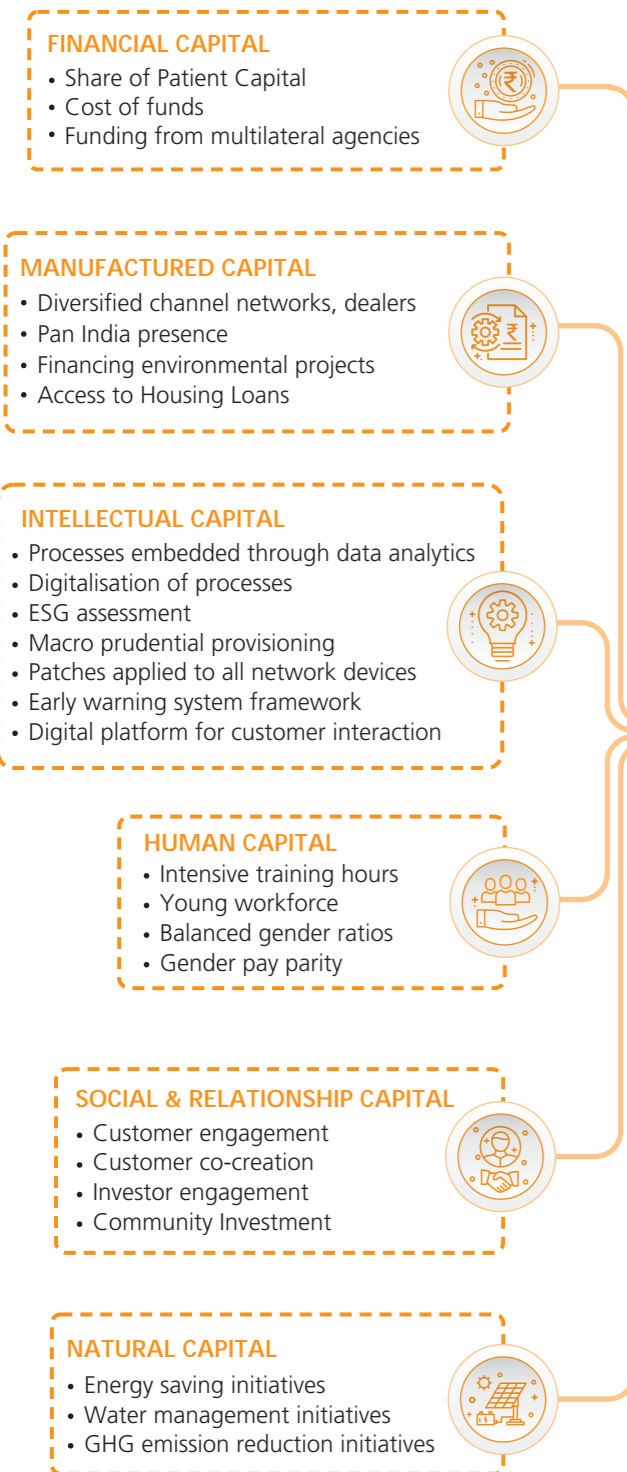
GOING AHEAD, I AM OPTIMISTIC ABOUT OUR GROWTH PROSPECTS OVER THE MEDIUM TO LONG TERM. OUR ROBUST BUSINESS PLATFORM, UNDERPINNED BY OUR DIGITAL PROWESS, WILL PLAY OUT IN OUR FAVOUR AS WE STRIDE TOWARDS DRIVING VALUE FOR ALL OUR STAKEHOLDERS”

**DINANATH DUBHASHI**  
Managing Director & Chief Executive Officer

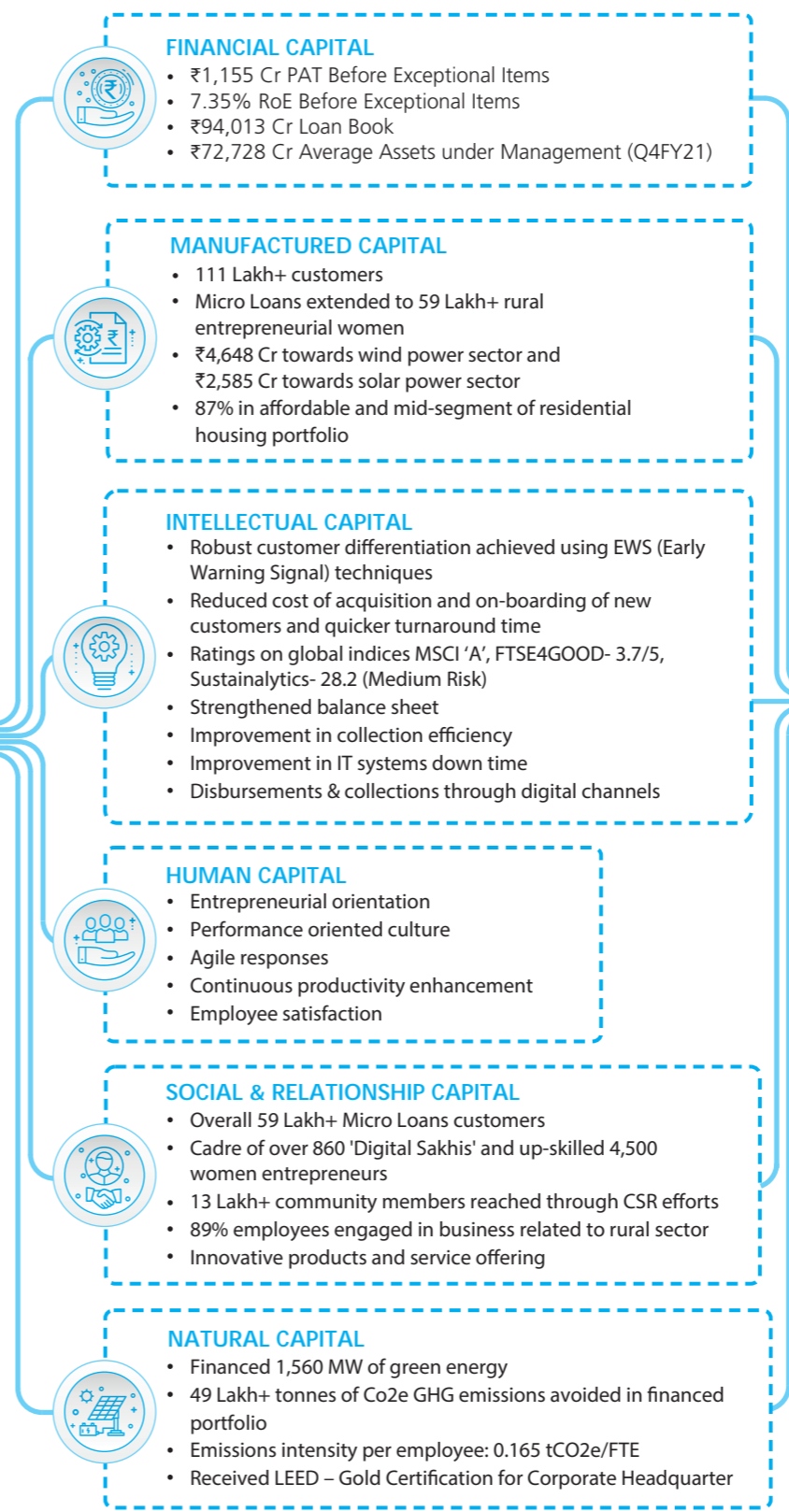
# Value-accretive Business Model

Your Company believes in capturing longer-term opportunities across the industry whilst delivering value to all the stakeholders. Our robust business model is the testimony of our focused mindset and commitment to deliver value year after year.

## INPUTS



## OUTPUTS



## OUTCOMES



## CONTRIBUTION TO SDGs



\*Data as of March 31, 2021 / FY20-21

# Management Discussion and Analysis

## MACRO ECONOMIC REVIEW

It's been over a year since the COVID-19 pandemic caused volatility and chaos across the globe. There was a strong initial knee-jerk reaction as the pandemic's impact on society and economy started unfolding gradually. However, this was soon replaced with a gleam of hope as most economies put up a brave front in what seemed like a classic live experiment of human flexibility and adaptability.

'From slowdown to lockdown', is one of the simplest ways to explain what India, one of the emerging economies of the world, went through in the first half of CY2020. The Government imposed a strict lockdown to contain the virus, which resulted in sudden halt of economic activities. Thus, bringing the economy to a near standstill. The impact of the lockdown was felt across sectors as demand and exports, trade and travel plummeted sharply. The National Statistical Office's (NSO) provisional estimate of GDP for FY21 projects the Indian economy to register its first-ever contraction in the past four decades at 7.3%. With an adverse impact on the economy, the investment rate fell to a decade's low, primarily due to drag in private investment. Consumer demand remained muted with severe stress on the household balance sheets due to high unemployment. The Government scaled up its spending significantly to mitigate short term adversities rising from the pandemic.

On the sectoral level, the industrial and service sectors faced severe ramifications due to the disruptions caused by the virus-containing lockdown. However, despite preceding events, FY21 was also a classic live experiment of flexibility, adaptability & resilience. The agriculture and allied sectors stood their ground strong, emerging with a hint of optimism backed by a favourable monsoon in CY2020. A robust Kharif and Rabi season, adequate reservoir level, enhanced procurement by the Government and rich fiscal spending on schemes like The Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA) and Pradhan Mantri Kisan, assisted agricultural growth further. Contrarily, despite a robust recovery witnessed in H2FY21, the industrial sector registered a second successive annual contraction in FY21 – dragged down by mining & quarrying, manufacturing and construction. Contact-sensitive services sector bore the

major brunt of the pandemic and is witnessing its first-ever degrowth in a decade.

To address the adversities arising from the pandemic led economic disruptions, calibrated and prudent fiscal and monetary support was extended by the policy makers. The Central Government announced ₹29.87 Lakhs Cr (15% of GDP) Aatmanirbhar Bharat package to support the economy's most distressed segments. The RBI provided monetary support by slashing the policy rates to its record low levels along with both conventional and unconventional liquidity measures to support credit creation. As part of the relief package, it also allowed borrowers to halt repayment of loans between March and August 2020 without impacting their credit history. In addition to the stress in asset quality across most lenders (banks as well as NBFCs), the moratorium also resulted in liquidity concerns for lenders, mostly for NBFCs. Well governed NBFCs with strong parentage remained buoyant throughout FY21, thanks to their strong capital buffers and also on the back of timely policy moves in the form of TLTRO 2.0 and special liquidity scheme for NBFCs under Aatmanirbhar Bharat package.

Just while the economy was fathoming the repercussions of the pandemic, financial markets faced another major setback on April 24, 2020. One of the mutual fund houses closed six of its debt schemes citing a credit risk. Consequently, many liquid and short-term debt funds witnessed a sudden fall in their Net Asset Values (NAVs), as yields across the money market and debt papers spiked. The appetite for various debt securities further declined amid thin volumes created by the COVID-19 pandemic. This was when the RBI stepped in to control the crisis with a special liquidity facility of ₹500 Bn for the mutual fund industry.

Subsequent to the Government-imposed lockdown, financial markets nosedived as investor sentiments were rattled. However, proactive and timely measures announced by the Government and RBI helped revive confidence amongst investors resulting in sustained foreign capital inflows. This helped markets regain its pre-pandemic levels. Financial markets remained buoyant thereafter, supported first by easy monetary conditions, and later from optimism arising out of the vaccine rollout. Additionally, most organisations realigned their strategies to focus on cost optimisation and building stress absorption capacity through raising capital and increasing provision on balance sheet. On the fiscal front, the pandemic weighed heavily on the Government's revenues. And yet, the Government had to scale up expenditures to prevent the economy from caving in. The Government resorted to higher market borrowings to take care of the fiscal deficit in FY21 that was upscaled to 9.3% of GDP from the budgeted 3.5%.

## OUTLOOK FOR FY22

World over, the support from the governments and the central banks, has brightened the global growth outlook for CY2021. As per the International Monetary Fund's projection, the global economy is anticipated to expand by 6% in CY2021, on a lower base of estimated 3.3% degrowth in CY2020. With massive vaccination drives underway, risks to recovery are likely to abate, thus leading to a gain in the momentum of economic activities in H2CY2021.

But with the second wave of COVID-19 and the emergence of newer virus variants have made India the new hotspot of infections – adding uncertainty to the anticipation of a smooth recovery.

Various multilateral organisations and rating agencies have projected the Indian economy to grow at around 9%. The economic growth is likely to be aided by a very low statistical base, mass vaccination drive and a supportive fiscal stance. In India, commercial and business activities are expected to gather pace in H2FY22 of FY22 as by then majority of the population is likely to be inoculated by then.

### Economic Growth Projections

● IMF	12.5%
● World Bank	8.3%
● RBI	9.5%
● OECD	9.9%
● Fitch	9.5%
● Moody	9.3%
● S&P	9.5%

Retail inflation might rear its ugly head yet again in the coming months. Although the food inflation is likely to moderate with expectations of bumper harvest, the core inflation has remained stubbornly elevated for the past few months. Recently, commodity prices started rising faster across the globe in response to the COVID-19 vaccine rollouts and resumption of economic activities. Broad-based escalation in cost-push pressures in services and manufacturing prices could further impart upward pressure. Expectations of demand normalisation, production cut by the Organisation of the Petroleum Exporting Countries (OPEC) and allies, and higher taxes on petroleum products are likely to further surge the fuel prices.

On the positive side, a favourable monsoon outlook, minimum support price hikes coupled with enhanced procurement will support rural cash flows in FY22. Moreover,

*Projections are as per the latest available data*

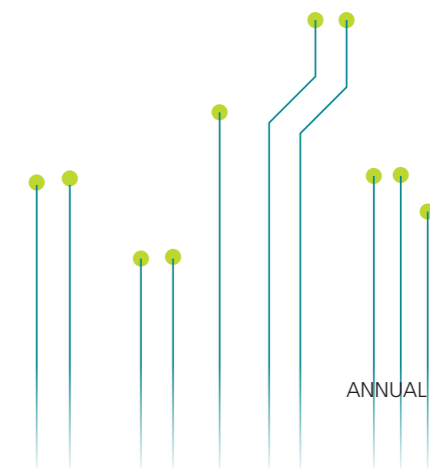
the Central Government has remained committed to providing further impetus to the economy through the Union Budget 2021-22. Additionally, it has also proposed a sharp increase in capital expenditure of the magnitude of ₹5.54 Tln. Collectively, these have the potential to create a plethora of fresh investment opportunities and eventually support economic growth.

## POSSIBLE THREATS

Despite the optimism surrounding the ongoing vaccination drive, the recent resurgence in the country's COVID-19 infections has raised the threat of fresh pandemic restrictions. As of May 2021, many states had enforced complete lockdown thus, posing a risk to a smooth economic recovery. The RBI expects that gross Non-Performing Asset (NPAs) of Scheduled Commercial Banks (SCBs) might rise to 13.5% under the baseline stress scenario. It is also estimated to further escalate to 14.8% under a severe stress scenario by September 2021. The banks would, thus, need to make higher provisions to cover the stressed assets. This in turn could impair the credit available for investment spending. Similarly, the RBI expects asset quality of NBFCs to deteriorate further due to disruption of business operations caused by the pandemic.

On the fiscal front, both the Centre and the State Governments are expected to run higher fiscal deficits to fuel the economic recovery. In the absence of imposition of fresh taxes by the Government, the revenue inflows will depend on the uptick in economic activities. A deluge of market borrowings by the General Government could push up the cost of borrowing. Thus, impacting the sovereign credit rating outlook if the growth does not pan out as anticipated.

Your Company is committed to addressing these changes bolstered by its strengths in market position, agile execution capabilities, robust early warning systems and extensive use of analytics for risk mitigation and resource allocation. It will ensure to take advantage of the tailwinds that may emerge during the course of the year.



## FY21 IN PERSPECTIVE

### STRENGTHS

During FY21, your Company addressed the challenges posed by the COVID-19 pandemic with enhanced focus on protecting the balance sheet and strengthening the business franchise.

Strong business fundamentals with businesses (Rural Finance, Housing Finance and Infrastructure Finance) aligned to sectors (Agriculture and Allied sector, Construction sector and Infrastructure sector) which are the key growth engines for the economy, have helped in strengthening your Company's position and facing the impact of the pandemic and lockdown. The majority of the profitability metrics have shown improvement on a QoQ basis on the back of strengths that your Company has built. The strengths have not only helped dealing with short-term issues arising out of the pandemic but are a foundation for growth over the medium and long term. The specific focus for the year was on the following areas:

#### A) Leveraged Business Strengths

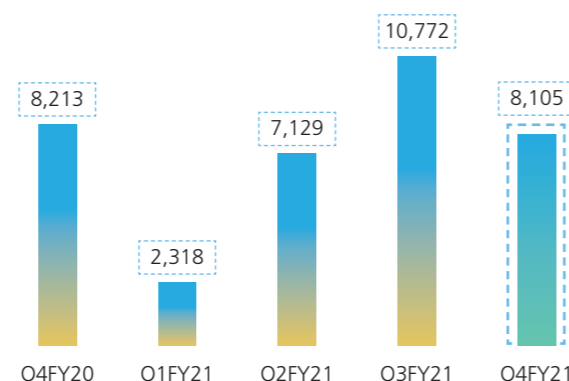
The outbreak of COVID-19 and subsequent lockdowns disrupted business activity levels, bringing it to a standstill in April 2020 with closure of branches and point of sales. With phased unlocking, the recovery was led by the Rural Finance and Infrastructure Finance businesses. During FY21, your Company increased/maintained its market share through superior service proposition, analytics-driven business selection, robust underwriting, regular monitoring and end-to-end digital solution across Farm Equipment Finance, Two-Wheeler Finance, Micro Loans and Renewable Sector Finance.

Your Company retained a cautious outlook on the Micro Loans, Loan Against Property (LAP) and Real Estate Finance business. The focus was on maintaining the asset quality of the existing book while also accessing and analysing the data for fresh underwriting post COVID-19. Business activities were driven by analytics led inputs, based on collection efficiencies, for each segment.

#### Key achievements which underline business strengths in FY21

- Rural Finance: Increased disbursement throughout the year, reached all time high disbursement of ₹6,026 Cr in Q4FY21 (up by 36% YoY)
- Infra Finance: Proved strength and sustainability of LTFH churn model with excellent disbursement and sell down momentum. Cumulative disbursements over the last 5 years have been ~₹59,000 Cr, while book has grown by only ~₹4,000 Cr
- Mutual Fund: AUM increased by 33% YoY from ₹54,937 Cr in FY20 to ₹72,874 Cr in FY21. Focus on high quality products led to growth in Debt AUM by 29%. Equity AUM grew by 44%
- Increase in Retailisation (Rural + Retail housing) to 43% in FY21 from 26% and 40% in FY16 and FY20, respectively

Focused Business – Disbursements (₹ Cr)



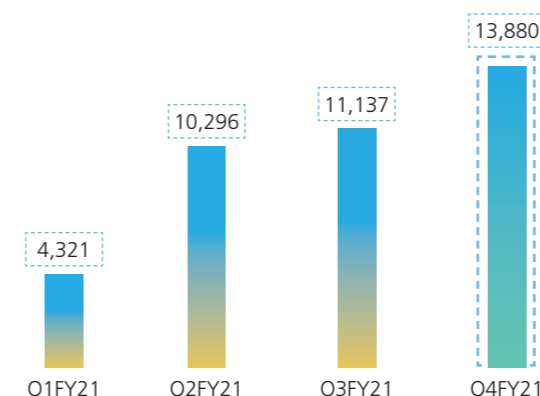
#### B) Strong Collection Framework

The first half of the year saw collections being impacted with lockdowns and two moratoriums till August 31, 2020. The stringent lockdown disrupted the collection rhythm and significantly affected the ability to physically collect from customers. With gradual unlocking of economy, collections gained traction from Q3FY21 onwards. During this period, the agri sector remained relatively less impacted on account of favourable sowing, rainfall and good reservoir levels.

Your Company ramped up the collections infrastructure – increasing on-field collections workforce, rebalancing the sales and collection teams within products and as well as further improved on digital framework. Collection prioritisation and resource allocation through data and analytics using the propensity to pay model as well as enhancing of digital collections infrastructure and continued focus on 'ODPD' customers drove the collection strategy.

Collection efficiencies for most businesses reached pre-Covid levels by Q3FY21 with unlocking of economy and enhanced collections focus. Overall collections in FY21 were higher by 33% (for focused businesses) vis-a-vis FY20 levels despite Q1FY21 collections being adversely impacted. Rural businesses led by Farm Equipment Finance and Two-Wheeler Finance saw collections efficiency reaching pre-Covid levels sooner; collection efficiency (CE) for Farm and Two-Wheeler stood at 91.5% and 98.4%, respectively, in Q4FY21. The Micro Loans segment which still heavily depends on physical cash collections returned to normalcy during Q4FY21. In the Infra business, Renewables segment remained relatively resilient to COVID-19 with favourable regulatory interventions. Toll road collections in Q4FY21 for your Company's projects averaged at 113% of Q4FY20 levels. On the Housing front, Real Estate segment saw escrow collections surpassing pre-Covid levels in Q3FY21 and in Q4FY21, were at 121% of Q4FY20 levels. Collections in SENP segment were lower due to COVID-19 and restricted movement in urban centers.

Focused Business – Collections (₹ Cr)



#### C) Well Established Liability Franchise

The early part of the year saw stretched liquidity conditions due to the pandemic which was further exacerbated with moratorium on repayments on lending and closure of some schemes by a Mutual Fund house.

Your Company weathered the market turbulence on the back of robust liability franchise, conservative ALM policies and continues to be buoyant. As a policy, your Company (consolidated) maintains cumulative positive liquidity gaps up to one year in its Asset and Liability Management (ALM) and positive liquidity gap under stress scenario for one month.

At the onset of the pandemic, your Company further shored up its liquidity buffers. Your Company proactively maintained enhanced levels of liquid assets as a precaution against any likely disruption in funding due to moratorium and the tight liquidity constraints in Q1FY21.

With easing of market liquidity in Q2FY21, your Company reduced additional liquidity buffers from a high of ₹11,794 Cr at the end of April 2020 down to ₹8,660 Cr at the end of September 2020, leading to reduction of negative carry.

During Q3FY21 and Q4FY21, your Company demonstrated its strength in lowering weighted average cost of borrowing (WAC). This was done through raising long-term low-cost borrowing, prepayment of high-cost borrowing and renegotiation of interest rates leading to a reduction in Quarterly WAC from 8.43% in Q4FY20 to 7.65% in Q4FY21 (the lowest ever). Your Company focused on raising long-term funding to take advantage of low interest rate environment as well as aggressively used PSL borrowing (₹3,525 Cr in FY21) to reduce WAC.

Mode of funds

Period	NCD-Pvt. Placement (₹ Cr)	Term Loans - PSL (₹ Cr)	Term Loans - Non PSL (₹ Cr)	ECBs (₹ Cr)	Total (₹ Cr)
Q1FY21	2,500	50	1,000	-	3,550
Q2FY21	4,233	50	-	378	4,661
Q3FY21	2,780	1,100	-	368	4,248
Q4FY21	825	2,325	20	-	3,170
<b>Total-FY21</b>	<b>10,338</b>	<b>3,525</b>	<b>1,020</b>	<b>746</b>	<b>15,629</b>

To summarise, your Company was able to raise desired amount of liquidity in H1FY21 and reduced the cost substantially when market liquidity became comfortable. This gives your Company the confidence in its ability to raise desired quantum of funds at lower cost and longer tenor.

Moreover, your Company seamlessly adopted the regulatory framework which saw the Liquidity Coverage Ratio (LCR) guidelines come into effect from December 2020. As of March 2021, the applicable LTFH lending subsidiaries were compliant with LCR requirements. In order to further strengthen the liquidity risk management at LTFH, early warning indicators under the Contingency Funding Plan (CFP) were adopted. It helps your Company tap resources timely during a liquidity crisis event. These early warning indicators monitor critical parameters at both Company and macro-economic level.

With the resurgence of second wave of COVID-19 cases and the imposed state level restrictions, your Company shored up liquidity in March 2021 and maintained it at ₹19,719 Cr (including undrawn lines) as on March 31, 2021. This included pure liquid assets of ₹10,122 Cr. Your Company periodically undertakes liquidity stress testing under various scenarios for a survival period of 30 days to assess its liquidity levels. Your Company maintained positive liquidity levels even under stress scenario. The NBFC sector, in general, witnessed continued pressure on account of the pandemic throughout the year. However, your Company's AAA rating was reaffirmed by all four rating agencies – CRISIL, CARE, India Ratings and ICRA – post the onset of COVID-19, reflecting a resilient balance sheet.

**D) Improved Asset Quality and Provisions**

Amid the pandemic, your Company proactively created additional provisions keeping potential impact of COVID-19 in mind. By Q2FY21, LTFH was carrying ₹1,757 Cr (1.95%) of provisions on standard book, of which ₹1,203 Cr of provision was towards Rural book (4.47% of standard Rural book) and ₹518 Cr was towards Housing book (1.94% of standard Housing book).

With collection efficiency returning to pre-Covid level by Q4FY21, your Company recognised and provided towards COVID-19 related stress. Your Company continues to carry ₹1,033 Cr of additional provisions for future economic uncertainties (including second COVID-19 wave). Out of these provisions:

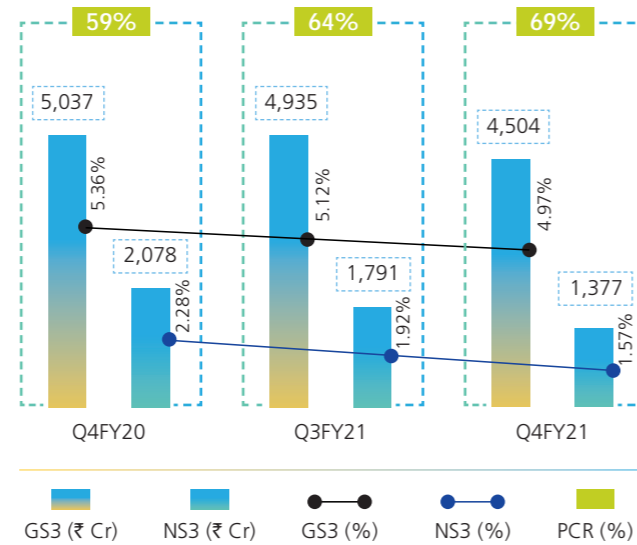
- ₹710 Cr of provision is towards Micro Loans book (6.19% of standard Micro Loans book)
- ₹323 Cr of provision is towards Housing book (1.40% of standard Housing book)

In addition to carrying additional provisions, your Company witnessed improvement in asset quality with GS3 at 4.97% in Q4FY21 as compared to 5.36% in Q4FY20. There was also a reduction in NS3 from 2.28% in Q4FY20 to 1.57% in Q4FY21 lowest levels since FY16 and increase in PCR from 59% to 69%.

**E) Strengthened Balance Sheet**

The pandemic tested the robustness and efficacy of the business model – your Company showed QoQ improvement in financial performance on key operating parameters during the year. While on the asset side your Company showed a strong YoY improvement

**Asset Quality**



in GS3, NS3 and provisioning covers, it further strengthened the balance sheet through capital raised during Q4FY21, reducing leverage to below 5x and is ready with capital for growth.

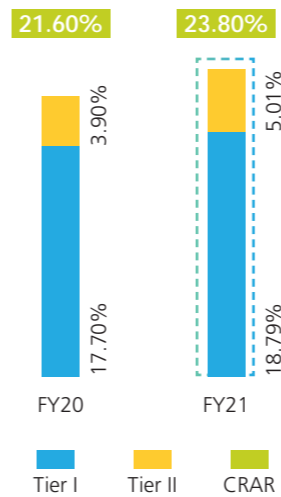
A sustainable business model backed by L&T parentage has enabled your Company to raise ₹~3,000 Cr in Equity Capital through the issue of Right Shares, which was successfully oversubscribed by 15%.

- Capital Adequacy ratio and Tier I Capital are well above regulatory requirements at 23.80% and 18.79%, respectively
- Debt/Equity reduced from 6.39x in FY20 to 4.72x in FY21

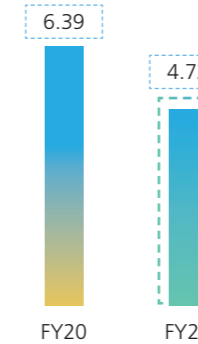
Your Company has built a strong capital base and continues to mitigate any adverse impact of the COVID-19 wave in the short term but is well-positioned to benefit from the economic rebound expected over the next few years.

Going ahead in FY22, your Company – complemented by its raised capital – plans to build on its strengths and lessons learnt during FY21. This will help your Company maintain the leadership position in focused segments. It will continue to observe for developing macro conditions to manage risks while taking advantage of market growth opportunities when things normalise.

**Capital Adequacy**



**D/E Ratio**



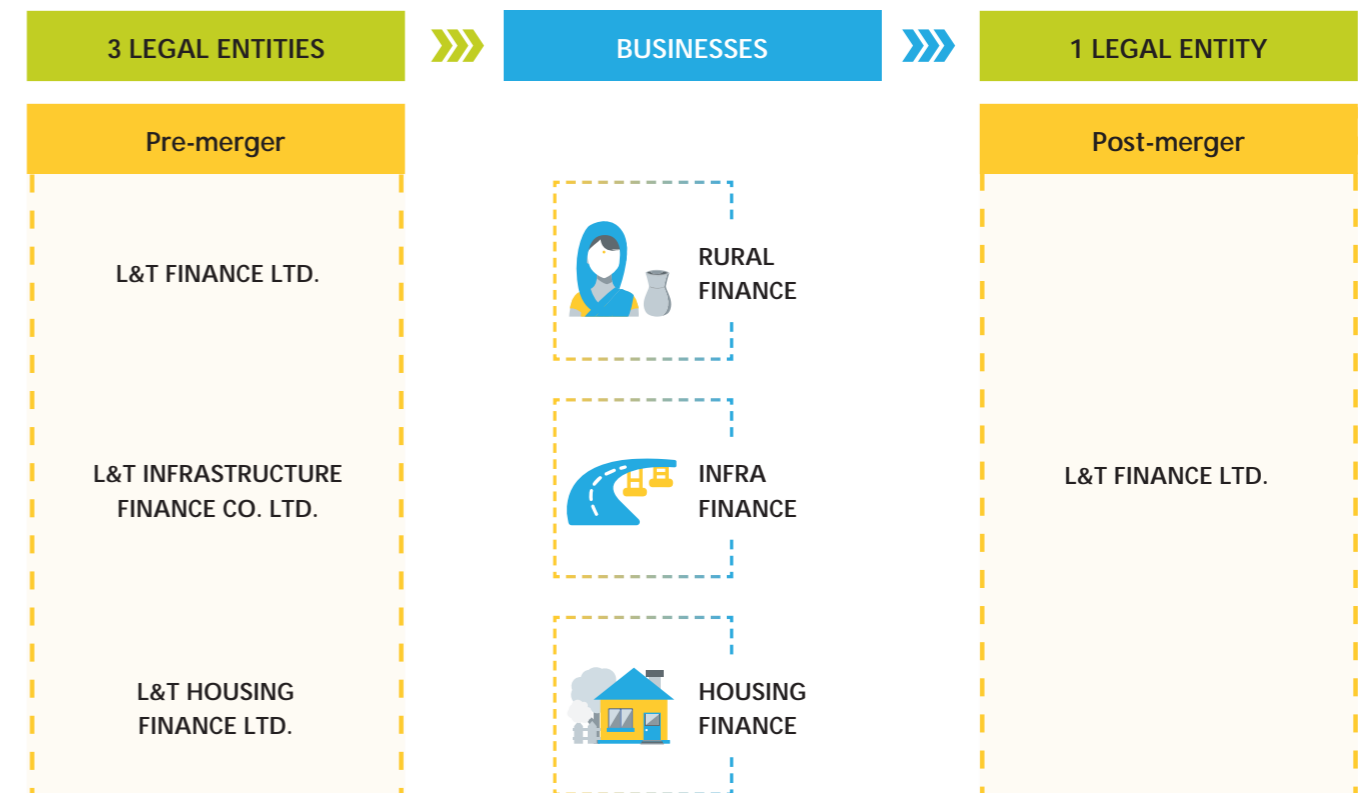
**MERCER OF OPERATING LENDING ENTITIES**

In line with the strategy of Right Structure laid down in FY16, your Company has tried to simplify the corporate structure further through consolidation of subsidiaries. LTFH, in the past four years, has merged four of its subsidiaries, which not only led to optimal utilisation of capital and management bandwidth, but also brought operational efficiencies.

In FY20, with a view to operate all the focused lending businesses through one legal entity, your Company commenced the merger of the wholly-owned lending entities, L&T Infrastructure Finance Company Limited and L&T Housing Finance Limited, with L&T Finance Limited. The aforesaid merger became effective on April 12, 2021 post receipt of necessary regulatory approvals.

The merger is expected to result into stakeholder value creation with:

- Enhanced governance and controls enabling better utilisation of management bandwidth
- Superior cash flow synergies enabling efficient ALM as well as optimising cost of funds on the back of a strengthened and well diversified balance sheet
- Simplification of structure leading to ease of doing business under unified book



Simplified structure will lead to operational efficiencies creating long term value for stakeholders. Rural, Housing and Infrastructure Finance continue to remain our focused lending businesses.

## MORATORIUM 1.0 AND 2.0

As per RBI guidelines, your Company offered the option of moratorium to customers for installments falling due between March 1, 2020 and August 31, 2020 across businesses.

Product	LTFS Moratorium Policy 1.0	LTFS Moratorium Policy 2.0
Micro Loans	<ul style="list-style-type: none"> <li>Moratorium for 3 installments by default as per MFN framework</li> </ul>	<ul style="list-style-type: none"> <li>Moratorium grant only upon receiving specific request (Opt-in)</li> <li>A month at a time decision on moratorium for retail customers</li> </ul>
Farm Equipment Finance, Two-Wheeler Finance & Consumer Loans	<ul style="list-style-type: none"> <li>Moratorium for 3 installments by default where no mandate of central clearance existed</li> <li>For others, grant only upon receiving specific request (Opt-in) on a month-on-month basis</li> </ul>	
HL & LAP	<ul style="list-style-type: none"> <li>Similar to Farm Equipment Finance; additionally, Opt-out option provided for no mandate customers</li> </ul>	
Real Estate Finance	<ul style="list-style-type: none"> <li>Case by case decision upon receiving specific customer request</li> </ul>	
Infrastructure Finance	<ul style="list-style-type: none"> <li>Case by case decision upon receiving specific customer request, additionally, subject to consensus among co-lenders</li> </ul>	

Customer engagement remained a key priority as your Company reached out to customers through various channels to educate them on the financial implications of the moratorium. With the intent to facilitate revival of real sector activities and mitigate the impact on the ultimate borrowers, RBI announced various measures from time to time. RBI on August 6, 2020, decided to provide a window under the Prudential Framework to enable the lenders to implement a resolution plan for corporate as well as personal loans to individual borrowers.

Further, in view of the uncertainties created by the resurgence of the COVID-19 pandemic, RBI also extended the facility for restructuring to existing individual, small businesses loans and MSMEs vide circular dated May 5, 2021. These measures undertaken by RBI enabled us to implement a resolution plan for loan repayment by corporates, individuals and small businesses affected by COVID-19 pandemic.

The efforts taken by RBI will clearly strengthen the Indian economy and will provide an impetus to individuals and MSMEs to scale up their business without worrying about financial destitution.

Further, Emergency Credit Line Guarantee Scheme scheme (ECLGS) was announced by the Government to help borrowers for augmentation of Working Capital. The Government, from time to time, extended the benefit of ECLGS to various sectors of the economy.

## EMPLOYEE HEALTH AND SAFETY

With the onset of the pandemic, Work from Home was immediately put into effect in the organisation. To ensure smooth transition, initiatives like sanitizing all branches and offices and connecting with employees daily to check on their health as well as the health of their families were introduced.

Your Company takes cognizance of the changing business landscape and workforce in delivering various benefits to its employees. Your Company constantly innovates and evolves its benefits programs to meet the needs of its workforce. It offers various policies for employee health and insurance which include:

- Group Medclaim Policy - Hospitalisation cover for employees and their families
- Group Term Life Insurance - Insurance cover in the event of death of the employee while in service
- Group Personal Accident Insurance - Insurance cover in an unfortunate event of any accident leading to loss in earning capacity of an employee or death of employee.

In addition, your Company also launched various initiatives and provided specific employee benefits during COVID-19:

- COVID-19 Domiciliary Policy - Coverage of COVID-19 treatment expenses during home quarantine for employees and their families
- Online Health Care Facility - Doctor on Call Service - An app based medical consultation in association with Practo, a renowned healthcare provider
- One-time grant of ₹500 for purchase of masks and hand sanitizers for the field staff

- Face shields to field staff
- Salary advance of ₹10,000 to the frontline staff to take care of initial medical expenses
- Company sponsored vaccination drives through tie-ups with hospitals for employees and their family members across locations
- Reimbursement towards cost of vaccination upto a certain amount
- Online health & wellness session for employees

To provide care and assistance for the family in case of unfortunate demise of employee due to COVID-19, your Company was amongst the first to take the following initiatives:

- One-time ex-gratia payment of ₹2 Lakhs to support the family
- Continuation of payment of monthly salary to the nominee for a period of 2 years
- Children's education assistance up to graduation
- Spouse's education assistance for pursuing vocational/professional education up to graduation for enhancing employability

Around 2,500 employees have been diagnosed with COVID-19 since the advent of the pandemic. A daily tracker was instituted to check on the health of the employees who tested positive for COVID-19 and shared with senior management team and relevant stakeholders. This ensured provision of necessary support to the employees at the right time.

The leadership team quickly provided directions and reacted by showing care and generosity to the employees and treating them like family. Care is at the heart of your Company's employee philosophy, and it will continue to bring about more initiatives to keep its people safe and healthy.

Your Company follows the practice of periodic town halls, conducted by senior business leaders. Your Company increased the frequency of the same in the past year, to keep employees aligned to your Company's priorities and connected with their teams.

In order to fulfill its social responsibility, your Company continues to provide the products and services necessary to maintain social infrastructure while carrying out thorough preventive measures against infection. Your Company implements timely and appropriate information disclosure to fulfil accountability to all its employees and stakeholders.



## ESG

ESG performance is becoming increasingly critical for success of an organisation. In fact, the COVID-19 pandemic has reinforced the importance of ESG highlighting the need for an organisation to serve all its stakeholders – employees, communities, customers, shareholders and environment and providing assurance.

Your Company recognised the importance of ESG way ahead and started its journey by establishing the Sustainability Task Force in 2018. It also came out with its first Sustainability Report in FY19 covering the environmental, social and economic performance spanning across its various businesses and areas of presence, and in subsequent years continued to strengthen the ESG disclosures based on globally recognised standards such as Global Reporting Initiative (GRI).

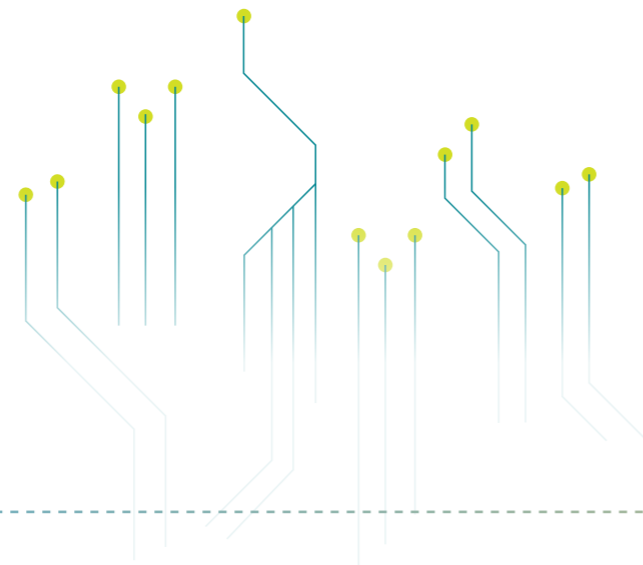
Further, the testimony to your Board's commitment towards ESG is reflected in the step taken towards extending the remit of the Corporate Social Responsibility Committee of your Company to include ESG parameters and the Committee being reconstituted as Corporate Social Responsibility and ESG Committee.

Your Company's focused lending business comprising Rural, Housing and Infrastructure Finance, are not only aligned with the sectors that are growth engines of India but are also naturally aligned to ESG through presence in lending to renewables, farmers and women micro-entrepreneurs. In fact by virtue of being the largest financier of renewables, your Company is contributing towards the goal of carbon

neutrality. Additionally, the CSR thrust areas are focused on creating sustainable rural livelihoods through digital financial inclusion and literacy. These help your Company contribute effectively towards various environmental and social issues.

Corporate Governance practices of your Company aim to harmonise the interests and expectations of various stakeholder groups. These practices are built on the foundation of Assurance and at all times emphasis your Company's core principles of Pride, Integrity, Discipline and Ambition. A strong and effective governance ensures that business contributes positively to its stakeholders and remains sustainable.

Your Company is always driven by the sharp focus on implementing best practices and complying with the applicable regulatory requirements. Testimony to this approach can be seen in the fact that your Company has separate offices of Chairman (Independent Director) and Managing Director since June 2017 and true to the spirit of diversity, your Board has two women Independent Directors in the total strength of nine since 2018.



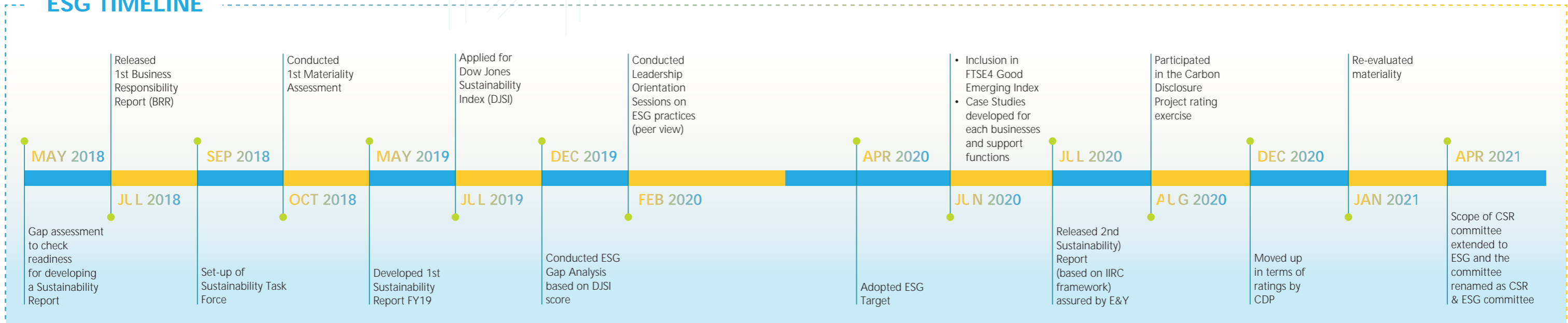
**Various sustainability initiatives have been taken by your Company which are in line with and connected to the strategy roadmap of LTFH 2.0, some of which are listed below:**

- Establishing targets (both long term and short term) for generation and distribution of financial and non-financial value
- Committed to the effort towards decarbonisation and net zero emissions, taking long-term targets towards sustainable financing in its infrastructure lending portfolio that focusses towards financing renewables (solar and wind) projects
- Defining an exclusion list of businesses that your Company will not finance
- Taking initiatives to reduce your Company's Scope 1, 2 and 3 emissions (direct and indirect emissions) within the office operations
- Introduction of several technological solutions to save electricity and increase efficiency – usage of energy-efficient equipment such as sensor-based lighting in office locations, Variable Frequency Drives (VFDs) for air-handling units, substituting the existing conventional lighting with Light-emitting Diodes (LEDs), and restricting usage of air-conditioners only during operational hours
- Compliance with the E-Waste Management and Handling Rules and recycling 100% of generated e-waste through registered recyclers
- Sewage [RP1] Treatment Plant available enabling the usage of wastewater for gardening and air-conditioning
- Conducting regular awareness programmes for employees to bring in a sense of responsibility regarding the potential impact created on the planet

**The strategy as well as the various initiatives taken by your Company have enabled your Company to receive positive ratings on some of the renowned global ESG (Environmental, Social and Governance) indices**

Global Indices	Score/Ratings
FTSE4Good	3.7/5 (threshold for Emerging Markets is 2.9)
Morgan Stanley Capital Index (MSCI)	'A'
Carbon Disclosure Project	Applied for the 1st time in FY21 and moved a level up

## ESG TIMELINE

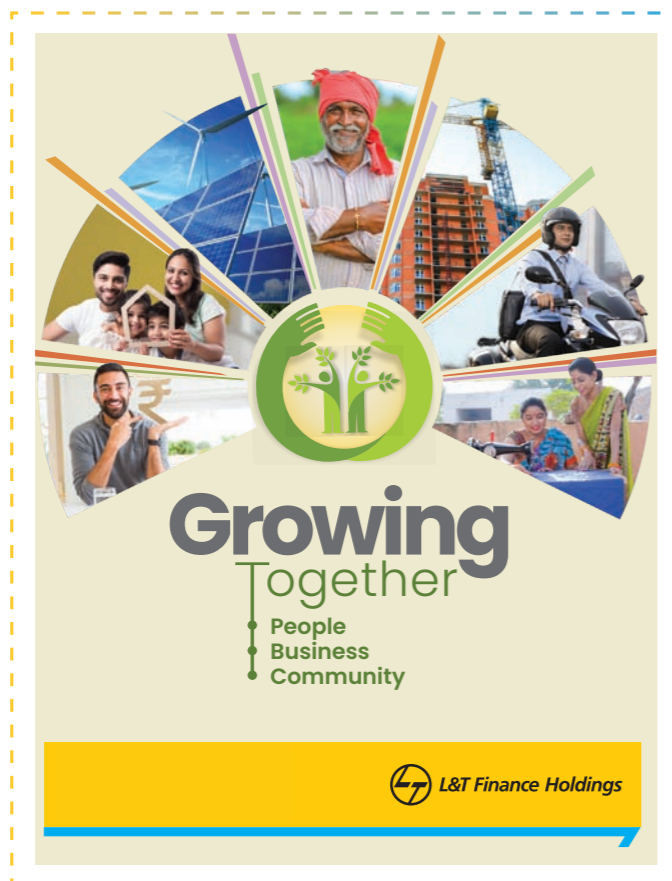




Received an ESG Risk Rating of 28.2 and was assessed by Sustainalytics to be at MEDIUM risk of experiencing material financial impacts from ESG factors



Received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings Assessment



## FINANCIAL UPDATE

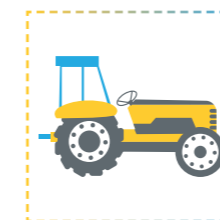
Your Company's Operating Profit Margin during FY21 was at 10.93% as compared to 18.91% in FY20. Net Profit Margin stood at 6.74% as against 11.69% in FY20.

The profitability was impacted largely due to the incremental provisions taken to strengthen the balance sheet on account of the COVID-19 pandemic.

## OUR BUSINESSES

### RURAL FINANCE

Rural Finance business of your Company saw a book growth of 9% YoY while disbursements were down 15% YoY at ₹15,914 Cr during FY21. This was achieved due to your Company's determined efforts backed by strong digital and analytics capabilities, despite the complete halt of business activities during the early months of lockdown. Your Company followed a collections-led disbursement strategy and gradually started doing business in locations where collection efficiencies had restored to normal.



### FARM EQUIPMENT FINANCE

Farm segment relatively resisted the impact of COVID-19 and started gaining back the traction from May 2020 itself. This was on account of resumption of rural activities and improved Rabi crop harvesting, enhanced water reservoir levels and positive macro indicators for farm business. Positive farm sentiments kept demand robust; with ~9 Lakh tractors being sold during FY21. Manufacturers overcame the early setback of supply chain issues due to lockdown in months of April and May and kept growing with the increased demand.

With a disbursement of ₹4,477 Cr of Farm Loans in FY21, your Company witnessed a 17% YoY growth, making it the leading Farm Equipment Financier and further cementing its position in the market.

Your Company adopted the top dealer strategy and increased business with top dealers with the help of strengthened trade advances proposition. For FY21, 76% of your Company's total Farm business was generated from trade advances conversion. Your Company maintained business controls with prudent product calls with Loan-to-value (LTV) well within 70% level. Your Company observed

significant improvement in collections from May 2020 onwards while the industry took time to return to normalcy. Further, your Company also improved the collection efficiency and surpassed the pre-Covid levels for every month since June 2020. The regular collection efficiency in March 2021 stood at 91.5%.

#### Strategy

- Increase penetration of repeat customers with refinance, Kisan Suvidha and used tractor offerings
- Prudent calls taken to increase market share in specific geographies while maintaining asset quality
- Analytics driven scheme offerings and trained manpower at dealerships helped drive top dealer strategy and increase counter share
- Enhanced portfolio quality by leveraging analytics along with on-ground collection efforts







## TWO-WHEELER FINANCE

Two-Wheeler demand was severely impacted due to widespread COVID-19 cases and nationwide lockdown at the beginning of FY21. The industry grappled with sluggish demand reflecting the impact of the lockdown and closure of point of sales, upward price revision post implementation of BS VI and rising fuel prices. The demand in urban areas was impacted to a greater extent with stricter lockdown norms and closure of dealerships. Decline in manufacturing activity post-Covid affected rural demand, although to a lesser degree than urban. However, the demand gradually picked-up momentum from Q2FY21 with the rise in preference of personal vehicles over public transport. During FY21, the demand for motorcycles was better than scooters reflecting better rural income sentiments.

LTFH disbursed ₹4,436 Cr worth of Two-Wheeler loans in FY21, a 9% YoY de-growth owing to challenging market conditions. Your Company gained market share by using analytics to increase counter share with top dealers while maintaining LTV within 70% range and tightened credit norms. Your Company reported a regular collection efficiency of 98.4% in March 2021. Collection efficiency reached pre-Covid levels owing to enhanced call center capacity, on-field strength and use of analytics for collections.

### Strategy

- **Driving growth with focus on unfinanced high creditworthy customers and existing customers with excellent repayment history**
- **Leverage best in industry Turnaround Time (TAT) as a key service proposition**
- **Focus on capturing higher counter share at top dealers**
- **Introduce innovative products to target unfinanced high creditworthy customers**
- **Usage of Propensity to Pay model for collection prioritisation**



## MICRO LOANS

The industry was adversely affected with the onset of COVID-19 with moratorium, nationwide lockdown, localised lockdowns as well as elections in some states. Operations such as field visits and cash collections were affected. A number of regulatory measures such as refinance support from RBI to NABARD, One-Time Restructuring and liquidity support to smaller MFIs, among others, were undertaken to mitigate the impact of the pandemic.

Your Company's main focus remained on collections and credit quality rather than portfolio growth. While disbursements picked up gradually Q2FY21 onwards, disbursements for the year remained much lower than the pre-Covid levels. Overall collection efficiency picked up QoQ, however, remaining lower than the pre-Covid levels.

The pandemic resulted in a significant impact on the earning capacity of this customer segment. Your Company executed analytics driven plans for both collections and disbursements, drawn down for individual branches, based on collection volumes. As part of the actions, your Company undertook close to NIL disbursements during Q1FY21 as

a large proportion of customers were under moratorium. Incremental unwavering attention on collections during Q2FY21 translated into improved collections efficiencies which was coupled with focused disbursements for existing good customers. New business sourcing was also initiated for branches with higher collection efficiency.

The end of moratorium in August 2020, conjoined with improved liquidity position for customers resulted in increased collection efficiencies during Q3FY21. The disbursements were also normalized by end-Q3FY21 based on analysis of repayment behavior post moratorium. Your Company disbursed ₹6,613 Cr of loans, benefiting 16 Lakh+ women during FY21.

Your Company enhanced the collections infrastructure as well as strengthened the higher bucket collections team. Overall collection efficiencies improved on a quarterly basis and reached 99% by Q4FY21. The collection efficiency as on March 31, 2021 stood at 99.1%.

### Strategy

- **Leverage customer base to increase the proportion of repeat customers**
- **Sourcing led by data analytics and credit appraisal**
- **Diversify through focus on under-penetrated/new geographies and unleveraged customers**
- **Strengthen collection vertical with rigorous on-field efforts to restore collection back to pre-Covid levels**



## CONSUMER LOANS

The consumer loans industry stood at over ₹6 Lakhs Cr and grew by 15% during FY21, buoyed by revival in market sentiments and lower interest rates offered by lenders.

Your Company commenced Consumer Loans financing business in Q3FY20 with the aim to provide personal loan to existing customer base with a proven track record of timely payments. The Consumer Loans business uses analytics to create a pool of eligible customers from strong database of existing customers. These eligible customers with excellent repayment history are provided with a seamless end-to-end digital service proposition. With eligibility and credit check in place, disbursed amount directly reaches the customer's bank account. During the year, in the backdrop of COVID-19, your

Company leveraged its strong customer database to steadily build a quality portfolio. As of FY21, the book stood at ₹490 Cr with over 42,000 customers.

### Strategy

- **Provide an end-to-end digital platform with 100% paperless journey and fast turnaround time**
- **Harness analytics capabilities towards creating bureau-based underwriting scorecard**
- **Leverage partnerships to build additional channels of sourcing for future up-sell and cross-sell**

### Business Key Differentiators

- Robust digital and analytics infrastructure to provide superior service proposition through quick TAT and seamless customer experience
- Leverage existing customer database for cross-sell and up-sell
- Use of data analytics and 'collection-led disbursement strategy' to ensure responsible growth



## HOUSING FINANCE

Home Loan growth declined in H1FY21 owing to the COVID-19 restrictions. However, it recovered at the end of FY21 supported by the Government's push for the sector and attractive incentives by the developers. Housing Finance business saw disbursement of ₹2,607 Cr of loans during FY21. This was down by 68% YoY while book growth was (11%) YoY. Your Company restricted disbursements in the LAP business and focused on existing projects for disbursements in Real Estate segment.



### HOME LOAN

The Home Loan portfolio growth of Housing Finance Companies (HFCs) and NBFCs declined marginally in the H1FY21 due to the pandemic. Industry recovery post lockdown was driven by consistent policy support from the Government and regulators coupled with historically low interest on home loan and attractive schemes offered by the builders.

On one hand, the salaried segment remained relatively immune to the lockdown-induced disruptions. The self-employed segment, on the other hand, faced severe brunt due to slowdown in business activities.

Your Company focuses on the Home Loan market through its presence in 17 locations across India. A digital lending model coupled with paperless sanction of home loan to salaried customers, led to a unique offering that helped in quick turnaround of proposals. The model also enabled your Company to reduce face-to-face meetings and frequent visits by customers to the branches.

Your Company disbursed ₹1,402 Cr worth of Home Loan in FY21 (down by 46% YoY) with the focus on sourcing salaried customer profiles. The contribution of Home Loan, as a part of total Retail housing disbursements, increased from 82% in FY20 to 85% in FY21. The share of salaried customers to the Home Loan disbursements increased from 61% in FY20 to 92% in FY21.



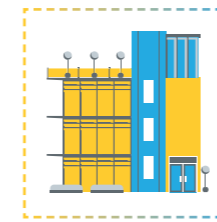
### LOAN AGAINST PROPERTY (LAP)

An adverse business environment for MSME segment coupled with the COVID-19 related lockdown affected the cashflow and liquidity position of the LAP segment. Consistent policy support from Government is expected to drive growth in this segment.

Your Company continued its cautious approach towards this segment and restricted the disbursements only to existing customers. Due to this, LAP disbursements witnessed a de-growth of 59% from ₹591 Cr in FY20 to ₹243 Cr in FY21.

#### Strategy for Home Loan & LAP

- Digital-lending model for Home Loan to provide best-in-class TAT
- Growing up volumes through use of data analytics
- Focus on arresting early-bucket delinquency through dynamic alignment of credit and collection policies



### REAL ESTATE FINANCE

The Real Estate sector started stabilising by FY20 after market developments like implementation of new regulatory framework such as Real Estate Regulatory Authority (RERA) and Goods and Services Tax (GST) reforms and demonetisation. This saw improvement in both residential and commercial space, with absorption outpacing new supply, thus leading to a decline in unsold residential inventory.

Overall sales and supply remained highly subdued during the H1FY21, given the COVID-19 induced nationwide lockdown. Top developers drove the demand in this period through enhanced usage of digital platforms to engage with customers. Additionally, they also offered financial benefits, discounts and easy payment options. H2FY21 brought in buoyant sales owing to historically low home loan rates, pent up demand and support from select State Governments through stamp duty reductions.

Gradual recovery was also witnessed in commercial absorption and new launches post the unlocking phase. Commercial office leasing rentals remained stable despite rental negotiations and discounts on renewals sought by occupiers.



Given the challenging market environment, your Company deployed calibrated approach towards fresh disbursements. During the year, your Company did not initiate underwriting to new project or developer and continued focusing on close monitoring of the existing portfolio. Your Company disbursed ₹962 Cr (down by 80%) while book was down 13% YoY.

Even though sales improved reasonably across the industry as well as for your Company's portfolio, your Company will be very selective for undertaking new sanctions. In the meantime, entire focus is shifted on project management, to ensure project progression as per plan. Improvement in housing sales and continued support to developers in construction progress have together facilitated strong uptick in escrow collections which surpassed YoY levels since Q3FY21.

#### Strategy

- Continue lending to select chosen developers with focus on financial closure for project completion
- Continue Construction Funding (CF) support to maintain portfolio quality and ensure completion of funded projects
- Rigorous portfolio monitoring for identification and implementation of corrective action plan, if any

#### Business Key Differentiators

- Using knowledge repository of the L&T Group to appropriately identify developers and projects
- Adopting digital-lending model for Home Loan to provide best-in-class TAT
- Comprehensive and robust early warning signals framework
- Strong structuring/underwriting capability with focus on project completion

## INFRA STRUCTURE FINANCE

The slowdown in the economy due to pandemic, impacted the overall infrastructure sector. Construction activities came to a halt, there were delays in payments from few off-takers and suspension of toll operations affected the infrastructure developers. However, the regulators took cognizance of this force majeure event, appropriately considered and implemented measures to compensate and/or facilitate the infrastructure project development.

Infrastructure investment continues to be the key area of attention for the Indian Government. The Union Budget 2021-22 laid special emphasis on infrastructure sector, particularly on roads and renewables – your Company's focused sectors. With the enhanced outlay of ₹1.18 Tln for the Ministry of Road Transport and Highways, the allocation is ~32% higher than previous year, and augurs well for the sector. Allocation for NHAI increased by 17% (YoY) to ₹573.5 Bn. The Budget has placed prominence on monetising operating public infrastructure assets, foreign participation through InVIT route. Under renewables, an additional capital infusion of ~₹1,000 Cr to Solar Energy Corporation of India Limited (SECI) and ~₹1,500 Cr to Indian Renewable Energy Development Agency Limited (IREDA) are being done.

Your Company decided to pay special attention towards its core strength areas in Infrastructure Finance. This strategic choice of sectors has been advantageous especially in the challenging COVID-19 scenario. Your Company's emphasis will continue to be on Infrastructure Finance – both greenfield and operational.



### INFRA FINANCE

LTFH continues to be one of the leading players in Infrastructure Finance business (special focus on Renewable, Road and Transmission) with disbursements assisted by continued momentum in sell-down. Your Company continues concentrating on projects with strong sponsors and off-takers with proven track record. Your Company disbursed ₹9,803 Cr in FY21 (down by 5%) while book was down 4% YoY.

**Renewables:** Industry's overall energy consumption turned positive since Q3FY21 with Renewables continuing to drive growth, underpinned by 'must run' status granted to operational renewable projects. Under the Discom package, more than ₹75,000 Cr has been disbursed to Discoms from over ₹1,36,000 Cr sanctioned – improving cashflows for these entities. In terms of your Company's portfolio, operational projects are being paid on time and most of the Discoms have also remitted payments.

**Roads:** The National Highways Authority of India (NHAI) granted a relief to the operational toll projects in the form of extension in concession period till the time collections achieve 90% of the average daily fee. Your Company's annuity projects are receiving timely payments from the NHAI. Lockdown imposed by the Government along with suspension of toll operations impacted the cash flows of toll projects across the country. Post gradual lifting of the lockdown and subsequent improvement in economic activity, toll collection for LTFH portfolio surpassed YoY level since Q3FY21 – reaching ~113% in Q4FY21.

#### Strategy

- Continue focusing on financing greenfield and operational projects in Renewables, Roads and Transmission
- Focus on strong corporates and developers backed by global private equity players in Renewables and Road sector
- Conservative underwriting by considering cash flow volatility, offering appropriate tenor-based loans on project cash flow
- Focus on sell-down of both fund-based and non-fund-based exposures to various investors, thereby enabling churn of portfolio
- Continuous monitoring of portfolio to control credit costs
- Focus on early warning signals to identify risks and cash flow stress

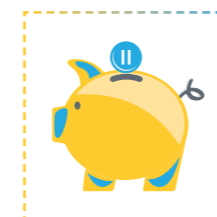


### INFRA DEBT FUND

The policy and regulatory framework for Infrastructure Debt Funds (IDF) announced by the Government of India (GoI) and the Reserve Bank of India (RBI), respectively, were targeted at providing an innovative solution to the asset-liability mismatch and group exposure issues faced by the banking system in India.

In FY21, through the subsidiary IDF, your Company continued to make significant progress towards achieving all the objectives indicated by GoI & RBI. Your Company also improved the viability of projects by providing long-tenor and low-cost structured refinance solutions. With significant overall market share and 0% impaired assets in FY21, your Company continues to be one of the leaders in refinancing of operational renewable energy projects in India.

Consequent to the merger of its sponsor, L&T Infrastructure Finance Company Limited with L&T Finance Limited, RBI has advised your Company to take steps to convert to an NBFC – Investment and Credit Company (NBFC – ICC) from an IDF – NBFC. Accordingly, your Company has commenced the process of such conversion. Bond issuances by your Company continue to be rated AAA by rating agencies CRISIL, CARE and ICRA. Redeemable preference shares issued continue to be rated AAA by CRISIL.



### MUTUAL FUNDS

FY21 was an extremely volatile year for the mutual fund industry, starting with a significant impact on both the equity and fixed income side.

In continuation with the steep correction in markets in March 2020, and despite the one-sided run up from April 2020 to February 2021, there was a significant fear in the investors' mind about equity based mutual funds throughout the year. This translated into a sharp decline in overall sales and resulted into significant redemption for equity based mutual funds. The fixed income segment was hit by the closure of a few schemes by a specific Mutual Fund house in April 2020 which led to investors' flight towards safety. Investors preferred to redeem their investments in credit-oriented funds and re-invested them in bank deposits or high-quality AAA funds.

In response to these market developments, your Company undertook awareness campaigns and engaged with distributors and investors through web-enabled platforms. The objective was to emphasize focus on continued investment planning rather than churning assets due to one-off market events.

On the equity side, your Company also highlighted the steps taken towards proactive portfolio management, during such events. The portfolios were realigned more towards large cap category, which reflected positively with a broad market recovery during FY21. Your Company focused on enhancing its digital assets like 'Digital Dost' for distribution partners and has also launched a new mobile app to enhance the existing B2C connect.

Your Company's AUM in FY21 increased from ₹54,937 Cr in FY20 to ₹72,874 Cr. The focus on high quality products led to significant growth in Debt AUM (excluding liquid/overnight) which increased by 29% to ₹24,792 Cr. The equity AUM grew by 44% to ₹40,374 Cr and the equity proportion to total AUM now stands at 55%. The arbitrage segment also garnered significant flows on account of good fund track record. The AUM proportion of retail investors for your Company stands at 66%, compared to industry average of 54%, showcasing continued focus on retailisation.

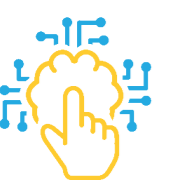
#### Strategy

- Continued engagement with distributors and investors
- Focus on hybrid schemes, large-cap equity schemes and high-quality medium to long term debt schemes
- Enhanced B2B and B2C reach through digital and web-based platforms

#### Business Key Differentiators

- Retail-focused platform and granular distribution capabilities
- True to label style of fund management





## POWER OF DIGITAL AND DATA ANALYTICS

Your Company has undergone a huge transformation in the last few years from being spread across multiple businesses to building distinctive positions in select businesses. Your Company has steadily and successfully grown its businesses from strength to strength with focus on delivering sustainable top quartile Return on Equity (ROE) with best-in-industry TAT in key products.

Digital, IT & Analytics have been the core tools in this ingenious journey. Your Company has adopted this differentiated approach since 2016, realising that successfully reaching out to Rural India, beyond the metros, required a comprehensive and integrated digital roadmap. Thus, going beyond the prevailing lending practices, your Company adopted an end-to-end digital journey that has helped it achieve 'scale and reach' today.

Building effective digital processes and controls across the value chain helps the business deliver sustainable cost savings while benefitting customers. Your Company has evolved to own seamless processes by employing:

### 1) Smart Sourcing with Digital-first Approach:

Your Company focused on sourcing smart solutions in line with the changing eco system. Your Company established leading industry loan sanction time and disbursement TAT through:

#### Strengthened assisted sourcing process with digital enablement

- Elimination of manual data entry and physical document verification by leveraging digital technologies like liveness matching with Optical Character Recognition (OCR) as eKYC, and image-based mandate, among others, facilitating ready access to digitally validated documents with high recency
- Leveraged partner driven ecosystem and collaborations for process automations to drive growth – Digio, Hyperverge, and Karza, among others

- Allowed 100% disbursements to the bank account of the customer

#### Shifted to autonomous flows by establishing direct connect to customers through your Company's enriched and intuitive channel and self-help platform

- Built on its capability to identify good customers and enable complete journey through few clicks, launched Consumer Loans piloting with TW loyalty program – a 100% paperless and fastest digital journey and simplification driving TOUCH FREE (Zero call center assistance) conversion.

### 2) Greater Understanding of Customers for Credit Decisioning:

#### Adopted 100% automated underwriting process with analytics-driven decision making to prioritise customer use cases and to establish greater understanding of customers for credit decisioning by:

- Hyper segmentation and profiling
- Behavioural analysis
- Analysis of social behaviour on various digital channels
- Using alternate data sources like credit bureau and income tax statements, among others
- Taking help of Artificial Intelligence like liveness matching and fuzzy logic to curb fraud
- Ability developed to underwrite customers who do not have any credit track record

A thriving ecosystem of partners for getting customer financial data including banking services providers, strategic partners for niche areas and specialised offerings partners have made this possible.

### 3) Focus on Strengthening Collections:

#### Smartening the collections' process and promoting shift to cashless economy with digital payments

- Proactive monitoring of loans with Early Warning Signals
- Disproportionate focus on digital collections, eliminating the inefficiencies of cash
- Smarter management of bank mandates, figuring out the operational accounts

- Touch-free collections with digital repayment options including e-mandate/e-NACH, payment gateway, net banking (NEFT, IMPS), wallet, and debit card

- Consolidated service to integrate with multiple payment enablers including Airtel, Paytm, PayU, ItzCash, Pay nearby, CC Avenue

### 4) Shift to Self-servicing:

#### Developed self-servicing capabilities with sharp focus on establishing an omni-channel connect offering greater customer convenience and retention

- Leveraged mobile app channels to establish direct connect with customers, thereby reduced customer acquisition cost
- Employed chat-bots for seamless servicing
- Reminders and engagement via SMS and WhatsApp in local languages

An impressive 10x growth was witnessed in interactions for all retail products on the self-help platform from around 10,000 interactions in July 2020 to almost 1,00,000 interactions in February 2021.

Your Company looks to continue leveraging the power of data analytics, build strategic competitive advantage, improve productivity and enhance performance with end-to-end digital proposition.



## HUMAN RESOURCES

As a financial services provider, people are the greatest resource and the core strength to your Company's business. Your Company has consistently adapted, evolved and improved its human resource practices to match up the ever-changing workplace DNA. The pandemic forced everything to be maintained virtually. With 75% of your Company's people in frontline roles (required to be out in the field for regular work), the focus on health and safety was always vital. And the pandemic only underlined it further. Prioritising the safety and health of employees and their families was imperative for your Company. And so, your Company undertook multiple measures, ensuring access to preventive and curative healthcare and safety features for its people and their families.

In addition to the above, your Company continued its focus on developing people talent internally to ensure a strongly engaged, motivated and capable workforce, to help take the growth forward.

### 1. Policies and Programs for Employee Growth & Development, Appreciation and Satisfaction:

**Capability Building:** Your Company's talent strategy is performance-oriented and aligned with organisational goals. It encourages employees who have demonstrated the right capability, attitude and the desire to 'Step Up'. As a part of your Company's strategy to groom future-ready talent, it encourages cross-functional movements and upskills them through 'Education, Exposure & Experience'.

**Rewarding Performance:** Every measurable effort/milestone achieved by an employee deserves utmost appreciation and respect. It is imperative that the top performers exemplify your Company's culture, live its values, and draw inspiration from them. Therefore, to felicitate these value champions, your Company has established STAR Awards, one of the biggest annual recognition platforms. This felicitation and awarding event propagates your Company's values and recognises employees who live by it. This year, the STAR Awards program was conducted and broadcasted on an interactive virtual medium. The event honoured employees for their stellar contributions, thereby encouraging them to keep performing extraordinarily. Additionally, in recognition of the outstanding and exceptional contributions of the employees throughout the year, an online Wall of Fame, Reward & Recognition platform was also instituted. Together, these practices serve to acknowledge your Company's gratitude to its biggest asset – its people – for their unstinted support and contributions while also motivating them.

### 2. Initiatives towards Building Future Leaders, Succession Planning:

Succession Planning is an important part of your Company's talent strategy. It helps de-risk any 'vacancy' risk associated with critical roles, thus ensuring business continuity.

The objectives of Succession Planning include:

- Ensuring availability of sufficient people of the right calibre to take over certain roles within the organisation, as and when the current incumbent moves on
- Ensuring sustenance and supporting the future growth requirements through right capabilities
- Ensuring development of high-potential talent within your Company through career paths aligned with the business' succession needs

The identified successors form a high-potential talent pool for your Company who need to be guided and developed further for taking up future succession roles ensuring a robust talent pipeline at all times.

## EFFECTIVE DIGITAL PROCESSES AND CONTROLS





## RISK MANAGEMENT

Risk management implies controlling potential future events that may adversely impact a business's operations and functioning. It is about adopting a proactive approach instead of being reactive. Risk management forms a vital part of your Company's businesses and it is cognizant of the prominent role it plays in long-term success. Your Company, as it advances towards its business objectives and goals, is often subjected to various risks. Credit risk, market risk, liquidity risk and operational risk are some of the risks that your Company is exposed to (detailed below). These risks, if not timely identified and duly mitigated, hold the potential to severely affect your Company's financial strength, operations and reputation. With this as the backdrop, your Company has in place a Board-approved Risk Management Framework. This framework encompasses risk appetite statement, risk limits framework, risk dashboards and early warning signals. The Risk Management Committee (RMC) heads and supervises the efficiency of this framework periodically. Your Company's Risk Management function works independently from the business units under the guidance of the RMC. This helps ensure guidance during challenges, underscore oversight and balance the risk/reward decisions. During these challenging times, the Risk Management Committee met regularly for constant assessing and working on mitigating risks, as the governments imposed restrictions, which were relaxed gradually.

The risk appetite of your Company sets out the desired forward-looking risk profile. It gives an unbiased base and helps guide strategic decision-making. Through this, your Company ensures that an optimised balance of return for the risk assumed is provided for planned business activities. Additionally, it also ensures that your Company's potential risks remain within acceptable risk level.

Regular stress tests are conducted by your Company which help assess the durability of the balance sheet. It provides useful insights to the Management with regards to better understanding of the nature and extent of any vulnerabilities, quantify the impact and develop plausible business-as-usual mitigating actions.

Markets witnessed substantial turbulence in the previous year. These stemmed from multiple sources and impacted the industry severely. However, your Company's fundamentally built principles of sound risk management and practices helped successfully weather these difficult times.

Your Company's Risk Management function periodically boards an external independent firm. This firm helps your Company review its approach to risk appetite and ensures alignment with the best market practices. Currently, your Company, with the assistance of an external help, is upgrading its risk framework. The prime intention behind this review exercise is to improve the efficiency and effectiveness of your Company's stress testing program. This is crucial for the assessment of your Company's capital strength and earning volatility. A rigorous examination of your Company's resilience is carried and observed against external macroeconomic shocks. Your Company has always had a focused strategy of developing a proactive and effective risk mitigation and management culture and framework. This has immensely helped your Company stay ahead of the curve as one of the leading NBFCs with highest credit rating of AAA.

**Your Company has an effective Risk Management framework in place which helps it grow sustainably. This framework comprises:**

- Risk management strategies and policies: A risk appetite statement which is clearly defined and covers company-wide overall risk limits. It is further merged with detailed individual/sector/group limits, covering multiple risk dimensions
- Efficient risk management practices and procedures
- Strong internal control systems backed by consistent and constant information gathering
- Suitable and independent risk management structures with well-defined risk metrics for continuous monitoring by RMC

### Credit Risk

Your Company is exposed to various kinds of risks including operational, liquidity, market, however credit risk is the single largest risk for your Company's business. Your Company, therefore, carefully and efficiently manages its exposure to credit risk. There is a centralised risk management function which oversees the risk management framework. An overview of credit risk of portfolio is presented to the RMC periodically. Your Company has a wide-ranging underwriting framework in place. This framework helps guide individual businesses to optimum credit decisions. Further, it is also supported by well-defined risk limits across various parameters including products, sectors, geographies and counterparties. Your Company also has an effective review mechanism in place. It uses state-of-the-art early warning signals to quickly recognise potentially weak credit while stressing on maintaining 'Zero DPD'. Days Past Due (DPD) indicates the number of days that a loan repayment has not

been made past the due date. Your Company has been able to ensure stable asset quality amid volatile times and difficult lending environment, because of stringent adherence to the aforementioned prudent risk norms and diligently following the institutionalised processes.

Your Company's provisioning policy is cautious, conservative and prudent in nature. As per the RBI notification on acceptance of IND AS for regulatory reporting, it computes provision as per IND AS 109 and as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). If the impairment allowance in aggregate, under Ind AS 109, is lower than the provisioning required under IRACP (including standard asset provisioning), the difference is appropriated from net profit or loss after tax to a separate 'Impairment Reserve'. Your Company undertook incremental provisions to strengthen the balance sheet against the after-effect of the pandemic.

### Operational Risk

Your Company's effective and pre-emptive Operational Risk framework is overseen by the Operational Risk Management Committee. The team examines operational risks and incidents in a way so as to ensure robust continuance of processes and systems. Further, periodic process walk-throughs are also conducted to check controls. This helps recognise redundancies in processes. Thus, enabling your Company to remain competitive in a fast-evolving and constantly moving digital environment.

### Market/Liquidity Risk

Your Company protects itself against market or liquidity risk with the help of its prudent approach. Your Company maintains a positive liquidity gap on a cumulative basis in all the time-buckets up to 1 year (at LTFH consolidated level). A Contingency Funding Plan has also been put into practice by your Company for responding to severe disruptions which might affect the ability to fund some or all activities in a timely manner and at a reasonable cost. These cautious and

judicious liquidity risk management measures and practices clearly reflected the robustness of your Company's asset liability management during the COVID-19 related stress. The strategy during COVID-19 was to maintain enough liquidity as a precautionary measure. Additionally, your Company also continues maintaining a positive interest rate sensitivity gap over a one-year horizon. This acts as a mitigant against interest rate risk in balance sheet. Regular liquidity and interest rate stress testing is also conducted. It encompasses various stress scenarios into account. Thus, helping LTFH to manage and regulate its response to the evolving market conditions related to liquidity and interest rate changes.

### IT Security Risk

LTFH has instituted security protocols such as firewalls, intrusion prevention system to detect and stop threats. It also has separations for internet facing applications and critical internal applications and processes to recognise, monitor and mitigate IT Security Risks. Your Company continuously carries out security gap and vulnerability assessments. Your Company has a secured IT platform established to safely run its business. There are periodic assessments done for your Company's IT infrastructure and applications. It helps find potential security threats and remedy threats as identified. Additionally, it also monitors critical applications and systems for any suspicious activity. Your Company has integrated Cyber Security in its IT Security policies and procedures which enables it to mitigate risks. Apart from your Company's IT Infrastructure with multiple layers of security and in-depth defense by design, it also has clearly defined early warning signals. These help your Company detect and respond to cyber threats promptly. Your Company ensured that employees could securely connect to the office network from home during the lockdown period.

Employee education programs are also conducted regularly to teach them about dealing with security risks and cyber threats.

**Note:** For details on internal control systems and their adequacy, please refer the Board's Report

### CYBER SECURITY FRAMEWORK IS IN PLACE TO:





## CORPORATE SOCIAL RESPONSIBILITY

Businesses have a responsibility towards society which extends well beyond its stated commitments. For an inclusive progress, businesses must use their resources and engage in activities that prioritise growth for internal and external stakeholders. For your Company, empowering communities by enhancing their livelihoods through right opportunities and uplifting their lives for better has always been a core tenet. Your Company adopts project-based accountability approach to underline the long-term sustainability of its CSR projects. Your Company conducts baseline and needs assessment surveys at the beginning of a project and towards the end of the year to measure the outcomes through end line surveys. The CSR programs are conceptualised with clearly defined and measurable indicators and the results are then presented to the CSR Committee and Board of Directors. All the CSR initiatives that your Company undertakes and conducts and its impact assessment reports conducted by a third party are available under the knowledge repository of CSR section of the website: <https://www.lfcs.com/csr.html>



### CSR VISION

We aspire for an inclusive social transformation of the rural communities we serve, by nurturing and creating opportunities for sustainable livelihoods for them.



### CSR MISSION

Our mission is to reach marginalised farmers and women micro entrepreneurs in the rural communities that we serve and work towards rejuvenating their eco-systems, thereby creating sustainable livelihoods and enabling financial inclusion.



### CSR APPROACH

Accountability and assurance are ingrained in the ethos of your Company. The same transcends with CSR as well, wherein a project-based accountability approach is adopted to emphasise the long-term sustainability of CSR projects. To ensure utmost transparency and accountability of each rupee spent on CSR intervention, regular impact assessments are conducted by third parties.

### CSR Thrust Areas

Your Company's CSR activities are spread across the following thematic areas:

- Digital Financial Inclusion for Rural Women Empowerment
- Disaster Management
- Other Projects (Road Safety, Integrated Water Resource Management)



### Digital Sakhi: Empowering Rural Women through Digital Finance

Digital Sakhi is your Company's flagship CSR Programme. It aligns itself to the GOI's vision of creating a digital India where the focus on financial literacy has been on digital modes of payments. Your Company believes that financial literacy must always be complemented by livelihood creation. This approach helps ascertain interest and participation of communities in the programme. Digital Sakhi focuses on the Sustainable Development Goal (SDG) 5 - Gender Equality with Digital Finance as an enabler.

Last year, your Company combined some aspects of



Digital Sakhi from Tamil Nadu during field visit

sustainability into the programme in order to ensure coherent livelihood opportunities for Digital Sakhis and Women Entrepreneurs. An example - setting up of Digital Sakhi Seva Kendra, through which Digital Sakhis help the general rural community in making utility payments at a cost and thus, also establish a revenue – generating business model for themselves. In Maharashtra, the oldest Digital Sakhi program initiated in 2017, close to about 30% of Digital Sakhis have become entrepreneurs and have earned ₹8 Lakhs+ through the Kendras.

Digital Sakhis also focus on educating community members on various Government-backed entitlement schemes like Pradhan Mantri Fasal Bima Yojana, Pradhan Mantri Jan Dhan Yojana, Atal Pension Yojana and Mahatma Gandhi National Rural Employment Guarantee Act Scheme (MNREGA), amongst others, along with spreading the agenda of Digital Financial Inclusion. Thanks to the efforts of the Digital Sakhis, entitlement benefits were availed by 25,000+ community members in the states of Madhya Pradesh and Odisha.

Some of the success stories in Digital Sakhis include buying of Two-Wheeler for own commute from the honorarium received and saved as part of the Digital Sakhi programme, securing employment with renowned private companies, banks and Government organisations, and affiliation with local gram panchayats, amongst others.

In FY21, Digital Sakhis reached out to 8.70 Lakh+ community members through door-to-door dissemination of digital financial literacy modules.

During the COVID-19 pandemic, which resulted in large scale unemployment, the Digital Sakhi Programme converged with the National Rural Livelihood Mission to provide employment to labourers under the National Rural Employment Guarantee Act (NREGA). Your Company ensured strengthening knowledge of all Digital Sakhis even amid the lockdown situations. They were provided virtual training sessions through the National Payments Corporation of India (NPCI). Additionally, the Digital Sakhis across all project locations played an active role in creating awareness and distribution of COVID-19 relief kits to marginalised sections of the community.



COVID-19 Hygiene Kit Distribution



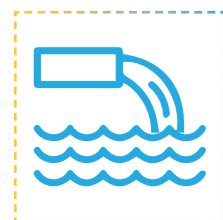
### Disaster Management

Your Company has always paid special attention to relief and rehabilitation. It forms an important component of your Company's CSR policy. Apart from the contribution towards the PM Cares Fund, your Company continued supporting the community in fighting the pandemic through various means. LTFH reached out to 4.85 Lakh+ community members through various awareness camps, door-to-door visits and leaflet distribution by implementing partners, Digital Sakhis and Krushidoots. This also included COVID-19 relief kit support to 2.45 Lakh+ beneficiaries from vulnerable sections of the population.

Moreover, your Company aided 87,932 beneficiary families who were affected by floods in Bihar and Assam, and also those affected by cyclones at Tamil Nadu and West Bengal in the recent past. As a true reflection of the ethos of your Company, the business teams along with the CSR teams tirelessly dedicated themselves to the relief work and ensured relief packets were provided to the affected people.



COVID-19 Kit Distribution



### Jalvaibhav: Integrated Water Resource Management (IWRM)

Your Company has always consciously wanted to enhance the lives and livelihoods of marginalised farmers in rural communities and work to uplift their ecosystems for creating sustainable livelihoods. Your Company has been implementing the IWRM project – Jalvaibhav – in the rural areas of Maharashtra’s Marathwada region since FY16. There are different water intervention and awareness/training initiatives that your Company undertakes and supervises in and around 122 villages of Marathwada region.

In FY21, your Company focused on sustainability of the interventions by creating Water User Groups (WUG) and Agriculture Development Committee (ADC), primarily responsible for community participation and ownership of the project. Additionally, to ensure sustainability, your Company took the following initiatives:

- Installed 10 automated weather stations in project areas to provide the real time information on weather in their locality
- Capacity building for annual crop planning and water management in 30 villages
- Capacity building of farmers through 180 Farmers Field Schools (FFS) on Climate Resilient Agriculture (CRA) practice

Your Company also released a thought leadership document titled ‘Reviving Commons: Building Climate Resilient Communities’. This event took place in the august presence of Shri Dheeraj Kumar (IAS), Agriculture Commissioner of Maharashtra, and Dr. Rajendra Singh – the waterman of India and other eminent dignitaries during a virtual conference on ‘Multi-Sectoral approach to maximise impact of IWRM and CRA’ held in September 2020.



### Road Safety

In FY21, your Company continued its partnership with the Mumbai Traffic Police by providing livelihood support to 20

young traffic wardens. The outbreak of COVID-19 led to closing down of schools, thus affecting the in-school road safety sessions designed to teach children about road safety. To overcome this challenge, your Company ensured the imparting of road safety sessions to students and parents through innovative virtual mediums. A Road Safety video was developed and shared amongst students. Additionally, pre and post-test modules were also created to track the learning curve. Your Company reached out to 11,765 students in FY21.



### Boondein (Employee Volunteering Initiative)

Employee Volunteering Programme, designed for engaging the key stakeholder i.e., employee, into the larger structure of the organisation allows for creation of an environment of participation and builds a participative and aligned culture. In FY21 your Company provided employees with ample opportunities to participate in virtual volunteering activities like digital literacy, financial literacy, English sessions, audio recording, and DIY activities, among others. Employees also volunteered in your Company’s disaster management efforts, thereby augmenting the impact on the ground.

- 1,852 employee volunteers
- 1,04,730 volunteering hours
- 89,220 beneficiaries

Your Company carries out its business through its subsidiaries and the details provided in this section are at a consolidated level.

## Board’s Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Thirteenth Annual Report together with the audited financial statements for the financial year (“FY”) ended March 31, 2021.

### FINANCIAL RESULTS

The summary of the Company’s financial performance, both on a consolidated and standalone basis, for FY 2020-21 as compared to the previous FY 2019-20 is given below:

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Total Income	14,080.10	14,476.75	191.42	522.38
Less: Total Expenses	12,810.51	11,796.67	227.31	238.64
<b>Profit before exceptional items and tax</b>	<b>1,269.59</b>	<b>2,680</b>	<b>(35.89)</b>	<b>283.74</b>
Exceptional items	225.61	-	224.68	-
<b>Profit before Tax</b>	<b>1,495.20</b>	<b>2,680.08</b>	<b>188.79</b>	<b>283.74</b>
Less: Tax Expense	546.32	979.82	72.74	16.93
<b>Profit after Tax</b>	<b>948.88</b>	<b>1,700.26</b>	<b>116.05</b>	<b>266.81</b>
Add: Share in profit of associate company	-	-	-	-
Net profit after tax and share in profit of associate company	948.88	1,700.26	116.05	266.81
<b>Profit for the year (owners of the Company)</b>	<b>970.94</b>	<b>1,700.17</b>	<b>116.05</b>	<b>266.81</b>
Actuarial gain on defined benefit plan (gratuity) net of income tax	2.76	(4.59)	0.11	(0.11)
Total comprehensive income for the year (owners of the Company)	973.70	1,695.58	116.16	266.70
Add: Balance brought forward from previous year	3,720.68	2,771.41	31.68	203.20
Transition impact of Ind AS 116	-	(2.35)	-	(0.03)
<b>Balance Available</b>	<b>4,694.38</b>	<b>4,464.64</b>	<b>147.84</b>	<b>469.87</b>
<b>Appropriations</b>				
Dividend paid (including dividend distribution tax)	-	422.33	-	380.48
Transfer to/(from) Reserve u/s 45-IC of Reserve Bank of India Act, 1934	35.86	225.06	23.21	53.36
Transfer to impairment reserve	12.54	15.82	0.59	4.35
Transfer to/(from) Debenture Redemption Reserve	-	-	-	-
Transfer to Reserve u/s 36(1)(viii) of Income Tax Act, 1961	-	80.75	-	-
Transfer to Reserve u/s 29-C of National Housing Bank	-	-	-	-
<b>Surplus in the Statement of Profit and Loss</b>	<b>4,645.98</b>	<b>3,720.68</b>	<b>124.04</b>	<b>31.68</b>

### 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 was ₹14,080.10 Cr in FY 2020-21 as compared to ₹14,476.75 Cr in FY 2019-20.
- Profit before taxes was ₹1,495.20 Cr in FY 2020-21 as compared to ₹2,680.08 Cr in FY 2019-20.

- Profit for the year attributable to owners of the Company was ₹970.94 Cr in FY 2020-21 as compared to ₹1,700.17 Cr in FY 2019-20.

During the year, the net loan book declined from ₹91,324.63 Cr to ₹87,030.25 Cr.

The Average Assets Under Management (“AAUM”) in the mutual fund business stood at ₹72,728 Cr for the quarter ended March 31, 2021 as against ₹71,056 Cr for the quarter ended March 31, 2020.

**Standalone**

- Total income was ₹ 191.42 Cr in FY 2020-21 as compared to ₹ 522.38 Cr in FY 2019-20.
- Profit before taxes was ₹ 188.79 Cr in FY 2020-21 as compared to ₹ 283.74 Cr in FY 2019-20.
- Profit for the year was ₹ 116.05 Cr in FY 2020-21 as compared to ₹ 266.81 Cr in FY 2019-20.

**Appropriations**

The Company proposes to transfer ₹ 23.21 Cr (previous year ₹ 53.36 Cr) to Special Reserve created u/s 45-IC of the Reserve Bank of India Act, 1934.

**Cost Records**

The Company is not required to maintain cost records as per the provisions of Section 148(1) of the Companies Act, 2013 ("the Act").

**INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY**

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

**MATERIAL CHANGES AND COMMITMENTS**

In FY 2019-20, the Boards of Directors of L&T Finance Limited ("LTF"), L&T Infrastructure Finance Company Limited ("LTIF") and L&T Housing Finance Limited ("LTHF"), the wholly owned subsidiaries of the Company have approved the amalgamation of LTIF and LTHF with LTF by way of merger by absorption under the provisions of Sections 230 - 232 of the Act (including the rules thereunder) and other relevant provisions of the Act. Further, post receipt of the sanction orders from National Company Law Tribunal, Mumbai and National Company Law Tribunal, Kolkata and the approval of the Board of LTF, LTIF and LTHF merged with LTF w.e.f. April 12, 2021.

They were no other 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 website of the Company at [www.ltf.com/investors.html](http://www.ltf.com/investors.html) (click-[Dividend Distribution Policy](#)).

The Board of Directors had declared and paid an interim dividend @ 8.95%, 8.15%, 8.00%, 7.95% (four options), 7.60% and 7.50% (two options) per share on the nine series of Cumulative Compulsorily

Redeemable Non-Convertible Preference Shares ("CCRPS") of face value of ₹ 100 each of the Company, during FY 2020-21, in accordance with the provisions of the respective Information Memoranda entailing an outflow of ₹ 95.96 Cr (excluding Dividend Distribution Tax). For the year ended on March 31, 2021, your Company has not considered the proposal to pay dividend, in view of the current challenging times arising on account of COVID-19 pandemic as the focus has been on strengthening the balance sheet and making it more robust.

**CREDIT RATING**

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

Instruments	Rating agencies			
	CRISIL	CARE	India Ratings	ICRA
Non-convertible Debentures	CRISIL AAA/Stable (Triple A; Outlook: Stable by CRISIL)	CARE AAA/ Stable (Triple A; Outlook: Stable by CARE)	IND AAA/ Stable (Triple A; Outlook: Stable by India Ratings)	ICRA AAA/ Negative (Triple A; Outlook: Negative by ICRA)
CCRPS	CRISIL AAA/Stable (Triple A; Outlook: Stable by CRISIL)	CARE AAA (RPS)/ Stable (Triple A [Redeemable Preference Shares]; Outlook: Stable by CARE)	-	-
Commercial Papers	CRISIL A1+ (A One Plus by CRISIL)	CARE A1+ (A One Plus by CARE)	IND A1+ (A One Plus by India Ratings)	ICRA A1+ (A One Plus by ICRA)

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

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

**FUND RAISING**
**Rights Issue**

During the year under review, the Board of Directors of the Company issued 46,13,25,021 Equity Shares of face value of ₹ 10 each on rights basis to eligible equity shareholders of the Company who were on the Register of Members as on January 22, 2021, being the record date fixed for the purpose ("Eligible Equity

Shareholders") at an issue price of ₹ 65 per fully paid-up equity share (including a premium of ₹ 55 per equity share). The rights entitlement ratio was 17:74 (i.e. 17 Equity Shares were offered for every 74 shares fully paid-up Equity Shares held by the Eligible Equity Shareholders of the Company).

There has been no deviation in the utilisation of rights issue proceeds from the objects stated in the letter of offer dated January 19, 2021.

**Non-Convertible Debentures**

During the year under review, the Company issued 1,950 Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") of face value ₹ 10,00,000 each, aggregating to ₹195 Cr on a private placement basis.

**CHANGES TO SHARE CAPITAL**

During the year under review, the Company has allotted 46,13,25,021 Equity Shares of face value of ₹ 10 each to the Eligible Equity Shareholders under rights issue at an issue price of ₹ 65 per Equity Share (including premium of ₹ 55 per Equity Share), thereby raising funds aggregating to ₹ 2,998.61 Cr.

Further, the Company has issued 6,84,500 Equity Shares and 26,02,573 Equity Shares to employees of the Company and its subsidiary companies pursuant to the exercise of stock options under the Employee Stock Option Scheme – 2010 and Employee Stock Option Scheme – 2013 ("ESOP Scheme") respectively.

Also, 6,00,00,000 CCRPS amounting to ₹ 600 Cr, which were due for redemption were duly redeemed by the Company.

Pursuant to allotment of Equity Shares under Rights issue, ESOP Scheme and subsequent redemption of CCRPS, the paid-up share capital of the Company was ₹ 3,593.55 Cr (including preference share capital of ₹1,124.10 Cr) as at March 31, 2021 as compared to ₹ 3,728.93 Cr (including preference share capital of ₹1,724.10 Cr) as at March 31, 2020.

**EMPLOYEE STOCK OPTION SCHEME**

The disclosures required to be made under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is available on the website of the Company at <https://www.ltf.com/investors.html> (click-[ESOP Disclosure](#)). The certificate from the Statutory Auditors, confirming compliance with the aforesaid provisions has been appended as **Annexure A** to this Report.

**INVESTMENT IN SUBSIDIARIES**

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

Name of subsidiary company	Amount of capital subscribed (₹ in Cr)
L&T Capital Markets (Middle East) Limited	2.52

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

**DIRECTORS**

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

During the year under review, Mr. Thomas Mathew T. was re-appointed, for a second term of 5 consecutive years with effect from July 1, 2020 to June 30, 2025, as an Independent Director in accordance with the provisions of Sections 149 and 152 of the Act and the appointment was approved by the Members at the Twelfth Annual General Meeting ("AGM") held on July 28, 2020.

The tenure of Mr. Dinanath Dubhashi who was appointed as a Whole-time Director, designated as Deputy Managing Director of the Company, with effect from April 14, 2016 upto and including July 21, 2016 and as Managing Director for the period July 22, 2016 upto and including April 13, 2021, on the terms and conditions approved by the Members at their Eighth AGM held on August 23, 2016, was expiring on April 13, 2021.

In views of the aforesaid and pursuant to the



provisions of Sections 196, 197, 203 read with Schedule V of the Act and any other applicable provisions of the Act read with relevant rules made thereunder and based on the recommendation of the Nomination and Remuneration Committee of the Company ("NRC"), the Board at its Meeting held on March 19, 2021 approved the re-appointment of Mr. Dinanath Dubhashi as the Managing Director and Chief Executive Officer of the Company, for another term of five consecutive years i.e., with effect from April 14, 2021 to April 13, 2026, subject to the approval of the Members at the ensuing AGM.

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

The terms and conditions of appointment of Independent Directors are available on the website of the Company at <https://www.ltfs.com/investors.html> (click-Appointment of ID).

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise and hold highest standards of integrity.

#### Declaration by Independent Directors

All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI Listing Regulations and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/her duties with an objective independent judgement and without any external influence.

#### 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 Company had conducted familiarization programme on ESG Framework for the Board of Directors of the Company. The details relating to the familiarization programme are available on the website

of the Company at [www.ltfs.com/investors.html](http://www.ltfs.com/investors.html) (click-Familiarization Programme).

#### 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, 2021, the Company had following KMPs:

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

During the year, Mr. Dinanath Dubhashi was re-appointed as MD & CEO and designated as KMP for another term of five years with effect from April 14, 2021 up to April 13, 2026, subject to the approval of the Members at the ensuing AGM.

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

##### A. Background and objectives

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

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

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMP and other employees, which is available on the website of the Company at [www.ltfs.com/investors.html](http://www.ltfs.com/investors.html) (click-Policy on Directors' Appointment).

##### 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

- c) to lay down criteria / evaluate performance of the Directors;
- d) to guide on determination of remuneration of the Directors, Senior Management / KMPs and other employees; and
- e) to ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

##### C. Appointment of Director(s) – Criteria Identification

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

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

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

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

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

###### • Independent Directors / Non-Executive Directors

The NRC carries out evaluation of performance of Independent Directors / Non-Executive Directors every year ending March 31<sup>st</sup> 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;

- e) Performance of the directors;
- f) Fulfillment of the independence criteria and their independence from the management; and
- g) 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 31<sup>st</sup>. 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 31<sup>st</sup>, 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 the financial year. Training and Development Orientation programmes on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

##### E. Criteria for Remuneration

The NRC, while determining and / or recommending the criteria for remuneration / 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.

During the year under review, the Policy was amended to include the retirement age of Executive Director / Managing Director of the Company. Also, the changes required under regulatory provision were carried out to the Policy.

### PERFORMANCE EVALUATION

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

#### Manner of Evaluation

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

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.

### SUSTAINABILITY REPORT AND BUSINESS RESPONSIBILITY REPORT

The detailed Sustainability Report will be available on the website of the Company at <https://www.ltf.com/csr.html>.

The information disclosed in the Sustainability Report is aligned to the Global Reporting Initiative ("GRI") Standards for sustainability reporting. The principles applied for defining contents of the report and quality are as prescribed by the GRI Standards. Additionally, on a voluntary basis the Company has provided cross referencing to Business Responsibility and Sustainability Report ("BRSR") disclosures specified by SEBI in its circular SEBI/HO/CFD/CMD-2/P/ CIR/2021/562 dated May 10, 2021 in its Sustainability Report.

Further, in terms of Regulation 34(2)(f) of the SEBI Listing Regulations the Company is 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 is hosted on the website of the Company at [www.ltf.com/investors.html](http://www.ltf.com/investors.html) (click-Business Responsibility Report).

### 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. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm's Registration Number 117366W/W-100018) and M/s. B. K. Khare & Co., Chartered Accountants (ICAI Firm's Registration Number 105102W) as the Joint Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Eighth AGM till the conclusion of the Thirteenth AGM.

In view of the aforesaid, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants and M/s. B. K. Khare & Co., Chartered Accountants would cease to be the Joint Statutory Auditors of the Company at the conclusion of the ensuing AGM.

In view of the aforesaid, the Board, on the recommendation of the Audit Committee ("AC") recommended the appointment of M/s Khimji Kunverji and Co LLP, Chartered Accountants (ICAI Firm's Registration Number 105146W/W100621) as the Statutory Auditors of the Company for a term of three years in accordance with the requirements stipulated by the RBI, the Company's regulator, to hold office from the conclusion of the ensuing AGM i.e. Thirteenth AGM till the conclusion of the Sixteenth AGM, subject to the approval of the Members at the ensuing AGM of the Company.

M/s Khimji Kunverji and Co LLP, Chartered Accountants have confirmed that their appointment, if made, will comply with the eligibility criteria in terms of Section 141(3) of the Act and RBI regulations. Further, the Auditors have confirmed that they have subjected themselves to Peer Review process by the Institute of Chartered Accountants of India ("ICAI") and hold valid certificate issued by the Peer Review Board of ICAI.

### AUDITORS' REPORT

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

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI Listing Regulations, the Company had appointed Ms. Naina R. Desai, Practising Company Secretary (Membership No.: F1351; Certificate of Practice No.: 13365) to undertake the Secretarial Audit of the Company for FY 2020-21.

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

The Secretarial Audit Report is appended as **Annexure B** to this Report. There is no adverse remark, qualification, reservation or disclaimer in the Secretarial Audit Report.

### PARTICULARS OF EMPLOYEES

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

In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said Annexure is available for inspection by the Members.

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

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

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

Some of the steps taken by L&T Financial Services ("LTFS") for conservation of energy includes:

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

There were no foreign exchange earnings during the year (previous year also Nil); while the expenditure in foreign currency by the Company during the year was ₹ 0.69 Cr towards professional fees and nil travelling expenses (previous year ₹ 0.79 Cr and ₹ 0.08 Cr respectively).

### DEPOSITORY SYSTEM

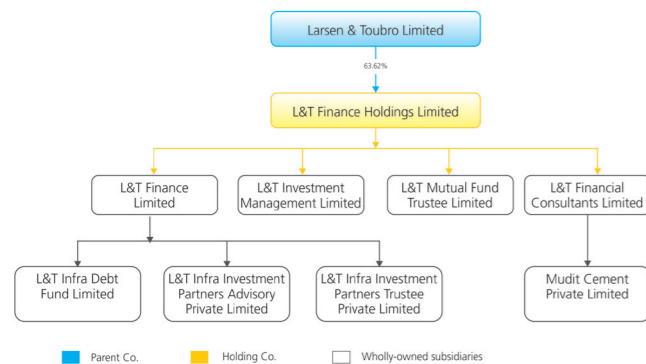
The Company's Equity Shares are compulsorily tradable in electronic form. As on March 31, 2021, out of the Company's total equity paid-up share capital comprising of 2,46,94,45,704 Equity Shares, only 4,701 Equity Shares were in physical form and the remaining capital is in dematerialized form.

As per SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide notification no. SEBI/LADNRO/ GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) cannot be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories.

Therefore, Members holding securities in physical form are requested to take necessary action to dematerialize their holdings.

### SUBSIDIARY COMPANIES

The Company conducts its business through its subsidiaries in various business segments. As of March 31, 2021, the Company had 10 subsidiaries (including step down subsidiaries) and as on the date of this report, the Company had 8 subsidiaries (including step down subsidiaries).



Note: L&T Finance Holdings Limited holds 23.36% and L&T Finance Limited holds 76.64% of the Equity Share capital in L&T Infra Debt Fund Limited.

During the year under review, pursuant to a Share Purchase Agreement, the Company completed the sale of its investment in L&T Capital Markets Limited to IIFL Wealth Finance Limited on April 24, 2020 and accordingly, L&T Capital Markets Limited ceased to be a subsidiary of the Company.

During the year under review, the Board of Directors of the Company at their meeting held on July 16, 2020, had approved the proposal to voluntarily winding-up L&T Capital Markets (Middle East) Limited, the wholly owned subsidiary of the Company (carrying on the offshore wealth management business), subject to applicable laws of United Arab Emirates. L&T Capital Markets (Middle East) Limited was voluntarily liquidated with effect from December 17, 2020 post completion of all regulatory requirements and accordingly, ceased to be a subsidiary of the Company.

In FY 2019-20, the Boards of Directors of L&T Finance Limited ("LTF"), L&T Infrastructure Finance Company Limited ("LTIF") and L&T Housing Finance Limited ("LTHF"), the wholly owned subsidiaries of the Company have approved the amalgamation of LTIF and LTHF with LTF by way of merger by absorption under the provisions of Sections 230 - 232 of the Act (including the rules thereunder and other relevant provisions of the Act. Further, post receipt of the sanction orders from National Company Law Tribunal, Mumbai and National Company Law Tribunal, Kolkata and the approval of the Board of LTF, LTIF and LTHF merged with LTF w.e.f. April 12, 2021.

### 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 [www.ltfs.com/investors.html](http://www.ltfs.com/investors.html) (click-Policy for determining Material Subsidiaries)

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

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 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 LTFS monitors and evaluates the efficacy and adequacy of the internal control system in the Company to ensure that financial

reports are reliable, operations are effective and efficient and activities comply with applicable laws and regulations. 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 AC of the Company from time to time.

### BOARD MEETINGS

The details of the Board meetings held during FY 2020-21 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") and ESG Committee. The composition and terms of reference of the CSR and ESG Committee are provided in the Corporate Governance Report.

The Company has also formulated a CSR Policy ("Policy") in accordance with the requirements of the Act and containing details specified therein which is available on the website of the Company at [www.ltfs.com/csr.html](http://www.ltfs.com/csr.html) (click-CSR Policy).

The Policy of the Company is a clear alignment with the United Nations' global development agenda of Sustainable Development Goals (SDG) particularly 'No Poverty' (SDG 1), 'Gender equality' (SDG 5), 'Sustainable cities and Communities' (SDG 11), 'Climate Action' (SDG 13) and 'Partnership for the Goals' (SDG 17). The inclusion of all stakeholders based on a priority matrix is clearly articulated in the Policy and all the programmes are passed through this matrix before being implemented on the ground for creating maximum stakeholder value. Our key initiatives are woven around Sustainable Livelihoods of Rural communities facilitated by focused areas of intervention – Digital Financial Inclusion, Disaster Management and other programmes.

During the year under review, the Policy has been updated as below:

- Revision in thrust areas based on Company's strategy
- Amendments as a result of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021

Further, considering that there is no aggregate net profit for the preceding three financial years calculated pursuant to provisions of Section 135 of the Act, the Company was not required to contribute any amount on CSR activities during FY 2020-21. An annual report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure E** to this Report.

### VIGIL MECHANISM

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

The Vigil Mechanism Framework empowers all levels of employees including top management to raise voice against actual/ suspected violations. The implementation of the framework is monitored through the Committee which meets on a quarterly basis and all cases are discussed in detail before it's presented to the AC. It addresses all concerns raised on questionable practices. The framework ensures protection to the whistle-blower to avoid any sort of unfair or prejudicial employment practices. The Chairperson of the AC has direct access to all complaints raised through the framework.

At the AC, brief update is presented to the Members for their review. The Committee takes necessary actions to maintain confidentiality within the organization on matters brought to its attention.

The mechanism framed by the Company is in compliance with the requirements of the Act and SEBI Listing Regulations and the same is available on the website of the Company at [www.ltfs.com/investors.html](http://www.ltfs.com/investors.html) (click-Vigil Mechanism Policy).

### 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 website of the Company at [www.ltf.com/investors.html](http://www.ltf.com/investors.html) (click-RPT Policy). 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 AC, Board and Shareholders is as under:

**a) Audit Committee:**

All RPTs irrespective of whether they are in the ordinary course of business or at an arm's length basis require approval of AC.

**b) 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.

**c) Shareholders:**

All material RPTs require prior approval of the shareholders, based on recommendation of the Board, through ordinary resolution passed at the general meeting. However, approval of the shareholders is not required to be obtained by the Company if the proposed transaction is to be entered into with its wholly owned subsidiaries.

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

- All RPTs that were entered into during FY 2020-21 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 Listing Regulations and has also adopted a Risk Management Policy. The details of the RMC 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 its subsidiaries. The Company, as it advances towards its business objectives and goals, is often subjected to various risks. Credit risk, market risk, liquidity risk and operational risk are some of the risks that your Company is exposed to and details of the same are provided in the Management Discussion and Analysis Report.

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

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

**ANNUAL RETURN AS PRESCRIBED UNDER THE ACT**

The Annual Return in Form MGT-7 as required under Section 92(3) of the Act is available on the website of the Company at [www.ltf.com/investors.html](http://www.ltf.com/investors.html) (click-Annual Return).

**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, 2021.

**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 RBI, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate

the commitment displayed by the employees of the Company and its subsidiaries across all levels, for exhibiting outstanding performance during such challenging times.

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

**Shailesh Haribhakti**  
Chairperson  
DIN: 00007347

**Dinanath Dubhashi**  
Managing Director &  
Chief Executive Officer  
DIN: 03545900

**Place:** Mumbai  
**Date:** June 24, 2021

**ANNUAL REPORT 2020-21 - ANNEXURE 'A' TO BOARD'S REPORT****TO THE MEMBERS OF  
L&T FINANCE HOLDINGS LIMITED****INDEPENDENT AUDITORS' CERTIFICATE IN RESPECT OF THE IMPLEMENTATION OF EMPLOYEE STOCK  
OPTION SCHEMES OF THE COMPANY**

1. We, B.K. Khare & Co. Chartered Accountants, Statutory Auditors have been requested by L&T Finance Holdings Limited ("the Company"), to certify that:
  - a) L&T Finance Holdings Limited Employees' Stock Option Scheme 2010 and L&T Finance Holdings Limited Employees' Stock Option Scheme 2013 ('the Schemes') implemented by the Company is in accordance with Regulation 13 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended from time to time ('the Regulations') and;
  - b) the Schemes are in accordance with the special resolution passed by the Shareholders of the Company at the Extra Ordinary General Meeting held on November 29, 2010 for approval of the L&T Finance Holdings Limited ESOP Scheme 2010; special resolution passed by the shareholders of the Company through Postal Ballot on June 14, 2012 for ratification of L&T Finance Holdings Limited ESOP Scheme - 2010 instituted by the Company prior to the Initial Public Offer and special resolution passed by the shareholders of the Company through Postal Ballot on April 04, 2014 for approval of the L&T Finance Holdings Limited ESOP Scheme 2013 (the "Resolutions") for the purpose of placing the same before the Shareholders at the Annual General Meeting of the Company.

Accordingly, this certificate is issued as per the terms of our engagement letter dated 5<sup>th</sup> October 2020.

**Management's Responsibility**

2. The Management is responsible for implementation of the schemes in accordance with the requirements of the Regulations and the conditions stipulated in the resolution passed by the Shareholders. This responsibility includes the design, implementation and maintenance of internal control relevant to the implementation of the Schemes in accordance with the Regulations and the Resolutions. The Management is also responsible for ensuring compliance with the terms and conditions contained in the Regulations and for providing all relevant information to us and to those concerned with the Certificate in this regard.

**Auditor's Responsibility**

3. Pursuant to Regulation 13 of the Regulations, it is our responsibility to provide a reasonable assurance whether the Schemes have been implemented in accordance with the Regulations and the resolution of the Company passed in the general meeting.
4. Our criteria against which the information is evaluated is as follows:
  - a. the Regulations;
  - b. the Schemes;
  - c. the Resolutions; and
  - d. written representation from the Management.
5. The financial statements for the financial year ended March 31, 2021 have been audited by us on which we issued an unmodified audit opinion vide our report dated April 29, 2021. Our audit of these financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ("Guidance Note") issued by the ICAI. The Guidance Note 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 issued by ICAI.

**Opinion**

8. Based on our examination, as above, and the information and explanations given to us, we are of the opinion that the Company has implemented the Scheme in accordance with the Regulations to the extent applicable and the resolution passed by the Shareholders in the general meeting.

**Restriction on Use**

9. This certificate is issued at specific request of the Company and to be placed before the shareholders at the Annual General Meeting. This certificate should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. B.K. Khare & Co. shall not be liable to the Company, SEBI or to any other concerned for any claims, liabilities or expenses relating to this assignment. We have no responsibility to update this certificate for any events or circumstances occurring after the date of this certificate.

For **B.K. Khare & Co**  
Chartered Accountants  
Firm Registration No.105102W

**Shirish Rahalkar**  
Partner  
Membership No. 111212  
UDIN: 21111212AAAAPX5880

**Place:** Mumbai  
**Date:** April 29, 2021

**ANNUAL REPORT 2020-21 - ANNEXURE 'B' TO BOARD'S REPORT**
**FORM NO. MR-3**
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED March 31, 2021

[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, 2021, 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, 2021, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;**
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **presently (Issue of Capital and Disclosure Requirements) Regulations, 2018;**
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, **presently the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;**
- (vi) Other specific business/industry related laws that are applicable to the company, viz.
  - **NBFC – CIC – The Reserve Bank of India Act, 1934 and all applicable Laws, Rules, Regulations, Guidelines, Circulars, Notifications, etc.**

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

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

- ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and the Uniform Listing Agreements** entered into by the Company with Stock Exchange(s), applicable as follows:
  - a. **Equity Shares listed on BSE Limited and National Stock Exchange of India Limited (NSE);**
  - b. **Cumulative Compulsorily Redeemable Non-Convertible Preference Shares (CCRPS) listed on BSE Limited;**
  - c. **Unsecured, Redeemable Non-Convertible Debentures listed on NSE.**

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, 2 Non-Executive Directors, 5 Independent Directors and 1 Investor Director. The Independent Directors are more than 1/3rd of the required Board strength.** The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc., viz. –
  - a. **Issue and allotment of 1,950 listed Unsecured Redeemable Non-Convertible Debentures ("NCDs") of face value ₹ 10,00,000 each at par aggregating to ₹ 1,95,00,00,000/- on a private placement basis.**
  - b. **Issue and allotment of 46,13,25,021 fully paid-up Equity Shares of face value of ₹ 10 each for cash at price of ₹ 65 per Equity Share (including a premium of ₹ 55 per Equity Share) aggregating to ₹ 2,998.61 Cr on rights basis.**
- (ii) Redemption / buy-back of securities
  - **Redemption of 6,00,00,000 CCRPS of face value ₹ 100 each aggregating to ₹ 6,00,00,00,000.**
- (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 –
  - **Sale of shares / holdings in L&T Capital Markets Limited (wholly owned subsidiary valued at ₹ 230 Cr (plus cash and cash equivalent balance of L&T Capital Markets Limited.)**
  - **Subscription /acquisition of additional 3,50,000 Ordinary Class Shares aggregating to ₹ 2.52 Cr, in lieu of conversion of loan into equity shares offered by L&T Capital Markets (Middle East) Limited (wholly owned subsidiary); the said company was voluntarily liquidated effective December 17, 2020.**

**NAINA R DESAI**

Practising Company Secretary  
Membership No. F1351  
Certificate of Practice No. 13365  
Peer Review Certificate No: 590/2019  
UDIN : **F001351C000161610**
**Place:** Mumbai  
**Date:** April 22, 2021

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

### Annexure 'I'

To,  
The Members  
**L&T FINANCE HOLDINGS LIMITED**

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

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

**NAINA R DESAI**  
Practising Company Secretary  
Membership No. F1351  
Certificate of Practice No.13365  
Peer Review Certificate No: 590/2019  
UDIN : **F001351C000161610**

**Place:** Mumbai  
**Date:** April 22, 2021

## ANNUAL REPORT 2020-21 - 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. <sup>(1)</sup>	N.A. <sup>(2)</sup>	
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. <sup>(1)</sup>	N.A. <sup>(3)</sup>	
3	The percentage increase in the median remuneration of employees in the financial year.	N.A. <sup>(3)</sup>	
4	The number of permanent employees on the rolls of Company.	2	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		N.A. <sup>(3)</sup>	
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.	

<sup>(1)</sup> 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.

<sup>(2)</sup> Considering that the Company is a Core Investment Company which carries on its business through its underlying subsidiaries and 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.

<sup>(3)</sup> On account of exceptional circumstances, no increase in remuneration was proposed in FY 2020-21.

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

**Shailesh Haribhakti**  
Chairperson  
DIN: 00007347

**Dinanath Dubhashi**  
Managing Director &  
Chief Executive Officer  
DIN: 03545900

**Place:** Mumbai  
**Date:** April 29, 2021

**ANNUAL REPORT 2020-21 - 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**

Sr. No.	1	2	3	4	5	6	7	8	9	10	11	12
Name of the subsidiary	L&T Finance Limited <sup>(1)</sup>	L&T Infrastructure Finance Company Limited <sup>(1)</sup>	L&T Housing Finance Limited <sup>(1)</sup>	L&T Infra Debt Fund Limited	L&T Investment Management Limited	L&T Mutual Fund Trustee Limited	L&T Capital Markets Limited <sup>(2)</sup>	L&T Financial Consultants Limited	L&T Infra Investment Partners Advisory Private Limited	L&T Infra Investment Partners Trustee Private Limited	Mudit Cement Private Limited	L&T Capital Markets (Middle East) Limited <sup>(3)</sup>
Financial year ending on	-	-	-	-	-	March 31, 2021	-	-	-	-	-	-
Currency	-	-	-	-	-	-	-	-	-	-	-	USD
Exchange rate on the last day of financial year	-	-	-	-	-	-	-	-	-	-	-	-
Date of acquisition	December 31, 2012	-	October 9, 2012	-	-	-	-	-	-	-	December 27, 2013	-
Share capital	2,684.17	-	-	490.18	251.82	0.15	-	18.75	5.00	0.10	2.10	-
Other equity	12,937.06	-	-	845.43	391.19	0.77	-	158.70	12.94	(0.03)	(55.56)	-
Total assets	96,208.75	-	-	9,907.15	710.83	1.01	-	457.93	18.34	0.08	20.19	-
Total liabilities	80,587.52	-	-	8,571.54	67.82	0.09	-	280.48	0.40	0.01	73.65	-
Investments	8,427.01	-	-	159.22	555.38	0.74	-	-	16.93	-	-	-
Turnover	12,349.31	-	-	891.77	343.99	0.08	1.42	142.46	6.46	0.03	-	1.68
Profit before taxation	332.24	-	-	159.16	185.23	(0.38)	5.06	136.35	4.43	0.01	(11.76)	(5.97)
Provision for taxation	330.88	-	-	95.93	23.21	-	1.34	41.04	1.12	-	(0.46)	-
Profit after taxation	1.36	-	-	63.23	162.02	(0.38)	3.72	95.31	3.31	0.01	(11.30)	(5.97)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	-	-	-	-	-	-	100%	-	-	-	-	-

<sup>(1)</sup> Pursuant to the order of National Company Law Tribunal Bench, Mumbai and Kolkata dated March 15, 2021 and March 19, 2021 respectively, the scheme of amalgamation for merger of L&T Infrastructure Finance Company Limited (LIFC) and L&T Housing Finance Limited (LHFL) (wholly owned subsidiaries of the Company) with L&T Finance Limited (LTF) is effected from April 12, 2021 with appointed date being April 01, 2020. As a consequence, effective April 01, 2020, LIFC and LHFL stands merged with LTF.

<sup>(2)</sup> Ceased to be subsidiary w.e.f. April 24, 2020.

<sup>(3)</sup> Voluntarily liquidated with effect from December 17, 2020 post completion of all regulatory requirements and accordingly, ceased to be a subsidiary of the Company.

**Name of subsidiaries which are yet to commence operations:**

Mudit Cement Private Limited

L&T Capital Markets Limited and L&T Capital Markets (Middle East) Limited

**Name of subsidiaries which have been liquidated or sold during the year:**

**Part - B: Associate and Joint Venture**

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

Name of Associate	Grameen Capital India Private Limited
Latest audited Balance Sheet Date	March 31, 2020
Date on which the Associate was associated	June 5, 2015
Shares of Associate held by the company as at March 31, 2020	
Number of shares	21,26,000
Amount of equity investment in Associate (₹ in Cr)	2.13
Amount of preference investment in Associate (₹ in Cr)	3.87
Holding % / Description of significant influence	26% of shareholding
Reason of non consolidation of the associate	No significant influence as per IndAS 28
Networth attributable to Shareholding as per latest Audited Balance Sheet (₹ in Cr)	-
Profit/Loss for the year:	
i. Considered in Consolidation (₹ in Cr)	-
ii. Not considered in Consolidation (₹ in Cr)	-

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: Nil

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

**Shailesh Haribhakti**  
Chairperson  
(DIN: 00007347)

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

Place: Mumbai  
Date: April 29, 2021

**Sachinn Joshi**  
Chief Financial Officer

**Apurva Rathod**  
Company Secretary



**ANNUAL REPORT 2020-21 - ANNEXURE 'E' TO BOARD'S REPORT**
**Annual Report on Corporate Social Responsibility ("CSR")**

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

**1. Brief outline on CSR Policy of the Company:**
**CSR Vision:**

We aspire for an inclusive social transformation of the rural communities we serve by nurturing and creating opportunities for sustainable livelihoods for them.

**CSR Mission:**

Our mission is to reach marginalized farmers and women micro entrepreneurs in the rural communities that we serve and work towards rejuvenating their ecosystems thereby creating sustainable livelihoods and enabling financial inclusion.

**Commitment:**

Our focus is on creating value for rural indigent communities which desire a secure future. We align our social responsibility theme and commitment with the United Nation's global development agenda of Sustainable Development Goals (SDG) particularly 'No Poverty' (SDG -1), 'Gender equality' (SDG -5), 'Sustainable Cities and Communities' (SDG 11) 'Climate Action' (SDG 13) and 'Partnership for the goals' (SDG 17).

Our key initiatives are woven around Sustainable Livelihoods of rural communities facilitated by focused areas of intervention – Digital Financial Inclusion, Disaster Management and other programmes.

We implement the CSR programmes as a collaborative effort between various companies within L&T Financial Services. The Company undertakes the CSR activities through partnership with organizations registered under public trust or a society, section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961).

**CSR Approach:**

Accountability and assurance are anchored our corporate ethics. Programme-based accountability approach is adopted to emphasize the long-term sustainability of CSR programmes. For each programme, we conduct baseline and end line assessments with clearly defined measurable results and the same are presented to the CSR and ESG Committee and Board of Directors. We conduct and share the impact assessment reports and investigations at the CSR section of the website of the Company at <https://www.lfs.com/csr.html> (click-Impact Assessment Reports).

**Monitoring & Evaluation:**

The CSR and ESG Committee (CSR Committee was renamed as CSR and ESG Committee w.e.f. April 24, 2021) formulates and recommends an annual action plan to the Board consisting list of CSR programmes, implementation methods, fund disbursement plan, monitoring and evaluation plan, study/research undertaken in line with the greater CSR vision of the Company. The Board verifies that CSR funds have been utilised for the programmes and monitors implementation as per the action plan/programme plan.

**2. Composition of CSR and ESG Committee as of the date of the Report:**

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings held during the year	Number of meetings of attended during the year
1	Mr. Shailesh Haribhakti-Chairperson	Non - Executive Chairperson – Independent Director	1	1
2	Mr. Dinanath Dubhashi	Managing Director & Chief Executive Officer	1	1
3	Mr. R. Shankar Raman	Non-Executive Director	1	1
4	Mr. P. V. Bhide*	Independent Director	-	-
5	Ms. Nishi Vasudeva	Independent Director	1	1
6	Dr. Rajani R. Gupte**	Independent Director	-	-

\* Appointed as a Member w.e.f. January 13, 2021.

\*\*Appointed as a Member of the Committee w.e.f. April 24, 2021.

**3. Provide the web-link where composition of CSR and ESG committee, CSR Policy and CSR programmes approved by the Board are disclosed on the website of the Company:**

The composition of CSR and ESG committee, CSR Policy and CSR programmes approved by the Board can be accessed on the website of the Company at <https://www.lfs.com/csr.html> (click-CSR Policy and CSR Programmes).

**4. Provide the details of impact assessment of CSR programmes carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):**

Not Applicable

**5. Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sr. No.	Financial year	Amount available for set-off from preceding financial years (₹ in Cr)	Amount required to be set-off for the financial year, if any (₹ in Cr)
1	2020-21	Nil	Nil

**6. Average net profit of the Company as per Section 135(5): ₹ (41.54) Cr**
**7. (a) Two percent of average net profit of the Company as per Section 135(5): Nil**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set-off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c): Nil

**8. (a) CSR amount spent or unspent for the financial year:**

Total amount spent for the financial year (₹ in Cr)	Amount Unspent (₹ in Cr)				
	Total amount transferred to unspent CSR account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second provision to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
	N.A.				

Note - Considering that there is no aggregate net profit for preceding three financial years calculated pursuant to provisions of Section 135 of the Act, the Company was not required to contribute any amount towards CSR activities during FY2020-21.

N.A. - Not Applicable

**(b) Details of CSR amount spent against ongoing programmes for the financial year:**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the programme	Item from the list of activities in Schedule VII to the Act.	Local area (Yes / No)	Location of the programme	Programme duration	Amount allocated for the programme (₹ in Cr)	Amount spent in the current financial year (₹ in Cr)	Amount transferred to Unspent CSR account for the programme as per Section 135 (6) (₹ in Cr)	Mode of implementation - Direct (Yes/No)	Mode of Implementation - through implementing agency	
				State	District					Name	CSR registration number
N.A.											

**(c) Details of CSR amount spent against other than ongoing programmes for the financial year:**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sr. No.	Name of the programme	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the programme	Amount spent for the programme (₹ in Cr)	Mode of implementation on - Direct (Yes/No)	Mode of implementation - through implementing agency	
				State	District		Name	CSR registration number
N.A.								

- (d) Amount spent on Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment, if applicable: Nil
- (f) Total amount spent for the financial year (8b+8c+8d+8e): Nil
- (g) Excess amount for set off, if any

Sr. No.	Particulars	Amount (₹ in Cr)
(i)	Two percent of average net profit of the Company as per Section 135(5)	N.A.
(ii)	Total amount spent for the financial year	N.A.
(iii)	Excess amount spent for the financial year [(ii)-(i)]	N.A.
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	N.A.
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	N.A.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding financial year	Amount transferred to unspent CSR account under Section 135 (6) (₹ in Cr)	Amount spent in the reporting financial year (₹ in Cr)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ in Cr)
				Name of the fund	Amount (₹ in Cr)	Date of transfer	
1.	2017-18	Nil	Nil	Nil	Nil	Nil	Nil
2.	2018-19	Nil	Nil	Nil	Nil	Nil	Nil
3.	2019-20	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total</b>	Nil	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent in the financial year for ongoing programmes of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Programme ID	Name of the programme	Financial year in which the programme was commenced	Programme duration	Total amount allocated for the programme (₹ in Cr)	Amount spent on the programme in the reporting financial year (₹ in Cr)	Cumulative amount spent at the end of reporting financial year (₹ in Cr)	Status of the programme - completed
N.A.								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

Programme ID	(a) Date of creation or acquisition of the capital asset(s)	(b) Amount of CSR spent for creation or acquisition of capital asset (₹ in Cr)	(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
N.A.				

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): N.A.

**Shailesh Haribhakti**  
Chairperson  
CSR and ESG Committee  
DIN: 00007347

**Dinanath Dubhashi**  
Managing Director and  
Chief Executive Officer  
DIN: 03545900

Place: Mumbai  
Date: April 29, 2021

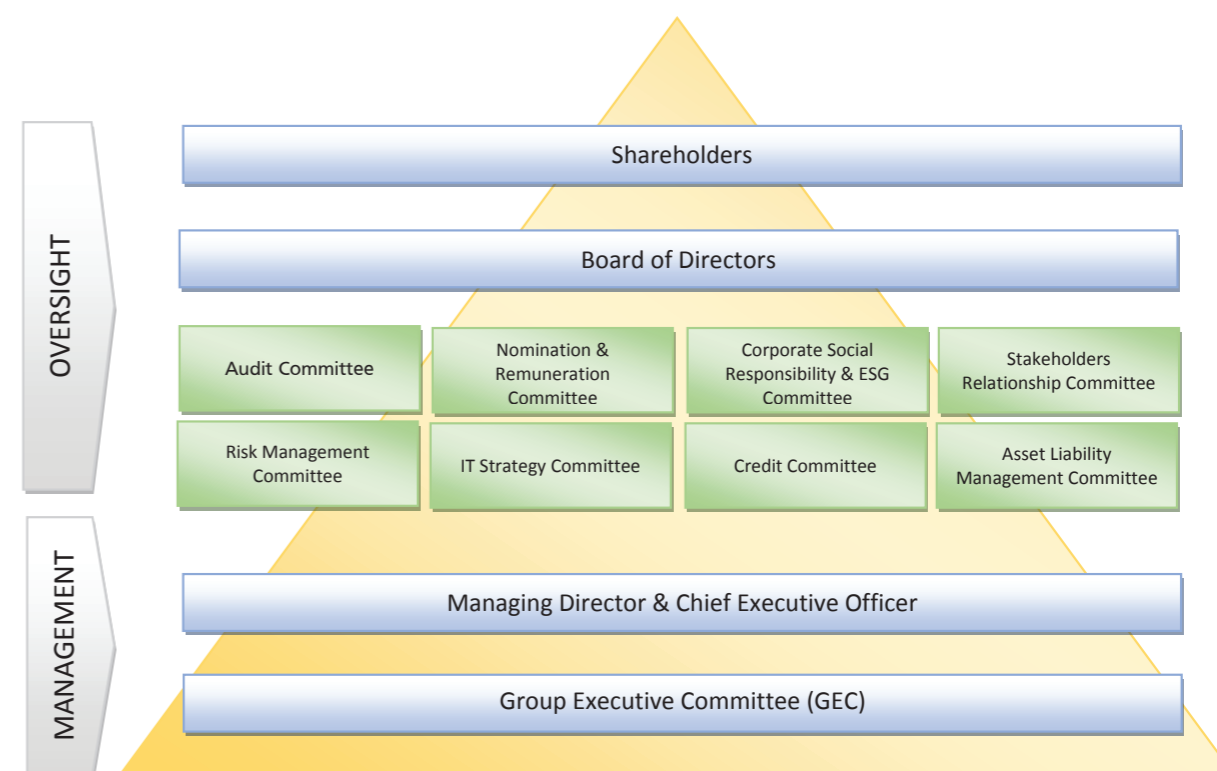
## Corporate Governance Report

[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 ("LTF"), we believe that corporate governance is a continuous journey towards sustainable value creation for all the stakeholders, which is driven by our values and built on the foundation of Assurance. Our Corporate Governance principles are a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values and built on the foundation of assurance. The Board of Directors ("Board") helps to ensure that we have appropriate governance in place, both to support our operations and protect our Members' interest.

As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long-term success. The requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") mandated by the Securities and Exchange Board of India ("SEBI") have been fully complied with. A report on compliance with the SEBI Listing Regulations as prescribed by SEBI is given below.



### B. Board of Directors

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

#### 1. Composition of Board:

The composition of Board is in compliance with the provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the SEBI Listing Regulations. As on the date of this Report, the Board consists of nine Directors comprising five Independent Directors (including two women Independent Directors), one Executive Director, two Non-Executive Directors and one Nominee Director.

The Board consists of eminent personalities from diverse fields: entrepreneurs/professionals, private sector/public sector, social sector/commercial sector, banking/non-banking sector.

Mr. Shailesh Haribhakti is the Non-Executive Chairman of the Company.

Mr. Thomas Mathew T. was re-appointed as an Independent Director on the Board of the Company for a second term of 5 consecutive years in accordance with the provisions of Section 149 and Section 152 the Act with effect from July 1, 2020, pursuant to approval of the Members at the Twelfth Annual General Meeting ("AGM") held on July 28, 2020.

The Board at its Meeting held on March 19, 2021, based on the recommendation of the Nomination and Remuneration Committee approved the re-appointment of Mr. Dinanath Dubhashi, whose term as the Managing Director and Chief Executive Officer of the Company was expiring on April 13, 2021, as the Managing Director and Chief Executive Officer for a term of upto 5 years with effect from April 14, 2021 to April 13, 2026, subject to the approval of the Members at the ensuing AGM.

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, diversity and enables the Board to discharge its responsibilities and provide effective leadership to the businesses carried on through its subsidiaries.

All the Independent Directors have confirmed to the Board that they meet the criteria for independence in terms of the definition of 'Independent Director' stipulated under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. These confirmations have been placed before the Board. Further, the Managing Director of the Company is not 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, separate special Board/Committee Meetings are held or the approval is

taken by passing resolution (s) by circulation, as permitted by law, which is noted in the subsequent meeting.

The Company Secretary approaches various business/department heads in advance with regard to the matters requiring the approval of the Board/Committees to enable inclusion of the same in the agenda for the Board/Committee meetings. The detailed agenda together with the relevant attachments is circulated to 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 placed at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items are 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). The Board members interact with the Chief Executives 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 strategy and budget, financial statements, fundraising program, operations related issues, the regulatory environment or any other issue which the Board is required / 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 and minutes in electronic form.

Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by Ministry of Corporate Affairs ("MCA") and SEBI, all Board/Committee meetings in FY 2020-21 were held through video conferencing. Necessary infrastructural support was provided to the Directors, to ensure seamless

attendance in all meetings. The proceedings of the meetings are recorded and stored in accordance with the requirements of the Act.

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

## 3. Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act and Regulation 25(3) of SEBI Listing Regulations require the Independent Directors of the Company to hold at least one meeting as per regulatory requirements without the attendance of non-independent directors and members of the management. In view of the aforesaid requirements, the Independent Directors of the Company met on December 14, 2020.

## 4. Meetings & Attendance:

During the financial year ended March 31, 2021, 7 (seven) Board meetings were held on May 15, 2020, July 16, 2020, October 22, 2020, November 9, 2020, January 15, 2021, January 18, 2021 and March 19, 2021. The meetings of the Board are generally held at 8<sup>th</sup> Floor, Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India. However, due to COVID-19 pandemic the meetings during the FY 2020-21 were held through electronic mode (i.e. video conference).

All the Directors attended the last AGM of the Company convened through electronic mode on July 28, 2020.

The details of attendance of the members of the Board at the meetings held during the year and also the number of other Directorships and Memberships / Chairmanships of Committees held by them as on March 31, 2021 are as follows:

Name of the Director	Nature of Directorship	Board Meetings held /conducted during the year	No. of Board Meetings attended	No. of Directorships in other companies <sup>(1)</sup>	No. of Committee Memberships / Chairmanships (including the Company) <sup>(2)</sup>		No. of Independent Directorships (including the Company) <sup>(3)</sup>
					Member	Chairman	
Mr. Shailesh Haribhakti DIN: 00007347	C (ID)	7	7	18	10	5	7
Mr. Dinanath Dubhashi <sup>(4)</sup> DIN: 03545900	MD & CEO	7	7	6	6	2	-
Mr. R. Shankar Raman DIN: 00019798	NED	7	7	9	6	-	-
Mr. P. V. Bhide DIN: 03304262	ID	7	7	8	8	4	4
Mr. Thomas Mathew T. <sup>(5)</sup> DIN: 00130282	ID	7	7	4	5	2	2
Ms. Nishi Vasudeva DIN: 03016991	ID	7	7	5	8	2	3
Dr. Rajani R. Gupte DIN: 03172965	ID	7	7	5	4	1	1
Mr. Prabhakar B. DIN: 02101808	NED	7	7	3	3	1	-
Mr. Pavninder Singh <sup>(6)</sup> DIN: 03048302	NED / ND	7	7	1	-	-	-

C – Chairperson  
ND – Nominee Director

MD – Managing Director  
NED – Non-Executive Director

CEO – Chief Executive Officer  
ID – Independent Director

### Notes:

<sup>(1)</sup> Excludes Directorship in foreign company.

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

<sup>(3)</sup> Only equity listed companies are considered.

<sup>(4)</sup> Re-appointed as a Managing Director and Chief Executive Officer with effect from April 14, 2021, subject to the approval of Members.

<sup>(5)</sup> Re-appointed as an Independent Director with effect from July 1, 2020.

<sup>(6)</sup> Nominee Director of BC Investment VI Limited and BC Asia Growth Investments (Equity Investors).

The details pertaining to the directorships held by a Director in listed companies other than the Company as on March 31, 2021 is as follows:

Name of the Director	Name of the listed entity <sup>(1)</sup>	Nature of Directorship
Mr. Shailesh Haribhakti	Torrent Pharmaceuticals Limited	Independent Director
	Future Lifestyle Fashions Limited	Independent Director
	Blue Star Limited	Independent Director
	Ambuja Cements Limited	Independent Director
	ACC Limited	Independent Director
Mr. Dinanath Dubhashi	Bajaj Electricals Limited	Independent Director
	-	-
Mr. R. Shankar Raman	Larsen & Toubro Limited	Whole Time Director & CFO
	Larsen & Toubro Infotech Limited	Non-Executive Director
	Mindtree Limited	Non-Executive Director
Mr. P. V. Bhide	NOCIL Limited	Independent Director
	Glaxosmithkline Pharmaceuticals Limited	Independent Director
	Borosil Renewables Limited	Independent Director
Mr. Thomas Mathew T.	PTC India Financial Services Limited	Independent Director
Ms. Nishi Vasudeva	ABB Power Products and Systems India Limited	Independent Director
	HCL Technologies Limited	Independent Director
Dr. Rajani R Gupte	-	-
Mr. Pavninder Singh	-	-
Mr. Prabhakar B.	-	-

#### 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.
- 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 nonpayment.

- Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, if any, which may have strictures on the conduct of the Company.
- Developments in respect of human resources.
- Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any.











#### 6. Post-meeting internal communication system:

The important decisions taken at the Board / Committee meetings are communicated to the departments / subsidiary companies concerned promptly to enable timely action, if required.

#### 7. Board-skills / expertise / competencies:

Name of the Director	Expertise										Experience
											
Mr. Shailesh Haribhakti	•	•	•	•	•	•	•	•	•	•	> 40 years
Mr. Dinanath Dubhashi	•	•	•	•	•	•	•	•	•	•	> 30 years
Mr. R. Shankar Raman	•	•	•	•	•	•	•	•	•	•	> 37 years
Mr. P. V. Bhide	•	•	•	•	•	•	•	•	•	•	> 40 years
Mr. Thomas Mathew T.	•	•	•	•	•	•	•	•	•	•	> 40 years
Ms. Nishi Vasudeva	•	•	•	•	•	•	•	•	•	•	> 39 years
Dr. Rajani R. Gupte	•	•	•	•	•	•	•	•	•	•	> 40 years
Mr. Prabhakar B.	•	•	•	•	•	•	•	•	•	•	> 38 years
Mr. Pavninder Singh	•	•	•	•	•	•	•	•	•	•	> 23 years

 Leadership qualities	 Industry knowledge and experience
 Experience and exposure in policy shaping and industry advocacy	 Understanding of relevant laws, rules, regulation and policy
 Corporate Governance	 Financial expertise
 Risk Management	 Global Experience/International Exposure
 Information Technology	 ESG expertise

#### 8. Performance Evaluation:

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

#### 9. Succession Planning:

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

#### 10. Familiarization programme:

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

The Company ensures necessary training to the Directors relating to its businesses through formal/informal interactions. Systems and resources are made available to the members of the Board. Additionally, regular field visits i.e. visits to the branches and meeting centres, are generally arranged for the Directors which help them understand the businesses and on ground

functioning. It also gives the Board an opportunity to communicate directly with the borrowers and dealers and understand the on-ground perception of the services provided by the Company and factors which differentiates its offerings from the others. In light of the COVID-19 pandemic, field visits could not be held in FY 2020-21.

The details relating to the familiarization programme are available on the website of the Company at [www.ltf.com/investors.html](http://www.ltf.com/investors.html) (click-Familiarization Programme).

#### 11. Confirmation of Independent Directors:

In the opinion of the Board, Independent Directors fulfill the conditions required for independent directors as per the provisions of the Act, the SEBI Listing Regulations and all other applicable laws and are independent of the management.

#### C. Board Committees

The structure of a Board and the planning of the Board's work are key elements to effective governance. Establishing Committees is one way of managing the work of the Board, thereby strengthening the Board's governance role. The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities of the Company. The Board is regularly briefed about the deliberations, including summary

of discussions and decisions, taken by the Committees through the minutes of the meetings. The business transacted by the Committees of the Board is placed before the Board for noting/recommendation/approval as applicable.

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;
- Nomination and Remuneration Committee;
- Corporate Social Responsibility and ESG Committee;
- Stakeholders Relationship Committee;
- Committee of Directors;
- Risk Management Committee;
- IT Strategy Committee;
- Asset Liability Management Committee.

### 1. Audit Committee ("AC")

#### Terms of reference:

The role of the AC includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of the auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the Annual Financial Statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Act
  - b. Changes, if any, in the accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by the 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 Chief Financial Officer (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;

- Right to call for the comments of the auditors on internal control systems, the scope of audit, including the observations of the auditors and review of financial statements before the submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company;
- Reviewing of information as prescribed under the SEBI Listing Regulations;
- Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding ₹ 100 Cr or 10% of the asset size of the subsidiary, whichever is lower including loans / advances / investments existing as on April 1, 2019;
- 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; and
- Carrying out any other function as may be mentioned in the terms of reference of the AC.

#### Composition:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. P.V. Bhide*	Chairperson	ID
Mr. Shailesh Haribhakti#	Member	ID
Mr. R. Shankar Raman	Member	NED
Mr. Thomas Mathew T.	Member	ID
Dr. Rajani R. Gupte**	Member	ID

\*Appointed as a Member of the Committee w.e.f. January 13, 2021 and appointed as the Chairperson w.e.f. April 24, 2021.

#Ceased to be the Chairperson of the Committee w.e.f. April 24, 2021.

\*\*Appointed as a Member of the Committee w.e.f. April 24, 2021.

#### Meetings and Attendance

The AC met four times during the year on May 15, 2020, July 16, 2020, October 22, 2020 and January 15, 2021. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of the Member / year	No. of Meetings attended
Mr. P. V. Bhide*	1	1
Mr. Shailesh Haribhakti#	4	4
Mr. R. Shankar Raman	4	4
Mr. Thomas Mathew T.	4	4
Dr. Rajani R. Gupte**	-	-

\*Appointed as a Member of the Committee w.e.f. January 13, 2021 and appointed as the Chairperson w.e.f. April 24, 2021.

#Ceased to be the Chairperson of the Committee w.e.f. April 24, 2021.

\*\*Appointed as a Member of the Committee w.e.f. April 24, 2021.

All the recommendations by the AC to the Board during the year have been accepted.

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. 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 Board and Committees;
- 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 personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- Laying down the evaluation criteria for performance evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Formulating the Employee Stock Option Scheme (ESOS), decide the terms and conditions, make appropriate recommendations to the Board of Directors and administering and superintending ESOS; and
- Determining the remuneration payable to the senior management personnel as defined under the SEBI Listing Regulations including Chief Financial Officer and Company Secretary of the Company.

**Composition:**

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Thomas Mathew T.	Chairperson	ID
Mr. Shailesh Haribhakti	Member	ID
Mr. R. Shankar Raman	Member	NED
Mr. P. V. Bhide	Member	ID
Mr. Pavninder Singh	Member	ND

**Meetings and Attendance:**

The NRC met four times during the year on May 15, 2020, October 22, 2020, January 14, 2021 and March 19, 2021.

The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of the Member / year	No. of Meetings attended
Mr. Thomas Mathew T.	4	4
Mr. Shailesh Haribhakti	4	4
Mr. R. Shankar Raman	4	4
Mr. P. V. Bhide	4	4
Mr. Pavninder Singh	4	4

**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 draw remuneration from Larsen & Toubro Limited / LTFS and are not paid any commission or sitting fees for attending the meetings of the Board and / or any Committee of the Company.

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

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

As required under Schedule V of the SEBI Listing Regulations, the criteria for payment

to NEDs is available on the website of the Company at <https://www.ltfs.com/investors.html> (click-Criteria for Payment to NEDs). Further, the performance evaluation criteria for Independent Directors as required under Schedule V of the SEBI Listing Regulations is included in the Board's Report.

**Details of remuneration paid to Directors for the financial year ended March 31, 2021:**
**a) Remuneration to Executive Director(s)**

The details of remuneration paid to Mr. Dinanath Dubhashi, Managing Director and Chief Executive Officer are as follows:

(₹ in Cr)

Salary and Perquisites <sup>(1)</sup>	Variable Remuneration <sup>(2)</sup>	Retirement Benefits	Total
7.82	1.88	0.28	9.98

- <sup>(1)</sup> Includes perquisite on ESOPs exercised during the year, if any.  
<sup>(2)</sup> 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 three months on either side.
  - No severance pay is payable on termination of appointment.
  - No ESOPs were granted during the year. The ESOPs granted during earlier years pursuant to approval of the NRC will vest as per the approved vesting schedule.

**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 payable / paid in respect of NEDs for the year is mentioned below. The commission paid is as per the limits approved by the Members, subject to the limit not exceeding 1% p.a. of the net profits of the Company.

In addition to the commission, the Company pays sitting fees of ₹ 50,000 per Board and Independent Directors 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 Lakhs)

Name of the Director	Sitting Fees for Board Meetings/ Independent Director Meeting	Sitting Fees for Committee Meetings	Commission <sup>(1)</sup>	Total
Mr. Shailesh Haribhakti	4.00	5.30	50.00	59.30
Mr. R. Shankar Raman <sup>(2)</sup>	-	-	-	-
Mr. P. V. Bhide	4.00	2.30	13.15	19.45
Mr. Thomas Mathew T.	4.00	3.20	15.30	22.50
Ms. Nishi Vasudeva	4.00	0.60	9.60	14.20
Dr. Rajani R Gupte	4.00	-	7.50	11.50
Mr. Prabhakar B.	3.50	1.50	8.80	13.80
Mr. Pavninder Singh	3.50	2.80	14.20	20.50

- <sup>(1)</sup> Based on guidelines formulated by the NRC and approved by the Board.  
<sup>(2)</sup> Draws remuneration from Larsen & Toubro Limited.

Details of shares / convertible instruments, if any, held by the NEDs as on March 31, 2021 are as follows:

Name of the Director	No. of Equity Shares	No. of Preference Shares
Mr. Shailesh Haribhakti	6,16,922	-
Mr. R. Shankar Raman	30,080	-
Mr. P. V. Bhide	6,136	60,000
Mr. Prabhakar B.	434	-

**3. Corporate Social Responsibility ("CSR") and ESG Committee (renamed w.e.f. April 24, 2021)**
**Terms of reference as on the date of the report:**

The role of CSR and ESG Committee includes the following:

- Formulation of CSR policy indicating the activities to be undertaken by the Company as per regulatory requirements and recommend the same to the Board;
- Recommending to the Board the annual action plan and the amount to be spent on CSR activities;
- Monitoring the implementation of the CSR policy;
- Formulation of action plan/ guidelines/policies with regard to Sustainability / ESG;
- Reviewing implementation of the action plan; and
- Approving the Sustainability Report.

**Composition:**

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Shailesh Haribhakti	Chairperson	ID
Mr. Dinanath Dubhashi	Member	MD & CEO
Mr. R. Shankar Raman	Member	NED
Mr. P. V. Bhide*	Member	ID
Ms. Nishi Vasudeva	Member	ID
Dr. Rajani R. Gupte**	Member	ID

- \*Appointed as a Member of the Committee w.e.f. January 13, 2021.  
 \*\*Appointed as a Member of the Committee w.e.f. April 24, 2021.

**Meetings and Attendance:**

The Committee met once in the year on October 22, 2020. The attendance of members at the meeting was as follows:

Name of the Director	No. of Meeting held / conducted during the tenure of the Member / year	No. of Meeting attended
Mr. Shailesh Haribhakti	1	1
Mr. Dinanath Dubhashi	1	1
Mr. R. Shankar Raman	1	1
Mr. P. V. Bhide*	-	-
Ms. Nishi Vasudeva	1	1
Dr. Rajani R. Gupte**	-	-

- \*Appointed as a Member of the Committee w.e.f. January 13, 2021.  
 \*\*Appointed as a Member of the Committee w.e.f. April 24, 2021.

**4. Stakeholders Relationship Committee ("SRC")**
**Terms of reference:**

The role of the SRC includes the following:

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

adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; and

- Reviewing of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

**Composition:**

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

**Meetings and Attendance:**

The SRC met once during the year on January 15, 2021 and all the members of the SRC except Mr. R. Shankar Raman had attended the meeting.

**Details of Shareholders' requests / complaints:**

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

Particulars	Opening	Received	Resolved	Pending
Complaints :				
SEBI/Stock Exchanges <sup>(1)</sup>	0	25	25	0
Queries :	0	0	0	0
Transmission/ Transfer	0	0	0	0
Demat/Remat	0	0	0	0

<sup>(1)</sup> SEBI-21, Stock Exchanges-4

The Board has delegated the powers to approve transfer / transmissions of physical shares and to remat shares to a Share Transfer Committee comprising of three senior executives. Ms. Apurva Rathod, Company Secretary of the Company, is the Compliance Officer / Investor Relations Officer, who deals with matters pertaining to Shareholders' grievances.

**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:**

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

**Meetings and Attendance:**

There were no COD Meetings held during the year, however COD approved various proposals through resolutions passed by way of circulation.

**6. Risk Management Committee ("RMC")**
**Terms of reference:**

The role of the RMC includes the following:

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

**Composition:**

Name of the Member	Designation in the Committee	Nature of Directorship
Mr. Prabhakar B.*	Chairperson	NED
Mr. Shailesh Haribhakti	Member	ID
Mr. R. Shankar Raman	Member	NED
Managing Director & Chief Executive Officer	Member	-
Mr. Pavninder Singh	Member	ND
Chief Risk Officer**	Member	-

\* Appointed as the Chairperson of the Committee w.e.f. April 24, 2021.

\*\*Change in designation and appointment of Chief Risk Officer w.e.f. April 24, 2021.

**Meetings and Attendance:**

The Committee met five times during the year on April 13, 2020, June 22, 2020, August 31, 2020, December 18, 2020 and March 18, 2021. The attendance of members at the meetings was as follows:

Details of the Member	No. of Meetings held / conducted during the tenure of Member / year	No. of Meetings attended
Mr. Prabhakar B.#	5	5
Mr. Shailesh Haribhakti	5	4
Mr. R. Shankar Raman	5	4
Managing Director & Chief Executive Officer	5	5
Mr. Pavninder Singh	5	4
Chief Risk Officer*	4	4

# Appointed as the Chairperson of the Committee w.e.f. April 24, 2021.

\*Change in designation and appointment of Chief Risk Officer w.e.f. April 24, 2021.

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

As a part of good corporate governance, the Board of Directors of the Company has constituted an ITC on a voluntary basis.

**Terms of reference:**

The role of ITC includes the following:

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

**Composition:**

Name of the Member	Designation in the Committee
Mr. Thomas Mathew T.* (Independent Director)	Chairperson
Mr. Shailesh Haribhakti# (Independent Director)	Member
Managing Director and Chief Executive Officer	Member
Chief Information Officer (Chief Digital Officer)	Member
Chief Technology Officer	Member
Chief Risk Officer**	Member
Chief Information Security Officer	Member

\* Appointed as the Chairperson of the Committee w.e.f. April 24, 2021.

# Ceased to be the Chairperson of the Committee w.e.f. April 24, 2021.

\*\*Change in designation and appointment of Chief Risk Officer w.e.f. April 24, 2021.

**Meetings and Attendance:**

The Committee met twice during the year on September 28, 2020 and March 18, 2021. All the members of ITC attended the meeting.

**8. 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:**

Name of the Member	Designation in the Committee
Managing Director & Chief Executive Officer	Chairperson
Mr. Vipul Chandra (Representative of L&T)	Member
Group Chief Financial Officer	Member
Chief Risk Officer*	Member
Group Chief Economist	Member

\*Change in designation and appointment of Chief Risk Officer w.e.f. April 24, 2021.

**Meeting details:**

The Committee met twelve times during the year on April 9, 2020, May 29, 2020, June 19, 2020, July 30, 2020, August 17, 2020, September 23, 2020, October 29, 2020, November 30, 2020, December 24, 2020, January 21, 2021, February 19, 2021 and March 25, 2021.

**D. Directors on Boards of Material Subsidiaries**

At least one Independent Director of the Company is a Director on the Board of material subsidiary as defined under the SEBI Listing Regulations of the Company. As on the date of this Report, Mr. P. V. Bhide, Mr. Thomas Mathew T., Ms. Nishi Vasudeva and Dr. Rajani R. Gupte are Directors on the Board of L&T Finance Limited, the material subsidiary of the Company.

**E. Other Information**
**Training of Directors:**

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

**Information to Directors:**

The Directors have access to the information within the Company, which inter alia, includes

items as mentioned in point no. B5 of the Corporate Governance Report. Presentations are made regularly to the Board and its Committees, where Directors get an opportunity to interact with the management. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings, when senior management personnel are asked to make presentations about the performance of the Company/business to the Board.

#### Statutory Auditors:

Mr. Neville M. Daruwalla, Partner of M/s Deloitte Haskins & Sells LLP, Chartered Accountants and Mr. Shirish Rahalkar, Partner of M/s B. K. Khare & Co., Chartered Accountants, Joint Statutory Auditors of the Company have signed the Audit Report for FY 2020-21.

#### 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> (click-Code of Conduct). The declaration of Managing Director and Chief Executive Officer is given below:

**To the Members of  
L&T Finance Holdings Limited**

Sub: Compliance with Code of Conduct

I hereby declare that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company as adopted by the Board of Directors.

**Dinanath Dubhashi**

Managing Director & Chief Executive Officer

**Date:** April 29, 2021

**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. All the complaints received under the framework are investigated in detail findings are discussed, and the course of action is decided, at the meeting of the Committee. Utmost importance is given towards protection of the person who has raised a complaint through the framework. The role of vigilance is to protect the Company from internal dangers which are more serious than external threats. To be in compliance with the Act and SEBI Listing Regulations, The Company has formulated a vigil mechanism for Directors and employees to report their concerns. The Company has adopted a Vigil Mechanism Framework, under which the Whistle-blower Investigation Committee has been set up. The objective of the framework is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which the Directors and employees can raise actual or suspected violations. The Vigil Mechanism Policy empowers all levels of employees including top management to raise voice against actual/suspected violations. The implementation of the framework is monitored through the Whistle blower Investigation Committee which meets on a quarterly basis and all cases are discussed in detail before it's presented to the Audit Committee. It addresses all concerns raised on questionable practices. The framework ensures protection to the whistle-blower to avoid any sort of unfair or prejudicial employment practices. The details of establishment of such mechanism have been disclosed on the website of the Company at <https://www.ltfs.com/investors.html> (click-Vigil Mechanism Framework).

As on March 31, 2021, no complaint has been received by the Company from any directors or employees of the Company with respect to any wrong doings 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
2017-18	August 28, 2018	3.00 P.M.	Y. B. Chavan Center, General Jagannathrao Bhonsale Marg, Opposite Mantralaya, Mumbai- 400 021.
2018-19	July 29, 2019	3:00 P.M.	Swatantrya veer Savarkar Rashtriya Smarak, 252 Swatantryaveer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028.
2019-20	July 28, 2020	3:00 P.M.	Through electronic mode video conferencing ('VC')/ other audio-visual means ('OAVM') being held through VC / OAVM. The deemed venue of the AGM shall be the Registered Office of the Company.

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

Year	Date	Resolution
2017-18	August 28, 2018	<ul style="list-style-type: none"> <li>Issue of Non-convertible Debentures / Bonds on a private placement basis during FY 2018-19 for an amount not exceeding ₹ 2,000 Cr.</li> <li>Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Cr.</li> </ul>
2018-19	July 29, 2019	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Shailesh Haribhakti (DIN: 00007347) as an Independent Director of the Company</li> <li>Re-appointment of Mr. P. V. Bhide (DIN: 03304262) as an Independent Director of the Company</li> <li>Issuance of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 2,000 Cr.</li> </ul>
2019-20	July 28, 2020	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Thomas Mathew T. (DIN: 00130282) as an Independent Director of the Company</li> <li>Issuance of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 2,000 Cr.</li> </ul>

#### Postal Ballot:

The Company had not passed any resolution through Postal Ballot during FY 2020-21. Further, currently, there is no proposal which is envisaged to be passed through Postal Ballot. If a Resolution is passed by way of Postal Ballot, the Company will follow the process as per regulatory requirements.

#### Other Disclosures:

- During the year, there were no transactions of material nature with the Directors, management, their relatives or the subsidiaries, which had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the Financial Statements as required under Ind AS-24 and the same forms part of the Annual Report.
- The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time while preparing the Financial Statements.

- There were no instances of non-compliance on any matter relating to capital markets, during the last three years nor any penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any Statutory Authority.
- The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the SEBI Listing Regulations.
- The web link with respect to the policy for determining 'material subsidiaries' and policy on dealing with related party transactions are mentioned in the Board's Report.
- The Company has also substantially complied with the discretionary requirements stipulated under Regulation 27 of the SEBI Listing Regulations.
- As on March 31, 2021, there were no funds unutilized requiring disclosure as specified under Regulation 32(7A) of the SEBI Listing Regulations.
- Ms. Naina R. Desai, Practising Company Secretary



has certified that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as a Director of the Company by SEBI or Ministry of Corporate Affairs or any other statutory authority. The said certificate forms part of this report.

- During FY 2020-21, total consolidated fees of ₹ 5.35 Cr was paid to the Joint Statutory Auditors (i.e. M/s Deloitte Haskins & Sells LLP and M/s B. K. Khare & Co.) and all entities in the network firm / network entity of which the Statutory Auditors are a part of, for all the services rendered to the Company and its subsidiaries.
- There were no complaints of sexual harassment of women at workplace received by the Company during FY 2020-21 and FY 2019-20.
- In terms of amendments made to the SEBI Listing Regulations, the Board of Directors confirm that

during the year, it has accepted all mandatory recommendations received from its committees.

- For disclosure pertaining to credit rating, please refer the Board's Report.

**Means of Communication:**

- Quarterly Results are communicated through a Press Release and Newspaper Advertisements in prominent national and regional dailies like Financial Express and Navshakti.
- The financial results, official news releases and presentations are also displayed on the website of the Company at [www.ltfh.com/investors.html](http://www.ltfh.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 is sent to the Members of the Company.

**General Shareholders' Information:**

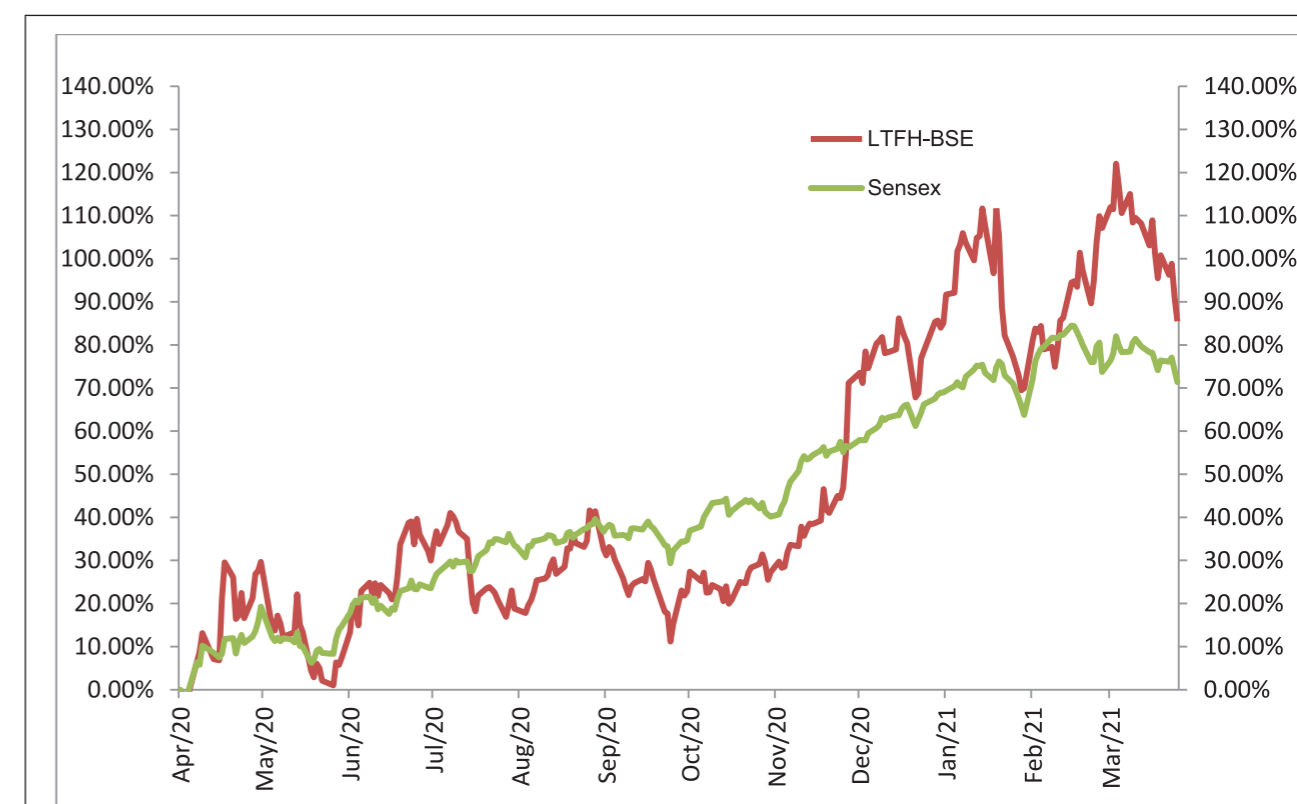
<b>Annual General Meeting</b>	Wednesday, July 28, 2021 at 3.00 P.M. through Video Conferencing/Other Audio-Visual Means. (Deemed venue - Registered Office of the Company)
<b>Financial Year</b>	April 1, 2020 to March 31, 2021.
<b>Date of Book Closure</b>	July 22, 2021 to July 28, 2021 (both days inclusive).
<b>Dividend Payment</b>	-
<b>Listing on Stock Exchanges (Equity Shares)</b>	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001. 2. National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, Block G, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051. The Company has paid the listing fees to the Stock Exchanges for FY 2020-21.
<b>Listing of Preference Shares</b>	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.
<b>Listing of Non-Convertible Debentures ("NCDs")</b>	Unsecured, Redeemable, Non-Convertible Debentures issued by the Company on private placement basis till date are listed on National Stock Exchange of India Limited.
<b>Stock Code (Equity)</b>	BSE : 533519 NSE : L&TFH
<b>Stock Code (Preference)</b>	BSE : 715027, 715028, 715030, 715031, 715032, 715033, 715034, 715035
<b>Stock Code (NCDs)</b>	NSE: LTFHL23
<b>CIN</b>	L67120MH2008PLC181833

**AGM through VC/OAVM:**

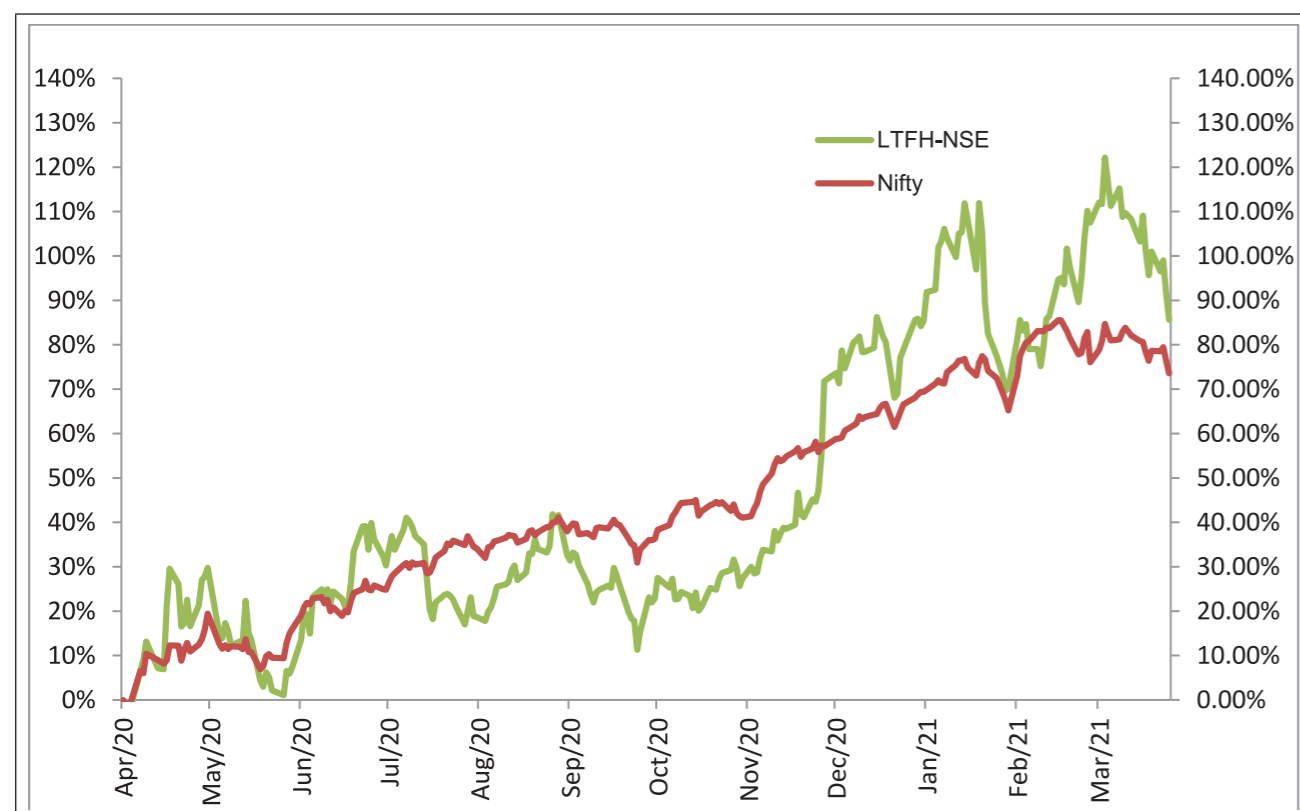
The Company will provide two-way video conferencing facility to the Members for participating in the Thirteenth AGM. For more details, please refer the Notice of the Thirteenth AGM, which is placed on the Company's website at <https://www.ltfh.com/investors.html> and on the website of Stock Exchanges.

**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-2020	68.80	48.25	65.60	33,887.25	27,500.79	33,717.62
May-2020	64.50	50.80	54.35	32,845.48	29,968.45	32,424.10
Jun-2020	72.35	55.35	65.75	35,706.55	32,348.10	34,915.80
Jul-2020	74.75	58.40	60.00	38,617.03	34,927.20	37,606.89
Aug-2020	73.55	59.30	67.10	40,010.17	36,911.23	38,628.29
Sep-2020	68.30	55.60	62.15	39,359.51	36,495.98	38,067.93
Oct-2020	67.10	60.00	64.40	41,048.05	38,410.20	39,614.07
Nov-2020	88.15	64.05	86.60	44,825.37	39,334.92	44,149.72
Dec-2020	95.95	81.10	93.65	47,896.97	44,118.10	47,751.33
Jan-2021	108.75	85.10	86.00	50,184.01	46,160.46	46,285.77
Feb-2021	106.90	84.55	104.80	52,516.76	46,433.65	49,099.99
Mar-2021	113.40	91.60	95.75	51,821.84	48,236.35	49,509.15



Month	LTFH NSE Price (₹)			CNX-NIFTY		
	High	Low	Month Close	High	Low	Month Close
Apr-2020	69.15	48.20	65.60	9,889.05	8,055.80	9,859.90
May-2020	63.40	50.80	54.35	9,598.85	8,806.75	9,580.30
Jun-2020	72.40	54.50	65.85	10,553.15	9,544.35	10,302.10
Jul-2020	74.75	58.30	60.00	11,341.40	10,299.60	11,073.45
Aug-2020	73.55	59.25	67.05	11,794.25	10,882.25	11,387.50
Sep-2020	68.30	55.60	62.10	11,618.10	10,790.20	11,247.55
Oct-200	67.10	59.95	64.40	12,025.45	11,347.05	11,642.40
Nov-2020	88.15	64.00	86.85	13,145.85	11,557.40	12,968.95
Dec-2020	96.00	81.15	93.70	14,024.85	12,962.80	13,981.75
Jan-2021	108.80	85.10	86.00	14,753.55	13,596.75	13,634.60
Feb-2021	106.95	84.50	104.90	15,431.75	13,661.75	14,529.15
Mar-2021	113.40	91.50	95.85	15,336.30	14,264.40	14,690.70



<b>In case the securities are suspended from trading, the Board's Report shall explain the reason thereof</b>	Not applicable
<b>Registrar and Share Transfer Agent ("RTA")</b>	<b>M/s. Link Intime India Private Limited</b> CC-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: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Toll Free: 1800 102 7796
<b>Share Transfer System</b>	The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Share Transfer Committee. The Company ensures that the half yearly Compliance Certificate pursuant to Regulations 40(9) and 40(10) of the SEBI Listing Regulations are filed with the Stock Exchanges. As per SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide notification no. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) cannot be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Members holding shares in physical form are requested to take necessary action to dematerialize the holdings.

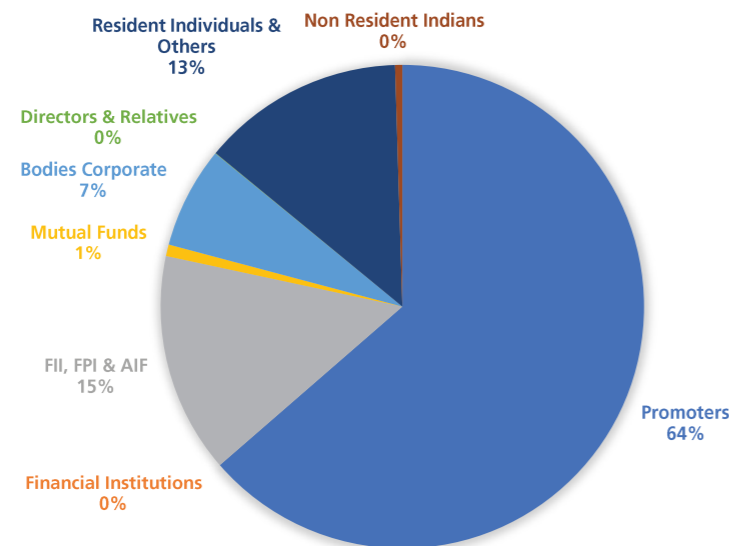
**Distribution of Shareholding as on March 31, 2021:**

Category (Shares)	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	5,39,725	82.65	7,56,66,959	3.06
501-1000	56,295	8.62	4,20,98,245	1.70
1001-2000	31,633	4.84	4,56,96,444	1.85
2001-3000	9,744	1.49	2,45,41,234	0.99
3001-4000	4,557	0.70	1,60,70,308	0.65
4001-5000	2,877	0.44	1,33,27,109	0.54
5001-10000	4,783	0.73	3,41,55,233	1.38
10001 and above	3,436	0.53	2,21,78,90,172	89.81
<b>Total</b>	<b>6,53,050</b>	<b>100.00</b>	<b>2,46,94,45,704</b>	<b>100.00</b>

**Categories of the Shareholders as on March 31, 2021:**

Category	No. of Shares	%
Promoters	1,57,10,04,573	63.62
Financial Institutions	42,709	0.00
Foreign Institutional Investors, Foreign Portfolio Investors & Alternate Investment Funds	36,39,95,497	14.74
Mutual Funds	1,91,56,303	0.78
Bodies Corporate	16,75,59,307	6.79
Directors & Relatives	7,40,747	0.03
Resident Individuals & Others	33,50,11,487	13.57
Banks	-	0.00
Non-Resident Indians	1,19,35,081	0.48
<b>Total</b>	<b>2,46,94,45,704</b>	<b>100.00</b>

### Category of Shareholders

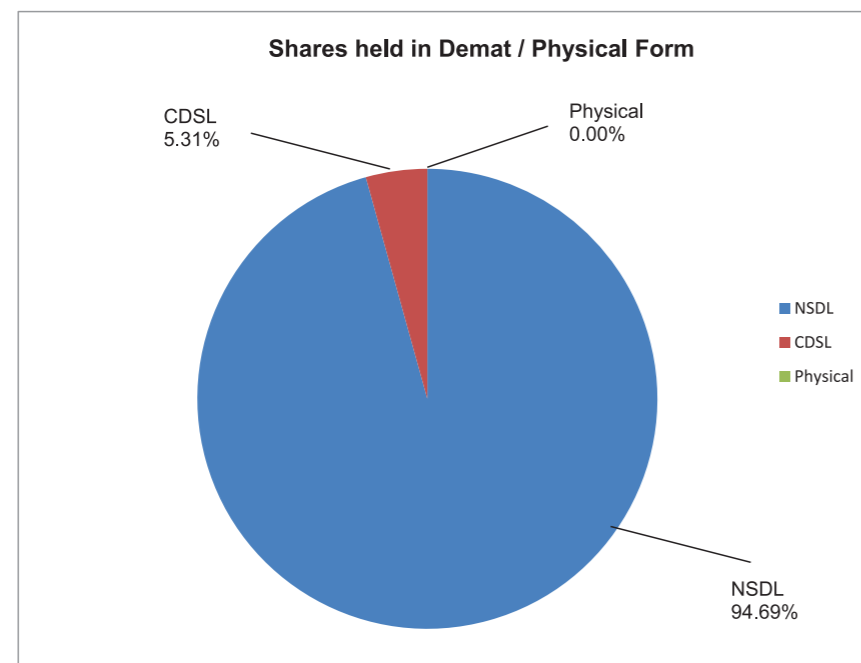


#### Dematerialization of Shares:

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	2,33,83,57,976	94.69
CDSL	13,10,83,027	5.31
Physical	4,701	~
<b>TOTAL</b>	<b>2,46,94,45,704</b>	<b>100.00</b>

~ less than 0.01%



<b>Dematerialization of shares and liquidity</b>	As on March 31, 2021 almost the entire equity capital was held in the dematerialized form with NSDL and CDSL. Only 4,701 shares were held in physical form.
<b>Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity</b>	The Company does not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments as on March 31, 2021.
<b>Commodity price risk or foreign exchange risk and hedging activities</b>	Not Applicable
<b>Plant Locations</b>	As the Company is engaged in the business of Non-Banking Financial Services, this section is not applicable.
<b>Address for correspondence</b>	<b>Link Intime India Private Limited</b> 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: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Toll Free: 1800 102 7796
<b>Name and Address of the Compliance Officer</b>	<b>Ms. Apurva Rathod,</b> Company Secretary and Compliance Officer L&T Finance Holdings Limited Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India. Phone: +91 22 6212 5000 Fax: +91 22 6212 5553 E-mail: <a href="mailto:igr@lths.com">igr@lths.com</a>

#### Unclaimed shares lying in the Suspense Account:

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

Sr. No.	Particulars	No. of Shareholders	No. of Equity Shares Outstanding
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year April 1, 2020.	6	689
(ii)	Shares credited in suspense account post allotment of Rights Issue shares on February 23, 2021	845	5,28,652
(iii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2020-21.	230	64,977
(iv)	Number of shareholders to whom shares were transferred from suspense account during the year 2020-21.	230	64,977
(v)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year March 31, 2021*.	621	4,64,364

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

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

Pursuant to the provisions of Sections 124 and 125 of the Act read with the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, dividend / interest / refund of applications which remains unclaimed / unpaid for a period of 7 years is required to be transferred to

IEPF. Further, the IEPF Rules mandate the companies to transfer all shares on which dividend remains unclaimed/unpaid for a period of 7 consecutive years to the demat account of the IEPF Authority.

During the year under review, the Company has transferred to IEPF a sum of ₹ 20,22,100 being the amount towards unpaid / unclaimed dividend on the Equity Shares of the Company. The unclaimed/unpaid

dividend amount transferred is out of the dividend declared in FY 2013-14.

Further, 71,028 shares in respect of which the dividend was unpaid / unclaimed for a period of 7 consecutive years was also transferred to IEPF on December 19, 2020.

For the Company, the amount which is unpaid/unclaimed for a period exceeding 7 years is due to be transferred to IEPF by August 29, 2021. Subsequently, the shares in respect of which dividend is unpaid / unclaimed for a period of 7 consecutive years will also be transferred to IEPF. The details of unpaid and unclaimed amounts lying with the Company as on July 28, 2020 (date of last AGM) are available on the website of the Company at <https://www.ltf.com/investors.html> (click-Details of Unpaid and Unclaimed Dividend) and Ministry of Corporate Affairs at [www.iepf.gov.in](http://www.iepf.gov.in). The Company requests the Members to claim the unclaimed dividend within the prescribed period. The Members can contact Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company for claiming the unclaimed amount standing to the credit in their account. The Members / claimants whose shares or unclaimed dividends get transferred to IEPF may claim the shares or apply for refund from the IEPF Authority by following the refund procedure as detailed on the website of IEPF Authority at <http://www.iepf.gov.in/IEPF/refund.html>.

#### Securities Dealing Code:

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

Under this Code, Designated Persons are prohibited from dealing in the shares of the Company during the closure of Trading Window. They are required to obtain compliance approval when trading in securities beyond a specified limit. They are prohibited from executing a

contra trade for a period of six months and from taking positions in the derivatives segment. They are also required to make relevant periodic disclosures as defined in the Code.

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

#### Secretarial Audit:

The Board of Directors of the Company at its meeting held on July 16, 2020 had appointed Ms. Naina R. Desai, Practising Company Secretary as the Secretarial Auditor of the Company for FY 2020-21. Ms. Naina R. Desai was also appointed as a Secretarial Auditor for its material subsidiary companies i.e. L&T Finance Limited, L&T Infrastructure Finance Company Limited and L&T Housing Finance Limited, for FY 2020-21.

As stipulated by the SEBI, a qualified Practising 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 as at March 31, 2021.

#### Debenture Trustee:

The Debenture Trustee of the Company is:  
Catalyst Trusteeship Limited  
GDA House, Plot No 85  
Bhusari Colony (Right), Paud Road, Pune - 411 038  
Tel: +91 020 6680 7200/7223/7224  
Fax: +91 020 2528 0275  
E-mail: [dt@ctltrustee.com](mailto:dt@ctltrustee.com)  
Website: [www.catalysttrustee.com](http://www.catalysttrustee.com)

### 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 consolidated financial statements read with the cash flow statement of L&T Finance Holdings Limited for the year ended March 31, 2021 and that to the best of our knowledge and belief, we state that;

- a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - (i) that there were no significant changes in internal control over financial reporting during the period;
  - (ii) that there were no significant changes in accounting policies made during the period; and
  - (iii) that there were no instances of significant fraud of which we have become aware of.

Yours sincerely,

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

**Sachinn Joshi**  
Chief Financial Officer

**Place:** Mumbai

**Date:** April 29, 2021

**INDEPENDENT AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To the Members of  
L&T Finance Holdings Limited

**Sub: Verifying the compliance with the corporate governance requirements under SEBI (Listing Obligations and Disclosure Requirements) 2015 of L&T Finance Holdings Limited ('the Company')**

1. This Certificate is issued in accordance with the terms of our engagement letter dated 5 October 2020.
2. We have examined the compliance of conditions of Corporate Governance by **L&T FINANCE HOLDINGS LIMITED** ('the Company'), for the year ended on March 31, 2021 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

**Management's Responsibility**

3. The Management is responsible for ensuring that the Company complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

**Auditor's Responsibility**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We conducted our 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 ("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 B. K. Khare & Co. Chartered Accountants 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 issued by ICAI.

**Opinion**

8. Based on our examination of the relevant records, as above, and according to the information and explanations given to us and 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 paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2021.
9. We further 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.

**Restriction on Use**

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this certificate for any event or circumstances occurring after the date of this certificate.

For **M/s. B.K. Khare & Co**  
Chartered Accountants  
Firm's Registration No.105102W

**Shirish Rahalkar**  
Partner  
Membership No. 111212  
UDIN: 21111212AAAAPW2157

**Place:** Mumbai  
**Date:** April 29, 2021

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To  
The Members of L&T Finance Holdings Limited

I have examined the relevant records of L&T Finance Holdings Limited for the purpose of certifying compliance of requirements in Schedule V (C) 10(i) under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended March 31, 2021.

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

**NAINA R DESAI**  
Practising Company Secretary  
Membership No. F1351  
Certificate of Practice No.13365  
Peer Review Certificate No.590/2019  
UDIN: F001351C000161742

**Place:** Mumbai

**Date:** April 22, 2021

**DELOITTE HASKINS & SELLS LLP**

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

**B. K. KHARE & CO.**

Chartered Accountants  
706/708, Sharda Chambers  
New Marine Lines  
Mumbai 400004.

## Independent Auditors' Report

**To The Members of L&T Finance Holdings Limited**
**Report on the Audit of the Standalone Financial Statements**
**Opinion**

We have audited the accompanying standalone financial statements of **L&T Finance Holdings Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Emphasis of Matter**

We draw attention to Note 58 of the Standalone Financial Statements, in which the Company describes

the continuing uncertainties arising from the COVID 19 pandemic.

Our report is not modified in respect of this matter.

**Key Audit Matters**

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

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Impairment of Investments:</b></p> <p>The impairment review of unquoted equity instruments, with a carrying value of Rs. 867.56 crore and 9% of total investments, is considered to be a key audit matter due to the size of the balances as well as the judgmental nature of key assumptions, which may be subject to management override.</p> <p>The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.</p>	<p><b>Principal audit procedures performed:</b></p> <ul style="list-style-type: none"> <li>Obtained an understanding of Management's processes and controls with regard to testing the impairment of unquoted equity instruments.</li> <li>Assessed the appropriateness of the forecast cash flows within the budgeted period based on the understanding of the business and sector experience.</li> <li>Considered historical forecasting accuracy, by comparing previously forecasted cash flows to actual results achieved</li> <li>Performed a sensitivity analysis in relation to key assumptions</li> </ul>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole

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

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic

decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

#### 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 and the reports of the other auditors.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

#### For DELOITTE HASKINS & SELLS LLP

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

#### Neville M. Daruwalla

(Partner)  
(Membership No. 118784)  
(UDIN:21118784AAAACA9053)

Mumbai, April 29, 2021

- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

#### For B. K. KHARE & CO.

Chartered Accountants  
(Firm's Registration No. 105102W)

#### Shirish Rahalkar

(Partner)  
(Membership No. 111212)  
(UDIN:21111212AAAAPT2680)

Mumbai, April 29, 2021

## 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, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date which includes internal financial controls over financial reporting.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

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

was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud

may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company

#### For DELOITTE HASKINS & SELLS LLP

Chartered Accountants  
(Firm's Registration No. 117366WW-100018)

#### Neville M. Daruwalla

(Partner)  
(Membership No. 118784)  
(UDIN:21118784AAAACA9053)

Mumbai, April 29, 2021

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, 2021, 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 B. K. KHARE & CO.

Chartered Accountants  
(Firm's Registration No. 105102W)

#### Shirish Rahalkar

(Partner)  
(Membership No. 111212)  
(UDIN:21111212AAAAPT2680)

Mumbai, April 29, 2021

## 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 property, plant and equipment.
- (b) The property, plant and equipment 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 property, plant and equipment 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) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans, made investments or provide guarantees under the provisions of Section 185 and 186 of the Act 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, Income-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 Employees' State Insurance, Sales Tax, Service Tax, Value Added Tax, Custom Duty, Excise Duty and corresponding cess during the year.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax and Goods and Service Tax as on March 31, 2021 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 dues to debenture holders. The Company does not have any borrowings from government.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of further public offer have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of term loans during the year.
- (x) To the best of our knowledge and according to

the information and explanations given to us, no fraud by the Company and no material 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, as amended.
- (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) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration..

#### For DELOITTE HASKINS & SELLS LLP

Chartered Accountants  
(Firm's Registration No. 117366WW-100018)

#### Neville M. Daruwalla

(Partner)  
(Membership No. 118784)  
(UDIN:21118784AAAACA9053)

Mumbai, April 29, 2021

#### For B. K. KHARE & CO.

Chartered Accountants  
(Firm's Registration No. 105102W)

#### Shirish Rahalkar

(Partner)  
(Membership No. 111212)  
(UDIN:21111212AAAAPT2680)

Mumbai, April 29, 2021



**Standalone Balance Sheet** as at March 31, 2021

(₹ in crore)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
<b>ASSETS:</b>			
<b>(1) Financial assets</b>			
(a) Cash and cash equivalents	2	1,398.10	0.58
(b) Bank balance other than (a) above	3	29.89	2.64
(c) Receivables	4		
(I) Trade receivables		-	-
(II) Other receivables		18.16	-
(d) Loans	5	1,297.19	1,142.58
(e) Investments	6	10,069.68	10,069.68
(f) Other financial assets	7	3.48	6.57
<b>(2) Non-financial assets</b>			
(a) Current tax assets (net)	8	20.47	30.45
(b) Deferred tax assets (net)	9	0.34	0.29
(c) Property, plant and equipment	10	0.93	0.58
(d) Right to use asset	11	-	0.38
(e) Other non-financial assets	12	1.44	1.17
<b>(3) Group(s) of assets classified as held for sale</b>	44	-	82.90
<b>TOTAL ASSETS</b>		<b>12,839.68</b>	<b>11,337.82</b>
<b>LIABILITIES AND EQUITY:</b>			
<b>LIABILITIES</b>			
<b>(1) Financial liabilities</b>			
(a) Payables	13		
(I) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(II) Other payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		8.74	7.51
(b) Debt securities	14	652.98	1,462.68
(c) Borrowings (other than debt securities)	15	-	280.11
(d) Subordinated liabilities	16	1,120.24	1,717.84
(e) Lease liability	17	-	0.42
(f) Other financial liabilities	18	9.52	11.83
<b>(2) Non-financial liabilities</b>			
(a) Current tax liabilities (net)	19	27.98	8.49
(b) Provisions	20	1.12	1.55
(c) Other non-financial liabilities	21	8.81	2.54
<b>(3) Equity</b>			
(a) Equity share capital	22	2,469.45	2,004.83
(b) Other equity	23	8,540.84	5,840.02
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12,839.68</b>	<b>11,337.82</b>
Significant accounting policies	1		
See accompanying notes forming part of the standalone financial statements	2 to 60		

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

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

For and on behalf of the Board of Directors of  
**L&T Finance Holdings Limited**
**Neville M. Daruwalla**  
Partner  
Membership no. 118784

**Shirish Rahalkar**  
Partner  
Membership no. 111212

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

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

**Apurva Rathod**  
Company Secretary

**Sachinn Joshi**  
Chief Financial Officer

Place : Mumbai  
Date : April 29, 2021

Place : Mumbai  
Date : April 29, 2021

Place : Mumbai  
Date : April 29, 2021

**Standalone Statement of Profit and Loss** for the year ended March 31, 2021

(₹ in crore)

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
<b>Revenue from operations</b>			
(i) Interest income	24	73.30	88.91
(ii) Dividend income	25	97.96	386.37
(iii) Net gain on fair value changes	26	-	0.16
<b>(I) Total revenue from operations</b>		<b>171.26</b>	<b>475.44</b>
(II) Other income	27	20.16	46.94
<b>(III) Total income (I+II)</b>		<b>191.42</b>	<b>522.38</b>
<b>Expenses</b>			
(i) Finance costs	28	192.96	200.75
(ii) Impairment on financial instruments	29	7.59	0.12
(iii) Employee benefit expenses	30	13.70	26.72
(iv) Depreciation, amortization and impairment	31	0.58	0.48
(v) Other expenses	32	12.48	10.57
<b>(IV) Total expenses</b>		<b>227.31</b>	<b>238.64</b>
<b>(V) (Loss)/ Profit before exceptional items and tax (III-IV)</b>		<b>(35.89)</b>	<b>283.74</b>
(VI) Exceptional items (refer note 56)		224.68	-
<b>(VII) Profit before tax (V+VI)</b>		<b>188.79</b>	<b>283.74</b>
<b>(VIII) Tax expense (refer note 39):</b>			
(1) Current tax		72.79	16.35
(2) Deferred tax		(0.05)	33.14
(3) Current tax relating to earlier years		-	(32.80)
<b>(IX) Profit before impact of change in the rate on opening deferred tax (VII-VIII)</b>		<b>116.05</b>	<b>267.05</b>
<b>(X) Impact of change in the rate on opening deferred tax</b>		-	0.24
<b>(XI) Profit for the year (IX-X)</b>		<b>116.05</b>	<b>266.81</b>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of the defined benefit plans (net of tax)		0.11	(0.11)
<b>(XII) Other comprehensive income</b>		<b>0.11</b>	<b>(0.11)</b>
<b>(XIII) Total comprehensive income for the year (XI+XII)</b>		<b>116.16</b>	<b>266.70</b>
<b>(XIV) Earnings per equity share (refer note 42)</b>			
Basic (₹)		0.54	1.26
Diluted (₹)		0.53	1.25
Significant accounting policies	1		
See accompanying notes forming part of the standalone financial statements	2 to 60		

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

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

For and on behalf of the Board of Directors of  
**L&T Finance Holdings Limited**
**Neville M. Daruwalla**  
Partner  
Membership no. 118784

**Shirish Rahalkar**  
Partner  
Membership no. 111212

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

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

**Apurva Rathod**  
Company Secretary

**Sachinn Joshi**  
Chief Financial Officer

Place : Mumbai  
Date : April 29, 2021

Place : Mumbai  
Date : April 29, 2021

Place : Mumbai  
Date : April 29, 2021

**Standalone Statement of Changes in Equity for the year ended March 31, 2021**
**A. Equity share capital**

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	2,004,833,610	2,004.83	1,998,812,360	1,998.81
Add: Shares issued during the year:				
- against rights issue	461,325,021	461.33	-	-
- against employee stock option	3,287,073	3.29	6,021,250	6.02
<b>Issued, subscribed and fully paid up equity shares outstanding at the end of the year</b>	<b>2,469,445,704</b>	<b>2,469.45</b>	<b>2,004,833,610</b>	<b>2,004.83</b>

**B. Other equity**

Particulars	Securities premium account	General reserve	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Employee stock option outstanding account	Retained earnings	Impairment Reserve	Total
<b>Balance at April 1, 2019</b>	5,083.24	1.89	421.27	121.94	203.20	-	5,831.54
Profit for the year (a)	-	-	-	-	266.81	-	266.81
Actuarial loss on defined benefit plan (gratuity) net of income tax (b)	-	-	-	-	(0.11)	-	(0.11)
Transition impact of IND AS 116 (c)	-	-	-	-	(0.03)	-	(0.03)
<b>Total comprehensive income for the year (a+b+c)</b>	-	-	-	-	<b>266.67</b>	-	<b>266.67</b>
Issue of equity shares	60.93	-	-	-	-	-	60.93
Share issue expenses	(0.04)	-	-	-	-	-	(0.04)
Employee stock option (net)	-	-	-	61.40	-	-	61.40
Transfer to general reserve	-	2.07	-	(2.07)	-	-	-
Transfer from retained earnings	-	-	53.36	-	(57.71)	4.35	-
Dividend paid	-	-	-	-	(380.48)	-	(380.48)
<b>Balance at March 31, 2020</b>	<b>5,144.13</b>	<b>3.96</b>	<b>474.63</b>	<b>181.27</b>	<b>31.68</b>	<b>4.35</b>	<b>5,840.02</b>
<b>Balance at April 1, 2020</b>	<b>5,144.13</b>	<b>3.96</b>	<b>474.63</b>	<b>181.27</b>	<b>31.68</b>	<b>4.35</b>	<b>5,840.02</b>
Profit for the year (a)	-	-	-	-	116.05	-	116.05
Actuarial loss on defined benefit plan (gratuity) net of income tax (b)	-	-	-	-	0.11	-	0.11
<b>Total comprehensive income for the year (a+b)</b>	-	-	-	-	<b>116.16</b>	-	<b>116.16</b>

**Standalone Statement of Changes in Equity for the year ended March 31, 2021**

Particulars	Securities premium account	General reserve	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Employee stock option outstanding account	Retained earnings	Impairment Reserve	Total
Issue of equity shares	2,573.54	-	-	-	-	-	2,573.54
Share issue expenses	(10.28)	-	-	-	-	-	(10.28)
Employee stock option (net)	-	-	-	21.40	-	-	21.40
Transfer to general reserve	-	2.91	-	(2.91)	-	-	-
Transfer from retained earnings	-	-	23.21	-	(23.80)	0.59	-
<b>Balance at March 31, 2021</b>	<b>7,707.39</b>	<b>6.87</b>	<b>497.84</b>	<b>199.76</b>	<b>124.04</b>	<b>4.94</b>	<b>8,540.84</b>

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

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

For and on behalf of the Board of Directors of  
**L&T Finance Holdings Limited**
**Neville M. Daruwalla**  
Partner  
Membership no. 118784

**Shirish Rahalkar**  
Partner  
Membership no. 111212

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

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

**Apurva Rathod**  
Company Secretary

**Sachinn Joshi**  
Chief Financial Officer

Place : Mumbai  
Date : April 29, 2021

Place : Mumbai  
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Place : Mumbai  
Date : April 29, 2021

## Standalone Statement of Cash Flows for the year ended March 31, 2021

(₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. Cash flow from operating activities</b>		
Profit before tax	188.79	283.74
<b>Adjustments for:</b>		
Depreciation, amortization and impairment	0.58	0.48
Impairment on financial instruments	7.59	0.12
Share based payment to employees	6.42	14.91
Contribution to gratuity	0.14	0.12
Contribution to superannuation fund	0.25	0.24
Net gain on fair value changes	-	(0.16)
Gain from sale of investment in subsidiary	(224.68)	-
<b>Operating (loss) / profit before working capital changes</b>	<b>(20.91)</b>	<b>299.45</b>
<b>Changes in working capital:</b>		
Increase in financial assets	(169.71)	(285.50)
Increase in non-financial assets	(0.16)	(0.93)
Increase in financial liabilities	10.06	8.96
Increase in non-financial liabilities	53.64	72.41
<b>Cash (used in) / generated from operations</b>	<b>(127.08)</b>	<b>94.39</b>
Net income tax paid	(43.32)	(12.15)
<b>Net cash (used in) / generated from operating activities (A)</b>	<b>(170.40)</b>	<b>82.24</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(0.67)	-
Investment in subsidiaries	(2.52)	(1,006.39)
Change in other bank balance not available for immediate use	(27.16)	-
Net proceeds from sale of investments	302.53	0.16
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>272.18</b>	<b>(1,006.23)</b>

## Standalone Statement of Cash Flows for the year ended March 31, 2021

(₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares including securities premium	3,005.06	39.70
Proceeds from issue of preference shares	-	874.10
Payment on redemption of Preference shares	(600.00)	(184.40)
Share issue expenses	(10.28)	(0.04)
Dividend paid	-	(380.48)
Repayment of Borrowings	(1,294.04)	-
Proceeds from borrowings	195.00	575.20
<b>Net cash generated from financing activities (C)</b>	<b>1,295.74</b>	<b>924.08</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>1,397.52</b>	<b>0.09</b>
<b>Cash and cash equivalent at the beginning of the year</b>	<b>0.58</b>	<b>0.49</b>
<b>Cash and cash equivalent at the end of the year</b>	<b>1,398.10</b>	<b>0.58</b>
<b>Note:</b>		
1. Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015, as amended.		
2. Net cash used in operating activity is determined after adjusting the following:		
Interest received	67.47	105.67
Dividend received	97.96	676.42
Interest paid	179.86	195.65

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

**Neville M. Daruwalla**  
Partner  
Membership no. 118784

Place : Mumbai  
Date : April 29, 2021

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

**Shirish Rahalkar**  
Partner  
Membership no. 111212

Place : Mumbai  
Date : April 29, 2021

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

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

**Apurva Rathod**  
Company Secretary

Place : Mumbai  
Date : April 29, 2021

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

**Sachinn Joshi**  
Chief Financial Officer

## Notes forming part of standalone financial statements

### 1. Brief Profile:

**1.1** L&T Finance Holdings Limited (the "Company" or "LTFH") is a subsidiary of Larsen & Toubro Limited. The Company is registered with the Reserve Bank of India ("RBI") as a Systemically Important Non-Deposit Accepting Core Investment Company ("NBFC-CIC"). As an NBFC-CIC, the Company is a primary holding company, holding investments in its subsidiaries and other group companies and carries out only such activities as are permitted under the guidelines issued by RBI for NBFC-CICs.

### 2. Significant Accounting Policies:

#### 2.1 Statement of compliance:

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

#### 2.2 Basis of preparation:

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

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

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

#### 2.3 Presentation of financial statements:

The Balance Sheet, Statement of changes in Equity for the year and the Statement of Profit and Loss are

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

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

#### 2.4 Non-current assets held for sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

#### 2.5 Financial instruments:

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

A financial asset and a financial liability is offset and

## Notes forming part of standalone financial statements

presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously:

#### (i) Financial assets:

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

The Company has more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. However, this assessment is performed on the basis of scenarios that the Company reasonably expects to occur and not so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the

first reporting period following the change in business model that result in reclassifying the financial assets.

The Company considers sale of financial assets measured at amortised cost portfolio as consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows if these sales are

- due to an increase in the assets' credit risk or
- due to other reasons such as sales made to manage credit concentration risk (without an increase in the assets' credit risk) and are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

In addition, the Company also considers sale of such financial assets as consistent with the objective of holding financial assets in order to collect contractual cash flows if the sale is made close to the maturity of the financial assets and the proceeds from sale approximate the collection of the remaining contractual cash flows.

#### (a) Financial assets at amortised cost:

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### (b) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

#### (c) Financial assets at fair value through profit or loss (FVTPL):

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition.

## Notes forming part of standalone financial statements

The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

### (d) Debt instruments at amortised cost or at FVTOCI:

For an asset to be classified and measured at FVTOCI, the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

### (e) De-recognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### (ii) Financial liabilities:

- a) Financial liabilities, including derivatives, which are designated for measurement at FVTPL, are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher.

All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

- b) A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

### 2.6 Impairment:

The Company recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers
- Debt investment securities
- Trade and other receivable
- Lease receivables
- Irrevocable loan commitments issued and
- Financial guarantee contracts issued

#### Credit-impaired financial assets:

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- the disappearance of an active market for a security because of financial difficulties; or

## Notes forming part of standalone financial statements

- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead; the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue for more than 90 days. The 90-day criterion is applicable unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### Definition of default:

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation: or
- the borrower is unlikely to pay its credit obligations to the Company in full.

The forbearance granted to borrowers in accordance with COVID 19 Regulatory Package notified by the Reserve Bank of India (RBI) is excluded in determining the period of default (Days Past Due) in the assessment of default.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial assets unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial asset.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently to credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

#### Significant increase in credit risk:

The Company monitors all financial assets and

## Notes forming part of standalone financial statements

financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default (PD) will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

### Definition of default:

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments unless information becomes

available that demonstrates that another default definition is more appropriate for a particular financial instrument.

The ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently to credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

### 2.7 Write off:

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the enforcement activities will result in impairment gains.

## Notes forming part of standalone financial statements

### 2.8 Modification and derecognition of financial assets:

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then;

- In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such

as if the borrower is in past due status under the new terms.

- When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:
  - the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviors following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and

## Notes forming part of standalone financial statements

an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

### 2.9 Presentation of allowance for ECL in the Balance Sheet:

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

### 2.10 Revenue recognition:

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

#### (i) Interest and dividend income:

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

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

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

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

#### (ii) Net gain or fair value change:

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

## Notes forming part of standalone financial statements

same is disclosed "Expenses", in the statement of profit and loss.

### (iii) Income from financial instruments at FVTPL:

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL except those that are held for trading.

### (v) Other operational revenue:

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

### 2.11 Borrowing costs:

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.12 Property, plant and equipment (PPE):

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

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

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

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

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

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

### 2.13 Intangible assets:

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

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

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

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

## Notes forming part of standalone financial statements

in profit or loss when the asset is derecognised.

### 2.14 Impairment of tangible and intangible assets other than goodwill:

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

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

- in the case of an individual asset, at the higher of the net selling price and the value in use; and
- in the case of a cash generating unit (the smallest identifiable group of assets that generates independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

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

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

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

impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

### 2.15 Employee benefits:

#### (i) Short term employee benefits:

Employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

#### (ii) Post-employment benefits:

- Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.
- Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the Company, the post-retirement medical care plan and the Parent Company pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment

## Notes forming part of standalone financial statements

and when the Company recognises related restructuring costs or termination benefits.

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

#### (iii) Long term employee benefits:

The obligation recognised in respect of long term benefits such as long term compensated absences is measured at present value of estimated future cash flows expected to be made by the Company and is recognised in a similar manner as in the case of defined benefit plans vide (ii) (b) above.

#### (iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier

### 2.16 Leases:

The Company as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses (Refer note no 31 for impairment).

The right-of-use assets are depreciated from the date of commencement of the lease on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

- Low value leases; and
- Leases which are short-term.

The Company as a lessor, classifies leases as either operating lease or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Company's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. Accordingly, the Company recognises lease payments as income on a straight-line basis in case of assets given on operating leases. The Company presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

Transition disclosure:

The Company has applied Ind AS 116 "Leases" ("Standard") effective April 1, 2019 (Initial application date). Ind AS 116 supersedes Ind AS 17 "Leases". The Standard sets out the principles for recognition, measurement, presentation and disclosure of leases. The Standard has brought major changes with respect to lease accounting for the lessee. It requires a lessee to account for right-of-use asset and lease liability for all the leases without lease classification into operating and finance lease.

Under modified retrospective method of transition, the Company has applied the Standard retrospectively and recognised the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings at the date of initial application (Refer note no 35). Accordingly, the figures of the previous year have not been restated.

### 2.17 Cash and bank balances:

Cash and bank balances also include earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than



## Notes forming part of standalone financial statements

insignificant risk of change in value, are not included as part of cash and cash equivalents.

### 2.18 Securities premium account:

- (i) Securities premium includes:
  - The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
  - The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.
- (ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

### 2.19 Share-based payment arrangements:

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

### 2.20 Foreign currencies:

- (i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.
- (ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

(iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:

- A. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet
- B. income and expenses for each income statement are translated at average exchange rates; and
- C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

### 2.21 Taxation:

#### Current tax

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

#### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets

## Notes forming part of standalone financial statements

can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

### 2.22 Provisions, contingent liabilities and contingent assets:

Provisions are recognised only when:

- (i) the Company has a present obligation (legal or constructive) as a result of a past event; and
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- (i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- (ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

### 2.23 Statement of cash flows:

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- (i) changes during the period in operating receivables and payables transactions of a non-cash nature
- (ii) non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; and
- (iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

### 2.24 Earnings per share:

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 2.25 Key source of estimation:

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

## Notes forming part of standalone financial statements

**2 Cash and cash equivalents** (₹ in crore)

Particulars	As at	
	March 31, 2021	March 31, 2020
Balance with banks in current accounts	1.17	0.58
<b>Others</b>		
Bank deposit with original maturity less than three months*	1,396.93	-
<b>Total</b>	<b>1,398.10</b>	<b>0.58</b>

\*includes Rs 1395.99 towards unutilised funds raised through public issue

**3 Bank balance other than note 2 above** (₹ in crore)

Particulars	As at	
	March 31, 2021	March 31, 2020
Unclaimed dividend on equity shares	1.56	2.04
Unclaimed redemption proceeds and dividend on preference shares	1.07	0.60
Unclaimed proceeds on right issue	0.10	-
Balances with banks to the extent held as margin money or security against borrowing, guarantees, other commitments	27.16	-
<b>Total</b>	<b>29.89</b>	<b>2.64</b>

**4 Receivables** (₹ in crore)

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Trade receivables (considered good - unsecured)</b>	-	-
<b>Total trade receivables</b>	-	-
<b>Other receivables</b>		
Receivables from related parties (refer note 41)	18.16	-
<b>Total other receivables</b>	<b>18.16</b>	-
<b>Total</b>	<b>18.16</b>	-

**5 Loans** (₹ in crore)

Particulars	As at	
	March 31, 2021	March 31, 2020
Loans to related parties (refer note 41)	1,297.44	1,142.80
Less: Impairment loss allowance	(0.25)	(0.22)
<b>Total</b>	<b>1,297.19</b>	<b>1,142.58</b>
<b>(B) At amortised cost</b>		
-Unsecured	1,297.44	1,142.80
Less: Impairment loss allowance	(0.25)	(0.22)
<b>Total</b>	<b>1,297.19</b>	<b>1,142.58</b>
<b>(C)</b>		
<b>(I) Loans in India</b>		
<b>(i) At amortised cost</b>		
- Others	1,297.44	1,135.16
Less: Impairment loss allowance	(0.25)	(0.21)
<b>(II) Loans outside India</b>		
<b>(i) At amortised cost</b>		
- Others	-	7.64
Less: Impairment loss allowance	-	(0.01)
<b>Total net loans at amortised cost</b>	<b>1,297.19</b>	<b>1,142.58</b>

**6 Investments** (₹ in crore)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
<b>(A) At cost</b>				
<b>Investment in subsidiaries (unquoted)</b>				
L&T Infrastructure Finance Company Limited * (Equity Shares of ₹ 10 each fully paid)	-	-	1,505,300,609	4,425.49
L&T Financial Consultants Limited (Equity Shares of ₹ 10 each fully paid)	18,750,000	18.75	18,750,000	18.75
L&T Housing Finance Limited * (Equity Shares of ₹ 10 each fully paid)	-	-	165,365,110	1,142.88
L&T Finance Limited * (Equity Shares of ₹ 10 each fully paid)	2,684,172,360	9,037.47	1,599,138,199	3,469.10
L&T Capital Markets Limited # (Equity Shares of ₹ 10 each fully paid)	-	-	-	-
L&T Investment Management Limited (Equity Shares of ₹ 10 each fully paid)	251,824,329	867.56	251,824,329	867.56
L&T Mutual Fund Trustee Company Limited (Equity Shares of ₹ 10 each fully paid)	150,000	0.15	150,000	0.15
L&T Infra Debt Fund Limited (Equity Shares of ₹ 10 each fully paid)	114,491,100	145.75	114,491,100	145.75
L&T Capital Markets (Middle East) Limited # (Equity Shares of \$ 1 each fully paid)	-	-	-	-
<b>Total</b>		<b>10,069.68</b>		<b>10,069.68</b>
<b>(B)</b>				
<b>(I) Investments outside India</b>				
(i) At amortised cost		-		-
<b>(II) Investments in India</b>				
(i) At amortised cost		10,069.68		10,069.68
<b>Total</b>		<b>10,069.68</b>		<b>10,069.68</b>
<b>(C)</b>				
Less: Allowance for impairment loss		-		-
<b>(D) Total (B-C)</b>		<b>10,069.68</b>		<b>10,069.68</b>

# refer note 44

\* refer note 33 and 57

**7 Other financial assets** (₹ in crore)

Particulars	As at	
	March 31, 2021	March 31, 2020
Security deposits	0.28	0.69
Others	3.20	5.88
<b>Total</b>	<b>3.48</b>	<b>6.57</b>

**8 Current tax assets (net)** (₹ in crore)

Particulars	As at	
	March 31, 2021	March 31, 2020
Advance income tax (net of provision for tax)	20.47	30.45
<b>Total</b>	<b>20.47</b>	<b>30.45</b>

**9 Deferred tax assets (net)** (₹ in crore)

Particulars	As at	
	March 31, 2021	March 31, 2020
Deferred tax assets	0.34	0.29
<b>Total</b>	<b>0.34</b>	<b>0.29</b>

## Notes forming part of standalone financial statements

### 10 Property, plant and equipment

(₹ in crore)

Particulars	Gross carrying amount			Accumulated depreciation				Net carrying amount		
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the Year	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Computers*	0.01	-	-	0.01	0.00	-	-	0.00	0.00	0.00
Office Equipments*	0.00	-	-	0.00	0.00	-	-	0.00	0.00	0.00
Vehicles	0.90	0.67	-	1.56	0.32	0.32	-	0.64	0.93	0.58
<b>Total</b>	<b>0.91</b>	<b>0.67</b>	<b>-</b>	<b>1.58</b>	<b>0.32</b>	<b>0.32</b>	<b>-</b>	<b>0.64</b>	<b>0.93</b>	<b>0.58</b>

(₹ in crore)

Particulars	Gross carrying amount			Accumulated depreciation				Net carrying amount		
	As at April 01, 2019	Additions	Deductions	As at March 31, 2020	As at April 01, 2019	For the Year	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computers*	0.01	-	-	0.01	0.00	0.00	-	0.00	0.00	0.00
Office Equipments*	0.00	-	-	0.00	0.00	0.00	-	0.00	0.00	0.00
Vehicles	0.90	-	-	0.90	0.11	0.21	-	0.32	0.58	0.79
<b>Total</b>	<b>0.91</b>	<b>-</b>	<b>-</b>	<b>0.91</b>	<b>0.11</b>	<b>0.21</b>	<b>-</b>	<b>0.32</b>	<b>0.58</b>	<b>0.79</b>

\* amounts less than ₹ 50,000

### 11 Right to use asset

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Gross carrying amount (A)</b>		
Opening gross carrying amount	0.80	0.80
Add: Additions during the year	-	-
Less: Deductions during the year	0.12	-
<b>Closing gross carrying amount</b>	<b>0.68</b>	<b>0.80</b>
<b>Accumulated depreciation (B)</b>		
Opening accumulated depreciation	0.42	0.15
Add: Depreciation and impairment	0.26	0.27
Less: Deductions during the year	-	-
<b>Closing accumulated depreciation</b>	<b>0.68</b>	<b>0.42</b>
<b>Total C = (A-B)</b>	<b>-</b>	<b>0.38</b>

### 12 Other non-financial assets

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	0.13	0.67
Goods and service tax credit (input) receivable	0.80	0.17
Other non financial assets	0.51	0.33
<b>Total</b>	<b>1.44</b>	<b>1.17</b>

## Notes forming part of standalone financial statements

### 13 Payables

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade payables</b>		
Micro enterprises and small enterprises	-	-
Due to related parties (refer note 41)	-	-
<b>Total trade payables</b>	<b>-</b>	<b>-</b>
<b>Other payables</b>		
Micro enterprises and small enterprises	-	-
Due to related parties (refer note 41)	8.74	7.51
<b>Total other payables</b>	<b>8.74</b>	<b>7.51</b>
<b>Total</b>	<b>8.74</b>	<b>7.51</b>

### 14 Debt securities

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(A) At amortised cost:</b>		
Commercial paper (net) (refer note 14a)	448.75	1,462.68
Redeemable non convertible debentures (refer note 14b)	204.23	-
<b>Total</b>	<b>652.98</b>	<b>1,462.68</b>
<b>(B) Debt securities In India</b>		
At amortised cost	652.98	1,462.68
<b>Total</b>	<b>652.98</b>	<b>1,462.68</b>

### 14a Commercial paper (net) : unsecured

(₹ in crore)

Repayment Term	Tenure	Interest Range	As at March 31, 2021	As at March 31, 2020
		3.50% to 4.50%	448.75	-
		4.50% to 5.50%	-	-
Bullet	upto 1 year	5.50% to 6.50%	-	497.73
		6.50% to 7.50%	-	964.95
<b>Total</b>			<b>448.75</b>	<b>1,462.68</b>

### 14b Redeemable non convertible debentures : unsecured

(₹ in crore)

Repayment Term	Tenure	Interest Range	As at March 31, 2021	As at March 31, 2020
Bullet	Upto 3 year	7.50% to 8.50%	204.23	-
<b>Total</b>			<b>204.23</b>	<b>-</b>

## Notes forming part of standalone financial statements

**15 Borrowings (other than debt securities)** (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(A) At amortised cost</b>		
<b>(I) from Banks</b>		
At Amortised Cost		
Loan repayable on demand from banks (refer note 15a)	-	5.00
Loan from related parties (refer note 15b)	-	275.11
<b>Total</b>	-	<b>280.11</b>
<b>(B) Borrowings (other than debt securities) in India</b>		
At amortised cost	-	280.11
<b>Total</b>	-	<b>280.11</b>

**15a Loan repayable on demand from banks (cash credit) : unsecured** (₹ in crore)

Repayment Term	Tenure	Interest Range	As at March 31, 2021	As at March 31, 2020
Bullet	upto 5 years	11.50% to 12.50%	-	5.00
<b>Total</b>			-	<b>5.00</b>

**15b Loan from related parties : unsecured** (₹ in crore)

Repayment Term	Tenure	Interest Range	As at March 31, 2021	As at March 31, 2020
Bullet	1 to 3 years	8.01% to 9.00%	-	275.11
<b>Total</b>			-	<b>275.11</b>

**16 Subordinated liabilities** (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(A) Subordinated liabilities</b>		
At amortised cost		
Cumulative compulsarily redeemable preference shares (CRPS) to the extent that do not qualify as equity (refer footnote)	1,120.24	1,717.84
<b>Total</b>	<b>1,120.24</b>	<b>1,717.84</b>
<b>(B) Subordinated liabilities in India</b>		
At amortised cost	1,120.24	1,717.84
<b>Total</b>	<b>1,120.24</b>	<b>1,717.84</b>

**Footnote:**
**i. Terms/rights attached to CRPS**

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

ii. During the year ended March 31, 2021, the Company has paid a dividend of ₹ 95.96 crore on CRPS of ₹ 100 each fully paid (previous year ₹ 113.22 crore).

## Notes forming part of standalone financial statements

**iii. Details for CRPS:** (₹ in crore)

Particulars	Date of allotment	Date of redemption	As at March 31, 2021	As at March 31, 2020
<b>CRPS bearing interest rate:</b>				
8.95%	12-Oct-18	12-Oct-21	249.65	249.05
8.15%	08-May-15	08-May-20	-	599.85
8.00%	17-May-19	17-Nov-22	144.94	144.69
7.95%	03-Jun-19	02-Dec-22	63.48	63.36
7.95%	16-Sep-19	16-Dec-22	99.59	99.38
7.95%	20-Sep-19	20-Jan-23	149.41	149.12
7.95%	27-Sep-19	10-Feb-23	149.40	149.11
7.60%	05-Dec-19	05-Dec-22	59.74	59.60
7.50%	23-Dec-19	23-Jun-23	81.61	81.47
7.50%	23-Dec-19	22-Dec-23	122.42	122.21
<b>Total</b>			<b>1,120.24</b>	<b>1,717.84</b>

**17 Lease liability** (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability	-	0.42
<b>Total</b>	-	<b>0.42</b>

**18 Other financial liabilities** (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Unclaimed redemption proceeds and dividend on preference shares	1.07	0.60
Unclaimed dividend on equity shares	1.56	2.04
Liability for expenses	6.79	9.19
Unclaimed proceeds of rights issue	0.10	-
<b>Total</b>	<b>9.52</b>	<b>11.83</b>

**19 Current tax liabilities (net)** (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for tax (net)	27.98	8.49
<b>Total</b>	<b>27.98</b>	<b>8.49</b>

**20 Provisions** (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Provision for employee benefits</b>		
Compensated absences	0.27	0.26
Super annuation fund	0.81	0.81
Gratuity (refer note 40)	0.04	0.48
<b>Total</b>	<b>1.12</b>	<b>1.55</b>

## Notes forming part of standalone financial statements

### 21 Other non-financial liabilities (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues	8.81	2.54
<b>Total</b>	<b>8.81</b>	<b>2.54</b>

### 22 Equity share capital (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Subscribed and paid up equity share capital	2,469.45	2,004.83
<b>Total</b>	<b>2,469.45</b>	<b>2,004.83</b>

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
<b>Authorised:</b>				
Equity Shares of ₹ 10 each	5,000,000,000	5,000.00	5,000,000,000	5,000.00
Preference shares of ₹ 100 each	500,000,000	5,000.00	500,000,000	5,000.00
<b>Issued, subscribed and paid up:</b>				
Equity shares of ₹ 10 each fully paid up	2,469,445,704	2,469.45	2,004,833,610	2,004.83

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

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

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
<b>At the beginning of the year</b>	<b>2,004,833,610</b>	<b>2,004.83</b>	<b>1,998,812,360</b>	<b>1,998.81</b>
Issued during the year				
- Against right issue*	461,325,021	461.33	-	-
- Against employee stock option	3,287,073	3.29	6,021,250	6.02
<b>Outstanding at the end of the year</b>	<b>2,469,445,704</b>	<b>2,469.45</b>	<b>2,004,833,610</b>	<b>2,004.83</b>

\* During the year ended March 31, 2021 the company has raised funds through the rights issue, amounting to ₹ 2,998.61 crores through allotment of 461,325,021 equity shares of face value ₹ 10 each fully paid up, at a price of ₹ 65 each, including a premium of ₹ 55 each.

### (IV) Equity shares in the Company held by the holding company

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and its nominee	1,571,004,573	1,571.00	1,277,520,203	1,277.52
<b>Total</b>	<b>1,571,004,573</b>	<b>1,571.00</b>	<b>1,277,520,203</b>	<b>1,277.52</b>

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and its nominee	1,571,004,573	63.62%	1,277,520,203	63.72%

## Notes forming part of standalone financial statements

### (VI) Details of shares reserved to be issued under ESOP

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity Shares of ₹ 10 each	41,760,601	41.76	48,116,340	48.12
<b>Total</b>	<b>41,760,601</b>	<b>41.76</b>	<b>48,116,340</b>	<b>48.12</b>

### (VII) Capital Management

- The objective of the Company's Capital Management is to maximise shareholder value, safeguard business continuity and support the growth of its subsidiaries. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated. The debt equity ratio is 0.16 as at March 31, 2021 (as at March 31, 2020 is 0.44)
- During the year ended March 31, 2021, the Company has not paid any dividend (for the year ended March 31, 2020 interim dividend of ₹ 0.90 per equity share amounting to ₹ 180.44 crore was paid).

### (VIII) Employee stock option scheme

- The Company has formulated Employee Stock Option Schemes 2010 (ESOP Scheme-2010) and 2013 (ESOP Scheme 2013). The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options allotted under the scheme 2010 are vested over a period of four years in the ratio of 15%, 20%, 30% and 35% respectively from the end of 12 months from the date of grant, subject to the discretion of the management and fulfillment of certain conditions. The options granted under the scheme 2013 are vested in a graded manner over a period of four years with 0%, 33%, 33% and 34% of grants vesting each year, commencing from the end of 24 months from the date of grant or w.e.f. July 10, 2019 vested in a graded manner over a period of four years with 25%, 25%, 25% and 25% of grants vesting each year, commencing from the end of 12 months from the date of grant.
- Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The 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.
- The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 can be exercised either at market price which was the last closing price on National stock exchange preceding the date of grant or w.e.f. July 10, 2019 ₹ 10 respectively.
- During the year ended March 31, 2021, 6,84,500 and 26,02,573 options were allotted under the scheme 2010 and 2013 respectively.
- The details of the grants are summarised below:

Particulars	Scheme 2010		Scheme 2013	
	2020-21	2019-20	2020-21	2019-20
Options granted and outstanding at the beginning of the year	2,920,500	4,952,000	45,195,840	41,634,600
Options granted during the year	-	245,000	2,131,627	15,663,240
Options cancelled/ lapsed during the year	307,500	1,259,250	4,892,793	6,764,000
Options exercised during the year	684,500	1,017,250	2,602,573	5,004,000
Options granted and outstanding at the end of the year of which:				
- Options vested	537,000	619,250	18,171,874	8,977,400
- Options yet to vest	1,391,500	2,301,250	21,660,227	36,218,440
Weighted average remaining contractual life of options (in years)	4.02	4.78	4.81	5.80

- During the year, the company has debited to the Statement of Profit and Loss ₹ 6.42 crore (previous year ₹ 14.91 crore) (net of recovery from its subsidiary companies during the year ₹ 48.09 crore (Previous year ₹ 73.72 crore)) towards the stock options granted to their employees, pursuant to the employee stock option schemes.

## Notes forming part of standalone financial statements

- Weighted average fair values of options granted during the year is ₹ 33.15 (Previous year: ₹ 108.82) per options.
- The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Particulars	2020-21	2019-20
Weighted average risk-free interest rate	2.70%	6.10%
Weighted average expected life of options	1.73 years	2.94 years
Weighted average expected volatility	25.26%	35.28%
Weighted average expected dividend over the life of the options (₹)	1.68 per option	3.25 per option
Weighted average share price (₹)	39.61 per option	120.25 per option
Weighted average exercise price (₹)	5.82 per option	10.53 per option
Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option.	

**23 Other equity** (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Retained earning <sup>1</sup>	124.04	31.68
Securities premium account <sup>2</sup>	7,707.39	5,144.13
Reserve u/s 45 1C of RBI Act 1934 <sup>3</sup>	497.84	474.63
General reserve <sup>4</sup>	6.87	3.96
Employee stock option outstanding	171.37	234.39
Deferred employee compensation expense	28.39	(53.12)
Employee stock option outstanding account <sup>5</sup>	199.76	181.27
Impairment reserve <sup>6</sup>	4.94	4.35
<b>Total</b>	<b>8,540.84</b>	<b>5,840.02</b>

**Notes:**

- 1. Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company.
- 2. Securities premium account:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium account. The account is utilised in accordance with the provisions of the Companies Act 2013.
- 3. Reserve u/s 45 IC of the Reserve Bank of India Act, 1934:** The Company created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared.
- 4. General reserve:** Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- 5. Employee stock option outstanding account:** The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary companies under Company's employee stock option scheme.
- 6. Impairment reserve:** As per the RBI circular RBI/2019-20/170 dated March 13, 2020, where the guidelines require NBFCs to hold impairment allowances as required by Ind AS. In parallel NBFCs are required to compute provisions as per extant prudential norms on Income Recognition, Asset Classification

## Notes forming part of standalone financial statements

and Provisioning (IRACP). A comparison, as prescribed, between provisions required under IRACP and impairment allowances made under Ind AS 109 is required to be disclosed by NBFCs in the notes to their financial statements to provide a benchmark to their Boards, RBI supervisors and other stakeholders, on the adequacy of provisioning for credit losses. Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs are required to appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

**24 Interest income** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Financial assets measured at amortised cost:</b>		
Interest on loans	68.78	88.91
Interest on deposits with banks	4.52	-
<b>Total</b>	<b>73.30</b>	<b>88.91</b>

**25 Dividend income** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Dividend from subsidiaries	97.96	386.37
<b>Total</b>	<b>97.96</b>	<b>386.37</b>

**26 Net gain on fair value changes** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Net gain on financial instruments at fair value through profit or loss</b>		
On trading portfolio		
- Gain on sale of investments*	-	0.16
<b>Total net gain on fair value changes</b>	<b>-</b>	<b>0.16</b>
<b>Fair value changes:</b>		
-Realised*	-	0.16
<b>Total net gain on fair value changes</b>	<b>-</b>	<b>0.16</b>

\* amount less than ₹ 50,000

**27 Other income** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income from cross sell	-	20.00
Management fees	17.94	26.92
Interest on income tax refund	2.20	-
Other income	0.02	0.02
<b>Total</b>	<b>20.16</b>	<b>46.94</b>

## Notes forming part of standalone financial statements

**28 Finance cost** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>On financial liabilities measured at amortised cost</b>		
Interest on borrowings (other than debt securities)	2.68	0.13
Interest on debt securities	90.34	82.41
Interest on subordinated liabilities	95.96	113.22
Other interest expenses	3.98	4.99
<b>Total</b>	<b>192.96</b>	<b>200.75</b>

**29 Impairment on financial instruments** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>On financial instruments measured at amortised cost:</b>		
Loans	0.03	0.12
Investments	7.56	-
<b>Total</b>	<b>7.59</b>	<b>0.12</b>

**30 Employee benefits expenses** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries	6.55	11.10
Contribution to provident fund	0.29	0.30
Contribution to gratuity (refer note 40)	0.14	0.12
Contribution to superannuation fund	0.25	0.24
Share based payment to employees	6.42	14.91
Staff welfare expenses	0.05	0.05
<b>Total</b>	<b>13.70</b>	<b>26.72</b>

**31 Depreciation, amortization and impairment** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment	0.32	0.21
Depreciation on right of use assets	0.26	0.27
<b>Total</b>	<b>0.58</b>	<b>0.48</b>

## Notes forming part of standalone financial statements

**32 Other expenses** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent rates & taxes	0.25	1.20
Auditor's remuneration (refer note below)	0.28	0.29
Legal and professional charges	5.28	3.33
Repairs and maintenance	0.09	0.47
Directors sitting fees	0.46	0.30
Advertising and publicity	0.07	0.73
Telephone and postage	0.02	0.01
Printing and stationery	0.05	0.75
Listing & custodian charges	1.09	1.16
Brand license fees incl. ico	3.06	-
Remuneration to non executive directors	0.96	1.17
Travelling and conveyance	0.06	0.44
Membership fees	0.08	0.05
Corporate social responsibility expenses (refer note 34)	-	-
Donations (refer note 47)	0.03	0.02
Miscellaneous expenses	0.70	0.65
<b>Total</b>	<b>12.48</b>	<b>10.57</b>

**Auditor's remuneration**

Audit fees	0.10	0.10
Limited review fees	0.10	0.10
Tax audit fees	0.01	0.01
Certification for issue of right shares	1.06	-
Other services	0.07	0.08
Less: Adjusted against securities premium account	(1.06)	-
<b>Total</b>	<b>0.28</b>	<b>0.29</b>

**33 Particulars in respect of loan to related parties and investment in subsidiaries as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**
**(a) Particulars in respect of loans and advances in the nature of loans given to subsidiaries:**

S. No.	Name of subsidiaries	Balance as at*		Maximum outstanding during	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
1	L&T Infrastructure Finance Company Limited #	-	-	-	1,065.86
2	L&T Finance Limited #	1,075.54	789.55	1,565.04	1,350.92
3	L&T Housing Finance Limited #	-	-	-	747.50
4	L&T Capital Markets (Middle East) Limited \$	-	7.64	7.17	15.66
5	L&T Financial Consultant Limited	221.90	345.61	351.58	402.72
	<b>Total</b>	<b>1,297.44</b>	<b>1,142.80</b>	<b>1,923.78</b>	<b>3,582.66</b>

\* above figures include interest accrued

## Notes forming part of standalone financial statements

### (b) Particulars in respect of investment in subsidiaries

S. No.	Name of subsidiaries	Balance as at	
		March 31, 2021	March 31, 2020
1	L&T Infrastructure Finance Company Limited #	-	4,425.49
2	L&T Finance Limited #	9,037.47	3,469.10
3	L&T Housing Finance Limited #	-	1,142.88
4	L&T Infra Debt Fund	145.75	145.75
5	L&T Investment Management Limited	867.56	867.56
6	L&T Capital Markets Limited \$	-	-
7	L&T Capital Markets (Middle East) Limited \$	-	-
8	L&T Financial Consultant Limited	18.75	18.75
9	L&T Mutual Fund Trustee Company Limited	0.15	0.15
	<b>Total</b>	<b>10,069.68</b>	<b>10,069.68</b>

\$ refer note 44

# Amalgamation of L&T Infrastructure Finance Company Limited ("LTIFC"), L&T Housing Finance Limited ("LTHFC") and L&T Finance Limited ("LTFI"):

Pursuant to order of National Company Law Tribunal Benches, Mumbai and Kolkata dated March 15, 2021 and March 19, 2021 respectively, the scheme of amalgamation for merger of LTIFC and LTHFC (wholly owned subsidiaries of the Company) with LTFI is effected from April 12, 2021. As a consequence, effective April 12, 2021, LTIFC and LTHFC stands merged with LTFI with appointed date being April 01, 2020.

### 34 Disclosure pertaining to corporate social responsibility expenses

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year is Nil (previous year nil)

### 35 Disclosure pursuant to Ind AS 116 "Leases"

#### I) Rights to use assets

(₹ in crore)

Particulars	2020-21	2019-20
Opening balance	0.38	0.65
Add: Additions during the year	-	-
Less: Deductions during the year	(0.12)	-
Less: Depreciation during the year	(0.26)	(0.27)
<b>Closing balance</b>	<b>-</b>	<b>0.38</b>

#### II) Lease liability

(₹ in crore)

Particulars	2020-21	2019-20
Opening balance	0.42	0.67
Add: Additions during the year	-	-
Less: Deductions during the year	(0.14)	-
Add: Interest accrued during the year	0.02	0.05
Less: Principal repayment during the year	(0.30)	(0.30)
<b>Closing balance</b>	<b>-</b>	<b>0.42</b>

#### III) Low Value Leases/Short Term Leases

##### Expenses recognised during the year for

(₹ in crore)

Particulars	2020-21	2019-20
-Low Value Assets	-	-
-Short term Leases	0.22	1.06

##### Actual Cashflow during the year for

(₹ in crore)

Particulars	2020-21	2019-20
-Low Value Assets	-	-
-Short term Leases	0.22	1.06

## Notes forming part of standalone financial statements

### 36 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures": Financial risk management

The Company being a Core Investment Company as per the Core Investment Companies (RBI) Directions, 2016 is required to invest or lend majority of its fund to subsidiaries. The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inter corporate deposits, loans, cash and cash equivalents and other receivables.

The Company is exposed to market risk, credit risk, equity price risk, and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Committee provides assurance to the Company's senior management. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The major risks are summarised below:

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. In the case of the Company, market risk primarily impacts financial instruments measured at fair value through profit or loss.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rate as it has debt obligations with fixed interest rates which are measured at amortised cost.

#### Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities towards inter corporate deposits to subsidiaries, where no significant impact on credit risk has been identified.

#### Equity price risk:

The Company's investment in non-listed equity securities are accounted at cost in the financial statement net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.

#### Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. The Company manages its liquidity requirement by analysing the maturity pattern of the Company's cash flow of financial assets and financial liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through issuance of equity shares, commercial paper etc. The Company invests its surplus funds in debt schemes of mutual funds, which carry low mark to market risks.



## Notes forming part of standalone financial statements

## 37 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures":

## (a) Category-wise classification for applicable financial assets and financial liabilities:

(₹ in crore)

Particulars	As at March 31, 2021		As at March 31, 2020	
	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>Financial assets</b>				
Cash and cash equivalents	-	1,398.10	-	0.58
Bank balance other than above	-	29.89	-	2.64
Trade receivables	-	18.16	-	-
Loans	-	1,297.19	-	1,142.58
Other financial assets	-	3.48	-	6.57
<b>Total financial assets</b>	-	<b>2,746.82</b>	-	<b>1,152.37</b>
<b>Financial liabilities</b>				
Trade payables	-	-	-	-
Other payables	-	8.74	-	7.51
Debt securities	-	652.98	-	1,462.68
Borrowings (other than debt securities)	-	-	-	280.11
Subordinated liabilities	-	1,120.24	-	1,717.84
Lease liability	-	-	-	0.42
Other financial liabilities	-	9.52	-	11.83
<b>Total financial liabilities</b>	-	<b>1,791.48</b>	-	<b>3,480.39</b>

Note: No financial assets and liabilities have been measured at fair value through other comprehensive income

## (b) Fair value of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Loans*	1,297.19	1,297.19	1,142.58	1,142.58
<b>Total financial assets</b>	<b>1,297.19</b>	<b>1,297.19</b>	<b>1,142.58</b>	<b>1,142.58</b>
<b>Financial liabilities</b>				
Debt securities	652.98	667.89	1,462.68	1,463.75
Borrowings (other than debt securities):				
Cash credit	-	-	5.00	5.00
Inter corporate borrowings	-	-	275.11	278.70
Subordinated liabilities	1,120.24	1,154.93	1,717.84	1,704.47
Lease liability	-	-	0.42	0.42
<b>Total financial liabilities</b>	<b>1,773.22</b>	<b>1,822.82</b>	<b>3,461.05</b>	<b>3,452.34</b>

**Note:** Carrying amounts of cash and cash equivalents, other bank balances, trade receivables, other financial assets, trade payables, other payables, lease liabilities, and other financial liabilities as at March 31, 2021 and March 31, 2020 approximate the fair value because of their short term nature. The carrying amounts of loans given and borrowings taken for short term are considered to be close to the fair value.

\* In the absence of unobservable market for these loan assets, the fair value have been determined from the perspective of the Company's asset considering the changes in performance and risk indicators (including delinquencies and interest rate)

## Notes forming part of standalone financial statements

## (c) Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

As at March 31, 2021	Level 1	Level 2	Level 3	Total	Valuation Technique for level 3 items
<b>Financial assets</b>					
Loans	-	-	1,297.19	1,297.19	Carrying value approximately equal to fair value
<b>Total financial assets</b>	-	-	<b>1,297.19</b>	<b>1,297.19</b>	
<b>Financial liabilities</b>					
Debt securities	-	-	667.89	667.89	Discounted cashflow approach
Borrowings (other than debt securities)	-	-	-	-	
Cash credit	-	-	-	-	
Inter corporate borrowings	-	-	-	-	
Subordinated liabilities	-	-	1,154.93	1,154.93	Discounted cashflow approach
Lease liability	-	-	-	-	
<b>Total financial liabilities</b>	-	-	<b>1,822.82</b>	<b>1,822.82</b>	
<b>As at March 31, 2020</b>					
<b>Financial assets</b>					
Loans	-	-	1,142.58	1,142.58	Carrying value approximately equal to fair value
<b>Total financial assets</b>	-	-	<b>1,142.58</b>	<b>1,142.58</b>	
<b>Financial liabilities</b>					
Debt securities	-	-	1,463.75	1,463.75	Discounted cashflow approach
Borrowings (other than debt securities)	-	-	5.00	5.00	Discounted cashflow approach
Cash credit	-	-	278.70	278.70	Discounted cashflow approach
Inter corporate borrowings	-	-	-	-	
Subordinated liabilities	-	-	1,704.47	1,704.47	Discounted cashflow approach
Lease liability	-	-	0.42	0.42	Carrying value approximately equal to fair value
<b>Total financial liabilities</b>	-	-	<b>3,452.34</b>	<b>3,452.34</b>	

## (d) Maturity profile of assets and liabilities

(₹ in crore)

Particulars	March 31, 2021			March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>						
Cash and cash equivalents	1,398.10	-	1,398.10	0.58	-	0.58
Bank balance other than above	29.89	-	29.89	2.64	-	2.64
Receivables	18.16	-	18.16	-	-	-
Loans	1,297.19	-	1,297.19	1,142.58	-	1,142.58
Investments	-	10,069.68	10,069.68	-	10,069.68	10,069.68
Other financial assets	3.48	-	3.48	6.57	-	6.57
<b>Non-financial assets</b>						
Current tax assets (net)	-	20.47	20.47	-	30.45	30.45
Deferred tax assets (net)	-	0.34	0.34	-	0.29	0.29
Property, plant and equipment	-	0.93	0.93	-	0.58	0.58
Right to use asset	-	-	-	-	0.38	0.38
Other non-financial assets	1.38	0.06	1.44	1.17	-	1.17
Group(s) of assets classified as held for sale	-	-	-	82.90	-	82.90
<b>Total</b>	<b>2,748.20</b>	<b>10,091.48</b>	<b>12,839.68</b>	<b>1,236.44</b>	<b>10,101.38</b>	<b>11,337.82</b>

## Notes forming part of standalone financial statements

(₹ in crore)

Particulars	March 31, 2021			March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial liabilities</b>						
Payables	8.74	-	8.74	-	-	-
Debt securities	457.98	195.00	652.98	1,462.68	-	1,462.68
Borrowings (other than debt securities)	-	-	-	5.00	275.11	280.11
Subordinated liabilities	249.65	870.59	1,120.24	599.85	1,117.99	1,717.84
Lease liability	-	-	-	0.29	0.13	0.42
Other financial liabilities	9.52	-	9.52	11.83	-	11.83
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	21.08	6.90	27.98	8.49	-	8.49
Provisions	0.27	0.85	1.12	0.26	1.29	1.55
Other non-financial liabilities	8.81	-	8.81	2.54	-	2.54
<b>Total</b>	<b>756.05</b>	<b>1,073.34</b>	<b>1,829.39</b>	<b>2,090.94</b>	<b>1,394.52</b>	<b>3,485.46</b>

(e) The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities:

The amounts disclosed in the table are the contractual undiscounted cash flows:

(₹ in crore)

Particulars	March 31, 2021			March 31, 2020		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
<b>Non-derivatives</b>						
Borrowings	700.00	1,069.10	1,769.10	2,105.00	1,399.10	3,504.10
Borrowing future interest	95.92	94.04	189.96	-	46.00	46.00

(f) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

- Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in crore)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Variable rate borrowings	-	5.00
Fixed rate borrowings	1,769.10	3,499.10
<b>Total borrowings</b>	<b>1,769.10</b>	<b>3,504.10</b>

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

Particulars	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rate (%)	Balance (₹ in crore)	% of total loans	Weighted average interest rate (%)	Balance (₹ in crore)	% of total loans
Borrowings	-	-	-	12.00%	5.00	0.14%
Net exposure to cash flow interest rate risk	-	-	-	12.00%	5.00	0.14%

## Notes forming part of standalone financial statements

An analysis by maturities is provided in above note. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

Particulars	Impact on profit after tax		Impact on other components of equity	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Interest rates – increase by 25 basis points *	-	(0.01)	-	(0.01)
Interest rates – decrease by 25 basis points*	-	0.01	-	0.01

\* Impact on P/L upto 1 year, holding all other variables constant

(g) Expected credit loss - loans

(₹ in crore)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Estimated gross carrying amount at default	Expected Credit Loss	Carrying amount net of impairment provision	Estimated gross carrying amount at default	Expected Credit Loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses: Financial assets for which credit risk has not increased significantly since initial recognition	1,297.44	0.25	1,297.19	1,142.80	0.22	1,142.58

Reconciliation of loss allowance provision - Loans:

Particulars	Stage 1	Stage 2	Stage 3
<b>Loss allowance as on March 31, 2019</b>	<b>0.10</b>	-	-
New assets originated or purchased	-	-	-
Amount written off	-	-	-
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Impact on ECL of exposure transferred between stages during the year	-	-	-
Increase / (decrease) in provision on existing financial assets (net of recovery)	0.12	-	-
<b>Loss allowance as on March 31, 2020</b>	<b>0.22</b>	-	-
New assets originated or purchased	-	-	-
Amount written off	-	-	-
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Impact on ECL of exposure transferred between stages during the year	-	-	-
Increase / (decrease) in provision on existing financial assets (net of recovery)	0.03	-	-
<b>Loss allowance as on March 31, 2021</b>	<b>0.25</b>	-	-

## Notes forming part of standalone financial statements

### Reconciliation of gross carrying amount - Loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3
<b>Gross carrying amount as at March 31, 2019</b>	<b>564.08</b>	-	-
New assets originated or purchased	-	-	-
Amount written off	-	-	-
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Further disbursement net of repayment	578.72	-	-
<b>Gross carrying amount as at March 31, 2020</b>	<b>1,142.80</b>	-	-
New assets originated or purchased	-	-	-
Amount written off	-	-	-
Transfers to Stage 1	-	-	-
Transfers to Stage 2	-	-	-
Transfers to Stage 3	-	-	-
Further disbursement net of repayment	154.64	-	-
<b>Gross carrying amount as at March 31, 2021</b>	<b>1,297.44</b>	-	-

### 38 Disclosure pursuant to Ind AS 108 "Operating segment"

The company operates mainly in the business segment of investment activity. As such there are no reportable segments as per IND AS 108 on operating segment.

### 39 Disclosure pursuant to Ind AS 12 "Income Taxes"

#### (a) Major components of tax expense/(income):

(₹ in crore)

S. No.	Particulars	2020-21	2019-20
	<b>Statement of profit or loss:</b>		
(a)	<b>Profit or loss section:</b>		
	(i) Current income tax :		
	Current income tax expense	72.79	16.35
	Tax expense in respect of earlier years	-	(32.80)
		72.79	(16.45)
	(ii) Deferred tax:		
	Tax expense on origination and reversal of temporary differences	(0.05)	33.14
	Effect on deferred tax balances due to the change in income tax rate [refer note 39 (d)]	-	0.24
		(0.05)	33.39
	<b>Income tax expense reported in the statement of profit and loss [(i)+(ii)]</b>	<b>72.74</b>	<b>16.93</b>
(b)	<b>Other Comprehensive Income (OCI) section:</b>		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	-	-
	On re-measurement of defined benefit plans	-	-
	(B) Deferred tax expense/(income):		
	On re-measurement of defined benefit plans	-	-
	<b>Income tax expense reported in the other comprehensive income [(i)+(ii)]</b>	<b>-</b>	<b>-</b>

## Notes forming part of standalone financial statements

### (b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

(₹ in crore)

S.No.	Particulars	2020-21	2019-20
(a)	<b>Profit before tax</b>	<b>188.79</b>	<b>283.74</b>
(b)	Corporate tax rate as per Income tax Act, 1961	25.168%	25.168%
(c)	Tax on accounting profit (c)=(a)*(b)	<b>47.51</b>	<b>71.41</b>
(d)	(i) Tax on Income exempt from tax :	-	(97.24)
	(ii) Tax on expense not tax deductible:	33.38	42.52
	(iii) Tax on Income which are taxed at different rates	(8.15)	-
	<b>Total effect of tax adjustments [(i) to (iii)]</b>	<b>25.23</b>	<b>(54.72)</b>
(e)	<b>Tax expense (before one-time deferred tax impact) (e)=(c)+(d)</b>	<b>72.74</b>	<b>16.69</b>
(f)	<b>Effective tax rate (before one-time deferred tax impact) (f)=(e)/(a)</b>	<b>38.53%</b>	<b>5.88%</b>
(g)	Effect on deferred tax due to change in Income tax rate	-	0.24
(h)	<b>Tax expense recognised during the year (h)=(e)+(g)</b>	<b>72.74</b>	<b>16.93</b>
(i)	<b>Effective tax Rate (f)=(h)/(a)</b>	<b>38.53%</b>	<b>5.97%</b>

### (c) Major components of deferred tax liabilities and deferred tax assets:

(₹ in crore)

Particulars	Deferred tax (liabilities)/ assets as at April 01, 2020	Charge/(credit) to Statement of Profit and Loss	Deferred tax (liabilities)/ assets as at March 31, 2021
<b>Deferred tax (liabilities):</b>			
-Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	0.02	0.04	0.06
Net deferred tax (liabilities)	0.02	0.04	0.06
<b>Deferred tax assets:</b>			
-Impairment on financial instruments *	0.06	0.00	0.06
-Defined benefit obligation *	0.07	(0.00)	0.07
- Provision for expenses *	0.15	(0.00)	0.15
- Others	(0.01)	0.01	-
Net deferred tax assets	0.27	0.01	0.28
<b>Net deferred tax (liability)/assets</b>	<b>0.29</b>	<b>0.05</b>	<b>0.34</b>

\* amount less than ₹ 50,000

(₹ in crore)

Particulars	Deferred tax (liabilities)/ assets as at April 01, 2019	Charge/(credit) to Statement of Profit and Loss	Deferred tax (liabilities)/ assets as at March 31, 2021
<b>Deferred tax (liabilities):</b>			
-Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	(0.01)	0.03	0.02
Net deferred tax (liabilities)	(0.01)	0.03	0.02
<b>Deferred tax assets:</b>			
-Impairment on financial instruments	0.04	0.02	0.06
-Unutilised MAT credit	32.80	(32.80)	-
-Defined benefit obligation	0.64	(0.57)	0.07
- Provision for expenses	0.20	(0.05)	0.15
- Others	-	(0.01)	(0.01)
Net deferred tax assets	33.67	(33.41)	0.27
<b>Net deferred tax (liability)/assets</b>	<b>33.66</b>	<b>(33.38)</b>	<b>0.29</b>

\* Amount less than ₹ 50,000

## Notes forming part of standalone financial statements

### 40 Disclosure pursuant to Ind AS 19 "Employee benefits":

#### (i) Defined contribution plans

The Company recognise charges of ₹ 0.29 crore (previous year ₹ 0.30 crore) as an expense for provident fund contribution and is included in Note 30 "employee benefits expenses" in the statement of profit and loss.

#### (ii) Defined benefits gratuity plans

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favorable compared to the obligation under the Payment of Gratuity Act, 1972.

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

(₹ in crore)

S. No.	Particulars	Gratuity Plan	
		As at March 31, 2021	As at March 31, 2020
<b>A)</b>	<b>Present Value of Defined Benefit Obligation</b>		
	- Wholly funded	1.50	1.38
	- Wholly unfunded	-	-
		<u>1.50</u>	<u>1.38</u>
	Less : Fair Value of plan assets	(1.46)	(0.90)
	Amount to be recognised as liability or (asset)	<u>0.04</u>	<u>0.48</u>
<b>B)</b>	<b>Amounts reflected in Balance Sheet</b>		
	Liabilities	0.04	0.48
	Assets	-	-
	<b>Net liability/(asset)</b>	<b>0.04</b>	<b>0.48</b>

#### b) The amounts recognised in the statement of profit and loss are as follows:

(₹ in crore)

S. No.	Particulars	Gratuity Plan	
		As at March 31, 2021	As at March 31, 2020
1	Current Service Cost	0.14	0.12
2	Interest Cost	0.02	0.01
3	Actuarial losses/(gains) - others	(0.10)	0.10
4	Actuarial losses/(gains) - difference between actuarial return on plan assets and interest income	(0.01)	0.01
	<b>Total (1 to 4)</b>	<b>0.05</b>	<b>0.24</b>
i	Amount included in "employee benefits expenses"	0.14	0.12
ii	Amount included in as part of "finance cost"	0.02	0.01
iii	Amount included as part of "Other Comprehensive income"	(0.11)	0.11
	<b>Total (i + ii + iii)</b>	<b>0.05</b>	<b>0.24</b>

## Notes forming part of standalone financial statements

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

(₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
Opening balance of the present value of defined benefit obligation	1.38	1.08
Add : Current Service Cost	0.14	0.12
Add : Interest Cost	0.08	0.08
Add : Actuarial losses/(gains)		
i) Actuarial (gains)/losses arising from changes in financial assumptions	0.03	0.07
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
ii) Actuarial (gains)/losses arising from changes in experience adjustments	(0.13)	0.03
Less: Benefits paid	-	-
Add : Liability assumed/(settled)	-	-
<b>Closing balance of the present value of defined benefit obligation</b>	<b>1.50</b>	<b>1.38</b>

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

(₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
Opening balance of the fair value of the plan assets	0.90	0.83
Add : interest income of plan assets	0.06	0.07
Add/(less) : Actuarial gains/(losses)	0.01	(0.01)
Add : Contribution by the employer	0.49	0.01
Less : Benefits paid	-	-
<b>Closing balance of plan assets</b>	<b>1.46</b>	<b>0.90</b>

### e) The fair value of major categories of plan assets are as follows:

(₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
1 Insurer managed funds (unquoted)	1.46	0.90

### f) Principal actuarial assumptions at the valuation date:

(₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
1 Discount rate (per annum)	5.00%	5.70%
2 Salary escalation rate (per annum)	9.00%	9.00%

#### Discount Rate:

The discount rate based on the prevailing market yield of Indian government securities at the balance sheet date for the estimated term of the obligations.

#### Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

## Notes forming part of standalone financial statements

**g) Sensitivity Analysis:**

One percentage point change in actuarial assumption would have the following effects on the defined benefit obligation:

S. No.	Particulars	Effect of 1% decrease	
		2020-21	2019-20
1	Discount rate (per annum)	0.04	0.05
2	Salary escalation rate (per annum)	(0.04)	(0.05)
		Effect of 1% increase	
3	Discount rate (per annum)	(0.04)	(0.05)
4	Salary escalation rate (per annum)	0.04	0.05

**g) Attrition rate:**

The attrition rate varies from 0% to 1% (previous year: 0% to 1%) for various age groups.

**h) Mortality rate:**

Published rates under the Indian Assured Lives Mortality (2012-14) Ult table.

**Provident fund**

The Company's state governed provident fund scheme are defined contribution plan for its employees. The Contribution by the employer and employee together with interest accumulated there on are payable to the employee at the time of separation from company or retirement whichever is earlier. The benefit vests immediately on rendering of services by the employee.

**41 Disclosure of related parties/related party transactions pursuant to Ind AS 24 "Related Party Disclosures"**
**(a) Name of the related parties and description of relationship:**

S. No	Particulars	Relationship
1	Larsen & Toubro Limited	Holding Company
2	L&T Infrastructure Finance Company Limited #	Subsidiary Company
3	L&T Financial Consultants Limited	Subsidiary Company
4	L&T Investment Management Limited	Subsidiary Company
5	L&T Housing Finance Limited #	Subsidiary Company
6	L&T Finance Limited #	Subsidiary Company
7	L&T Capital Markets Limited *	Subsidiary Company
8	L&T Infra Debt Fund Limited	Subsidiary Company
9	L&T Capital Markets (Middle East) Limited \$	Subsidiary Company
10	Mr. Dinanath Dubhashi (re-appointed as a Managing Director and Chief Executive Officer w.e.f April 14, 2021)	Managing Director & Chief Executive Officer
11	Dr. Rajani R. Gupte	Independent director
12	Mr. Harsh Mariwala (ceased to be director w.e.f. April 1, 2019)	Independent director
13	Mr. P. V. Bhide (re-appointed as an Independent Director w.e.f April 1, 2019)	Independent director
14	Mr. Pavninder Singh	Nominee director
15	Mr. Prabhakar B.	Non-executive director
16	Mr. S. V. Haribhakti (re-appointed as an Independent Director w.e.f. April 1, 2019)	Non-executive chairman (Independent director)
17	Mr. Thomas Mathew T. (re-appointed as an Independent Director w.e.f July 1, 2020)	Independent director
18	Ms. Nishi Vasudeva	Independent director
19	Mr. R. Shankar Raman	Non-executive director

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

## Notes forming part of standalone financial statements

# Amalgamation of L&T Infrastructure Finance Company Limited ("LTIFC"), L&T Housing Finance Limited ("LTHFC") and L&T Finance Limited ("LTFL"): Pursuant to order of National Company Law Tribunal Benches, Mumbai and Kolkata dated March 15, 2021 and March 19, 2021 respectively, the scheme of amalgamation for merger of LTIFC and LTHFC (wholly owned subsidiaries of the Company) with LTFL is effected from April 12, 2021. As a consequence, effective April 12, 2021, LTIFC and LTHFC stands merged with LTFL with appointed date being April 01, 2020.

During the year ended March 31, 2021, there was a divestment of entire stake in the subsidiary company, L&T Capital Markets Limited. The transaction was concluded on April 24, 2020.

\$ During the year ended March 31, 2021, L&T Capital Markets (Middle East) Limited, a wholly owned subsidiary incorporated in Dubai has been dissolved and ceased to exist, with effect from December 17, 2020.

**(b) Related parties transactions:**

S. No.	Nature of Transactions	₹ in crore)	
		2020-21	2019-20
1	<b>Subscription to equity shares of</b>		
	L&T Infrastructure Finance Company Limited #	-	1,000.00
	L&T Capital Markets (Middle East) Limited	2.52	6.39
2	<b>Inter corporate deposits disbursed</b>		
	L&T Infrastructure Finance Company Limited #	-	5,549.30
	L&T Finance Limited #	8,165.70	9,034.37
	L&T Housing Finance Limited #	-	1,417.50
	L&T Capital Markets (Middle East) Limited	-	14.28
	L&T Financial Consultants Limited	2,212.44	2,300.68
3	<b>Inter corporate deposits repaid (including interest)</b>		
	L&T Infrastructure Finance Company Limited #	-	5,549.30
	L&T Finance Limited #	7,879.72	8,412.41
	L&T Housing Finance Limited #	-	1,417.50
	L&T Capital Markets (Middle East) Limited	7.64	22.77
	L&T Financial Consultants Limited	2,336.15	2,319.06
4	<b>Professional fees expense</b>		
	Larsen & Toubro Limited	0.06	0.05
5	<b>Rent &amp; maintenance expenditure</b>		
	L&T Financial Consultants Limited	0.28	1.49
6	<b>Reimbursement of expense to / (from)</b>		
	Larsen & Toubro Limited	0.02	0.05
	L&T Finance Limited #	-	(0.32)
	L&T Capital Markets Limited	-	0.46
	L&T Capital Markets (Middle East) Limited	-	0.23
7	<b>ESOP charges recovered</b>		
	L&T Infrastructure Finance Company Limited #	-	9.31
	L&T Finance Limited #	41.64	44.66
	L&T Housing Finance Limited #	-	7.21
	L&T Infra Debt Fund Limited	2.12	1.86
	L&T Investment Management Limited	8.93	3.79
	L&T Capital Markets Limited	(5.17)	6.00
	L&T Financial Consultants Limited	0.57	0.89
8	<b>Inter corporate borrowings taken</b>		
	L&T Investment Management Limited	-	275.00

## Notes forming part of standalone financial statements

		(₹ in crore)	
S. No.	Nature of Transactions	2020-21	2019-20
9	<b>Inter corporate borrowings repaid (including interest)</b>		
	L&T Investment Management Limited	277.47	-
10	<b>Interest income on inter corporate deposit</b>		
	L&T Infrastructure Finance Company Limited #	-	24.46
	L&T Finance Limited #	43.18	27.51
	L&T Housing Finance Limited #	-	1.32
	L&T Financial Consultants Limited	25.30	34.35
	L&T Capital Markets (Middle East) Limited	0.30	1.27
11	<b>Interest expense on inter corporate borrowings</b>		
	L&T Investment Management Limited	2.67	0.12
12	<b>Management fees income</b>		
	L&T Infrastructure Finance Company Limited #	-	6.46
	L&T Finance Limited #	16.14	12.92
	L&T Housing Finance Limited #	-	4.30
	L&T Infra Debt Fund Limited	0.90	1.35
	L&T Investment Management Limited	0.90	1.35
	L&T Capital Markets Limited	-	0.54
13	<b>Dividend income</b>		
	L&T Finance Limited #	-	183.90
	L&T Housing Finance Limited #	-	37.21
	L&T Investment Management Limited	97.96	123.39
	L&T Financial Consultants Limited	-	31.41
	L&T Capital Markets Limited	-	10.46
14	<b>Payment / (Repayment) of security deposit</b>		
	L&T Financial Consultants Limited	(0.42)	0.28
15	<b>Brand license fee to</b>		
	Larsen & Toubro Limited	2.89	-
16	<b>Issue of equity shares on account of rights issue</b>		
	Larsen & Toubro Limited	1,907.65	-
17	<b>Sale of investments in subsidiary</b>		
	L&T Capital Markets Limited	71.10	-
	L&T Capital Markets (Middle East) Limited	14.32	-
18	<b>Remuneration to key management personnel</b>		
	<b>Short-term employee benefits paid to:</b>		
	Mr. Dinanath Dubhashi	5.76	11.30
	Dr. (Mrs) Rajani R. Gupte	0.12	0.05
	Mr. P. V. Bhide	0.19	0.12
	Mr. Pavninder Singh	0.21	0.10
	Mr. Prabhakar B.	0.14	0.08
	Mr. S. V. Haribhakti	0.59	0.47
	Mr. Thomas Mathew T.	0.23	0.16
	Ms. Nishi Vasudeva	0.14	0.10

## Notes forming part of standalone financial statements

## (c) Amount due to/from related parties:

		(₹ in crore)	
S. No.	Nature of Transactions	2020-21	2019-20
1	<b>Receivable from/ (payable to)</b>		
	L&T Finance Limited #	17.46	(7.45)
	L&T Housing Finance Limited #	-	(0.02)
	L&T Infra Debt Fund	0.70	-
	L&T Investment Management Limited	(5.41)	-
	L&T Financial Consultants Limited	(0.23)	-
	Larsen & Toubro Limited	(3.10)	(0.04)
2	<b>Outstanding balance of inter corporate deposits given (including interest accrued)</b>		
	L&T Finance Limited #	1,075.54	789.55
	L&T Capital Markets (Middle East) Limited	-	7.64
	L&T Financial Consultants Limited	221.90	345.61
3	<b>Security deposit given to</b>		
	L&T Financial Consultants Limited	0.11	0.53
4	<b>Outstanding balance of inter corporate borrowings (including interest accrued)</b>		
	L&T Investment Management Limited	-	275.11

## 42 Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share":

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Basic</b>			
Profit after tax (₹ crore)	A	116.05	266.81
Weighted average number of equity shares outstanding during the year (Nos.)	B	2,164,026,642	2,124,332,430
<b>Basic earning per share (₹)</b>	<b>A/B</b>	<b>0.54</b>	<b>1.26</b>
<b>Diluted</b>			
Profit after tax (₹ crore)	A	116.05	266.81
Weighted average number of equity shares outstanding during the year (Nos.)	B	2,164,026,642	2,124,332,430
Add: Weighted average no. of potential equity shares on account of employee stock options (Nos.)	C	6,473,167	9,530,828
Weighted average number of shares outstanding for diluted EPS (Nos.)	D=B+C	2,170,499,809	2,133,863,258
<b>Diluted earnings per share (₹)</b>	<b>A/D</b>	<b>0.53</b>	<b>1.25</b>
Face value of shares (₹)		10.00	10.00

## Notes forming part of standalone financial statements

### 43 Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:

(₹ in crore)

Particulars	April 1, 2020	Cash flows	Changes in fair values	Others	March 31, 2021
Debt Securities	1,462.68	(818.93)	-	9.23	652.98
Borrowings (other than debt securities)	280.11	(280.11)	-	-	-
Subordinated debt	1,717.84	(600.00)	-	2.40	1,120.24

(₹ in crore)

Particulars	April 1, 2019	Cash flows	Changes in fair values	Others	March 31, 2020
Debt Securities	1,162.49	300.19	-	-	1,462.68
Borrowings (other than debt securities)	4.99	275.01	-	0.11	280.11
Subordinated debt	1,032.29	689.70	-	(4.15)	1,717.84

### 44 Disclosure pursuant to Ind AS 105 "Non-current assets held for sale and discontinued operations":

(₹ in crore)

Particulars	As at 31-03-2020	As at 31-03-2019
Investments held for sale	-	82.90

Investment held for sale as at March 31, 2020 included equity investment in wholly owned subsidiary company, L&T Capital Markets Limited (LTCM) at ₹ 71.10 Crore. L&T Finance Holdings Limited ("The Holding Company") had entered into a definitive share purchase agreement dated August 28, 2019 with IIFL Wealth Finance Limited to sell 100% shareholdings of LTCM at a base purchase consideration as per agreement. The necessary regulatory approvals from the Department of Economic Affairs, Ministry of Finance were received on April 8, 2020 and consequently the deal has been concluded on April 24, 2020.

Investment held for sale as at March 31, 2020 also included equity investment in wholly owned subsidiary company, L&T Capital Markets (Middle East) Limited (LTCM-ME), a wholly owned subsidiary incorporated in Dubai, at ₹ 11.80 Crore. During the year ended March 31, 2021, LTCM-ME, has been dissolved and ceased to exist, with effect from December 17, 2020.

### 45 Contingent liabilities and commitments (₹ in crore)

Particulars	2020-21	2019-20
Contingent liabilities	-	-

### 46 Expenditure in foreign currency (₹ in crore)

Nature of transactions	2020-21	2019-20
Professional and other fees (including reimbursement)	0.69	0.86
<b>Total</b>	<b>0.69</b>	<b>0.86</b>

### 47 Contribution to political parties during the year 2020-21 is ₹ Nil (previous year ₹ Nil).

## Notes forming part of standalone financial statements

### 48 Trade payable includes amount payable to Micro and Small Enterprises as follows: (₹ in crore)

Particulars	2020-21	2019-20
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
(ii) the amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year;	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

**Footnote:** The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company. Based on the information available with the Company, as at the year end, there are no dues to micro and small Enterprises that are reportable under the MSMED Act, 2006. The above information is provided by the management of the company and relied upon by the auditors.

### 49 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2021

### 50 Events after the reporting period

There have been no events after the reporting date that require disclosure in the financial statements.

### 51 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.

### 52 Disclosures in terms of RBI Master Direction for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Master Direction- Core Investment Companies (Reserve Bank) Directions, 2016 have been given under Annexure-I to these financial statements:

#### ANNEXURE-I

The disclosures as required by the RBI Master Directions has been prepared as per Indian Accounting Standards as mentioned in RBI circular RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

## Notes forming part of standalone financial statements

### 1) Exposure to Real Estate Sector

(₹ in crore)

Category	2020-21	2019-20
<b>a) Direct exposure</b>		
<b>(i) Residential Mortgages -</b>		
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)	-	-
<b>(ii) Commercial Real Estate -</b>		
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;	-	-
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures-</b>		
a. Residential	-	-
b. Commercial Real Estate	-	-
<b>b) Indirect exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

### 2) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

As at March 31, 2021

(₹ in crore)

Particulars	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	As at March 31, 2021
<b>Liabilities:</b>									
Borrowings from banks	-	-	-	-	-	-	-	-	-
Market Borrowings	200.00	250.00	-	-	250.00	1,069.10	-	-	1,769.10
<b>Assets:</b>									
Advances	647.82	-	-	43.60	602.67	-	-	-	1,294.09
Investments	-	-	-	-	-	-	-	10,069.68	10,069.68

**Footnote:** The above bucketing has been arrived on the extant regulatory guidelines and the policy approved by the Board of Directors at its meeting held on January 15, 2021.

**Liabilities side:**

### 3) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid

(₹ in crore)

S. No.	Particulars	As at March 31, 2021		As at March 31, 2020	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(a)	Debentures:				
	Secured	-	-	-	-
	Unsecured (Other than falling within the meaning of Public Deposits)	204.23	-	-	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	-	-	-	-
(d)	Inter-Corporate Loans and borrowings	-	-	275.11	-
(e)	Commercial Paper (net of unexpired discount charges)	448.75	-	1,462.68	-
(f)	Other Loans	-	-	-	-
	- Cash Credit	-	-	5.00	-
	- Subordinated Liabilities	1,120.24	-	1,717.84	-

## Notes forming part of standalone financial statements

**Assets side:**

### 4) Break-up of Loans and Advances including bills receivables [Other than those included in (5) below]

(₹ in crore)

S. No.	Particulars	As at March 31, 2021 Amount outstanding	As at March 31, 2020 Amount outstanding
(a)	Secured	-	-
(b)	Unsecured	1,297.44	1,142.80

### 5) Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities

(₹ in crore)

S. No.	Particulars	As at March 31, 2021 Amount outstanding	As at March 31, 2020 Amount outstanding
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial Lease	-	-
	(b) Operating Lease	-	-
(ii)	Stock on hire including hire charges under sundry debtors		
	(a) Assets on Hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

### 6) Break-up of Investments

(₹ in crore)

S. No.	Particulars	As at March 31, 2021 Amount outstanding	As at March 31, 2020 Amount outstanding
	<b>Current investments</b>		
<b>1</b>	<b>Quoted</b>		
	i. Shares: a. Equity	-	-
	b. Preference	-	-
	ii. Debentures and bonds	-	-
	iii. Units of mutual funds	-	-
	iv. Government securities	-	-
	v. Others	-	-
<b>2</b>	<b>Unquoted</b>		
	i. Shares: a. Equity	-	-
	b. Preference	-	-
	ii. Debentures and bonds	-	-
	iii. Units of mutual funds	-	-
	iv. Government securities	-	-
	v. Others	-	-
	<b>Long term investments</b>		
<b>1</b>	<b>Quoted</b>		
	i. Shares: a. Equity	-	-
	b. Preference	-	-
	ii. Debentures and bonds	-	-
	iii. Units of mutual funds	-	-
	iv. Government securities	-	-
	v. Others	-	-



## Notes forming part of standalone financial statements

(₹ in crore)

S. No.	Particulars	As at March 31, 2021 Amount outstanding	As at March 31, 2020 Amount outstanding
2	<b>Unquoted</b>		
i.	Shares: a. Equity#	10,069.68	10,069.68
	b. Preference	-	-
ii.	Debentures and bonds	-	-
iii.	Units of mutual funds	-	-
iv.	Government securities	-	-
v.	Others	-	-

# refer note 44

## 7) Borrower group-wise classification of assets financed as in (2) above:

(₹ in crore)

S. No.	Particulars	As at March 31, 2021			As at March 31, 2020		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties						
	(a) Subsidiaries	-	1,297.44	1,297.44	-	1,142.80	1,142.80
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	-	-	-	-	-	-
2	Other than related parties	-	-	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>1,297.44</b>	<b>1,297.44</b>	<b>-</b>	<b>1,142.80</b>	<b>1,142.80</b>

## 8) Investor group-wise classification of all investments (current and non-current) in shares and securities (both quoted and unquoted):

(₹ in crore)

S. No.	Particulars	As at March 31, 2021		As at March 31, 2020	
		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 #	16,754.61	10,069.68	16,584.13	10,069.68
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than related parties	-	-	-	-
	<b>Total</b>	<b>16,754.61</b>	<b>10,069.68</b>	<b>16,584.13</b>	<b>10,069.68</b>

# refer note 44

## 9) Other information

(₹ in crore)

S. No.	Particulars	As at March 31, 2021 Amount outstanding	As at March 31, 2020 Amount outstanding
(i)	Gross Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	-	-
(ii)	Net Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	-	-
(iii)	Assets acquired in satisfaction of debt	-	-

## Notes forming part of standalone financial statements

## 10) Investments:

(₹ in crore)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India #	10,069.68	10,069.68
	(b) Outside India #	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments	10,069.68	10,069.68
	(a) In India #	10,069.68	10,069.68
	(b) Outside India #	-	-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add: Provisions made during the year#	7.56	-
	(iii) Less: Write off/write back of excess provisions during the year#	(7.56)	-
	(iv) Closing balance	-	-

# refer note 44

## 11) Derivatives:

**1) Forward Rate Agreement / Interest Rate Swap:** The Company has not traded in Forward Rate Agreement/ Interest Rate Derivative during the financial year ended March 31, 2021 (Previous year: Nil)

**2) Exchange Traded Interest Rate (IR) Derivatives:** The Company has not traded in Exchange Traded Interest Rate (IR) Derivative during the financial year ended March 31, 2021 (Previous year: Nil)

**12) Securitization:** No securitization deal (including assignment deal) has carried out during the financial year ended March 31, 2021 (Previous year: Nil)

**13) Asset Liability Management Maturity Pattern:** Refer note no. 2 of Annexure-I for details of Asset Liability Management Maturity Pattern

## 14) Exposures:

I) Exposures to Real Estate Sector: Refer note no. 1 of Annexure - I of note 52 for details of exposures to Real Estate Sector

II) Exposures to Capital Markets: None

III) Details of financing of parent company products: None

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

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Intercorporate deposit (inclusive of interest accrued)	1,297.19	1,142.58

## 15) Miscellaneous

I) Registration obtained from other financial sector regulators: No registration has been obtained from other financial sector regulators.

II) Penalties imposed by RBI and other regulators: No penalties have been imposed by RBI or other regulators during the year. (Previous Year: NIL)

## Notes forming part of standalone financial statements

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

(₹ in crore)

Particulars	2020-21		
	Non-Convertible Debentures	CRPS	Commercial Paper
India Ratings	IND AAA (Stable)	-	IND A1+
CARE	CARE AAA (Stable)	CARE AAA (RPS) / (Stable)	CARE A1+
ICRA	ICRA AAA (Negative)	-	ICRA A1+
CRISIL	CRISIL AAA (Stable)	CRISIL AAA (Stable)	CRISIL A1+

Particulars	2019-20		
	Non-Convertible Debentures	CRPS	Commercial Paper
India Ratings	IND AAA (Stable)	-	IND A1+
CARE	CARE AAA (Stable)	CARE AAA (Stable)	CARE A1+
ICRA	ICRA AAA (Negative)	-	ICRA A1+
CRISIL	CRISIL AAA (Stable)	CRISIL AAA (Stable)	CRISIL A1+

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

### 16) Provisions and Contingencies:

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

(₹ in crore)

Particulars	2020-21	2019-20
Provisions for depreciation on investment	7.56	Nil
Provision towards non-performing assets	Nil	Nil
Provision made towards Income tax (shown below profit before tax)		
Current tax	72.79	16.35
Deferred tax	(0.05)	33.14
Current tax relating to earlier years	-	(32.80)
Impact of change in the rate on opening deferred tax	-	0.24
Other provision and contingencies:		
Provision for standard assets	0.03	0.12

### 17) Concentration of Advances and NPAs:

I) Concentration of Advances:

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Inter corporate deposit to twenty largest borrowers (including interest accrued)	1,297.44	1,142.80
Percentage of advances to twenty largest borrowers to total advances of the Company	100%	100%

II) Concentration of NPAs:

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top five NPA accounts	-	-

## Notes forming part of standalone financial statements

### 18) Disclosure of customer complaints:

(₹ in crore)

S. No.	Particulars	2020-21	2019-20
(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

### 53 Impairment reserve

As per the RBI circular RBI/2019-20/170 dated 13th March, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

#### Impairment Reserve FY 20-21

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Loss Allowances (Provisions) as required under Ind AS 109				
		Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets	-	-	-	-	-	-
Standard	Stage 1	1,297.44	0.25	1,297.19	5.19	4.94
<b>Total</b>		<b>1,297.44</b>	<b>0.25</b>	<b>1,297.19</b>	<b>5.19</b>	<b>4.94</b>

#### Impairment Reserve FY 19-20

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Loss Allowances (Provisions) as required under Ind AS 109				
		Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets	-	-	-	-	-	-
Standard	Stage 1	1,142.80	0.22	1,142.58	4.57	4.35
<b>Total</b>		<b>1,142.80</b>	<b>0.22</b>	<b>1,142.58</b>	<b>4.57</b>	<b>4.35</b>

54 Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 have been given under Annexure-II to these financial statements:

#### ANNEXURE-II - Disclosure on Liquidity Risk

RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019. As per the said guidelines, NBFC are required to publicly disclose the below information related to liquidity risk on a quarterly basis. Accordingly, the disclosure on liquidity risk as at March 31, 2021 is as under:

#### (i) Funding Concentration based on significant counterparty

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No. of Significant Counterparties	8	7
2	Amount (₹ in crore)	735.00	1915.00
3	% of Total Deposits	N.A.	N.A.
4	% of Total Liabilities	40.00%	54.00%

## Notes forming part of standalone financial statements

### Notes:

- A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs
- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines

### (ii) Top 20 large deposits (amount in ₹ crore and % of total deposits) – Not Applicable

### (iii) Top 10 borrowings

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Amount (₹ in crore)	764.00	1990.00
2	% of Total Borrowings	43.00%	57.00%

### Note:

Total Borrowing has been computed as Gross Total Debt basis extant regulatory ALM guidelines.

### (iv) Funding Concentration based on significant instrument / product:

S. No.	Name of the product	As at March 31, 2021		As at March 31, 2020	
		Amount (₹ in crore)	% of Total Liabilities	Amount (₹ in crore)	% of Total Liabilities
1	Preference Shares	1,124.10	61.27%	1,724.10	49%
2	Commercial Papers	450.00	24.52%	1,500.00	42%
3	Private NCD	195.00	10.63%	275.00	8%
	<b>Total</b>	<b>1,769.10</b>	<b>96.42%</b>	<b>3,499.10</b>	<b>99%</b>

### Note:

- A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

### (v) Stock Ratios:

S. No.	Stock Ratio	As at March 31, 2021	As at March 31, 2020
1	Commercial papers as a % of total liabilities	24.53%	42%
2	Commercial papers as a % of total assets	3.50%	13%
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0.00%	0%
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	0.00%	0%
5	Other short-term liabilities as a % of total liabilities	17.19%	18%
6	Other short-term liabilities as a % of total assets	2.46%	6%

### Notes:

- Commercial Paper for stock ratio is the Gross outstanding (i.e. Maturity amount).
- Other Short-term Liabilities has been computed as Total Short-term Liabilities less Commercial paper less Non-convertible debentures (Original maturity of less than one year), basis extant regulatory ALM guidelines.

## Notes forming part of standalone financial statements

### (vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are held at quarterly interval. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk-return perspective and within the risk appetite and guard-rails approved by the Board. The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its perusal/approval/ratification.

- 55 Disclosures in terms of RBI/2020-21/24 DoR (NBFC) (PD) CC. No. 117/03.10.001/2020-21 dated August 13, 2020 have been given under:

### 1) Components of ANW and other related information:

S. No.	Particulars	(₹ in crore)	
		As at March 31, 2021	As at March 31, 2020
(i)	ANW as a % of Risk weighted Assets	94.86%	67.75%
(ii)	Unrealized appreciation in the book value of quoted investments	-	-
(iii)	Diminution in the aggregate book value of quoted investments	-	-
(iv)	Leverage Ratio	0.19	0.48

### 2) Investment in other CICs

S. No.	Particulars	(₹ in crore)	
		As at March 31, 2021	As at March 31, 2020
a)	Total amount representing any direct or indirect capital contribution made by one CIC in another CIC (including name of CICs)	-	-
b)	Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10% of Owned Funds	-	-
c)	Number of CICs with their names wherein the direct or indirect capital contribution is less than 10% of Owned Funds	-	-

### 3) Off Balance Sheet Exposure

S. No.	Particulars	(₹ in crore)	
		As at March 31, 2021	As at March 31, 2020
(i)	Off balance sheet exposure	-	-
(ii)	Financial Guarantee as a % of total offbalance sheet exposure	-	-
(iii)	Non-Financial Guarantee as a % of total offbalance sheet exposure	-	-
(iv)	Off balance sheet exposure to overseas subsidiaries	-	-
(v)	Letter of Comfort issued to any subsidiary	-	-

## Notes forming part of standalone financial statements

### 4) Business Ratios

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	Return on Equity (RoE)	1.05	3.40
(ii)	Return on Assets (RoA)	0.90	2.35
(iii)	Net profit per employee (₹ in crore)	58.03	133.41

### 5) Overseas assets (₹ in crore)

S. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	L&T Capital Markets (Middle East)		
	- Relationship - Subsidiary		
	- Country - United Arab Emirates (UAE)		
	- Assets:		
	a) Investment held for sale #	-	11.80
	b) Loans and advances	-	7.64

# refer note 44

### 56 Exceptional Items

Exceptional items during year ended March 31, 2021 represents net gain of ₹ 224.68 crore on the divestment of entire stake in the subsidiary company, L&T Capital Markets Limited. The transaction was concluded on April 24, 2020.

### 57 Amalgamation of L&T Infrastructure Finance Company Limited ("LTIFC"), L&T Housing Finance Limited ("LTHFC") and L&T Finance Limited ("LTFL"):

Pursuant to order of National Company Law Tribunal Benches, Mumbai and Kolkata dated March 15, 2021 and March 19, 2021 respectively, the scheme of amalgamation for merger of LTIFC and LTHFC (wholly owned subsidiaries of the Company) with LTFL is effected from April 12, 2021. As a consequence, effective April 12, 2021, LTIFC and LTHFC stands merged with LTFL with appointed date being April 01, 2020.

### 58 Estimation uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables, and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these standalone financial statements. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets. The extent to which the second wave of the COVID19 pandemic, that has significantly increased the number of cases in India, will have an impact on the Company's results and operations, will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact. "

59 Previous year figures have been regrouped / reclassified to make them comparable with those of current year.

60 The above standalone financial statements have been reviewed by the audit committee and subsequently approved by the Board of Directors at its meeting held on April 29, 2021.

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

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

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

**Apurva Rathod**  
Company Secretary

**Sachinn Joshi**  
Chief Financial Officer

Place : Mumbai  
Date : April 29, 2021

### DELOITTE HASKINS & SELLS LLP

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

### B. K. KHARE & CO.

Chartered Accountants  
706/708, Sharda Chambers  
New Marine Lines  
Mumbai 400004.

## Independent Auditors' Report

### To The Members of L&T Finance Holdings Limited Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **L&T Finance Holdings Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matter section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are

further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Emphasis of Matter

We draw attention to Note 54 of the Consolidated Financial Statements, in which the Group describes the continuing uncertainties arising from the COVID 19 pandemic.

Our report is not modified in respect of this matter.

#### Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Impairment of goodwill on consolidation:</b></p> <p>The Goodwill on consolidation may be impaired due to the inherent uncertainty involved in forecasting and discounting future cash flows, determination of discount and terminal growth rates, which are the basis of the assessment of recoverability. These are the key judgement areas for our audit.</p> <p>The Group annually carries out an impairment assessment of goodwill using a value-in-use model which is based on the net present value of the forecast earnings of the cash-generating units. This is calculated using certain assumptions around discount rates, growth rates and cashflow forecasts..</p>	<p><b>Principal audit procedures:</b></p> <ul style="list-style-type: none"> <li>• Obtained an understanding of Management's processes and controls with regard to testing the goodwill for impairment.</li> <li>• Assessed the appropriateness of the forecast cash flows within the budgeted period based on the understanding of the business and sector experience.</li> <li>• Considered historical forecasting accuracy, by comparing previously forecasted cash flows to actual results achieved.</li> </ul> <p>Performed a sensitivity analysis in relation to key assumptions</p>
2	<p><b>Measurement of loan assets:</b></p> <p>(Refer Note 1 and 6 to the Consolidated financial statements)</p> <p>As at March 31, 2021, loan assets aggregated Rs. 87,030.25 crore (net of expected credit losses and fair value changes), constituting 80% of the Group's total assets. Of these, loan assets aggregating Rs. 64,152.58 crore and Rs. 22,877.67 crore are measured at amortised cost and fair value, respectively. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for expected credit losses ("ECL") and fair valuation on such loan assets is a critical estimate involving greater level of management judgement.</p> <p>As part of our risk assessment, we determined that the allowance for ECL and fair valuation on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.</p>	<p><b>Principal audit procedures:</b></p> <p>We have examined the policies approved by the Board of Directors of the respective Companies that articulate the objectives of managing each portfolio and their business models. We have also verified the methodology adopted for computation of ECL and fair valuation for assessing and measuring all lending exposures.</p> <p>Additionally, we have confirmed that adjustments to the output of the ECL model is consistent with the documented rationale and basis for such adjustments which has been approved by the Audit Committee of the Board of Directors of the respective Companies. Our audit procedures related to the allowance for ECL and fair valuation included the following, among others:</p> <ul style="list-style-type: none"> <li>• Testing the design and effectiveness of internal controls over the: <ul style="list-style-type: none"> <li>– completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors of the respective Companies including the appropriateness of the qualitative factors to be applied.</li> <li>– accuracy and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio;</li> </ul> </li> <li>• Also, for a sample of loan assets: <ul style="list-style-type: none"> <li>– we tested the input data such as ratings and period of default and other related information used in estimating the PD;</li> <li>– we evaluated the reasonableness of applicable assumptions, including loss given defaults;</li> <li>– computation of the fair value of loans and ECL including methodology used to determine macro economic overlays and adjustments to the output of the ECL Model;</li> </ul> </li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
		<ul style="list-style-type: none"> <li>– we tested the arithmetical accuracy of the computations and also performed analytical procedures by determining various ratios or percentage based measures to review overall reasonableness of the estimates determined by the management;</li> <li>– we also assessed the disclosures made in relation to the ECL allowance and fair valuation to confirm compliance with the IndAS provisions.</li> </ul>

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Director' report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial

performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a

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

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

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

date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### Other Matter

We did not audit the financial statements of 6 subsidiaries, whose financial statements reflect total assets of Rs. 1,207.37 crore as at March 31, 2021, total revenues of Rs. 550.47 crore and net cash outflows amounting to Rs. 0.41 crore 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 our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

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

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the

aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on March 31, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
- ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366WW-100018)

**Neville M. Daruwalla**

(Partner)  
(Membership No. 118784)  
(UDIN:21118784AAAACC6035)

Mumbai, April 29, 2021

**For B. K. KHARE & CO.**

Chartered Accountants  
(Firm's Registration No. 105102W)

**Shirish Rahalkar**

(Partner)  
(Membership No. 111212)  
(UDIN:21111212AAAAPV3900)

Mumbai, April 29, 2021

## 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of **L&T Finance Holdings Limited** (hereinafter referred to as "the Parent") and its subsidiary companies which are incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of

its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based

on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud

may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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 Matter**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 6 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366WW-100018)

**Neville M. Daruwalla**

(Partner)  
(Membership No. 118784)  
(UDIN:21118784AAAACC6035)

Mumbai, April 29, 2021

**For B. K. KHARE & CO.**

Chartered Accountants  
(Firm's Registration No. 105102W)

**Shirish Rahalkar**

(Partner)  
(Membership No. 111212)  
(UDIN:21111212AAAAPV3900)

Mumbai, April 29, 2021

## Consolidated Balance Sheet as at March 31, 2021

Particulars	Note No.	(₹ in crore)	
		As at March 31, 2021	As at March 31, 2020
<b>ASSETS:</b>			
<b>(1) Financial assets</b>			
(a) Cash and cash equivalents	2	6,947.79	5,598.69
(b) Bank balance other than (a) above	3	1,479.18	2,205.71
(c) Derivative financial instruments	4	32.60	155.06
(d) Receivables	5		
(I) Trade receivables		47.31	64.74
(II) Other receivables		66.04	19.31
(e) Loans	6	87,030.25	91,462.50
(f) Investments	7	8,872.13	5,979.27
(g) Other financial assets	8	79.61	91.97
		<b>1,04,554.91</b>	<b>1,05,577.25</b>
<b>(2) Non-financial assets</b>			
(a) Current tax assets (net)		663.87	901.24
(b) Deferred tax assets (net)	45	1,635.28	1,468.60
(c) Investment property	9	327.26	311.01
(d) Property, plant and equipment	10	31.40	47.91
(e) Intangible assets under development	10	23.84	62.04
(f) Goodwill on consolidation		636.71	636.71
(g) Other intangible assets	10	112.85	70.44
(h) Right of use asset	11, 42	30.07	34.00
(i) Other non-financial assets	12	955.46	340.95
		<b>4,416.74</b>	<b>3,872.90</b>
<b>(3) Group of asset classified as held for sale</b>	44	-	<b>94.50</b>
<b>Total assets</b>		<b>1,08,971.65</b>	<b>1,09,544.65</b>

## Consolidated Balance Sheet as at March 31, 2021

Particulars	Note No.	(₹ in crore)	
		As at March 31, 2021	As at March 31, 2020
<b>LIABILITIES AND EQUITY:</b>			
<b>LIABILITIES</b>			
<b>(1) Financial liabilities</b>			
(a) Payables	13		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		19.25	64.84
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		5.06	0.80
(b) Debt securities	14	46,027.46	43,992.31
(c) Borrowings (other than debt securities)	15	37,582.58	44,523.00
(d) Subordinated liabilities	16	4,945.73	5,379.18
(e) Lease Liability	42	35.80	39.58
(f) Other financial liabilities	17	950.54	444.07
		<b>89,566.42</b>	<b>94,443.78</b>
<b>(2) Non-Financial Liabilities</b>			
(a) Current tax liabilities (net)		312.36	107.89
(b) Provisions	18	33.95	41.27
(c) Deferred tax liabilities (net)	45	24.89	16.09
(d) Other non-financial liabilities	19	63.68	13.03
		<b>434.88</b>	<b>178.28</b>
<b>(3) Group of liabilities classified as held for sale</b>	44	-	<b>9.96</b>
<b>(4) EQUITY</b>			
(a) Equity share capital	20	2,469.45	2,004.83
(b) Other equity	21	16,303.75	12,687.59
<b>Equity attributable to owners of the Company</b>		<b>18,773.20</b>	<b>14,692.42</b>
<b>(5) Non-controlling interest</b>		<b>197.15</b>	<b>220.21</b>
<b>Total liabilities and equity</b>		<b>1,08,971.65</b>	<b>1,09,544.65</b>
Significant accounting policies	1		
See accompanying notes forming part of the Consolidated financial statements	2 to 58		

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

**Neville M. Daruwalla**  
 Partner  
 Membership no. 118784

 Place : Mumbai  
 Date : April 29, 2021

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

**Shirish Rahalkar**  
 Partner  
 Membership no. 111212

 Place : Mumbai  
 Date : April 29, 2021

 For and on behalf of the Board of Directors of  
**L&T Finance Holdings Limited**
**S. V. Haribhakti**  
 Non-Executive Chairman  
 (DIN: 00007347)

**Apurva Rathod**  
 Company Secretary

 Place : Mumbai  
 Date : April 29, 2021

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

**Sachinn Joshi**  
 Chief Financial Officer



## Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(₹ in crore)

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
<b>Revenue from operations</b>			
<b>(i) Interest income</b>	22	13,104.85	13,244.74
(ii) Dividend income	23	0.04	0.12
(iii) Rental income	24	4.52	9.03
(iv) Fees and commission income	25	542.08	812.39
(v) Net gain on fair value changes	26	24.47	37.84
(vi) Net gain on derecognition of financial instruments under amortised cost category	27	2.11	-
<b>I Total revenue from operations</b>		<b>13,678.07</b>	<b>14,104.12</b>
<b>II Other income</b>	28	402.03	372.63
<b>III Total income (I + II)</b>		<b>14,080.10</b>	<b>14,476.75</b>
<b>Expenses</b>			
(i) Finance costs	29	7,199.92	7,513.60
(ii) Fees and commission expense	30	2.01	17.51
(iii) Net loss on fair value changes	31	420.42	36.15
(iv) Net loss on derecognition of financial instruments under amortised cost category	32	237.25	274.22
(v) Impairment on financial instruments	33	2,978.03	1,994.19
(vi) Employee benefits expenses	34	1,007.06	1,062.32
(vii) Depreciation, amortization and impairment	35	87.09	81.59
(viii) Other expenses	36	878.73	817.09
<b>IV Total expenses (IV)</b>		<b>12,810.51</b>	<b>11,796.67</b>
<b>V Profit before exceptional items and tax (III - IV)</b>		<b>1,269.59</b>	<b>2,680.08</b>
<b>VI Exceptional items</b>		225.61	-
<b>VII Profit before tax (V - VI)</b>		<b>1,495.20</b>	<b>2,680.08</b>
<b>VIII Tax expense</b>			
(i) Current tax	37	703.60	632.50
(ii) Deferred tax	37	(157.28)	(126.06)
(iii) Reversal of deferred tax assets on account of change in tax rate	37	-	473.38
<b>IX Profit after tax (VII - VIII)</b>		<b>948.88</b>	<b>1,700.26</b>
<b>X Share in profit of associates</b>		-	-
<b>XI Profit after tax and share in profit of associate company (IX+X)</b>		<b>948.88</b>	<b>1,700.26</b>
<b>Profit for the year attributable to:</b>			
Owners of the company		970.94	1,700.17
Non-controlling interest		(22.06)	0.09

## Consolidated Statement of Profit and Loss for the year ended March 31, 2021

(₹ in crore)

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
<b>XII Other comprehensive income</b>			
<b>A Items that will not be reclassified to profit or loss</b>			
(a) Remeasurements of the defined benefit plans (net of tax)		2.76	(4.59)
(b) Equity Instruments through other comprehensive income		55.05	(56.16)
<b>B Items that will be reclassified to profit or loss</b>			
(a) Change in fair value of debt instruments measured at fair value through other comprehensive income		(12.42)	0.16
(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		(2.20)	(99.54)
(c) Exchange differences in translating the financial statements of foreign operations (net)		(0.26)	0.77
<b>Other comprehensive income for the year attributable to:</b>			
Owners of the company		<b>42.93</b>	<b>(159.36)</b>
Non-controlling interest		-	-
<b>XIII Total comprehensive income (XI+XII)</b>		<b>991.81</b>	<b>1,540.90</b>
Total comprehensive income for the year attributable to:			
Owners of the company		1,013.87	1,540.81
Non-controlling interest		(22.06)	0.09
<b>XIV Earnings per equity share</b>	43		
Basic (₹)		4.49	8.00
Diluted (₹)		4.47	7.97
Significant accounting policies	<b>1</b>		
See accompanying notes to the consolidated financial statements	<b>2 to 58</b>		

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

**Neville M. Daruwalla**  
 Partner  
 Membership no. 118784

 Place : Mumbai  
 Date : April 29, 2021

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

**Shirish Rahalkar**  
 Partner  
 Membership no. 111212

 Place : Mumbai  
 Date : April 29, 2021

 For and on behalf of the Board of Directors of  
**L&T Finance Holdings Limited**
**S. V. Haribhakti**  
 Non-Executive Chairman  
 (DIN: 00007347)

**Apurva Rathod**  
 Company Secretary

 Place : Mumbai  
 Date : April 29, 2021

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

**Sachinn Joshi**  
 Chief Financial Officer

## Consolidated Statement of changes in equity for the year ended March 31, 2021

### a. Equity share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	2,004,833,610	2,004.83	1,998,812,360	1,998.81
Add: Shares issued during the year:				
- Against right issue	461,325,021	461.33	-	-
- Against employee stock option	3,287,073	3.29	6,021,250	6.02
<b>Issued, subscribed and fully paid up equity shares outstanding at the end of the year</b>	<b>2,469,445,704</b>	<b>2,469.45</b>	<b>2,004,833,610</b>	<b>2,004.83</b>

### b. Other equity

Particulars	Reserve and surplus								
	Securities premium account	General reserve	Debenture redemption reserve	Capital reserve on consolidation	Reserve under section 36 (1) (viii) of Income tax Act, 1961	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Reserve under section 29C of National Housing Bank Act, 1987	Employee stock option outstanding account	Impairment Reserve
Balance as at March 31, 2019	5,066.24	117.51	455.59	492.36	701.50	1,696.67	27.43	121.94	-
Transaction Impact due to IND AS 116	-	-	-	-	-	-	-	-	-
Balance as at April 1, 2019	5,066.24	117.51	455.59	492.36	701.50	1,696.67	27.43	121.94	-
Profit for the year (a)	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax (b)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year (c)=(a)+(b)	-	-	-	-	-	-	-	-	-
Issue of equity shares	60.93	-	-	-	-	-	-	-	-
Share issue expenses	(0.66)	-	-	-	-	-	-	-	-
Employee share options (net)	-	-	-	-	-	-	61.40	-	-
Transfer to general reserve	-	36.34	(34.27)	-	-	-	-	(2.07)	-
Transfer to impairment reserve	-	-	-	-	-	-	-	-	15.82
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	-	-	225.06	-	-	-
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	-	-	-	-	80.75	-	-	-	-
Transfer to debenture redemption reserve	-	102.12	(102.12)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
Additional tax on dividend paid	-	-	-	-	-	-	-	-	-
Net gain/(loss) on transaction with non-controlling interest	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>5,126.51</b>	<b>255.97</b>	<b>319.20</b>	<b>492.36</b>	<b>782.25</b>	<b>1,921.73</b>	<b>27.43</b>	<b>181.27</b>	<b>15.82</b>

## Consolidated Statement of changes in equity for the year ended March 31, 2021

(₹ in crore)

Particulars	Reserve and surplus		Items of other comprehensive income					Total Other Equity	Non-Controlling interest	Total
	Retained earnings	Foreign currency translation reserve	Change in fair value of equity instruments measured at fair value through other comprehensive income	Fair value changes of financial instrument measured at fair value through other comprehensive income	Effective portion of cash flow hedge					
Balance as at March 31, 2019	2,771.41	(0.23)	-	(0.63)	-	11,449.79	222.26	11,672.05		
Transaction Impact due to IND AS 116	(2.35)	-	-	-	-	(2.35)	-	(2.35)		
Balance as at April 1, 2019	2,769.06	(0.23)	-	(0.63)	-	11,447.44	222.26	11,669.70		
Profit for the year (a)	1,700.17	-	-	-	-	1,700.17	0.09	1,700.26		
Other comprehensive income, net of tax (b)	(4.59)	0.77	(56.16)	0.16	(99.54)	(159.36)	-	(159.36)		
Total comprehensive income for the year (c)=(a)+(b)	1,695.58	0.77	(56.16)	0.16	(99.54)	1,540.81	0.09	1,540.90		
Issue of equity shares	-	-	-	-	-	60.93	-	60.93		
Share issue expenses	-	-	-	-	-	(0.66)	-	(0.66)		
Employee share options (net)	-	-	-	-	-	61.40	-	61.40		
Transfer to general reserve	-	-	-	-	-	-	-	-		
Transfer to impairment reserve	(15.82)	-	-	-	-	-	-	-		
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	(225.06)	-	-	-	-	-	-	-		
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	(80.75)	-	-	-	-	-	-	-		
Transfer to debenture redemption reserve	-	-	-	-	-	-	-	-		
Dividend paid	(380.48)	-	-	-	-	(380.48)	-	(380.48)		
Additional tax on dividend paid	(41.85)	-	-	-	-	(41.85)	-	(41.85)		
Net gain/(loss) on transaction with non-controlling interest	-	-	-	-	-	-	(2.14)	(2.14)		
<b>Balance as at March 31, 2020</b>	<b>3,720.68</b>	<b>0.54</b>	<b>(56.16)</b>	<b>(0.47)</b>	<b>(99.54)</b>	<b>12,687.59</b>	<b>220.21</b>	<b>12,907.80</b>		

### b. Other equity

Particulars	Reserve and surplus								
	Securities premium account	General reserve	Debenture redemption reserve	Capital reserve on consolidation	Reserve under section 36 (1) (viii) of Income tax Act, 1961	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Reserve under section 29C of National Housing Bank Act, 1987	Employee stock option outstanding account	Impairment Reserve
Balance as at April 1, 2020	5,126.51	255.97	319.20	492.36	782.25	1,921.73	27.43	181.27	15.82
Profit for the year (a)	-	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax (b)	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year (c)=(a)+(b)	-	-	-	-	-	-	-	-	-
Issue of equity shares	2,573.54	-	-	-	-	-	-	-	-
Share issue expenses	(10.28)	-	-	-	-	-	-	-	-
Employee share options (net)	-	-	-	-	-	-	21.41	-	-
Transfer to general reserve	-	109.29	(106.10)	-	-	-	(2.91)	-	-
Transfer to impairment reserve	-	-	-	-	-	-	-	12.54	-
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	-	-	38.33	-	-	-
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	-	(129.10)	-	-	129.10	-	-	-	-
Transfer to reserve u/s 29C of National Housing Bank Act, 1987	-	-	-	-	-	-	-	-	-
Transfer to debenture redemption reserve	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-
Additional tax on dividend paid	-	-	-	-	-	-	-	-	-
Others	17.62	-	-	-	-	-	-	-	-
Net gain/(loss) on transaction with non-controlling interest	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>7,707.39</b>	<b>236.16</b>	<b>213.10</b>	<b>492.36</b>	<b>911.35</b>	<b>1,960.06</b>	<b>27.43</b>	<b>199.77</b>	<b>28.36</b>

## Consolidated Statement of changes in equity for the year ended March 31, 2021

(₹ in crore)

Particulars	Reserve and surplus		Items of other comprehensive income			Total other equity	Non-controlling interest	Total
	Retained earnings	Foreign currency translation reserve	Change in fair value of equity instruments measured at fair value through other comprehensive income	Fair value changes of financial instrument measured at fair value through other comprehensive income	Effective portion of cash flow hedge			
<b>Balance as at April 1, 2020</b>	3,720.68	0.54	(56.16)	(0.47)	(99.54)	12,687.59	220.21	12,907.80
Profit for the year (a)	970.94	-	-	-	-	970.94	(22.06)	948.88
Other comprehensive income, net of tax (b)	2.76	(0.26)	55.05	(12.42)	(2.20)	42.93	-	42.93
Total comprehensive income for the year (c)=(a)+(b)	973.70	(0.26)	55.05	(12.42)	(2.20)	1,013.87	(22.06)	991.81
Issue of equity shares	-	-	-	-	-	2,573.54	-	2,573.54
Share issue expenses	-	-	-	-	-	(10.28)	-	(10.28)
Employee share options (net)	-	-	-	-	-	21.41	-	21.41
Transfer to general reserve/retained earnings	(1.11)	(0.28)	1.11	-	-	-	-	-
Transfer to impairment reserve	(12.54)	-	-	-	-	-	-	-
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	(38.33)	-	-	-	-	-	-	-
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	-	-	-	-	-	-	-	-
Transfer to reserve u/s 29C of National Housing Bank Act, 1987	-	-	-	-	-	-	-	-
Transfer to debenture redemption reserve	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
Additional tax on dividend paid	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	17.62	-	17.62
Net gain/(loss) on transaction with non-controlling interest	-	-	-	-	-	-	(1.00)	(1.00)
<b>Balance as at March 31, 2021</b>	<b>4,642.40</b>	<b>-</b>	<b>-</b>	<b>(12.89)</b>	<b>(101.74)</b>	<b>16,303.75</b>	<b>197.15</b>	<b>16,500.90</b>

Significant accounting policies

1

See accompanying notes to the consolidated financial statements

2 to 58

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

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

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

**Neville M. Daruwalla**  
 Partner  
 Membership no. 118784

**Shirish Rahalkar**  
 Partner  
 Membership no. 111212

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

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

**Apurva Rathod**  
 Company Secretary

**Sachinn Joshi**  
 Chief Financial Officer

Place : Mumbai  
 Date : April 29, 2021

Place : Mumbai  
 Date : April 29, 2021

Place : Mumbai  
 Date : April 29, 2021

## Consolidated Statement of Cash Flows for the year ended March 31, 2021

(₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. Cash flow from operating activities</b>		
Profit before tax	1,495.20	2,680.08
<b>Adjustment for:</b>		
Depreciation, amortization and impairment	87.09	81.59
Loss on sale of property, plant and equipment (net)	0.59	0.32
Fair value change in loan asset	158.77	91.96
Net fair value (gain)/ loss on financial instruments	237.17	(104.67)
Net loss on derecognition of financial instruments under amortised cost category	235.14	274.22
Impairment on Financial Instruments	2,978.03	1,994.19
Gain from sale of investment in subsidiary	(225.61)	-
Share based payment to employees	54.51	88.63
<b>Operating profit before working capital changes</b>	<b>5,020.89</b>	<b>5,106.32</b>
<b>Changes in working capital</b>		
(Increase)/decrease in financial and non-financial assets	56.56	62.35
Increase/(decrease) in financial and non-financial liabilities	148.33	49.09
<b>Cash generated from operations</b>		
Direct taxes paid	(261.88)	(817.13)
Loans disbursed (net of repayments)	500.40	(2,238.87)
<b>Net cash flow generated from operating activities (A)</b>	<b>5,464.30</b>	<b>2,161.76</b>
<b>B. Cash flows from investing activities</b>		
<b>Add: Inflow from investing activities</b>		
Proceeds from sale of property, plant and equipment	3.44	25.78
Proceed from sale of Investments	1,335.17	5,014.85
<b>Less: Outflow from investing activities</b>		
Purchase of property, plant and equipment	(52.58)	(79.71)
Investment in other bank balance in investing activities	953.29	(2,154.77)
Purchase of Investments	(4,263.80)	(2,646.63)
<b>Net cash flow (used in) / generated from investing activities (B)</b>	<b>(2,024.48)</b>	<b>159.52</b>

## Consolidated Statement of Cash Flows for the year ended March 31, 2021

(₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>C. Cash flows from financing activities</b>		
<b>Add: Inflow from financing activities</b>		
Proceeds from issue of share capital including security premium on account of employee stock options	3,005.06	39.70
Proceeds from issue of preference share capital	-	874.10
Proceeds from borrowings	20,556.77	32,587.96
<b>Less: Outflow from financing activities</b>		
Payment to non-controlling interests	(1.00)	(2.14)
Share issue expenses	(10.28)	(0.66)
Dividend paid (including dividend distribution tax)	-	(484.13)
Repayment of borrowing	(25,041.23)	(31,379.90)
Redemption of preference shares	(600.00)	(184.40)
<b>Net cash (used in) / generated from financing activities (C)</b>	<b>(2,090.68)</b>	<b>1,450.53</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>1,349.14</b>	<b>3,771.81</b>
Cash and cash equivalents as at beginning of the year	5,598.69	1,826.65
Exchange difference on translation of foreign currency cash and cash equivalents	(0.04)	0.23
<b>Cash and cash equivalents as at end of the year</b>	<b>6,947.79</b>	<b>5,598.69</b>

**Notes:**

1. Purchase of property, plant and equipment represents additions to property, plant and equipment and other intangible assets adjusted for movement of (a) capital-work-in-progress for property, plant and equipment and (b) intangible assets under development during the year.

2. Net cash used in operating activity is determined after adjusting the following:

(₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest received	11,394.82	12,699.80
Interest paid	7,268.11	7,024.44

Significant accounting policies

**1**

See accompanying notes to the financial statements

**2 to 58**

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

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

For and on behalf of the Board of Directors of  
**L&T Finance Holdings Limited**
**Neville M. Daruwalla**  
Partner  
Membership no. 118784

**Shirish Rahalkar**  
Partner  
Membership no. 111212

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

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

**Apurva Rathod**  
Company Secretary

**Sachinn Joshi**  
Chief Financial Officer

Place : Mumbai  
Date : April 29, 2021

Place : Mumbai  
Date : April 29, 2021

Place : Mumbai  
Date : April 29, 2021

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**1. SIGNIFICANT ACCOUNTING POLICIES:**
**1.1 Statement of compliance:**

The Consolidated financial statements of L&T Finance Holdings Limited (the "Company") and its subsidiaries and associates (together the "Group") have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the applicable regulations of Reserve Bank of India (RBI) / National Housing Bank (NHB) and the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied.

**1.2 Basis of preparation:**

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

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

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

**1.3 Presentation of financial statements:**

The Balance Sheet, Statement of changes in Equity for the year, and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III of Schedule III to

the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**1.4 Basis of consolidation:**

a) The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control is achieved when the Group, directly or indirectly:

- has power over the investee.
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

b) The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

c) Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests (NCI) and have been shown separately in the financial statements. Total comprehensive income of the subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d) Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company.

e) All intragroup assets and liabilities, equity, income, expenses, unrealised profits/losses

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

- f) The consolidated financial statements of the Group combine financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses.
- g) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

### 1.5 Investments in associates:

Investments in associates:

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using equity method of accounting. Under the equity method, an investment in associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The carrying amount of investment in associates is reduced to recognize impairment, if any, when there is objective evidence of impairment.

### 1.6 Business combinations:

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12- Income taxes and Ind AS 19- Employee benefits, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non-controlling interest in the acquiree, and the fair value of acquirer's previously held equity instrument in the acquiree (if any) over the net of acquisition date fair value of identifiable assets acquired and liabilities assumed. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

### 1.7 Goodwill:

Goodwill on consolidation as on the date of transition represents the excess of cost of acquisition at each point of time of making the investment in the subsidiary over the Group's share in the net worth of a subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents excess of the Group's share in the net worth of a subsidiary over the cost of acquisition at each point of time of making the investment in the subsidiary. Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 1.8 Non-current assets held for sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

### 1.9 Financial instruments:

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously:

#### (i) Financial assets:

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

The Group has more than one business model for managing its financial instruments which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is performed on the basis of scenarios that the Group reasonably expects to occur and not so-called 'worst case' or 'stress case' scenarios. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets.

The Group considers sale of financial assets measured at amortised cost portfolio as consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows if these sales are

- due to an increase in the assets' credit risk or
- due to other reasons such as sales made to manage credit concentration risk (without an increase in the assets' credit risk) and are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

In addition, the Group also considers sale of such financial assets as consistent with the objective of holding financial assets in order to collect contractual cash flows if the sale is made close to the maturity of the financial assets and the proceeds from sale approximate the collection of the remaining contractual cash flows.

### (a) Financial assets at amortised cost:

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### (b) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

### (c) Financial assets at fair value through profit or loss (FVTPL):

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the related instruments are not held for trading and the Group irrevocably elects on initial recognition of financial asset on an asset-by-asset basis to present subsequent changes in fair value in other comprehensive income.

### (d) Debt instruments at amortised cost or at FVTOCI:

For an asset to be classified and measured at FVTOCI, the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

### (e) De-recognition:

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### (ii) Financial liabilities:

a) Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher.

All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

Rate (EIR) method.

- b) A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

### 1.10 Impairment:

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers
- Debt investment securities
- Trade and other receivable
- Lease receivables
- Irrevocable loan commitments issued and
- Financial guarantee contracts issued

### Credit-impaired financial assets:

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue for more than 90 days. The 90-day criterion is applicable unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### Definition of default:

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group: or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The forbearance granted to borrowers in accordance with COVID 19 Regulatory Package notified by the Reserve Bank of India (RBI) is excluded in determining the period of default (Days Past Due) in the assessment of default.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Group uses a variety of sources of information to assess default which are either developed

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

internally or obtained from external sources. The definition of default is applied consistently to all financial assets unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial asset.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently to credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

### Significant increase in credit risk:

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will

measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

Effective from current year, consequent to the recommendation of the Reserve Bank of India, made during the annual inspection, the Group has changed its definition of "Significant Increase in Credit Risk". Consequently, such loan assets with defaults ranging between 31 and 60 days past due, which were previously classified as "Stage 1" are now classified as "Stage 2" and estimated the expected credit loss applying the corresponding probability of default. The said change does not have any significant impact on the accumulated ECL allowance as of March 31, 2021.

Purchased or originated credit impaired (POCI) financial assets:

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain..

### 1.11 Write off:

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

### 1.12 Modification and derecognition of financial assets:

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then;

- In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.
- When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:
  - the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviors following modification leading to a reversal of the previous significant increase in credit risk.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues

to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

### 1.13 Presentation of allowance for ECL in the Balance Sheet:

Loss allowances for ECL are presented in the Balance sheet as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the Balance Sheet as the carrying amount is at fair value.

### 1.14 Derivative financial instruments:

The Group enters into swap contracts and other derivative financial instruments to hedge its exposure to foreign exchange and interest rates. The Group does not hold derivative financial instruments for speculative purpose. Hedges of foreign exchange risk on firm commitments are accounted as cash flow hedges.

Cash flow hedges: In case of transaction related hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity as 'hedging reserve'. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to the effective portion are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item. The effective portion of the hedge is determined at the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in the fair value of the hedged item from the inception of the hedge and the remaining gain or loss on the hedging instrument is treated as ineffective portion.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

in equity at that time remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

### 1.15 Revenue recognition:

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

#### (i) Interest and dividend income:

Interest income is recognised in the consolidated statement of Profit and Loss using effective interest rate (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI) except for those classified as held for trading. Financial assets measured or designated at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

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

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

(POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

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

#### (ii) Fee and commission income:

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

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

#### (iii) Net gain or fair value change:

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

#### (iv) Investment management fees, guarantee fees and portfolio management fees:

Income from investment management fees is recognised in accordance with the Investment Management Agreement and the SEBI regulations based on average Assets Under Management (AUM) of mutual fund schemes over the period of the agreement in terms of which services are performed.

Guarantee fees is recognised on pro rata basis over the period of the guarantee.

Portfolio management fees are recognised on accrual basis in accordance with Portfolio Management Agreement entered into with respective clients over the period of the agreement in terms of which the services are rendered.



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### (v) Other operational revenue:

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

### 1.16 Borrowing costs:

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 1.7 Property, plant and equipment (PPE):

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

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

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress". Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

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

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

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

### 1.18 Investment property:

Investment properties are properties (including those under construction) held to earn rentals and/or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis. Freehold land and

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

properties under construction are not depreciated. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

### 1.19 Intangible assets:

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

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

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

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

### 1.20 Impairment of tangible and intangible assets other than goodwill:

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

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

a) in the case of an individual asset, at the higher

of the net selling price and the value in use; and

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

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

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

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

### 1.21 Employee benefits:

#### (i) Short term employee benefits:

Employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### (ii) Post-employment benefits:

- a) Defined contribution plans: The Group's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.
- b) Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the Group, the post-retirement medical care plan and the Parent Company pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Group recognises related restructuring costs or termination benefits.

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

### (iii) Long term employee benefits:

The obligation recognised in respect of long term benefits such as long term compensated absences is measured at present value of

estimated future cash flows expected to be made by the Group and is recognised in a similar manner as in the case of defined benefit plans vide (ii) (b) above.

### (iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Group's offer of the termination benefit is accepted or when the Group recognises the related restructuring costs whichever is earlier

### 1.22 Leases:

The Group as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses (Refer note no 34 for impairment).

The right-of-use assets are depreciated from the date of commencement of the lease on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

- Low value leases; and
- Leases which are short-term.

The Group as a lessor, classifies leases as either operating lease or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Group's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. Accordingly, the Group recognises lease payments as income on a straight-line basis in case of assets given on operating leases. The Group presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

### Transition disclosure:

The Group has applied Ind AS 116 "Leases" ("Standard") effective April 1, 2019 (Initial application date). Ind AS 116 supersedes Ind AS 17 "Leases". The Standard sets out the principles for recognition, measurement, presentation and disclosure of leases. The Standard has brought major changes with respect to lease accounting for the lessee. It requires a lessee to account for right-of-use asset and lease liability for all the leases without lease classification into operating and finance lease.

Under modified retrospective method of transition, the Group has applied the Standard retrospectively and recognised the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings at the date of initial application. Accordingly, the figures of the previous year have not been restated.

### 1.23 Cash and bank balances:

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

### 1.24 Securities premium account:

- (i) Securities premium includes:
  - The difference between the face value of the equity shares and the consideration received

in respect of shares issued pursuant to Stock Option Scheme.

- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.
- (ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

### 1.25 Share-based payment arrangements:

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

### 1.26 Accounting and reporting of information for Operating Segments:

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Group.

### 1.27 Foreign currencies:

- (i) The functional currency and presentation currency of the Group is Indian Rupee. Functional currency of the Group and foreign operations has been determined based on the primary economic environment in which the Group and its foreign operations operate considering the currency in which funds are generated, spent and retained.
- (ii) Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

- (iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:
- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet
  - income and expenses for each income statement are translated at average exchange rates; and
  - all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

### 1.28 Taxation:

#### Current tax

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

#### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable

profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

### 1.29 Provisions, contingent liabilities and contingent assets:

Provisions are recognised only when:

- an Group entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

- a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

### 1.30 Commitment:

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amounts of contracts remaining to be executed on capital account and not provided for
- uncalled liability on shares and other investments partly paid
- funding related commitment to associate companies and
- other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

### 1.31 Statement of cash flows:

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature

- non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; and

- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

### 1.32 Earnings per share:

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 1.33 Key source of estimation:

The preparation of financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**2 Cash and cash equivalents**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	6.90	0.20
Balances with banks in current accounts (of the nature of cash and cash equivalents)	680.21	774.87
Cheques, drafts on hand	4.09	-
Balance with banks in fixed deposit with maturity less than 3 months	6,256.59	4,823.62
<b>Total</b>	<b>6,947.79</b>	<b>5,598.69</b>

**3 Bank balance other than (Note 2) above**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Earmarked balances with banks		
Unclaimed infrastructure bonds	244.66	16.60
Unclaimed interest on infrastructure bonds	-	1.39
Unclaimed dividend on equity shares	1.56	2.04
Unclaimed proceeds on right issue	0.10	-
Unclaimed redemption proceeds and dividend on preference shares	1.07	0.60
Balance with banks in fixed deposit with maturity greater than 3 months & less than 12 months	260.04	1,501.24
Balances with banks held as margin money or security against borrowing, guarantees, other commitments	971.75	683.84
<b>Total</b>	<b>1,479.18</b>	<b>2,205.71</b>

**4 Derivative financial instruments**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Currency derivatives:</b>		
Notional Amounts		
-Currency swaps	3,114.34	3,014.34
<b>Fair value assets</b>		
-Currency swaps	32.60	155.06
<b>Fair value liabilities</b>		
-Currency swaps	-	-

**5 Receivables**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade receivables</b>		
(a) Receivables considered good - Unsecured	47.31	58.07
(b) Receivables - credit impaired	2.98	26.06
(c) Impairment loss allowance	(2.98)	(19.39)
	<b>47.31</b>	<b>64.74</b>
<b>Other receivables</b>		
(a) Receivables considered good - Unsecured	56.01	15.63
(b) Receivables from related parties (Refer note 41)	10.03	3.68
(c) Receivables - credit impaired	-	0.49
(d) Impairment loss allowance	-	(0.49)
	<b>66.04</b>	<b>19.31</b>
<b>Total</b>	<b>113.36</b>	<b>84.05</b>

**6 Loans**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(A)</b>		
<b>(i) At Amortised Cost</b>		
- Term loans	64,156.43	64,570.70
- Debentures	4,356.62	6,030.13
- Loans repayable on demand	657.44	476.29
- Bills purchased and bills discounted	32.74	87.22
- Leasing	23.92	45.48
- Total gross loans at amortised cost	69,227.15	71,209.82
- Less: Impairment loss allowance	(5,074.57)	(4,624.96)
<b>Subtotal (i)</b>	<b>64,152.58</b>	<b>66,584.86</b>
<b>(ii) At Fair Value Through Profit or Loss:</b>		
- Term loans	22,842.43	24,332.68
- Debentures	395.81	662.06
- Loans repayable on demand	-	103.73
Total gross loans at fair value through profit or loss	23,238.24	25,098.47
- Less: Impairment loss allowance/Net fair value changes	(360.57)	(220.83)
<b>Subtotal (ii)</b>	<b>22,877.67</b>	<b>24,877.64</b>
<b>Subtotal (i)+(ii)</b>	<b>87,030.25</b>	<b>91,462.50</b>
<b>(B)</b>		
<b>(i) At Amortised Cost</b>		
- Secured by tangible assets	53,728.03	56,420.91
- Unsecured	15,499.12	14,788.91
Total gross loans at amortised cost	69,227.15	71,209.82
- Less: Impairment loss allowance	(5,074.57)	(4,624.96)
<b>Subtotal (i)</b>	<b>64,152.58</b>	<b>66,584.86</b>
<b>(ii) At Fair Value Through Profit or Loss:</b>		
- Secured by tangible assets	23,238.24	25,098.47
- Less: Impairment loss allowance	(360.57)	(220.83)
<b>Subtotal (ii)</b>	<b>22,877.67</b>	<b>24,877.64</b>
<b>Subtotal (i)+(ii)</b>	<b>87,030.25</b>	<b>91,462.50</b>
<b>(C)</b>		
<b>(I) Loans in India</b>		
<b>(i) At Amortised Cost</b>		
- Public Sector	-	-
- Others	69,227.15	71,209.82
- Less: Impairment loss allowance	(5,074.57)	(4,624.96)
<b>Subtotal (i)</b>	<b>64,152.58</b>	<b>66,584.86</b>
<b>(ii) At Fair Value Through Profit or Loss:</b>		
- Public Sector	-	-
- Others	23,238.24	25,098.47
- Less: Impairment loss allowance	(360.57)	(220.83)
<b>Subtotal (ii)</b>	<b>22,877.67</b>	<b>24,877.64</b>
<b>(II) Loans outside India</b>		
<b>(i) At Amortised Cost</b>		
- Public Sector	-	-
- Others	-	-
- Less: Impairment loss allowance	-	-
<b>Subtotal (i)</b>	<b>-</b>	<b>-</b>
<b>(ii) At Fair Value Through Profit or Loss</b>		
- Public Sector	-	-
- Others	-	-
- Less: Impairment loss allowance	-	-
<b>Subtotal (ii)</b>	<b>-</b>	<b>-</b>
	<b>87,030.25</b>	<b>91,462.50</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### 7 Investments

(₹ in crore)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
<b>(A) Investments in fully paid equity shares</b>						
<b>(i) Quoted</b>						
<b>(a) Investments carried at fair value through profit or loss</b>						
Hindusthan national glass & industries limited	2	376,928	1.22	2	409,674	1.13
Monnet ispat & energy limited	10	593,420	1.55	10	593,420	0.55
Bhushan Steel limited	-	-	-	2	367,119	0.60
KSK energy ventures limited	10	10,688,253	0.59	10	10,688,253	0.37
3i infotech limited	10	2,426,383	1.81	10	2,426,383	0.32
Unity infra project limited	2	694,370	0.06	2	694,370	0.01
Gol offshore limited	10	11,344,315	-	10	11,344,315	-
Diamond power infrastructure limited	10	2,889,921	-	10	2,889,921	-
Shiv vani oil gas and energy limited	10	3,437,172	-	10	3,437,172	-
Usher agro limited	10	335,344	-	10	335,344	-
Jaihind projects limited	-	-	-	10	24,797	-
Ballarpur Industries limited	10	126,052,000	13.24	-	-	-
Integrated digital info services limited	10	383,334	-	10	383,334	-
Elque polyesters limited	10	194,300	-	10	194,300	-
Monnet industries limited	10	4,638	-	10	5,640	-
Monnet project developers limited	10	11,279	-	10	11,279	-
Glodyne technoserve limited	6	319,262	-	6	319,262	-
Zee media corporation limited	10	25,398,667	33.23	-	-	-
Zee learn limited	10	22,162,667	22.94	-	-	-
Dish TV India limited	10	35,927,667	16.25	-	-	-
Siti Networks Limited	10	57,383,732	4.88	-	-	-
Future Retail Limited	10	501,000	2.14	-	-	-
			<b>97.91</b>			<b>2.98</b>
<b>(b) Investment carried at fair value through other comprehensive income</b>						
CG power and industrial solutions limited	-	-	-	10	62,600,000	31.61
						<b>31.61</b>
<b>(ii) Unquoted</b>						
<b>(a) Investments carried at fair value through profit or loss</b>						
Soma tollways private limited	10	19,265,780	329.10	10	19,265,780	329.10
Bhoruka Power Corporation limited	10	587,750	134.14	10	587,750	134.14
Ardom Telecom private limited	10	3,358,380	9.50	10	3,358,380	9.50
Grameen capital india private limited	10	2,126,000	-	10	2,126,000	-
Indian highways management company limited	10	1,500,000	1.73	10	1,500,000	1.73
Tikona infinet limited	10	425,912	-	10	425,912	0.17
The Kalyan Janatha Sahakari Bank limited	10	20,000	0.05	10	20,000	0.05
MF utilities india private limited	1	500,000	0.05	1	500,000	0.05
Bhoruka power india investments private limited	10	10	-	10	10	-
The malad sahakari bank limited	10	100	-	10	100	-
Athena Chattisgarh Power limited	10	69,300,000	-	10	69,300,000	-
Coastal projects limited	10	7,896,884	-	10	7,896,884	-
KSK Mahanadi Power Co. limited	10	26,385,109	-	10	26,385,109	-
NSL sugars limited	10	2,925,656	-	10	2,925,656	-
Soma enterprises limited	10	500,000	-	10	500,000	-
Supreme best value kolhapur(shiroli) sangli tollways Private limited	10	5,026	-	10	5,026	-
Saumya mining limited	10	1,077,986	-	10	1,077,986	-
Mediciti healthcare services private limited	10	1,635,003	-	10	1,635,003	-
Alpha micro finance consultants private limited	10	200,000	-	10	200,000	-
Icomm tele limited	10	41,667	-	10	41,667	-
VMC systems limited	10	907,264	-	10	907,264	-
Hanjer biotech energies private limited	10	208,716	-	10	208,716	-
Metropoli overseas limited	10	99,400	-	10	99,400	-
Anil chemicals and industries limited	10	40,000	-	10	40,000	-
			<b>474.57</b>			<b>474.74</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(₹ in crore)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
<b>(B) Investments in debt securities</b>						
<b>(a) Investments carried at fair value through profit or loss</b>						
Bhoruka power corporation limited	300,000	32,500	510.10	300,000	32,500	510.10
Tikona infinet limited	2,840	579,772	85.58	2,840	579,772	149.57
Regen infrastructure and services private limited	1,000,000	701	74.39	1,000,000	701	70.20
RVK enterprise private limited	100,000	5,846	24.00	100,000	6,000	70.33
Soma enterprises limited	10	80,712,081	18.52	10	80,712,081	38.56
NSL sugars limited	100	2,132,310	12.71	100	2,132,310	14.74
NSL renewable power private limited	-	-	-	20,000	4,811	6.67
			<b>725.30</b>			<b>860.17</b>
<b>(b) Investment carried at fair value through other comprehensive income</b>						
The south indian bank limited	100,000	38,759	416.87	100,000	38,759	416.20
ECL finance limited	1,000	1,500,000	161.93	1,000	3,000,000	326.38
Dewan housing finance corporation limited	1,000	2,750,000	295.10	1,000	2,750,000	295.10
Dewan housing finance corporation limited	1,000,000	2,496	241.45	1,000,000	2,496	241.45
U.P. power corporation limited	-	-	-	2,000,000	522	56.04
Cholamandlam ms general insurance company limited	-	-	-	1,000,000	418	44.84
Tata AIG general insurance company limited	-	-	-	1,000,000	310	32.25
			<b>1,115.35</b>			<b>1,412.26</b>
<b>(C) Investments in mutual funds</b>						
<b>(a) Investments carried at fair value through profit or loss</b>						
L&T liquid fund - Direct plan- Growth	1,000	628,444	177.15	1,000	451,215	125.85
L&T banking and psu debt fund- Direct plan- Growth	10	344,758	0.69	10	38,735,739	71.92
Canara Robeco Liquid fund - Direct Growth	-	-	-	1,000	21,004	5.02
ICICI Prudential Liquid Fund - DP- Growth	10	820,848	25.01	10	7,090,295	208.30
Aditya Birla Sun Life Liquid Fund - Growth - Direct Plan	100	9,858,617	326.85	100	3,608,641	115.32
Nippon India Liquid Fund - DP Growth Plan - Growth Option	-	-	-	1,000	311,541	151.12
IDFC Cash Fund -DP-Growth	-	-	-	1,000	209,158	50.24
SBI Liquid Fund - DP -Growth	100	147,371	47.48	-	-	-
SBI Liquid Fund - DP -Growth	1,000	77,645	25.01	-	-	-
"L&T Money market Fund - Direct Plan - Growth (old name: L&T Floatin Rate Fund - Growth - Direct Plan)"	10	114,309,883	245.29	10	365,789	0.75
L&T India Value Fund - DP - G	10	383,794	1.88	10	383,794	1.01
L&T Infrastructure Fund - DP - G	10	694,601	1.36	10	694,601	0.77
L&T Emerging Business Fund - DP - G	10	332,358	1.07	10	332,358	0.53
L&T Midcap Fund - DP - G	10	58,207	1.10	10	58,207	0.61
L&T Business Cycle Fund	10	500,000	1.00	10	500,000	0.56
L&T Tax Advantage Fund - DP - G	10	132,721	0.94	10	132,721	0.54
L&T Hybrid Equity Fund - DP - G (Old Name : L&T India Prudence Fund - DP - G)	10	255,493	0.89	10	255,493	0.59
L&T Resurgent India Corporate Bond Fund	10	500,000	0.83	10	500,000	0.77
L&T Low Duration Fund - DP - G (Old Name :L&T Short Term Income Fund - DP - G)	10	87,756,371	200.84	10	340,894	0.73
L&T Arbitrage Opportunity Fund	10	500,000	0.78	10	500,000	0.75
L&T Large and Midcap Fund - DP - G (Old Name :L&T India Special Situations Fund - DP - G)	10	140,359	0.86	10	140,359	0.53
L&T Credit Risk Fund - DP - G (Old Name: L&T Income Opportunities Fund - DP - G)"	10	317,088	0.74	10	317,088	0.71
L&T Flexi Bond Fund - DP - G	10	331,794	0.81	10	331,794	0.77
L&T India Large Cap Fund - DP - G	10	243,072	0.89	10	243,072	0.54
L&T Gilt Fund - DP - G	10	142,010	0.83	10	142,010	0.77

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(₹ in crore)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
L&T Equity Fund - DP - G	10	79,561	0.84	10	79,561	0.50
L&T Ultra Short Term Fund - Direct Plan - Growth	10	217,696	0.76	10	217,696	0.73
L&T Short Term Bond Fund - Direct Plan - Growth (old name : L&T Short Term Opportunities Fund-Growth-Direct Plan)	10	367,947	0.80	10	367,947	0.74
L&T Triple Ace Bond Fund - DP - G	10	135,208	0.81	10	135,208	0.75
L&T Cash Fund Direct Plan - Growth	-	-	-	1,000	4,375	0.68
L&T Conservative Hybrid Fund - DP - G (old name : L&T Monthly Income Plan - DP - G)	10	178,522	0.76	10	178,522	0.66
L&T Dynamic Equity Fund - DP - G	-	-	-	10	235,213	0.57
L&T Focused Equity Fund Dir. Growth	10	500,000	0.72	10	500,000	0.45
L&T Equity Savings Fund - DP - G	10	276,932	0.61	10	276,932	0.45
L&T Overnight Fund Direct Plan - Growth	1,000	20,580	3.30	-	-	-
L&T Balanced Advantage fund-DP-G (Old Name : L&T Dynamic Equity Fund - DP - G)	10	235,213	0.74	-	-	-
L&T Liquid Fund Direct Plan - Daily Dividend Reinvestment plan	1,000	14,574	1.48	-	-	-
L&T Nifty 50 Index Fund	10	500,000	0.82	-	-	0.50
L&T Nifty Next 50 Index Fund	10	500,000	0.74	-	-	0.50
			<b>1,074.68</b>			<b>745.22</b>
<b>(D) Investments in fully paid preference shares (Unquoted)</b>						
<b>(a) Investment carried at fair value through profit or loss</b>						
Grameen capital india private limited	10	3,874,000	-	10	3,874,000	-
Ardom Telecom Private Limited (Face value Rs. 100,000 each)	100,000	2,150	75.48	100,000	3,150	85.48
SKS ispat power limited	-	-	-	10	9,773,621	3.05
3i infotech limited	5	3,896,954	0.68	5	3,896,954	0.68
10% SEW vizag coal terminal private limited	10	4,795,256	-	10	4,795,256	-
			<b>76.16</b>			<b>89.21</b>
<b>(E) Investments in government securities</b>						
<b>(a) Investment carried at fair value through profit or loss</b>						
7.50% government of india stock 2034	-	-	-	100	14,000	0.14
6.13% government of india stock 2028	-	-	-	100	40,000	0.39
			-			<b>0.53</b>
<b>(b) Investment carried at fair value through other comprehensive income</b>						
8.15% Govt Stock -11-06-2022	100	50,000,000	535.20	-	-	-
364 Day T-Bills 16-09-2021	100	75,000,000	738.57	-	-	-
364 Day T-Bill 24-03-2022	100	20,000,000	192.89	-	-	-
National Highways authority of India	1,000,000	550	59.09	-	-	-
			<b>1,525.75</b>			-
<b>(F) Investments in units of funds</b>						
<b>(a) Investments carried at fair value through profit or loss</b>						
KKR india debt opportunities fund ii	1,000	742,182	53.06	1,000	1,356,565	101.32
KKR india debt opportunities fund iii	1,000	21,226	0.17	1,000	53,454	0.20
LICHFL urban development Fund	10,000	10,000	2.97	10,000	10,000	3.76
LICHFL housing and infrastructure trust	100	516,000	5.16	100	116,000	1.16
			<b>61.36</b>			<b>106.44</b>
<b>(b) Investment carried at fair value through other comprehensive income</b>						
Indinfravit Trust	100	100,000	0.94	100	100,000	0.94
			<b>0.94</b>			<b>0.94</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(₹ in crore)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
<b>(G) Investment in pass through certificates</b>						
<b>(a) Investment carried at fair value through other comprehensive income</b>						
Smith IFMR Capital	4	12,096,782	3.30	4	12,096,782	3.30
Goldstein IFMR Capital	43	857,170	2.45	43	857,170	2.45
Syme IFMR Capital	1	14,210,515	1.12	1	14,210,515	1.12
Moses IFMR Capital	1	2,250,000	0.22	1	2,250,000	0.22
			<b>7.09</b>			<b>7.09</b>
<b>(H) Investment in security receipts</b>						
<b>(a) Investments carried at fair value through profit or loss</b>						
Phoenix ARF Scheme 6	1,000	9,843	-	1,000	9,843	-
Phoenix ARF Scheme 9 *	1	6,612	-	1	6,612	-
Phoenix ARF Scheme 11 *	1	44,208	-	1	44,208	-
Phoenix ARF Scheme 13	5	27,404	0.01	5	27,404	0.01
Phoenix ARF Scheme 14	1,000	34,882	0.87	1,000	34,882	2.62
Phoenix Trust FY19-6	649	1,249,500	81.09	899	1,249,500	112.33
JM Financial Asset Reconstruction Company Private Limited (Series I - JMFARC-IRIS December 2016 - Trust)	1,000	6,885	-	1,000	6,885	-
EARC Trust SC - 258 - Series I	547	3,230,000	1.76	551	3,230,000	8.90
JMFARC LTF June 2017 Trust	711	297,500	8.55	711	297,500	9.71
JMFARC LTF June 2017 Trust	711	480,849	17.95	711	480,849	17.95
Suraksha ARC - 024 Trust	1,000	1,087,175	108.72	1,000	1,087,175	108.72
Suraksha ARC - 020 Trust	768	867,000	50.6	768	867,000	66.60
Suraksha ARC - 020 Trust (Series - II)	889	126,310	7.75	889	126,310	7.75
Phoenix Trust FY 20-4	257	3,026,000	77.77	522	3,026,000	157.96
Omikara PS10/2019-20 Trust	1,000	216,750	10.63	1,000	348,500	23.91
EARC TRUST SC 367	986	11,730,000	1,151.76	1,000	11,730,000	1,168.67
ARCIL-CPS-062-I-Trust	1,000	5,185,000	518.51	1,000	5,185,000	518.51
Suraksha ARC - 037 Trust	1,000	1,107,125	109.47	1,000	1,107,125	109.47
Phoenix Trust FY 14-9	1,000	1,108,935	16.63	1,000	1,108,935	27.72
EARC Trust - SC 105	976	1,190,000	29.04	976	1,190,000	63.90
EARC Trust - SC 132	903	8,500	0.77	903	8,500	0.77
JM Financials (JMFARC) Series	681	2,621,651	89.25	711	2,621,651	93.16
CFMARC Trust 67	1,000	722,500	42.80	-	-	-
PEGASUS Group 38 Trust 1	1,000	328,729	21.25	-	-	-
ARCIL-AST-065-I-Trust	1,000	1,955,000	184.00	-	-	-
ARCIL-CPS-I-Trust	1,000	4,420,000	442.00	-	-	-
Arcil-AST- IX Trust	1,000	7,658,500	765.85	-	-	-
CFMARC Trust 73	1,000	2,308,090	218.83	-	-	-
CFMARC Trust 74	1,000	1,107,210	102.82	-	-	-
CFMARC Trust 76	1,000	592,705	56.19	-	-	-
			<b>4,114.87</b>			<b>2,498.65</b>
<b>Total investments (A)</b>			<b>9,273.98</b>			<b>6,229.86</b>
<b>(i) Investments outside India</b>			-			-
<b>(ii) Investments in India</b>			9,273.98			6,229.86
<b>Total Investments (B)</b>			<b>9,273.98</b>			<b>6,229.86</b>
<b>Less: Allowance for Impairment loss (C)</b>			401.85			250.59
<b>Net total investment (D)=(A)-(C)</b>			<b>8,872.13</b>			<b>5,979.27</b>

\* Amount less than Rs 1lakh

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**8 Other financial assets**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	50.08	56.35
Accrued interest on investment	0.15	0.15
Margin money deposits	1.34	0.84
Other receivables	28.04	34.63
<b>Total</b>	<b>79.61</b>	<b>91.97</b>

**9 Investment properties**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Gross carrying amount</b>		
Opening gross carrying amount	320.67	379.07
Add: Additions during the year	-	0.35
Add/(Less): Classified as assets held for sale	40.50	(28.50)
Less: Impairment during the year	-	(12.15)
Less: Deductions during the year	(0.89)	(18.10)
<b>Closing gross carrying amount</b>	<b>360.28</b>	<b>320.67</b>
<b>Accumulated depreciation and impairment</b>		
Opening accumulated depreciation	9.66	11.41
Add: Depreciation and impairment	7.99	3.52
Add/(Less): Classified as assets held for sale	15.37	(3.37)
Less: Deductions during the year	-	(1.90)
Closing accumulated depreciation	<b>33.02</b>	<b>9.66</b>
<b>Net carrying amount</b>	<b>327.26</b>	<b>311.01</b>

**Amount recognised in profit or loss for investment properties**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Rental income	41.34	42.63
Other charges Recovery	10.26	17.33
Less: Direct operating expenses from property that generated rental income	35.25	51.98
<b>Profit from investment properties before depreciation and impairment</b>	<b>16.35</b>	<b>7.98</b>
Less: Depreciation and impairment	2.72	3.52
<b>Profit from investment properties</b>	<b>13.63</b>	<b>4.46</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**10 Property, plant and equipment**

(₹ in crore)

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount			
	As at April 01, 2020	Additions	Deductions / Adjustments	Reclassified as held for sale	As at March 31, 2021	As at April 01, 2020	For the year	Deductions / Adjustments	Reclassified as held for sale	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
<b>Tangible</b>												
<b>Land :</b>												
Freehold	-	-	-	-	-	-	-	-	-	-	-	-
<b>Buildings :</b>												
Owned	0.38	-	-	-	0.38	0.03	0.01	-	-	0.04	0.34	0.35
Leasehold	0.91	-	0.02	-	0.89	0.65	0.01	-	-	0.66	0.23	0.26
Improvements	-	-	-	-	-	-	-	-	-	-	-	-
<b>Leasehold renovation</b>												
Owned	11.07	-	-	-	11.07	7.71	1.27	0.01	-	8.97	2.10	3.36
Leased out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Electrical &amp; Installation</b>												
Owned	16.15	-	0.16	-	15.99	10.23	2.75	0.08	-	12.90	3.09	5.92
Leased out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Plant and equipments</b>												
Owned	0.44	-	-	-	0.44	0.10	0.03	-	-	0.13	0.31	0.34
Leased out	6.70	-	3.90	-	2.80	3.73	0.22	1.79	-	2.16	0.64	2.97
Computers	-	-	-	-	-	-	-	-	-	-	-	-
Owned	41.10	0.53	0.07	-	41.56	23.25	7.95	0.06	-	31.14	10.42	17.85
Leased out	-	-	-	-	-	-	-	-	-	-	-	-
<b>Furniture and fixtures</b>												
Owned	15.52	1.30	0.37	-	16.44	8.47	1.39	0.21	-	9.65	6.79	7.05
Leased out	4.74	-	-	-	4.74	3.56	0.38	-	-	3.94	0.80	1.18
<b>Office equipments</b>												
Owned	12.61	1.89	0.10	-	14.39	8.01	2.30	0.09	-	10.22	4.17	4.60
Leased out	0.01	-	-	-	0.01	-	-	-	-	-	0.01	0.01
<b>Vehicles</b>												
Owned	3.18	1.23	0.40	-	4.01	1.46	0.88	0.10	-	2.24	1.77	1.72
Leased out	4.37	-	2.65	-	1.72	2.06	0.42	1.49	-	0.99	0.73	2.31
	117.17	4.95	7.68	-	114.44	69.26	17.61	3.83	-	83.04	31.40	47.91
Previous year	125.24	12.34	19.15	1.26	117.17	57.55	24.82	12.26	(0.85)	69.26	47.91	67.69

**Intangible assets :**

(₹ in crore)

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount			
	As at April 01, 2020	Additions	Deductions	Reclassified as held for sale	As at March 31, 2021	As at April 01, 2020	For the year	Deductions	Reclassified as held for sale	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Specialised softwares	160.49	92.85	-	-	253.34	90.05	50.44	-	-	140.49	112.85	70.44
	160.49	92.85	-	-	253.34	90.05	50.44	-	-	140.49	112.85	70.44
Previous year	116.29	45.37	0.01	1.19	160.49	63.25	27.90	-	(1.11)	90.05	70.44	53.04
Add: Intangible assets under development											23.84	62.04
											136.69	132.47

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### 11 Right of use asset (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Gross carrying amount</b>		
Opening gross carrying amount	45.00	27.50
Add: Additions during the year	11.99	19.28
Less: Deductions during the year	(4.87)	(1.78)
<b>Closing gross carrying amount</b>	<b>52.12</b>	<b>45.00</b>
<b>Accumulated depreciation and impairment</b>		
Opening accumulated depreciation	11.00	-
Add: Depreciation and impairment	11.05	11.00
Less: Deductions during the year	-	-
<b>Closing accumulated depreciation</b>	<b>22.05</b>	<b>11.00</b>
<b>Net carrying amount</b>	<b>30.07</b>	<b>34.00</b>

### 12 Other non-financial assets (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	73.78	63.28
Property, plant and equipment held for sale	1.15	26.28
Capital advances	2.66	9.68
Amount paid under protest	53.19	42.78
Statutory dues recoverable	1.86	4.93
Assets acquired in settlement of claims	782.02	183.63
Others	40.80	10.38
<b>Total</b>	<b>955.46</b>	<b>340.95</b>

### 13 Payables (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade payables</b>		
Due to others	10.42	10.72
Due to related parties (Refer note 41)	8.84	54.12
Sub total	<b>19.25</b>	<b>64.84</b>
<b>Other payables</b>		
Micro and small enterprises	-	-
Due to others	5.06	0.80
Sub total	<b>5.06</b>	<b>0.80</b>
<b>Total</b>	<b>24.31</b>	<b>65.64</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### 14 Debt securities (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(A)</b>		
<b>At Amortised Cost</b>		
- Commercial paper (net)	6,298.43	5,250.78
- Non convertible debentures	39,729.03	38,741.53
<b>Total</b>	<b>46,027.46</b>	<b>43,992.31</b>
<b>(B)</b>		
<b>(a) Debt securities in India</b>		
<b>(i) At Amortised cost</b>	46,027.46	43,992.31
<b>Total</b>	<b>46,027.46</b>	<b>43,992.31</b>
<b>(b) Debt securities outside India</b>		
<b>(i) At Amortised Cost</b>	-	-
<b>Total</b>	-	-
<b>(C)</b>		
At Amortised cost		
- Secured	39,729.03	38,741.53
- Unsecured	6,298.43	5,250.78
<b>Total</b>	<b>46,027.46</b>	<b>43,992.31</b>

### 15 Borrowings (other than debt securities) (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(A)</b>		
<b>At Amortised Cost</b>		
(a) Term Loans		
(i) From banks	17,126.81	22,496.35
(ii) From banks - foreign currency nominated rupee loan	99.81	-
(iii) From financial institutions	1,691.78	2,586.06
(b) Loan repayable on demand		
(i) From banks	14,675.18	16,099.77
(c) External commercial borrowings	3,989.00	3,340.82
<b>Total</b>	<b>37,582.58</b>	<b>44,523.00</b>
<b>(B)</b>		
<b>(a) Borrowings (other than debt securities) in India</b>		
(i) At Amortised Cost	33,593.58	41,182.18
<b>Total</b>	<b>33,593.58</b>	<b>41,182.18</b>
<b>(b) Borrowings (other than debt securities) outside India</b>		
(i) At Amortised Cost	3,989.00	3,340.82
<b>Total</b>	<b>3,989.00</b>	<b>3,340.82</b>
<b>(C)</b>		
At Amortised cost		
- Secured	33,395.67	39,365.73
- Unsecured	4,186.91	5,157.27
<b>Total</b>	<b>37,582.58</b>	<b>44,523.00</b>



**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**16 Subordinated liabilities**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(A)</b>		
<b>At amortised cost</b>		
Perpetual debt instruments to the extent that do not qualify as equity	609.71	609.28
Preference shares other than those that qualify as equity	1,444.14	2,075.26
Subordinate debt instruments	2,891.88	2,694.64
<b>Total</b>	<b>4,945.73</b>	<b>5,379.18</b>
<b>(B)</b>		
<b>(a) Subordinated liabilities in India</b>		
(i) At amortised cost	4,945.73	5,379.18
<b>Subtotal</b>	<b>4,945.73</b>	<b>5,379.18</b>
<b>(b) Subordinated liabilities outside India</b>		
(i) At amortised cost	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4,945.73</b>	<b>5,379.18</b>
<b>(C)</b>		
At Amortised cost		
- Secured	-	-
- Unsecured	4,945.73	5,379.18
<b>Total</b>	<b>4,945.73</b>	<b>5,379.18</b>

**17 Other financial liabilities**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	10.11	12.07
Liabilities for expenses	517.21	255.68
Bank book credit balance	33.45	6.80
Short term obligation	13.07	9.32
Employee benefits payable	29.49	21.71
Unclaimed infrastructure bonds	244.66	16.60
Unclaimed interest on infrastructure bonds/debentures	-	1.39
Unclaimed dividend on equity shares	1.56	2.04
Unclaimed proceeds on right issue	0.10	-
Unclaimed redemption proceeds and dividend on preference shares	1.07	0.60
Other payables	99.82	117.86
<b>Total</b>	<b>950.54</b>	<b>444.07</b>

**18 Provisions**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(a) Provision for employee benefits</b>		
Compensated absences	19.66	23.44
Super annuation fund	0.81	0.81
Gratuity (Refer note 39)	13.48	17.02
<b>Total</b>	<b>33.95</b>	<b>41.27</b>

**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**19 Other non-financial liabilities**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	63.68	13.03
<b>Total</b>	<b>63.68</b>	<b>13.03</b>

**20 Equity share capital**
**(I) Share capital authorised, issued, subscribed and paid up**

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
<b>Authorised:</b>				
Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
Preference shares of ₹ 100 each	50,00,00,000	5,000.00	50,00,00,000	5,000.00
<b>Issued, Subscribed &amp; Paid up:</b>				
Equity shares of ₹ 10 each fully paid	2,469,445,704	2,469.45	2,004,833,610	2,004.83

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

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

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
<b>At the beginning of the year</b>	2,004,833,610	2,004.83	1,998,812,360	1,998.81
Issued during the year				
- Against right issue	461,325,021	461.33	-	-
- Against employee stock option	3,287,073	3.29	6,021,250	6.02
<b>Outstanding at the end of the year</b>	<b>2,469,445,704</b>	<b>2,469.45</b>	<b>2,004,833,610</b>	<b>2,004.83</b>

**(IV) Equity shares in the Company held by the holding company**

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and its nominee	1,571,004,573	1,571.00	1,277,520,203	1,277.52
<b>Total</b>	<b>1,571,004,573</b>	<b>1,571.00</b>	<b>1,277,520,203</b>	<b>1,277.52</b>

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

Equity Shares	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and its nominee	1,571,004,573	63.62%	1,277,520,203	63.72%

**(VI) Details of shares reserved to be issued under ESOP**

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity shares of ₹ 10 each	41,760,601	41.76	48,116,340	48.12
<b>Total</b>	<b>41,760,601</b>	<b>41.76</b>	<b>48,116,340</b>	<b>48.12</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### (VII) Capital Management

- The objective of the Group's Capital Management is to maximise shareholder value, safeguard business continuity and support the growth of its Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated.
- During the year ended March 31, 2021, the Company paid interim dividend of Nil (Previous year ₹ 0.90) per equity share amounting to Nil (Previous year ₹ 180.44 crore).

### (VIII) Employee stock option scheme

- The Company has formulated Employee Stock Option Schemes 2010 (ESOP Scheme-2010) and 2013 (ESOP Scheme 2013). The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options allotted under the scheme 2010 are vested over a period of four years in the ratio of 15%, 20%, 30% and 35% respectively from the end of 12 months from the date of grant, subject to the discretion of the management and fulfillment of certain conditions. The options granted under the scheme 2013 are vested in a graded manner over a period of four years with 0%, 33%, 33% and 34% of grants vesting each year, commencing from the end of 24 months from the date of grant or w.e.f. July 10, 2019 vested in a graded manner over a period of four years with 25%, 25%, 25% and 25% of grants vesting each year, commencing from the end of 12 months from the date of grant.
- Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The 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.
- The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 can be exercised either at market price which was the last closing price on National stock exchange preceding the date of grant or w.e.f. July 10, 2019 ₹ 10 respectively.
- During the year ended March 31, 2021, 3,287,073 options were allotted under the ESOP scheme 2013.
- The details of the grants are summarised below:

Particulars	Scheme 2010		Scheme 2013	
	2020-20	2019-20	2020-20	2018-19
Options granted and outstanding at the beginning of the year	2,920,500	4,952,000	45,195,840	41,634,600
Options granted during the year	-	245,000	2,131,627	15,663,240
Options cancelled/ lapsed during the year	307,500	1,259,250	4,892,793	6,764,000
Options exercised during the year	684,500	1,017,250	2,602,573	5,004,000
Options granted and outstanding at the end of the year of which:				
- Options vested	537,000	619,250	18,171,874	8,977,400
- Options yet to vest	1,391,500	2,301,250	21,660,227	36,218,440
Weighted average remaining contractual life of options (in years)	4.02	4.78	4.81	5.80

- During the year, the Group has debited to the Statement of Profit and Loss ₹ 54.51 crore (Previous year ₹ 88.63 crore) towards the stock options granted to their employees, pursuant to the employee stock option schemes.
- Weighted average fair values of options granted during the year is ₹ 33.15 (Previous year: ₹ 108.82) per options.
- The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

Particulars	2020-21	2019-20
Weighted average risk-free interest rate	2.70%	6.10%
Weighted average expected life of options	1.73 years	2.94 years
Weighted average expected volatility	25.26%	35.28%
Weighted average expected dividend over the life of the options	₹ 1.68 per option	₹ 3.25 per option
Weighted average share price	₹ 39.61 per option	₹ 120.25 per option
Weighted average exercise price	₹ 5.82 per option	₹ 10.53 per option
Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option.	

### 21 Other equity

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium account <sup>1</sup>	7,707.39	5,126.51
General reserve <sup>2</sup>	236.16	255.97
Debenture redemption reserve <sup>3</sup>	213.10	319.20
Capital reserve on consolidation	492.36	492.36
Reserve u/s 36 (1)(viii) of Income tax Act 1961 <sup>4</sup>	911.35	782.25
Reserve u/s 45-IC of Reserve Bank of India Act, 1934 <sup>5</sup>	1,960.06	1,921.73
Reserve u/s 29C of National Housing Bank Act 1987 <sup>6</sup>	27.43	27.43
Employee stock option outstanding account <sup>7</sup>	199.77	181.27
Retained earnings <sup>8</sup>	4,642.40	3,720.68
Impairment Reserve <sup>9</sup>	28.36	15.82
Other comprehensive income		
- Foreign currency translation reserve	-	0.54
- Change in fair value of equity instruments measured at fair value through OCI	-	(56.16)
- Fair value changes of financial instrument measured at fair value through OCI	(12.89)	(0.47)
- Effective portion of cash flow hedge	(101.74)	(99.54)
<b>Total</b>	<b>16,303.75</b>	<b>12,687.59</b>

- Securities premium account:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium account. The account is utilised in accordance with the provisions of the Companies Act 2013.
- General reserve:** The Company created a General reserve in earlier years pursuant to the provisions of the Companies Act, 1956 where in certain percentage of profits was required to be transferred to General reserve before declaring dividends. As per Companies Act 2013, the requirements to transfer profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.
- Debenture redemption reserve:** As the Subsidiaries has issued redeemable non-convertible debentures, it has created Debenture Redemption Reserve out of its profits available for payment of dividend in accordance with the provisions of section 71(4) of the Companies Act, 2013 to be utilised for the redemption of debentures. The Ministry of Corporate Affairs, vide notification dated 19-August-2019 has amended the Companies (Share Capital & Debentures) Rules and accordingly the Company is no longer required to create Debenture Redemption Reserve on issuance of redeemable non-convertible debentures.
- Reserve u/s 36(1)(viii) of Income tax Act 1961:** In respect of any special reserve created and maintained by a specified entity, an amount not exceeding twenty percent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account.
- Reserve u/s 45 IC of Reserve Bank of India Act, 1934:** The Parent and Subsidiaries created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared.

6. **Reserve u/s 29C of National Housing Bank act 1987:** The Subsidiary created a reserve pursuant to the National Housing Bank, 1987 wherein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.
7. **Employee stock option outstanding account:** The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary companies under Company's employee stock option scheme.
8. **Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company.
9. **Impairment reserve:** As per the RBI circular RBI/2019-20/170 dated March 13, 2020, where the guidelines require NBFCs to hold impairment allowances as required by Ind AS. In parallel NBFCs are required to compute provisions as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). A comparison, as prescribed, between provisions required under IRACP and impairment allowances made under Ind AS 109 is required to be disclosed by NBFCs in the notes to their financial statements to provide a benchmark to their Boards, RBI supervisors and other stakeholders, on the adequacy of provisioning for credit losses. Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs are required to appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

### 22 Interest income (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial assets measured at:		
<b>(i) Amortised cost</b>		
Interest on loans	9,417.95	9,666.69
Interest on deposits with bank	175.39	68.30
Interest income from investments	12.53	50.23
Other interest income	0.23	1.90
<b>(ii) Fair value through profit or loss</b>		
Interest on loans	3,411.81	3,325.53
Interest income from investments	1.29	19.99
<b>(iii) Fair value through other comprehensive income</b>		
Income from other investments	85.65	112.10
<b>Total</b>	<b>13,104.85</b>	<b>13,244.74</b>

### 23 Dividend income (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Dividend income on investments	0.04	0.12
<b>Total</b>	<b>0.04</b>	<b>0.12</b>

### 24 Rental income (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Lease rental income	4.52	9.03
<b>Total</b>	<b>4.52</b>	<b>9.03</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### 25 Fees and commission Income (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Management fee	311.29	353.20
Consultancy and financial advisory fee	122.54	278.88
Other financial activities	108.25	180.31
<b>Total</b>	<b>542.08</b>	<b>812.39</b>

### 26 Net gain/(loss) on fair value changes (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>(A) Net gain/(loss) on financial instruments classified at fair value through profit or loss</b>		
<b>(i) On trading portfolio</b>		
-Investments	18.01	39.73
<b>(ii) On non-trading portfolio</b>		
-Investments	6.46	(1.89)
<b>Total</b>	<b>24.47</b>	<b>37.84</b>
<b>(B) Fair value changes:</b>		
- Realised	24.25	30.15
- Unrealised	0.22	7.70
<b>Total</b>	<b>24.47</b>	<b>37.84</b>

### 27 Net gain on derecognition of financial instruments under amortised cost category (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gain on sale of loan portfolio	2.11	-
<b>Total</b>	<b>2.11</b>	<b>-</b>

### 28 Other income (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income from cross sell	352.53	349.13
Net gain on derecognition of property, plant and equipment	0.03	2.35
Other income	49.47	21.15
<b>Total</b>	<b>402.03</b>	<b>372.63</b>

### 29 Finance costs (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>On financial liabilities measured at amortised cost</b>		
Interest on borrowings	2,978.59	3,268.02
Interest on debt securities	3,734.18	3,768.45
Interest on subordinated liabilities	438.07	434.60
Other interest expenses	49.09	42.53
<b>Total</b>	<b>7,199.92</b>	<b>7,513.60</b>

**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**30 Fees and commission expense** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Mutual fund scheme and distribution expenses	(1.35)	17.51
Advisory fees	3.36	-
<b>Total</b>	<b>2.01</b>	<b>17.51</b>

**31 Net loss/(gain) on fair value changes** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>(A) Net loss on financial instruments classified at fair value through profit or loss</b>		
<b>(i) On trading portfolio</b>		
Fair value changes on investments	267.53	157.82
Fair value changes on loans	139.74	93.31
Gain on sale of investment	(11.79)	(83.17)
Loss/(Gain) on sale of loan assets	19.03	(1.35)
<b>(B) Net gain on disposal of financial instruments classified at fair value through other comprehensive income</b>		
Derivative financial instruments	5.32	-
Loss/(Gain) on sale of investment	0.59	(130.46)
<b>Total</b>	<b>420.42</b>	<b>36.15</b>
<b>(C) Fair value changes:</b>		
- Realised	7.83	(246.75)
- Unrealised	412.59	282.90
<b>Total</b>	<b>420.42</b>	<b>36.15</b>

**32 Net loss/(gain) on derecognition of financial instruments under amortised cost category** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Loss on foreclosure and writeoff of loan (net off of recoveries for write off of previous years)	2,626.54	2,003.98
Less: Provision held reversed on derecognition of financial instruments	(2,389.29)	(1,729.76)
<b>Total</b>	<b>237.25</b>	<b>274.22</b>

**33 Impairment on financial instruments** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>On financial instruments measured at fair value through other comprehensive income:</b>		
Investments	151.26	250.59
<b>On financial instruments measured at amortised cost:</b>		
Loans	2,843.18	1,730.50
Trade receivables	(16.41)	13.10
<b>Total</b>	<b>2,978.03</b>	<b>1,994.19</b>

**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**34 Employee benefits expenses** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries	869.87	887.85
Contribution provident, ESIC and superannuation fund	37.75	37.88
Contribution to gratuity fund (Refer note 39)	10.24	7.76
Share based payments to employees (Refer note 20)	54.51	88.63
Staff welfare expenses	34.70	40.20
<b>Total</b>	<b>1,007.06</b>	<b>1,062.32</b>

**35 Depreciation, amortisation and impairment** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation (Refer note 10)	17.61	24.82
Depreciation and impairment of investment property (Refer note 9)	7.99	15.67
Amortisation on right of use asset (Refer note 11)	11.05	11.00
Amortisation on goodwill	-	2.20
Amortisation on other intangible assets (Refer note 10)	50.44	27.90
<b>Total</b>	<b>87.09</b>	<b>81.59</b>

**36 Other expenses** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	22.36	30.13
Rates and taxes	97.93	4.72
Repairs and maintenance	73.79	80.57
Communication expenses	7.35	11.38
Director's sitting fees	1.16	1.24
Non executive directors remuneration	1.92	2.88
Auditor's fees and expenses (Refer note below)	3.10	3.49
Legal and professional charges	235.50	181.12
Insurance	4.92	8.04
Travelling and conveyance	15.38	36.90
Advertisement and publicity	10.11	27.56
Printing and stationery	6.84	17.15
Stamping charges	14.04	1.38
Electricity charges	6.31	8.08
Bank charges	17.53	38.64
Filing fees	1.06	1.50
Brand license fee	8.57	53.96
Membership and subscription fees	0.64	3.92
Collection charges	304.93	216.76
Loan processing charges	7.58	21.13
Listing and custodian charges	1.09	1.16
Training and recruitment expenses	3.96	6.84
Loss on sale of property, plant and equipment	0.62	2.67
Donations	0.03	21.54
Corporate social responsibility expenses	17.88	24.81
Miscellaneous expenses	14.13	9.53
<b>Total</b>	<b>878.73</b>	<b>817.09</b>

**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**Auditor's fees and expenses:** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Statutory audit fees	1.10	1.38
Limited review fees	0.84	0.92
Tax audit fees	0.11	0.19
Certification fees and others	1.91	0.66
Expenses reimbursed and others	0.20	0.34
Less: Fees paid for right issue adjusted against securities premium account	(1.06)	-
<b>Total</b>	<b>3.10</b>	<b>3.49</b>

**37 Tax expense** (₹ in crore)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	703.60	632.50
Deferred tax charge/(reversal) (Refer note 45)	(157.28)	(126.06)
Reversal of deferred tax assets on account of change in tax rate	-	473.38
<b>Total</b>	<b>546.32</b>	<b>979.82</b>

**38 The list of subsidiaries included in the consolidated financial statement are as under:**

S No.	Name of subsidiaries/associates	Country of Incorporation	As at March 31, 2021		As at March 31, 2020	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
<b>Subsidiaries</b>						
1	L&T Finance Limited	India	100%	100%	100%	100%
2	L&T Infrastructure Finance Company Limited *	India	-	-	100%	100%
3	L&T Housing Finance Limited *	India	-	-	100%	100%
4	L&T Infra Debt Fund Limited	India	100%	100%	100%	100%
5	L&T Investment Management Limited	India	100%	100%	100%	100%
6	L&T Capital Markets Limited **	India	0%	0%	100%	100%
7	L&T Financial Consultants Limited	India	100%	100%	100%	100%
8	L&T Infra Investment Partners Advisory Private Limited	India	100%	100%	100%	100%
9	L&T Infra Investment Partners Trustee Private Limited	India	100%	100%	100%	100%
10	L&T Mutual Fund Trustee Limited	India	100%	100%	100%	100%
11	Mudit Cements Private Limited	India	100%	100%	100%	100%
12	L&T Infra Investment Partners	India	54.92%	54.92%	54.92%	54.92%
13	L&T Capital Markets (Middle East) Limited ***	UAE	0%	0%	100%	100%

\* Amalgamation of L&T Infrastructure Finance Company Limited ("LTIFC"), L&T Housing Finance Limited ("LTHFC") with L&T Finance Limited ("LTFL"):

**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

Pursuant to order of National Company Law Tribunal Benches, Mumbai and Kolkata dated March 15, 2021 and March 19, 2021 respectively, the scheme of amalgamation for merger of LTIFC and LTHFC (a wholly owned subsidiaries of the Company) with LTFL is effected from April 12, 2021. As a consequence, effective April 12, 2021, LTIFC and LTHFC will stand merged with LTFL with appointed date being April 01, 2020.

\*\* During the year ended March 31, 2021, there was a divestment of entire stake in the subsidiary company, L&T Capital Markets Limited. The transaction was concluded on April 24, 2020.

\*\*\* During the year ended March 31, 2021, L&T Capital Markets (Middle East) Limited, a wholly owned subsidiary incorporated in Dubai has been dissolved and ceased to exist with effect from December 17, 2020.

**39 Disclosure pursuant to Ind AS 19 "Employee benefits"**
**(i) Defined contribution plans**

The Group recognised charges of ₹ 37.75 crores (Previous year: ₹ 37.88 crores) for provident fund contribution, Employee State Insurance Scheme and Superannuation fund in the Consolidated Statement of Profit and Loss.

**(ii) Defined benefits gratuity Plan**
**(a) The amounts recognised in Balance Sheet:** (₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
A) Present value of defined benefit obligation		
- Wholly funded	39.96	32.89
- Wholly unfunded	1.00	5.19
	40.96	38.08
Less : Fair value of plan assets	(27.48)	(17.41)
Add : Amount not recognised as an asset (limit in para 64(b) of IndAS 19)	-	-
Amount to be recognised as liability or (asset)	<b>13.48</b>	<b>20.67</b>
B) Amounts reflected in Balance Sheet		
Liabilities *	13.48	20.67
Assets	-	-
Net liability/(asset)	<b>13.48</b>	<b>20.67</b>

\* includes ₹ Nil (Previous year: ₹ 3.65 crore) liabilities associated with group classified as held for sale

**(b) The amounts recognised in the Statement of Profit and Loss:** (₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
1 Current service cost	10.24	7.76
2 Interest cost (net of interest income on plan asset)	0.87	0.65
3 Actuarial losses/(gains) - others	(3.20)	5.08
4 Actuarial losses/(gains) - difference between actuarial return on plan assets and interest income	0.18	0.72
<b>Total</b>	<b>8.09</b>	<b>14.21</b>
i Amount included in "employee benefits expenses"	10.24	7.76
ii Amount included in as part of "finance cost"	0.87	0.65
iii Amount included as part of "other comprehensive income"	(3.02)	5.80
<b>Total</b>	<b>8.09</b>	<b>14.21</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance:** (₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
Opening balance of the present value of defined benefit obligation	38.08	26.67
Add : Current service cost	10.24	7.76
Add : Interest cost	1.91	1.73
Add : Actuarial losses/(gains)		
i) Actuarial (gains)/losses arising from changes in financial assumptions	1.71	2.62
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	(1.32)	0.66
ii) Actuarial (gains)/losses arising from changes in experience adjustments	(3.59)	1.80
Less : Benefits paid	(2.39)	(3.18)
Add : Liability assumed/(settled)*	(3.68)	0.02
<b>Closing balance of the present value of defined benefit obligation</b>	<b>40.96</b>	<b>38.08</b>

\*On account of business combination or intra group transfer

**(d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances:** (₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
Opening balance of the fair value of the plan assets	17.41	14.85
Add : interest income of plan assets	1.04	1.09
Add/(less) : Actuarial gains/(losses)	(0.18)	(0.72)
Add : Contribution by the employer	11.60	5.26
Less : Benefits paid	(2.39)	(3.07)
<b>Closing balance of plan assets</b>	<b>27.48</b>	<b>17.41</b>

**(e) Movement in asset ceiling:** (₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
Opening value of asset ceiling	-	0.01
Interest on opening balance of asset ceiling	-	-
Remeasurement due to changes in surplus/deficit	-	(0.01)
<b>Closing value of asset ceiling</b>	<b>-</b>	<b>-</b>

**(f) The fair value of major categories of plan assets:** (₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
1 Government of India securities	1.99	1.99
2 Insurer managed funds (unquoted)	20.91	9.92
3 Others (quoted)	1.89	2.55
4 Others (unquoted)	2.69	2.96
	<b>27.48</b>	<b>17.41</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**(g) Principal actuarial assumptions at the valuation date:** (₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
(i) Discount rate (per annum)	4.65% to 6.35%	5.6% to 6.85%
(ii) Salary escalation rate (per annum)	9.00%	9%

**(iii) Discount rate:**

Discount rate based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**(iv) Salary escalation rate:**

The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

**(v) Attrition Rate:**

The attrition rate varies from 0% to 33%(previous year: 0% to 25%) for various age groups.

**(vi) Mortality:**

Published rates under the Indian Assured Lives Mortality (2012-14) Ult table.

**(h) Sensitivity analysis**

One percentage point change in actuarial assumption would have the following effects on the defined benefit obligation:

Particulars	Gratuity Plan			
	Effect of 1% increase		Effect of 1% decrease	
	2020-21	2019-20	2020-21	2019-20
1 Impact of change in discount rate	(2.13)	(2.44)	2.35	2.76
2 Impact of change in salary escalation rate	2.24	2.66	(2.08)	(2.39)

**(iii) Defined benefits provident fund plan:**

In respect of the contribution by the employer and employee to the provident fund trust constituted by the ultimate parent company, in terms of the guidance note issued by the Institution of Actuarial of India for the measurement of provident fund liabilities, the actuary engaged by the Group has provided the following information in this regards

**(a) The amounts recognised in Balance Sheet:** (₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2021	As at March 31, 2020
A) Present value of defined benefit obligations		
- Wholly funded	14.60	14.32
- Wholly unfunded	-	-
	14.60	14.32
Assets acquired on acquisition	-	-
Less: Fair value of plan assets	(15.95)	(15.18)
Amount to be recognised as liability or (assets)	(1.35)	(0.86)
B) Amount reflected in Balance sheet		
Liabilities	(1.35)	(0.86)
Assets	-	-
Net liability/(assets)	(1.35)	(0.86)

**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**(b) The amounts recognised in the Statement of Profit and Loss:** (₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2021	As at March 31, 2020
Current service cost	-	-
Interest cost	1.18	1.25
Expected return on plan assets	(1.18)	(1.25)
Actuarial gain/(losses)	0.47	0.76
Actuarial losses/(gain) not recognised in books (limit in para 64(b) of IndAS 19)	(0.47)	(0.76)
<b>Total</b>	<b>-</b>	<b>-</b>
Amount included in "Employee benefits expenses"	-	-
Amount included in as part of "Finance cost"	-	-
Amount included as part of "Other comprehensive income"	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances:** (₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2021	As at March 31, 2020
Opening balance of the present value of defined benefit obligation	14.32	15.72
Add: Assets acquired on acquisition	-	-
Add: Current service cost	-	-
Add: Interest cost	1.18	1.25
Less: Benefits paid	(0.91)	(2.65)
Add: Contribution by the employer	(0.02)	-
Add: Liability assumed/(settled)	0.03	-
<b>Closing balance of the present value of defined benefit obligation</b>	<b>14.60</b>	<b>14.32</b>

\*\*Amount less than ₹ 1 lakh

**(d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances:** (₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2021	As at March 31, 2020
Opening fair value of the plan assets	15.18	15.82
Add: Assets acquired on acquisition	-	-
Add: Interest income of plan assets	1.18	1.25
Add/(less): Actuarial gains/(losses)	0.47	0.76
Add: Contribution by the employer	-	-
Add/(less): Contribution by plan participants	-	-
Less: Benefits paid	(0.91)	(2.65)
Add: Assets acquired/(settled)	0.03	-
<b>Closing fair value of the plan assets</b>	<b>15.95</b>	<b>15.18</b>

**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**(e) The fair value of major categories of plan assets:** (₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2021	As at March 31, 2020
Government of India securities	7.23	7.12
Corporate bonds	4.69	4.38
Special deposit scheme	0.59	0.65
Public sector unit bond	2.01	2.44
Others (unquoted)	1.43	0.59
<b>Total</b>	<b>15.95</b>	<b>15.18</b>

**(f) Principal actuarial assumptions at the valuation date:** (₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2021	As at March 31, 2020
Discount rate for the term of the obligation	6.44%	5.60%
Average historic yield on the investment portfolio	8.85%	8.81%
Discount rate for the remaining term to maturity of the investment portfolio	6.60%	6.60%
Future derived return on assets	8.69%	7.81%
Guaranteed rate of return	8.25%	8.25%

**(i) Discount rate:**

The discount rate is based on the prevailing market yields of Indian government securities as at the valuation date for the estimated term of the obligations.

**(ii) Average historic yield on the investment portfolio:**

The average rate of return earned on the investment portfolio of provident fund in the previous three years.

**(iii) Expected investment return:**

Expected investment return is determined by adding the yield spread to the discount rate for a term of the obligation, where yield spread is the difference between the average historic yield on the investment portfolio &amp; discount rate for the remaining term to maturity of the investment portfolio.

**(iv) Guaranteed rate of return:**

The latest interest rate declared by the Regional Provident Fund Commissioner to its own subscribers.

**(f) Characteristics of defined benefit plans**
**(a) Gratuity plan**

The Group operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favorable compared to the obligation under the Payment of Gratuity Act, 1972.

**(b) Provident fund plan**

One of the subsidiary's provident fund scheme are defined contribution plan for its employees and for a certain categories of employees made to a trust viz. The Larsen &amp; Toubro Officers &amp; Supervisory Staff Provident Fund constituted by the ultimate parent company, which is permitted under The employee's Provident Funds and Miscellaneous Provisions Act, 1952. The Contribution by the employer and employee together with interest accumulated there on are payable to the employee at the time of separation from company or retirement whichever is earlier. The benefit vests immediately on rendering of services by the employee.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### 40 Disclosure pursuant to Ind AS 108 "Operating Segment"

The Board of Directors and the Managing Director of the Company together constitute the Chief Operating Decision Makers ("CODM") which allocate resources to and assess the performance of the segments of the Company.

The Group has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Rural, Housing, Infrastructure, Defocused and Other businesses. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly attributable to each reportable segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as others. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment, Tax assets and liabilities are disclosed as Unallocated and all other assets and liabilities are disclosed as others. The composition of the reportable segments is as follows:

- Rural finance comprises of farm equipment finance, two wheeler finance, micro loans and consumer finance.
- Housing finance comprises of home loans, loan against property and real estate finance.
- Infrastructure finance comprises of infrastructure business.
- Defocused Business comprises of structured corporate loans, debt capital market, 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.

#### (a) Information about reportable segment

(₹ in crore)

Particulars	Year ended	
	As at March 31, 2021	As at March 31, 2020
<b>I Gross segment revenue from continuing operations</b>		
(a) Rural finance	5,478.87	5,285.99
(b) Housing finance	3,291.43	3,397.72
(c) Infrastructure finance	4,075.06	4,286.46
(d) Defocused business	395.38	684.39
(e) Others	680.30	1,027.23
<b>Segment revenue from continuing operations</b>	<b>13,921.04</b>	<b>14,681.79</b>
(f) Less: Inter segment revenue	(242.97)	(577.67)
<b>Revenue as per the Statement of Profit &amp; Loss</b>	<b>13,678.07</b>	<b>14,104.12</b>
<b>II Segment results</b>		
(a) Rural finance	681.51	1,225.87
(b) Housing finance	607.64	871.13
(c) Infrastructure finance	425.16	919.45
(d) Defocused business	(569.33)	(554.87)
(e) Others	350.22	218.50
<b>Profit before tax</b>	<b>1,495.20</b>	<b>2,680.08</b>
<b>III Segment assets</b>		
(a) Rural finance	31,192.76	28,491.28
(b) Housing finance	28,712.81	30,410.87
(c) Infrastructure finance	40,499.93	41,705.39
(d) Defocused business	3,056.77	5,230.76
(e) Others *	14,445.55	12,878.62
<b>Sub Total</b>	<b>117,907.82</b>	<b>118,716.92</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(f) Less: Inter segment assets	(11,235.32)	(11,548.39)
<b>Segment assets</b>	<b>106,672.50</b>	<b>107,168.53</b>
(g) Unallocated	2,299.15	2,376.12
<b>Total assets</b>	<b>108,971.65</b>	<b>109,544.65</b>
<b>IV Segment liabilities **</b>		
(a) Rural finance	26,940.03	24,613.00
(b) Housing finance	24,651.71	26,631.96
(c) Infrastructure finance	34,647.56	36,435.59
(d) Defocused business	2,653.16	4,489.67
(e) Others *	2,188.90	3,987.23
<b>Sub Total</b>	<b>91,081.36</b>	<b>96,157.45</b>
(f) Less: Inter segment liabilities	(1,220.16)	(1,429.19)
<b>Segment liabilities</b>	<b>89,861.20</b>	<b>94,728.26</b>
(g) Unallocated	337.25	123.97
<b>Total liabilities</b>	<b>90,198.45</b>	<b>94,852.23</b>

\* Includes group of assets and liabilities classified as held for sale

\*\* Including non controlling interest

### (b) Geographical Information

Revenues from external customers attributed to an individual foreign country are immaterial.

- (c) Revenue contributed by any single customer in any of the operating segments, whether reportable or otherwise, does not exceed ten percent of the group's total revenue.

### 41 Disclosure pursuant to Ind AS 24 " Related Party Disclosures"

#### (a) List of related parties (with whom transactions were carried out during current or previous year)

S. No	Particulars	Relationship
1	Larsen & Toubro Limited	Holding Company
2	Larsen & Toubro Infotech Limited	Fellow Subsidiary Company
3	L&T Capital Company Limited	Fellow Subsidiary Company
4	Larsen & Toubro Electromech LLC	Fellow Subsidiary Company
5	L&T-MHPS Boilers Private Limited	Fellow Subsidiary Company
6	L&T Hydrocarbon Engineering Limited	Fellow Subsidiary Company

#### S. No Key management personnel

1	Mr Dinanath Dubhashi (re-appointed as a Managing Director and Chief Executive Officer w.e.f April 14, 2021)	Managing Director and Chief Executive Officer
2	Mr. S. V. Haribhakti (re-appointed as an Independent Director w.e.f April 1, 2019)	Non-executive chairman (Independent director)
3	Mr. Prabhakar B.	Non-executive director
4	Mr. R. Shankar Raman	Non-executive director
5	Dr. Rajani R Gupte	Independent director
6	Mr. Harsh Mariwala (ceased to be director w.e.f. April 1, 2019)	Independent director
7	Mr. P. V. Bhide (re-appointed as an Independent Director w.e.f April 1, 2019)	Independent director
8	Mr. Thomas Mathew T. (re-appointed as an Independent Director w.e.f July 1, 2020)	Independent director
9	Ms. Nishi Vasudeva	Independent director
10	Mr. Pavninder Singh	Nominee director



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**(b) Disclosure of related party transactions :**

(₹ in crore)

S. No.	Nature of transactions*	FY 2020-21	FY 2019-20
<b>1</b>	<b>Brand license fees to</b>		
	Larsen & Toubro Limited	8.08	51.00
<b>2</b>	<b>Repair and maintenance to</b>		
	Larsen & Toubro Limited	-	0.09
<b>3</b>	<b>Reimbursement of expenses paid to / (recovered from)</b>		
	Larsen & Toubro Limited (net)	12.62	0.05
<b>4</b>	<b>Interest expense on interest corporate borrowing / NCD</b>		
	L&T Capital Company Limited		0.13
	Larsen & Toubro Limited	113.69	22.96
<b>5</b>	<b>Professional fees to</b>		
	Larsen & Toubro Limited	6.13	6.15
	Larsen & Toubro Infotech Limited	1.18	4.27
<b>6</b>	<b>Advisory fees to</b>		
	L&T-MHPS Boilers Private Limited	-	0.05
<b>7</b>	<b>Inter corporate deposits/NCD borrowed from</b>		
	<b>L&amp;T Capital Company Limited</b>		1.20
	Larsen & Toubro Limited	2,445.00	1,000.00
<b>8</b>	<b>Inter corporate deposits repaid to</b>		
	L&T Capital Company Limited	-	4.45
	Larsen & Toubro Limited	-	1,000.00
<b>9</b>	<b>Issue of equity shares on account of rights issue</b>		
	Larsen & Toubro Limited	1,907.65	-

\* Transactions shown above are excluding of GST, if any.

**(c) Remuneration to key management personnel \*\*\***

(₹ in crore)

S. No.	Nature of transactions*	FY 2020-21		FY 2019-20	
		Short-Term employee benefits	Other Long term benefits	Short-Term employee benefits	Other Long term benefits
1	Mr. Dinanath Dubhashi	5.76	-	10.53	0.77
2	Mr. S. V. Haribhakti	0.64	-	0.51	-
3	Mr. Prabhakar B.	0.14	-	0.08	-
4	Dr. Rajani R. Gupte	0.47	-	0.39	-
5	Mr. P. V. Bhide	0.50	-	0.48	-
6	Mr. Thomas Mathew T.	0.52	-	0.49	-
7	Ms. Nishi Vasudeva	0.50	-	0.48	-
8	Mr. Pavninder Singh	0.21	-	0.10	-

\*\*\* Key management remuneration excludes provision for gratuity, pension and compensated absences, 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, 2021

**(d) Amount due to/from related parties:**

(₹ in crore)

S. No.	Nature of transactions*	As at March 31, 2021	As at March 31, 2020
<b>1</b>	<b>Non convertible debenture (borrowings)</b>		
	Larsen & Toubro Limited	2,015.38	40.45
<b>2</b>	<b>Interest accrued on non convertible debenture (borrowings)</b>		
	Larsen & Toubro Limited	76.73	0.81
<b>3</b>	<b>Trade and other payable</b>		
	Larsen & Toubro Electromech LLC	0.01	0.01
	Larsen & Toubro Limited *	8.52	54.10
	L&T Hydrocarbon Engineering Limited	0.02	0.02
	Larsen & Toubro Infotech Limited	0.29	0.01
<b>4</b>	<b>Trade and other receivable</b>		
	Larsen & Toubro Limited **	10.03	4.09

\* includes ₹ Nil (Previous year : ₹ 0.02 crore) payable disclosed in group of liabilities classified as held for sale.

\*\* includes ₹ Nil (Previous year : ₹ 0.41 crore) receivable disclosed in group of assets classified as held for sale.

**42 Disclosures pursuant to Indian Accounting Standards (Ind AS) 116 -Leases**
**l) Group as lessee**
**a) Operating lease**
**1 Rights of use assets:**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	34.00	27.50
Add: Additions during the year	11.99	19.28
Less: Depreciation during the year	(11.05)	(11.00)
Less: Right of use asset derecognised	(4.87)	(1.78)
<b>Closing balance</b>	<b>30.07</b>	<b>34.00</b>

**2 Lease liability:**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	39.58	30.60
Add: Additions during the year	11.99	19.28
Add: Interest accrued during the year	3.22	3.44
Less: Interest paid during the year	(3.22)	(3.44)
Less: Principal repayment during the year	(10.41)	(10.02)
Less : Lease liability derecognised	(5.36)	(0.28)
<b>Closing balance</b>	<b>35.80</b>	<b>39.58</b>

**3 Low value leases/short term leases**
**Expenses recognised during the year for**

- Low value assets (net)	19.15	17.95
- Short term leases	3.21	13.06

**Actual cashflow during the year for**

- Low value assets	19.15	17.95
- Short term leases	3.21	13.06

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### b) Finance Lease : Not applicable

#### II) Group as Lessor

##### a) Finance Lease

- i) The Group has given on finance leases certain items of plant and equipment. The leases have a primary period that is fixed and noncancellable and a secondary period. There are no exceptional/restrictive covenants in the lease agreement. There are no significant risks associated with rights that the Group retains in underlying assets.
- ii) Maturity analysis of minimum undiscounted lease receivables and the present value of minimum lease payments receivable is as under:

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Receivable not later than 1 year	20.70	25.42
Receivable later than 1 year but not later than 2 year	4.85	20.70
Receivable later than 2 year but not later than 3 year	0.01	4.85
Receivable later than 3 year but not later than 4 year	-	0.01
Receivable later than 4 year but not later than 5 year	-	-
Receivable later than 5 years	-	-
<b>Gross investment in lease</b>	<b>25.56</b>	<b>50.98</b>
Less: Unearned finance income	2.05	6.26
<b>Present value of minimum lease payment receivable</b>	<b>23.51</b>	<b>44.72</b>

- iii) Finance lease income on net investment in lease recognised in statement of Profit & loss during the financial year 20-21 is ₹ 3.84 Crs and for 2019-20 : ₹ 6.47 crore
- iv) Finance lease income relating to variable lease payments not depending on index/rate - NIL
- v) Changes in carrying amount of net investment in finance lease

Particulars	(₹ in crore)		
	Current	Non Current	Total
Opening value of lease receivables as on April 1, 2019	29.20	50.98	80.18
Add: Finance lease income recognised in the statement of Profit and Loss	6.47	-	6.47
Less: Lease rental received (cash payment)	(35.67)	-	(35.67)
Add/Less: Change on account of any other factors	25.42	(25.42)	-
<b>Closing value of lease receivables as on March 31, 2020</b>	<b>25.42</b>	<b>25.56</b>	<b>50.98</b>
Add: Finance lease income recognised in the statement of Profit and Loss	3.84	-	3.84
Less: Lease rental received (cash payment)	(29.26)	-	(29.26)
Add/Less: Change on account of any other factors	20.70	(20.70)	-
<b>Closing value of lease receivables as on March 31, 2021</b>	<b>20.70</b>	<b>4.86</b>	<b>25.56</b>

### b) Operating lease :

- i) The Group has given certain assets under operating lease. There are no significant risks associated with rights that the Group retains in underlying assets. Leases are renewed only on mutual consent and at a prevalent market price.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

- ii) Maturity analysis of undiscontinued lease receivables:

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Receivable not later than 1 year	0.46	1.42
Receivable later than 1 year but not later than 2 year	0.23	0.46
Receivable later than 2 year but not later than 3 year	-	0.23
Receivable later than 3 year but not later than 4 year	-	-
Receivable later than 4 year but not later than 5 year	-	-
Receivable later than 5 years	-	-
<b>Total</b>	<b>0.69</b>	<b>2.11</b>

- iii) Lease income recognised in Profit & Loss account (Other than variable lease payment) is ₹ 0.68 crore (Previous year ₹ 2.57 crore)

- iv) Lease income relating to variable lease payments not depending on index/rate : Nil

### 42 Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share":

Particulars	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Basic</b>		
Profit after tax (₹ in crore) A	970.94	1,700.17
Weighted average number of equity shares outstanding B	2,164,026,642	2,124,332,430
Basic earning per share A/B	4.49	8.00
<b>Diluted</b>		
Profit after tax (₹ in crore) A	970.94	1,700.17
Weighted average number of equity shares outstanding B	2,164,026,642	2,124,332,430
Add: Weighted average number of potential equity shares on account of employee stock options C	6,473,167	9,530,828
Weighted average number of shares outstanding for diluted EPS D=B+C	2,170,499,809	2,133,863,258
Diluted earning per share (before and after extraordinary items) A/D	4.47	7.97
Face value of shares (₹)	10.00	10.00

### 44 Disclosure pursuant to Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations:

- (a) The Group has following non-current assets/disposal group recognised as held for sale as on March 31, 2021:

Assets/Disposal Group	Reportable segment	
	As at March 31, 2021	As at March 31, 2020
Non-current Assets (L&T Capital Markets Limited) *	Not applicable	Others
Non-current Assets (L&T Capital Markets (Middle East) Limited) **	Not applicable	Others

\* sale concluded on April 24, 2020

\*\* Liquidation concluded on December 17, 2020

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(b) The details of assets/ disposal group classified as held for sale and liabilities associated thereto are as under:

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
<b>Group(s) of assets classified as held for sale:</b>		
Cash and cash equivalents	-	14.34
Trade receivables	-	10.58
Investments	-	60.82
Other financial assets	-	1.04
Current tax assets (net)	-	1.26
Deferred tax assets (net)	-	5.02
Property, plant and equipment	-	0.44
Other intangible assets	-	0.08
Other non-financial assets	-	0.92
<b>Total</b>	-	<b>94.50</b>
<b>Liabilities associated with group(s) classified as held for sale:</b>		
Other financial liabilities	-	4.27
Provisions	-	4.95
Other non-financial liabilities	-	0.74
<b>Total</b>	-	<b>9.96</b>

### 45 Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

S. No.	Particulars	(₹ in crore)	
		As at March 31, 2021	As at March 31, 2020
	<b>Consolidated statement of Profit and Loss:</b>		
(a)	Profit and Loss section:		
	(i) Current income tax :		
	(A) Current income tax expense	607.67	632.50
	(B) Tax expense in respect of earlier years	95.93	-
		703.60	632.50
	(ii) Deferred Tax:		
	(A) Tax expense on origination and reversal of temporary differences	(157.28)	(126.06)
	(B) Effect on deferred tax balances due to the change in income tax rate (refer footnote)	-	473.38
		(157.28)	347.32
	Income tax expense reported in the consolidated statement of profit or loss[(i)+(ii)]	546.32	979.82
(b)	<b>Other Comprehensive Income (OCI) Section:</b>		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	-	-
	(B) Deferred tax expense/(income):		
	(a) On re-measurement of defined benefit plans	0.27	(1.21)
		0.27	(1.21)
	(ii) Items to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	-	-
	(B) Deferred tax expense/(income):		
	(a) On Mark-to-Market (MTM) of cash flow hedges	(0.74)	(33.48)
	(b) On gain/(loss) on fair value of debt securities	-	-
		(0.74)	(33.48)
	<b>Income tax expense reported in the other comprehensive income [(i)+(ii)]</b>	<b>(0.47)</b>	<b>(34.69)</b>
(c)	<b>Balance sheet:</b>		
	Current income tax	-	-
	Deferred tax	(0.12)	(0.75)
	<b>Income tax expense reported in balance sheet</b>	<b>(0.12)</b>	<b>(0.75)</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

S. No.	Particulars	(₹ in crore)	
		As at March 31, 2021	As at March 31, 2020
(a)	<b>Profit before tax</b>	1,495.20	2,680.08
(b)	Corporate tax rate as per Income tax Act, 1961	25.17%	25.17%
(c)	Tax on accounting profit (c)=(a)*(b)	376.31	674.52
(d)	(i) Tax on Income exempt from tax :		
	(A) Deduction of special reserve u/s 36(1)(viii) of the Income Tax Act, 1961	(27.16)	(19.64)
	(B) Exempt income	(40.06)	(53.60)
	(C) Deduction under Section 80JJAA	(16.76)	(10.24)
	(ii) Tax on Income which are taxed at different rates	(2.77)	(9.16)
	(iii) Tax on expense not tax deductible :		
	(A) Corporate social responsibility (CSR) expenses	3.39	3.02
	(B) Provision for diminution of investments	64.57	70.79
	(C) Other disallowances	31.43	42.77
	(iv) Impact of consolidation adjustments	(126.36)	(139.25)
	(v) Set off brought forward losses (no DTA recognised) used against current year income	(26.67)	(55.98)
	(vi) Effect of tax for prior years	95.93	-
	(vii) Tax effect on various other Items	(10.77)	3.21
	(viii) Total effect of tax adjustments [(i) to (vii)]	(55.23)	(168.08)
(e)	Tax expense ((before tax impact due to amendment in tax regulations) (e)=(c)-(d))	321.08	506.44
(f)	Effective tax rate (before tax impact due to amendment in tax regulations) (f)=(e)/(a)	21.47%	18.90%
(g)	Tax impact due to amendment in tax regulations	225.24	473.38
(h)	<b>Tax expense recognised during the year (h)=(e)+(g)</b>	<b>546.32</b>	<b>979.82</b>
(i)	<b>Effective tax Rate (i)=(h)/(a)</b>	<b>36.54%</b>	<b>36.56%</b>

(c) (i) Unused tax losses and unused tax credits for which no deferred tax asset is recognised in Balance sheet:

Particulars	As at March 31, 2021		As at March 31, 2020	
	₹ in crore	Expiry year	₹ in crore	Expiry year
Tax losses (business loss and unabsorbed depreciation)				
- Amount of losses having expiry	52.38	Upto AY2028-29	44.91	Upto AY2028-29
- Amount of losses having no expiry	-		105.94	
Tax losses (capital loss)	-		16.42	Upto AY2027-28
Unused tax credits [Minimum Alternate Tax (MAT) credit not recognised]	0.32		0.08	
<b>Total</b>	<b>52.70</b>		<b>167.35</b>	

**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**(ii) Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet:** (₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Towards provision for diminution in value of investments	795.98	544.33
Other items	0.13	0.45
<b>Total</b>	<b>796.11</b>	<b>544.78</b>

**(d) Major components of deferred tax assets and deferred tax liabilities:**

Particulars	Deferred tax assets / (liabilities) as at April 1, 2020	Charge/(credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/(credit) to other comprehensive income	Deferred tax assets / (liabilities) as at March 31, 2021
<b>Deferred tax assets:</b>					
Expected credit loss provision on loans	1,216.88	148.06	-	-	1,364.94
Amortisation of fee income	8.91	(3.37)	-	-	5.54
Unabsorbed depreciation	-	-	-	-	-
Carried forward tax losses	10.14	(10.14)	-	-	-
Unutilised MAT credit *	50.57	-	-	-	50.57
Other items giving rise to temporary differences *	147.76	39.76	0.12	0.47	188.41
<b>Deferred tax assets</b>	<b>1,434.27</b>	<b>174.31</b>	<b>0.12</b>	<b>0.47</b>	<b>1,609.16</b>
Offsetting of deferred tax assets with deferred tax liabilities	34.33	-	-	-	45.81
<b>Net deferred tax assets</b>	<b>1,468.60</b>	<b>174.31</b>	<b>0.12</b>	<b>0.47</b>	<b>1,635.28</b>

\* includes Rs Nil (Previous year : Rs 5.02 crores ) disclosed in group of assets classified as held for sale.

Particulars	Deferred tax assets / (liabilities) as at April 1, 2020	Charge/(credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/(credit) to other comprehensive income	Deferred tax assets / (liabilities) as at March 31, 2021
<b>Deferred tax liabilities:</b>					
Difference between book base and tax base of property, plant and equipment, investment property and intangible assets	101.64	(41.97)	-	-	59.67
Interest income recognised on Stage 3 Loans	(51.82)	8.07	-	-	(43.75)
Unamortised borrowing cost	(3.20)	0.85	-	-	(2.35)
Other items giving rise to temporary differences	(28.37)	16.02	-	-	12.35
<b>Deferred tax liabilities</b>	<b>18.25</b>	<b>(17.03)</b>	<b>-</b>	<b>-</b>	<b>1.22</b>
Offsetting of deferred tax liabilities with deferred tax assets	(34.33)	-	-	-	(45.81)
<b>Net deferred tax liabilities</b>	<b>(16.09)</b>	<b>(17.03)</b>	<b>-</b>	<b>-</b>	<b>(24.89)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>1,452.51</b>	<b>157.28</b>	<b>0.12</b>	<b>0.47</b>	<b>1,610.39</b>

**Notes** forming part of the Consolidated Financial Statements for the year ended March 31, 2021

Particulars	Deferred tax assets / (liabilities) as at April 1, 2019	Charge/(credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/(credit) to other comprehensive income	Deferred tax assets / (liabilities) as at March 31, 2020
<b>Deferred tax assets:</b>					
Expected credit loss provision on Loans	1,646.06	(429.18)	-	-	1,216.88
Amortisation of fee income	19.22	(10.31)	-	-	8.91
Unabsorbed depreciation	12.02	(12.02)	-	-	-
Carried forward tax losses	32.07	(21.93)	-	-	10.14
Unutilised MAT credit	77.01	(19.89)	(6.55)	-	50.57
Other items giving rise to temporary differences	109.50	3.84	(0.27)	34.69	147.76
<b>Deferred tax assets:</b>	<b>1,895.88</b>	<b>(489.49)</b>	<b>(6.82)</b>	<b>34.69</b>	<b>1,434.27</b>
Offsetting of deferred tax assets with deferred tax liabilities	34.33	-	-	-	34.33
<b>Deferred tax assets:</b>	<b>1,930.21</b>	<b>(489.49)</b>	<b>(6.82)</b>	<b>34.69</b>	<b>1,468.60</b>

Particulars	Deferred tax assets / (liabilities) as at April 1, 2019	Charge/(credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/(credit) to other comprehensive income	Deferred tax assets / (liabilities) as at March 31, 2020
<b>Deferred tax liabilities:</b>					
Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	37.49	64.15	-	-	101.64
Interest income recognised on stage 3 loans	(120.10)	68.28	-	-	(51.82)
Unamortised borrowing cost	(6.16)	2.96	-	-	(3.20)
Other items giving rise to temporary differences	(35.15)	6.78	-	-	(28.37)
<b>Deferred tax liabilities</b>	<b>(123.92)</b>	<b>142.17</b>	<b>-</b>	<b>-</b>	<b>18.25</b>
Offsetting of deferred tax liabilities with deferred tax assets	(34.33)	-	-	-	(34.33)
<b>Net deferred tax liabilities</b>	<b>(158.25)</b>	<b>142.17</b>	<b>-</b>	<b>-</b>	<b>(16.09)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>1,771.96</b>	<b>(347.32)</b>	<b>(6.82)</b>	<b>34.69</b>	<b>1,452.51</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### 46 Contingent liabilities and commitments

(₹ in crore)

S. No	Particulars	As at March 31, 2021	As at March 31, 2020
<b>Contingent liabilities</b>			
1	Claims against the Group not acknowledged as debt;*		
	(i) Income tax matter in dispute	8.66	8.66
	(ii) Service tax/Sales tax/VAT matters in dispute	516.18	504.88
	(iii) Legal matters in dispute	2.17	2.28
2	Bank guarantees	181.54	254.63
3	"Other money for which the Group is contingently liable; letter of credit/letter of comfort"	158.62	2,004.22
	<b>Total (a)</b>	<b>867.17</b>	<b>2,774.67</b>
<b>Commitments</b>			
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	12.14	95.46
2	Other Undrawn/Undisbursed commitments** (standby facilities)	1,010.35	1,364.53
	<b>Total (b)</b>	<b>1,022.49</b>	<b>1,459.99</b>
	<b>Total (c)=(a)+(b)</b>	<b>1,889.66</b>	<b>4,234.66</b>

\* In respect of disputes, the Group is hopeful of succeeding in appeals and does not expect any significant liabilities to materialise.

\*\* This disclosure is given pursuant to the notification no. DNBS.CC.PD.No. 252/03.10.01/2011-12 dated December 26, 2011 issued by Reserve Bank of India.

### 47 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

#### (a) Foreign currency risk :

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Liability – External commercial borrowings	USD 44,82,59,082	USD 43,50,00,000
Assets – Currency swap contracts	USD 44,82,59,082	USD 43,50,00,000

#### (b) Interest rate risk :

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Variable rate borrowings	28,549.40	37,704.90
Fixed rate borrowings	58,541.62	54,528.43
<b>Total borrowings*</b>	<b>87,091.02</b>	<b>92,233.33</b>

\*Excluding interest accrued and amortisation

As at the end of the reporting period, the Group had the following variable rate borrowings outstanding:

(₹ in crore)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Weighted average interest rate	Balance	% of total borrowing	Weighted average interest rate	Balance	% of total borrowing
Variable rate borrowings	8.13%	28,549.40	32.78%	8.87%	37,704.90	40.88%
<b>Net exposure to cash flow interest rate risk</b>	<b>8.13%</b>	<b>28,549.40</b>	<b>32.78%</b>	<b>8.87%</b>	<b>37,704.90</b>	<b>40.88%</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### (c) Sensitivity :

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Interest rates – increase by 25 basis points *	(41.38)	(41.93)	(41.38)	(41.93)
Interest rates – decrease by 25 basis points*	41.38	41.93	41.38	41.93

\* Impact on PIL upto 1 year, holding all other variables constant

### 48 Disclosure pursuant to Ind AS 1 and Ind AS 107 "Maturity analysis of assets and liabilities"

(₹ in crore)

S. No	Particulars	As at March 31, 2021			As at March 31, 2020		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS:</b>							
<b>(1) Financial assets</b>							
(a)	Cash and cash equivalents	6,947.79	-	6,947.79	5,598.69	-	5,598.69
(b)	Bank balance other than (a) above	1,448.82	30.36	1,479.18	2,197.76	7.95	2,205.71
(c)	Derivative financial instruments	(6.02)	38.62	32.60	-	155.06	155.06
(d)	Receivables						
	(I) Trade receivables	47.31	-	47.31	64.74	-	64.74
	(II) Other receivables	66.04	-	66.04	19.31	-	19.31
(e)	Loans	41,270.01	45,760.24	87,030.25	41,256.68	50,205.82	91,462.50
(f)	Investments	3,225.64	5,646.49	8,872.13	1,781.11	4,198.16	5,979.27
(g)	Other financial assets	68.67	10.94	79.61	43.52	48.45	91.97
	Group of assets classified as held for sale	-	-	-	94.50	-	94.50
<b>(2) Non-financial assets</b>							
(a)	Current tax asset (net)	-	663.87	663.87	-	901.24	901.24
(b)	Deferred tax assets (net)	-	1,635.28	1,635.28	-	1,468.60	1,468.60
(c)	Investment property	-	327.26	327.26	-	311.01	311.01
(d)	Property, plant and equipment	-	31.40	31.40	-	47.91	47.91
(e)	Capital work-in-progress	-	-	-	-	-	-
(e)	Intangible assets under development	-	23.84	23.84	-	62.04	62.04
(f)	Goodwill on consolidation	-	636.71	636.71	-	636.71	636.71
(g)	Other intangible assets	-	112.85	112.85	-	70.44	70.44
(h)	Right of use asset	-	30.07	30.07	-	34.00	34.00
(i)	Other non-financial assets	116.48	838.98	955.46	96.23	244.72	340.95
	<b>Total Assets</b>	<b>53,184.74</b>	<b>55,786.91</b>	<b>108,971.65</b>	<b>51,152.54</b>	<b>58,392.11</b>	<b>109,544.65</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

(₹ in crore)

S. No	Particulars	As at March 31, 2021			As at March 31, 2020		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>LIABILITIES</b>							
(1)	Financial Liabilities						
(a)	Trade payables						
	(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	19.25	-	19.25	64.84	-	64.84
(b)	Other payables						
	(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	5.06	-	5.06	0.80	-	0.80
(c)	Debt securities	15,914.72	30,112.74	46,027.46	15,995.76	27,996.55	43,992.31
(d)	Borrowings (other than debt securities)	20,263.67	17,318.91	37,582.58	18,487.43	26,035.57	44,523.00
(e)	Subordinated liabilities	651.86	4,293.87	4,945.73	790.26	4,588.92	5,379.18
(f)	Lease liability	10.27	25.53	35.80	11.10	28.48	39.58
(g)	Other financial liabilities	890.01	60.53	950.54	354.80	89.27	444.07
	Group of liabilities classified as held for sale	-	-	-	9.96	-	9.96
(2)	Non-Financial Liabilities						
(a)	Current tax liability (net)	305.46	6.90	312.36	107.89	-	107.89
(b)	Provisions	27.76	6.19	33.95	33.77	7.50	41.27
(c)	Deferred tax liabilities (net)	15.56	9.33	24.89	-	16.09	16.09
(d)	Other non-financial liabilities	63.68	-	63.68	13.03	-	13.03
	<b>Total liabilities</b>	<b>38,167.30</b>	<b>51,834.00</b>	<b>90,001.30</b>	<b>35,869.64</b>	<b>58,762.38</b>	<b>94,632.02</b>

The above information is based on certain management estimates which has been relied upon by the auditors

### 49 Risk Management

#### Basis

Great importance is attached to the identification, measurement and control of risks. All employees of the group are responsible for the management of risk, with the ultimate accountability residing with the Board of Directors. The Board of Directors and its Risk Management Committee ensure that Management takes into consideration all the relevant risk factors which could lead to unexpected fluctuations in results or to a loss of capital employed. Recommendations for risk control measures are derived from the evaluation of the risk factors. Certain risks are also recognised as opportunities. The aim in such cases is to achieve an appropriate balance between the possible losses which might result and the potential gains. Risks which primarily represent loss potential are minimised. This helps in aligning the risk appetite to the Group's strategy to deliver sustainable, long term returns to its investors.

The risks are reviewed periodically every quarter.

### Types of risk

As a lending non-banking financial Group, the most important risks it is faced with are the following:

- Credit risk
- Market risk
- Capital risk

### Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers or counterparties fail to fulfil their contractual obligations to the Group.

Credit risk arises mainly from wholesale and retail loans and advances and loan commitments arising from such lending activities; but could also arise from credit enhancement provided, such as financial guarantees and letters of credit. The Group is also exposed to other credit risks arising from investments in debt securities and exposures arising from its trading activities ("Trading Exposures") as well as settlement balances with market counterparties.

Credit risk is the single largest risk for the Group's business. Management therefore carefully manages its exposure to credit risk. A centralised risk management function oversees the risk management framework, which periodically presents an overview of credit risk of portfolio to the Risk Management Committee.

Credit worthiness is checked and documented prior to signing any contracts, based on market information. Management endeavours to improve its underwriting standards to reduce the credit risk the Group is exposed to from time to time. Internal credit rating is used as an important tool to manage exposures of the Wholesale segment. Ratings provides a consistent and common scale for measurement of components of credit risk of a loan asset including the Probability of Default (PD) across products and sectors. Credit rating model takes into account critical success parameters relevant for each industry, competitive forces within the industry as well as regulatory issues while capturing financial parameters, management strengths, project parameters etc. of the borrower. These ratings are reviewed at least once annually.

### Loans and advances (including loan commitments and guarantees)

The estimation of risk of credit exposures is complex, as the same varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Group measures credit risk for each class of loan assets using inputs such as Probability of Default (PD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under Ind AS 109.

Wholesale and retail portfolios are managed separately to reflect the differing nature of the assets; wholesale balances tend to be larger and are managed on an individual basis, while retail balances are greater in number but lesser in value and are, therefore, managed in aggregated segments.

### Infrastructure Finance and Housing Real Estate

The Group uses internal credit risk grading (17 levels for loans which are not credit impaired and 1 level for loans considered to be credit impaired) that reflect its assessment of the PD of individual counterparties in respect of its Wholesale segment. The Group use internal rating models tailored to the various categories of counterparties. Borrower and loan specific information collected at the time of application (such as turnover and industry type for wholesale exposures) and judgement based on market intelligence on the sector or the specific borrower is used in assigning the rating. The Group's own internal ratings were benchmarked against the cumulative default rates for 1 year and 3-year periods sourced from CRISIL for Stage 1 and Stage 2 loan assets.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between a AAA and A- rating grade is lower than the difference in the PD between a BBB and B- rating grade.

Management also assesses the impact of economic developments in key markets on specific customers, customer segments or portfolios. If changes in credit conditions are foreseen, mitigation action, including the revision of risk appetites or limits and tenors, as appropriate are taken.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### Retail (Farm Equipment Finance, Two-Wheeler Loans, Micro Loans and Others) and Housing (Home Loans and Loans Against Property)

The Group has deployed standardised credit decision rules, as approved by the designated officials for the specific product. The rules are regularly monitored to ensure that the changes in the economic environment have been factored into the credit decision rules.

#### Trading Exposures

For debt securities in the trading portfolio, external rating agency credit grades are used for evaluating the credit risk.

#### Expected Credit Loss ('ECL')

The Group prepares its financial statements in accordance with the IND AS framework.

As per the RBI notification, on acceptance of IND AS for regulatory reporting, the Group computes provision as per IND AS 109 as well as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). Where impairment allowance in aggregate for the Company under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning) for the Company, the difference is appropriated from net profit or loss after tax, to a separate 'Impairment Reserve'. Any withdrawals from this reserve shall be done only with prior permission from the RBI.

ECL allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability weighted basis, based on certain economic scenarios. The recognition and measurement of ECL involves use of significant judgement and estimation. Forward looking economic forecasts are used in developing the ECL estimates. Three scenarios sufficient to calculate unbiased ECL were used - representing the "most likely outcome" (the "Base case" scenario) and two "less likely outcome" scenarios (the "Upside" and "Downside" scenarios). Probability weights are assigned to each scenario. The Base case scenario is based on the Company outlook of GDP growth, inflation, unemployment and interest rates for India and most relevant for the Group's loan portfolio. The Upside and Downside scenarios generated at the reporting dates are designed to cover cyclical changes and are updated during the year only if the economic conditions change significantly. The Upside scenario reflects improvement in rural disposable income on account of good monsoons, downside scenario factorsthe uncertainties arising from the COVID 19 pandemic.

#### Management oversees the estimation of ECL including:

- (i) setting requirements in policy, including key assumptions and the application of key judgements
- (ii) the design and execution of models; and
- (iii) review of ECL results.

As required by Ind AS 109, a 'three-stage' model for impairment based on changes in credit quality since initial recognition was built as summarised below:

- A loan asset that is not credit-impaired, on initial recognition, is classified in 'Stage 1' and has its credit risk continuously monitored by Management.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the loan asset is moved to 'Stage 2' but is not yet deemed to be credit impaired. (See note 1.17 for a description of how the Group determines when a significant increase in credit risk has occurred).
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. (See note 1.10 for a description of how the Group defines credit-impaired and default).

The following are additional considerations for each type of portfolio held by the Group:

#### Infrastructure Finance and Housing Real Estate

For wholesale business, the PD is estimated based on the internal credit rating assigned to the borrower as explained above. Updated or new information/credit assessments for credit risk evaluation are incorporated on an ongoing basis. In addition, information about the creditworthiness of the borrower is updated every year from sources such as financial statements. This will determine the updated internal credit rating and PD. The

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

internal ratings-based PD has been benchmarked to the Cumulative Default Rates for 1 year and 3-year periods sourced from CRISIL.

The Exposure at Default (EAD) is measured at the amortised cost as at the reporting date.

The Group, in determining its LGD estimates, for Stage 3 loan assets as of the reporting date, has used cash flow estimates based on inputs provided by assigned business managers and external corroborating information including amounts realised on resolution of cases referred to the National Company Law Tribunal ("NCLT") under the Insolvency and Bankruptcy Code, 2016.

The Group has carried out a historical analysis of loss experience for all closed and live defaulted (Stage 3) borrowers over the previous 5 years.

### Retail (Farm Equipment Finance, Two-Wheeler Loans, Micro Loans and Others) and Housing (Home Loans and Loans Against Property)

Retail lending credit quality is determined on a collective basis based on a 12-month point in time ("PIT") probability weighted PD.

A centralised impairment model summarises the historical payment behaviour of the borrowers within a retail portfolio which data is used to build the PD estimates. For estimating PD, information on days-past-due and month-on-book (vintage) (for certain products) form key differentiating characteristics. The weighted average is determined (using count of customers as the weight) from quarterly snapshots.

For credit impaired loan assets LGD is computed based on actual history of loss (on settlement/repossession and disposal of security/ enforcement action) from the same historical quarterly snapshots. The loss divided by the principal outstanding at the time of default is the loss ratio for a credit impaired loan asset in a specific snapshot. The weighted average of loss ratios (using the principal outstanding in respect of such credit impaired loan assets in the corresponding snapshot as the weight) was used to determine the LGD ratio for credit impaired loan assets.

The PD and LGD ratio were used along with respective EAD adjustment factor to arrive at the ECL for all stages of loan assets.

#### Exposure at Default (EAD)

EAD is the amortised cost as at the period end, after considering repayments of principal and interest received in advance.

Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

The Group's net exposure to credit risk, after taking into account credit risk mitigation, have been tabulated below:

(₹ in crore)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Outstanding	Cash collateral	Nature of Non-cash collateral	Outstanding	Cash collateral	Nature of Non-cash collateral
<b>Financial assets</b>						
Cash and cash equivalent and other bank balances	8,426.97	-		7,804.40	-	
Loans and advances at amortised cost	64,152.58	-	Refer foot note below	66,584.86	-	Refer foot note below
Equity instruments (Associate)	-	-		-	-	
Debt instruments	-	-		-	-	
Trade receivables	47.31	-		64.74	-	
Other receivables	66.04	-		19.31	-	
Other financial assets	79.61	-		91.97	-	
<b>Total financial assets at amortised cost</b>	<b>72,772.51</b>	<b>-</b>		<b>74,565.28</b>	<b>-</b>	
Financial assets at fair value through profit or loss	29,502.52	-		29,655.59	-	
<b>Total financial instruments at fair value through profit or loss</b>	<b>29,502.52</b>	<b>-</b>		<b>29,655.59</b>	<b>-</b>	
Derivative financial instruments	32.60	-		155.06	-	
Financial instruments at fair value through Other Comprehensive Income	2,247.28	-		1,201.31	-	
<b>Total Financial instruments at fair value through Other Comprehensive Income</b>	<b>2,279.88</b>	<b>-</b>		<b>1,356.37</b>	<b>-</b>	
<b>Total on-balance sheet</b>	<b>104,554.91</b>	<b>-</b>		<b>105,577.25</b>	<b>-</b>	
<b>Off balance sheet</b>						
Contingent liabilities	867.17	-		2,774.67	-	
Other commitments	1,022.49	-		1,459.99	-	
<b>Total off-balance sheet</b>	<b>1,889.66</b>	<b>-</b>		<b>4,234.66</b>	<b>-</b>	
<b>Total</b>	<b>106,444.57</b>	<b>-</b>		<b>109,811.91</b>	<b>-</b>	

### Footnote

- a) Retail loans, other than unsecured loans aggregating ₹ 27,140.74 crore as of March 31, 2021, are generally secured by a charge on the asset financed (farm equipment loans, two-wheeler loans, home loans and loans against property) (as of March 31, 2020: ₹ 26,156.79 crore). If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.
- b) Infrastructure finance and housing real estate loans are secured with current assets as well as immovable property and property, plant and equipment in some cases. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.

Of the unmitigated on balance sheet exposure, a significant portion relates to cash held with banks, settlement balances, and debt securities issued by governments all of which are considered to be lower risk.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

Besides growth in the loan assets portfolio, increases in trading portfolio assets and financial assets at fair value through the Statement of Profit and Loss have also contributed to the increase in the Group's net exposure to credit risk. Investments in debt instruments are predominantly investment grade.

Where collateral has been obtained in the event of default, the Group does not, ordinarily, use such assets for its own operations and they are usually sold and off set against the outstanding loan assets.

The Group has invoked pledge of equity shares in the following companies, pledged with the Group as collateral by the borrowers and these shares are being held by the Group as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

(₹ in crore)

S. No.	Name of Company	No. of shares held as bailee	
		As at March 31, 2021	As at March 31, 2020
1	Automobile Corporation Of Goa	8,784	8,784
2	Bajaj Holdings And Investment Private Limited	20,220	20,220
3	Kinetic Engineering Limited	17,556	17,556
4	Motherson Sumi Systems Limited	91,125	91,125
5	Munjal Showa Limited	25,000	25,000
6	NTPC Limited	19,000	19,000
7	Reliance Capital Limited	4,500	4,500
8	State Bank Of India	10,000	10,000
9	Tata Consultancy Services Limited	220	220
10	Tata Motors Limited	31,814	31,814
11	Tata Steel Bsl Limited	71,89,089	71,89,089
12	Saumya Mining Limited	513,012	513,012
13	NTPC Limited – NCD	16,300	16,300
14	Punj Lloyd	5	5
15	GHCL Limited	70,000	70,000
16	Golden Tobacco Limited	10,000	10,000
17	Hindusthan National Glass & Industries Limited	34,04,499	34,04,499
18	Sterling International Enterprises Limited	217,309	217,309
19	Tulip Telecom	14,01,762	14,01,762
20	Hanjer Biotech Engries Private Limited	325,096	325,096
21	VMC Systems Ltd	179,608	179,608
22	KSK Energy Ventures Limited	308,446	308,446
23	KSK Mahanadi Power Company Limited	-	596,052
24	Soma Enterprises Limited	24,46,155	-

As per recent RBI notification on acceptance of IND AS for regulatory reporting, the Group computes Allowance for ECL as per IND AS 109 as well as Provision on loan assets per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) for each of its Component. Where allowance for ECL under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning) of the Component, the difference is appropriated from net profit or loss after tax of the Component to a separate reserve viz. 'Impairment Reserve'. Any withdrawals from this reserve shall be done only with prior permission from the RBI.



## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### Concentration of exposure:

Concentrations of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Group has established a diversified borrower base and as at March 31, 2020. The Group has put in place a framework of Risk Limits, which are monitored on a quarterly basis to ensure that the overall portfolio is steered within the approved limits to minimize concentration risk. The Risk Limits cover risk of concentration to a particular geography, industry, Company/borrower or revenue counterparty of the borrowers etc. as are relevant to the respective product.

### Market Risk Management:

#### Liquidity Risk:

The risk that the Group is unable to service its contractual or contingent liabilities or that it does not have the adequate amount of funding and liquidity to support its committed disbursements.

Liquidity risk management in the Company is managed as per the guidelines of Board-approved Asset-Liability Management ('ALM') Policy. The ALM Policy provides the governance framework for the identification, measurement, monitoring and reporting of liquidity risk arising out of Group's lending and borrowing activities. The liquidity risk is measured in terms of structural liquidity gaps across various time-buckets and also by setting up limits on relevant liquidity stock ratios. Actual liquidity gaps against the Gap Limits are reported every month to the Asset Liability Management Committee ('ALCO') which provides oversight and strategic direction for the prudent asset liabilities management. As a prudent practice, the Group has been maintaining positive cumulative liquidity gaps for all the time-buckets up-to 1 year in the current market scenario. A Contingency Funding Plan has also been put into practice by the company for responding to severe disruptions which might affect the ability to fund some or all activities in a timely manner and at a reasonable cost.

The Group also periodically undertakes liquidity stress testing under various liquidity stress scenarios. To effectively manage the fallout of the COVID-19 pandemic related RBI measures on its funding and liquidity, the Company has been continuously maintaining higher level of liquidity buffer as a safeguard against any likely disruption in the funding and market liquidity.

Additionally, the Group has line of credit from the ultimate parent, Larsen & Toubro Limited.

### Institutional set-up for Liquidity Risk Management:

The Board of Directors of the Group has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Group is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Group. The meetings of RMC are held at quarterly interval. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Component from risk-return perspective and within the risk appetite and guard-rails approved by the Board. The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its perusal/approval/ratification.

### Foreign Exchange Rate Risk:

In the normal course of its business, the Group does not deal in foreign exchange in a significant way. Any significant foreign exchange exposure on account of foreign exchange borrowings is fully hedged to safeguard against exchange rate risk.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### Interest Rate Risk:

Interest rate risk is the risk where changes in market interest rates affect the Group's financial position due to change in its Net Interest Income (NII). To mitigate interest rate risk, ALM Policy of the Group stipulates Interest Rate Sensitive Gaps for all the time-buckets. Interest Rate Sensitivity Statement is prepared every month and placed before ALCO. The Statement captures the Rate Sensitive Gaps i.e. the mismatch between the Rate Sensitive Assets and Liabilities, in various time buckets.

### Security Prices:

The Group manages investment portfolios comprising of government securities, corporate bonds and debentures. To safeguard against the credit risk and interest rate risk in the investment portfolios, risk limits in the form of portfolio size limits, concentration limits and stop loss limit are stipulated. To provide early warning indicators, alarm limits have also been put in place. reporting periodicity and escalation matrix upon the breach of alarm limits as well as risk limits have been clearly defined. The Group does not invest in Equity stocks and therefore is not exposure to equity price risk on this account.

### 50 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures":

#### (a) Category-wise classification for applicable financial assets and financial liabilities:

(₹ in crore)

Particulars	As at March 31, 2021				As at March 31, 2020			
	FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
Financial assets								
1 Cash and cash equivalents	-	-	6,947.79	6,947.79	-	-	5,598.69	5,598.69
2 Bank balance other than (1) above	-	-	1,479.18	1,479.18	-	-	2,205.71	2,205.71
3 Derivative financial instruments	-	32.60	-	32.60	-	155.06	-	155.06
4 Receivables								
Trade receivables	-	-	47.31	47.31	-	-	64.74	64.74
Other receivable	-	-	66.04	66.04	-	-	19.31	19.31
5 Loans	22,877.67	-	64,152.58	87,030.25	24,877.64	-	66,584.86	91,462.50
6 Investments								
Equity instruments	572.48	-	-	572.48	477.72	31.61	-	509.33
Preference share	76.16	-	-	76.16	89.21	-	-	89.21
Mutual funds	1,074.68	-	-	1,074.68	745.22	-	-	745.22
Debentures	725.30	720.59	-	1,445.89	860.17	1,161.68	-	2,021.85
Security receipt	4,114.87	-	-	4,114.87	2,498.65	-	-	2,498.65
Units of fund	61.36	0.94	-	62.30	106.44	0.94	-	107.38
Government securities	-	1,525.75	-	1,525.75	0.53	-	-	0.53
Pass through certificates	-	-	-	-	-	7.09	-	7.09
7 Other financial assets	-	-	79.61	79.61	-	-	91.97	91.97
<b>Total financial assets</b>	<b>29,502.52</b>	<b>2,279.88</b>	<b>72,772.51</b>	<b>104,554.91</b>	<b>29,655.59</b>	<b>1,356.38</b>	<b>74,565.28</b>	<b>105,577.25</b>
Financial liabilities								
1 Trade payables	-	-	19.25	19.25	-	-	64.84	64.84
2 Other payables	-	-	5.06	5.06	-	-	0.80	0.80
3 Lease liabilities	-	-	35.80	35.80	-	-	39.58	39.58
4 Debt securities	-	-	46,027.46	46,027.46	-	-	43,992.31	43,992.31
5 Borrowings (other than debt securities)	-	-	37,582.58	37,582.58	-	-	44,523.00	44,523.00
6 Subordinated liabilities	-	-	4,945.73	4,945.73	-	-	5,379.18	5,379.18
7 Other financial liabilities	-	-	950.54	950.54	-	-	444.07	444.07
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>89,566.42</b>	<b>89,566.42</b>	<b>-</b>	<b>-</b>	<b>94,443.78</b>	<b>94,443.78</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### (b) Fair value hierarchy of financial assets and financial liabilities at fair value:

(₹ in crore)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>								
1 Investments at FVTPL:								
Equity shares	97.91	-	474.57	572.48	2.98	-	474.74	477.72
Preference shares	-	-	76.16	76.16	-	-	89.21	89.21
Mutual fund	1,074.68	-	-	1,074.68	745.22	-	-	745.22
Government securities	-	-	-	-	-	0.53	-	0.53
Debentures	-	-	725.30	725.30	-	-	860.18	860.18
Security receipt	-	-	4,114.87	4,114.87	-	-	2,498.65	2,498.65
Units of fund	-	-	61.36	61.36	-	-	106.44	106.44
2 Derivative financial instruments	-	32.60	-	32.60	-	155.06	-	155.06
3 Loans	-	-	22,877.67	22,877.67	-	-	24,877.64	24,877.64
4 Investments at FVTOCI:								
Debentures	-	578.80	141.79	720.59	-	875.71	285.96	1,161.67
Government securities	1,525.75	-	-	1,525.75	-	-	-	-
Pass through certificates	-	-	-	-	-	-	7.09	7.09
Equity Shares	-	-	-	-	31.61	-	-	31.61
Units of fund	-	0.94	-	0.94	-	0.94	-	0.94
<b>Total financial assets</b>	<b>2,698.34</b>	<b>612.34</b>	<b>28,471.72</b>	<b>31,782.40</b>	<b>779.81</b>	<b>1,032.24</b>	<b>29,199.91</b>	<b>31,011.96</b>
<b>Financial liabilities:</b>								
1 Derivative financial instruments	-	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### (c) Movement of items measured using unobservable inputs (Level 3):

(₹ in crore)

Particulars	Equity share	Preference share	Debentures	Pass through certificates	Security receipts	Units of fund	Loans	Total
<b>Balance as at April 1, 2020</b>	<b>474.74</b>	<b>89.21</b>	<b>1,146.14</b>	<b>7.09</b>	<b>2,498.65</b>	<b>106.44</b>	<b>24,877.64</b>	<b>29,199.91</b>
Addition during the year	-	-	-	-	1,909.27	8.20	3,721.30	5,638.77
Disposal during the year	-	(13.60)	(51.41)	-	(153.10)	(67.03)	(5,562.50)	(5,847.64)
Gain/(Loss) recognised in Profit or Loss	(0.17)	0.55	(83.45)	-	(139.95)	13.75	(158.77)	(368.04)
Impairment recognised in profit or loss	-	-	(144.19)	(7.09)	-	-	-	(151.28)
<b>Balance as at March 31, 2021</b>	<b>474.57</b>	<b>76.16</b>	<b>867.09</b>	<b>-</b>	<b>4,114.87</b>	<b>61.36</b>	<b>22,877.67</b>	<b>28,471.72</b>
<b>Unrealised gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period</b>								
<b>As at March 31, 2021</b>	<b>(0.17)</b>	<b>0.55</b>	<b>(227.64)</b>	<b>(7.09)</b>	<b>(139.95)</b>	<b>13.75</b>	<b>(158.76)</b>	<b>(519.31)</b>
As at March 31, 2020	(2.13)	(4.42)	(3.49)	-	(140.08)	(42.12)	(31.49)	(223.73)

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### (d) Sensitivity disclosure for level 3 fair value measurements:

(₹ in crore)

Particulars	Fair value as at		Sensitivity	Impact of change in rates on total comprehensive income statement			
	As at March 31, 2021	As at March 31, 2020		As at March 31, 2021		As at March 31, 2020	
				Favourable	Unfavourable	Favourable	Unfavourable
Equity share	474.57	474.74	5.00%	23.73	(23.73)	23.74	(23.74)
Preference share	76.16	89.21	5.00%	3.81	(3.81)	4.46	(4.46)
Debt instruments	867.09	1,146.14	0.25%	2.17	(2.17)	2.15	(2.15)
Pass through certificates	-	7.09	0.25%	-	-	0.02	(0.02)
Security receipts	4,114.87	2,498.65	5.00%	205.74	(205.74)	123.29	(123.29)
Units of fund	61.36	106.44	5.00%	3.07	(3.07)	5.33	(5.33)
Loans	22,877.67	24,877.64	0.25%	57.19	(57.19)	61.12	(61.12)
<b>Total</b>	<b>28,471.72</b>	<b>29,199.91</b>		<b>295.71</b>	<b>(295.71)</b>	<b>220.11</b>	<b>(220.11)</b>

### (e) Maturity profile of financial liabilities based on undiscounted cash flows:

(₹ in crore)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Non-derivative liabilities</b>						
Borrowings*	41,206.02	62,021.37	103,227.39	39,842.87	70,345.77	110,188.64
Trade and other payables	24.31	-	24.31	65.64	-	65.64
Lease liabilities	10.27	25.53	35.80	13.04	26.54	39.58
Other financial liabilities	873.84	76.70	950.54	354.76	89.31	444.07
<b>Total</b>	<b>42,114.44</b>	<b>62,123.60</b>	<b>104,238.04</b>	<b>40,276.31</b>	<b>70,461.62</b>	<b>110,737.93</b>
<b>Derivative liabilities</b>						
Forward contracts	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Borrowings include debt securities, borrowings (other than debt securities) and subordinated liabilities and are net off offsetting respective derivative gain/loss.

### (f) Fair value of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>				
Loans*	64,152.58	64,152.58	66,584.86	66,584.86
Investment in government securities	-	-	-	-
<b>Total</b>	<b>64,152.58</b>	<b>64,152.58</b>	<b>66,584.86</b>	<b>66,584.86</b>
<b>Financial liabilities:</b>				
Debt securities	46,027.46	48,499.98	43,992.31	44,723.95
Borrowings	37,582.58	37,826.90	44,523.00	44,592.75
Subordinated liabilities	4,945.73	5,163.22	5,379.18	5,391.07
Lease liabilities	35.80	35.80	39.58	39.58
<b>Total</b>	<b>88,591.57</b>	<b>91,525.90</b>	<b>93,934.07</b>	<b>94,747.35</b>

\* In the absence of an observable market for these loan assets, the fair values have been determined from the perspective of the group after considering changes in performance and risk indicators (including delinquencies and interest rates)

The carrying amounts of cash &amp; cash equivalents, bank balance, trade receivables, other receivables, other financial assets, trade payables, other payables and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### (g) Disclosure pursuant to Ind AS 113 "Fair Value Measurement" - Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

As at March 31, 2021	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
<b>Financial assets:</b>					
Loans	-	-	64,152.58	64,152.58	Discounted cash flow approach
Government securities	-	-	-	-	Discounted cash flow approach
<b>Total</b>	<b>-</b>	<b>-</b>	<b>64,152.58</b>	<b>64,152.58</b>	
<b>Financial liabilities:</b>					
Debt securities	-	-	48,499.98	48,499.98	Discounted cash flow approach
Borrowings (other than government securities)	-	-	37,826.90	37,826.90	Discounted cash flow approach
Subordinated liabilities	-	-	5,163.22	5,163.22	Discounted cash flow approach
Lease liabilities	-	-	35.80	35.80	Discounted cash flow approach
<b>Total</b>	<b>-</b>	<b>-</b>	<b>91,525.90</b>	<b>91,525.90</b>	

(₹ in crore)

As at March 31, 2020	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
<b>Financial assets:</b>					
Loans	-	-	66,584.86	66,584.86	Discounted cash flow approach
Government securities	-	-	-	-	Discounted cash flow approach
<b>Total</b>	<b>-</b>	<b>-</b>	<b>66,584.86</b>	<b>66,584.86</b>	
<b>Financial liabilities:</b>					
Debt securities	-	-	44,723.95	44,723.95	Discounted cash flow approach
Borrowings (other than government securities)	-	-	44,592.75	44,592.75	Discounted cash flow approach
Subordinated liabilities	-	-	5,391.07	5,391.07	Discounted cash flow approach
Lease liabilities	-	-	39.58	39.58	Discounted cash flow approach
<b>Total</b>	<b>-</b>	<b>-</b>	<b>94,747.35</b>	<b>94,747.35</b>	

### 51 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures:"

#### (a) Expected credit loss - loans:

(₹ in crore)

Particulars		As at March 31, 2021			As at March 31, 2020		
		Gross carrying amount	Expected credit loss	Carrying amount net of impairment provision	Gross carrying amount	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition (Stage 1)	58,304.56	908.82	57,395.74	61,601.66	571.74	61,029.92
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	5,562.19	345.61	5,216.58	3,546.07	268.44	3,277.63
	Financial assets for which credit risk has increased significantly and credit-impaired (Stage 3)	5,360.40	3,820.14	1,540.26	6,062.11	3,784.80	2,277.31
<b>Total</b>		<b>69,227.15</b>	<b>5,074.57</b>	<b>64,152.58</b>	<b>71,209.84</b>	<b>4,624.98</b>	<b>66,584.86</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

### (b) Reconciliation of loss allowance provision - Loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Loss allowance as on April 1, 2019</b>	<b>481.37</b>	<b>227.90</b>	<b>3,914.96</b>	<b>4,624.23</b>
New assets originated or purchased	339.90	34.94	77.00	451.84
Amount written off	(1.59)	-	(1,655.45)	(1,657.04)
Transfers to Stage 1	81.11	(73.77)	(7.34)	-
Transfers to Stage 2	(12.70)	15.34	(2.64)	-
Transfers to Stage 3	(39.36)	(118.59)	157.95	-
Impact on year end ECL of exposure transferred between stages during the year	(68.33)	121.33	1,115.94	1,168.94
Increase / (decrease) in provision on existing financial assets (net of recovery)	(208.66)	61.29	184.38	37.01
<b>Loss allowance as on March 31, 2020</b>	<b>571.74</b>	<b>268.44</b>	<b>3,784.80</b>	<b>4,624.98</b>
New assets originated or purchased	461.25	60.59	35.71	557.55
Amount written off	-	-	(2,230.13)	(2,230.13)
Transfers to Stage 1	43.35	(26.24)	(17.12)	(0.01)
Transfers to Stage 2	(30.17)	34.57	(4.41)	(0.01)
Transfers to Stage 3	(27.72)	(143.69)	171.41	-
Impact on year end ECL of exposure transferred between stages during the year	(42.17)	331.10	1,476.54	1,765.47
Increase / (decrease) in provision on existing financial assets (Net of recovery)	(67.46)	(179.17)	603.35	356.72
<b>Loss allowance as on March 31, 2021</b>	<b>908.82</b>	<b>345.60</b>	<b>3,820.15</b>	<b>5,074.57</b>

### (c) Reconciliation of Gross carrying amount - loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount as at April 1, 2019</b>	<b>62,452.33</b>	<b>2,828.12</b>	<b>6,271.97</b>	<b>71,552.42</b>
New assets originated or purchased	27,014.55	513.09	124.21	27,651.85
Amount written off	(22.96)	-	(1,705.16)	(1,728.12)
Transfers to Stage 1	734.85	(714.32)	(20.53)	-
Transfers to Stage 2	(2,124.65)	2,131.78	(7.13)	-
Transfers to Stage 3	(1,914.61)	(654.62)	2,569.23	-
Net recovery	(24,537.85)	(557.98)	(1,170.48)	(26,266.31)
<b>Gross carrying amount as at March 31, 2020</b>	<b>61,601.66</b>	<b>3,546.07</b>	<b>6,062.11</b>	<b>71,209.84</b>
New assets originated or purchased	20,470.70	742.96	146.87	21,360.53
Amount written off	-	-	(2,241.94)	(2,241.94)
Transfers to Stage 1	278.34	(243.04)	(35.30)	-
Transfers to Stage 2	(3,136.01)	3,147.63	(11.62)	-
Transfers to Stage 3	(1,622.99)	(470.63)	2,093.62	-
Net recovery	(19,287.14)	(1,160.80)	(653.34)	(21,101.28)
<b>Gross carrying amount as at March 31, 2021</b>	<b>58,304.56</b>	<b>5,562.19</b>	<b>5,360.40</b>	<b>69,227.15</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**52 Additional information pursuant to Schedule III to the Companies Act, 2013 for the year ended March 31, 2021**

Name of the entity	(₹ in crore)							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
L&T Finance Holdings Limited (A)	58.65%	11,010.29	12.23%	116.05	0.26%	0.11	11.71%	116.16
<b>Subsidiaries</b>								
<b>Indian</b>								
L&T Finance Limited (Refer note 55)	83.21%	15,621.23	0.14%	1.36	100.56%	43.17	4.49%	44.53
L&T Infrastructure Finance Company Limited (Refer note 55)	-	-	-	-	-	-	-	-
L&T Housing Finance Limited (Refer note 55)	-	-	-	-	-	-	-	-
L&T Infra Debt Fund Limited	7.11%	1,335.61	6.66%	63.23	-3.89%	-1.67	6.21%	61.56
L&T Investment Management Limited	3.43%	643.01	17.07%	162.02	3.73%	1.60	16.50%	163.62
L&T Infra Investment Partners	2.33%	437.36	-5.24%	-49.70	-	-	-5.01%	-49.70
L&T Capital Markets Limited *	-	-	0.39%	3.73	-	-	0.38%	3.73
L&T Financial Consultants Limited	0.95%	177.45	10.04%	95.31	-0.05%	-0.02	9.61%	95.29
L&T Infra Investment Partners Advisory Private Limited	0.10%	17.94	0.35%	3.31	-	-	0.33%	3.31
L&T Infra Investment Partners Trustee Private Limited	0.00%	0.07	0.00%	0.01	-	-	0.00%	0.01
L&T Mutual Fund Trustee Limited	0.00%	0.92	-0.04%	-0.39	-	-	-0.04%	-0.39
Mudit Cement Private Limited	-0.28%	-53.46	-1.19%	-11.30	-	-	-1.14%	-11.30
<b>Foreign</b>								
L&T Capital Markets (Middle East) Limited **	-	-	-0.63%	-5.97	-0.61%	-0.26	-0.63%	-6.23
<b>Total Subsidiaries</b>	<b>(B)</b>	<b>18,180.13</b>		<b>261.61</b>		<b>42.82</b>		<b>304.43</b>
Non-controlling interests in subsidiaries (C)	-1.05%	-197.15	-2.32%	-22.06	0.00%	-	-2.22%	(22.06)
Consol adjustment and elimination (D)	-54.44%	-10,220.08	62.52%	593.28	0.00%	-	59.82%	593.28
<b>Total</b>	<b>(A+B+C+D)</b>	<b>100.00%</b>	<b>18,773.19</b>	<b>100.00%</b>	<b>948.88</b>	<b>100.00%</b>	<b>42.93</b>	<b>100.00%</b>

\* With effect from April 24, 2020, L&T Capital Markets Limited ceased to be a subsidiary of the Company in view of the divestment of entire stake.

\*\* L&T Capital Markets (Middle East) Limited, a wholly owned subsidiary of L&T Finance Holdings Limited was voluntarily liquidated and ceased to exist with effective from December 17, 20.

**53 Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:**

Particulars	(₹ in crore)			
	April 1, 2020	Cash flows	Others	March 31, 2021
Debt securities	43,992.31	2,233.80	(198.65)	46,027.46
Borrowings (other than debt securities)	44,523.00	(6,845.84)	(94.58)	37,582.58
Subordinated liabilities	5,379.18	(447.10)	13.65	4,945.73
<b>Total</b>	<b>93,894.49</b>	<b>(5,059.14)</b>	<b>(279.58)</b>	<b>88,555.77</b>

Particulars	(₹ in crore)			
	April 1, 2018	Cash flows	Others	March 31, 2020
Debt securities	51,268.31	(7,487.18)	(211.18)	43,992.31
Borrowings (other than debt securities)	35,785.15	8,453.19	(284.66)	44,523.00
Subordinated liabilities	4,453.52	931.75	6.09	5,379.18
<b>Total</b>	<b>91,506.98</b>	<b>1,897.76</b>	<b>(489.75)</b>	<b>93,894.49</b>

## Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

**54 Estimation uncertainty relating to COVID-19 global health pandemic:**

In assessing the recoverability of loans, receivables, intangible assets and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial statements. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets. The extent to which the second wave of the COVID19 pandemic, that has significantly increased the number of cases in India, will have an impact on the Company's results, will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact."

**55 Amalgamation of L&T Infrastructure Finance Company Limited ("LTIFC"), L&T Housing Finance Limited ("LTHFC") and L&T Finance Limited ("LTFL")**

Pursuant to order of National Company Law Tribunal Benches, Mumbai and Kolkata dated March 15, 2021 and March 19, 2021 respectively, the scheme of amalgamation for merger of LTIFC and LTHFC (a wholly owned subsidiaries of the Company) with LTFL is effected from April 12, 2021. As a consequence, effective April 12, 2021, LTIFC and LTHFC will stand merged with LTFL with appointed date being April 01, 2020.

**56 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2021.**
**57 Figures for the previous year have been regrouped/re-classified to conform to the figures of the current year.**
**58 The above financial statements have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on April 29, 2021.**

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

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

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

**Apurva Rathod**  
Company Secretary

**Sachinn Joshi**  
Chief Financial Officer

Place : Mumbai  
Date : April 29, 2021

## L&T Finance Holdings Limited

Regd. Office: Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East),  
Mumbai – 400 098, Maharashtra, India. CIN: L67120MH2008PLC181833  
E-mail: [igrc@lths.com](mailto:igrc@lths.com); Website: [www.lths.com](http://www.lths.com); Phone: +91 22 6212 5000; Fax: +91 22 6212 5553

### Notice of the Thirteenth Annual General Meeting

**Notice** is hereby given that the **Thirteenth Annual General Meeting** (“AGM”) of the Members of **L&T Finance Holdings Limited** will be held on Wednesday, July 28, 2021 at 3.00 p.m. through electronic mode [video conference (“VC”) or other audio-visual means (“OAVM”)] to transact the following business:

#### Ordinary Business:

- To consider and adopt the audited standalone financial statements of the Company together with the report of the Board of Directors and the Auditors thereon for the financial year ended March 31, 2021 and audited consolidated financial statements of the Company together with the report of the Auditors thereon for the financial year ended March 31, 2021.
- To appoint a director in place of Mr. R. Shankar Raman (DIN: 00019798), who retires by rotation, and being eligible, offers himself for re-appointment.
- Appointment of Statutory Auditors of the Company:**

To consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION** :

**“RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), RBI regulations and other applicable regulatory provisions, if any, the Company hereby appoints M/s Khimji Kunverji and Co LLP, Chartered Accountants (ICAI Registration No. 105146W/W100621) as the Statutory Auditors of the Company for a term of 3 (three) consecutive years to hold office from the conclusion of Thirteenth Annual General Meeting (“AGM”) till the conclusion of the Sixteenth AGM.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof), be and is hereby authorised to decide and finalise the terms and conditions of appointment, including the remuneration of the Statutory Auditors.”

#### Special Business:

- Re-appointment of Mr. Dinanath Dubhashi (DIN: 03545900) as the Managing Director and Chief Executive Officer of the Company:**

To consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION**:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule V of the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the Articles of Association of the Company and subject to other approvals as may be required, the approval of the Members be and is hereby accorded for re-appointment of Mr. Dinanath Dubhashi (DIN: 03545900) as the Managing Director and Chief Executive Officer of the Company, for a term of 5 (five) years with effect from April 14, 2021 upto April 13, 2026 on such terms and conditions as set out in this resolution and the explanatory statement annexed hereto including payment of such remuneration, as may be determined by the Board (including any Committee thereof), from time to time, within the maximum limits approved by the Members of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board (including any Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard.”

By Order of the Board of Directors  
For **L&T Finance Holdings Limited**

**Apurva Rathod**  
Company Secretary  
ACS 18314

**Date:** June 24, 2021  
**Place:** Mumbai

#### NOTES:

- The Statement as required under Section 102 of the Companies Act, 2013 (“the Act”) is annexed to the Notice.
- Ministry of Corporate Affairs (“MCA”) has vide its circulars dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 (“MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM. In compliance with the provisions of the Act, MCA Circulars and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the Thirteenth Annual General Meeting of the Company (“AGM”) is being held through VC / OAVM on Wednesday, July 28, 2021 at 3.00 p.m. The deemed venue of the AGM shall be the Registered Office of the Company.

The procedure for joining the AGM through VC / OAVM is mentioned in this Notice.

- Since the AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM.  
The route map, Proxy Form as well as the Attendance Slip are therefore, not annexed to this Notice.
- Members shall have the option to vote electronically (“e-voting”) either before the AGM (“remote e-voting”) or during the AGM. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and any amendments thereto, Secretarial Standard on General Meetings (“SS-2”), Regulation 44 of the SEBI Listing Regulations and MCA Circulars, the facility for remote e-voting and e-voting in respect of the business to be transacted at the AGM is being provided by the Company through Central Depository Services (India) Limited (“CDSL”). Necessary arrangements have been made by the Company with CDSL to facilitate remote e-voting and e-voting during the AGM.
- The Company has appointed Mr. S. N. Ananthasubramanian, Practising Company Secretary (Membership No.: FCS - 4206) as the Scrutinizer for scrutinizing the entire e-voting process i.e. remote e-voting and e-voting during the AGM to ensure that the process is carried out in a fair and transparent manner.
- Members are permitted to join the AGM through VC/OAVM, 15 minutes before the scheduled time of commencement of AGM and during the AGM, by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis. This will not include large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination

and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without any restrictions pertaining to joining the AGM on a first come first served basis. Institutional Investors who are Members of the Company, are encouraged to attend and vote at the AGM.

- The attendance of the Members joining the AGM through VC / OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Act.
- Members attending the AGM through VC / OAVM should note that those who are entitled to vote but have not exercised their right to vote by remote e-voting, may vote during the AGM through e-voting for all businesses specified in the Notice. The Members who have exercised their right to vote by remote e-voting may attend the AGM but cannot vote during the AGM.
- Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the Member / Beneficial Owner list maintained by the depositories as on the cut-off date i.e. Wednesday, July 21, 2021 (“cut-off date”).
- A person, whose name is recorded in the Register of Members / Beneficial Owners list maintained by the depositories as on Wednesday, July 21, 2021 only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM.
- Any person who becomes a Member of the Company after sending of Annual Report and holding shares as on Wednesday, July 21, 2021 shall also follow the procedure stated herein.

A person who is not a Member as on Wednesday, July 21, 2021 should treat this Notice for information purposes only.

- Register of Members and Share Transfer Books will remain closed from Thursday, July 22, 2021 to Wednesday, July 28, 2021 (both days inclusive).
- In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote during the AGM.
- Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity since trading is permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents. Further, with effect from April 1, 2019, requests for transfer of securities are not permitted unless the securities are held in a dematerialized form with a depository except in case of transposition or transposition of securities as per SEBI Listing Regulations.
- Members holding shares in dematerialized form are requested to update with their respective Depository Participants (“DP”), their bank account details

(account number, 9 digit MICR and 11 digit IFSC), e-mail IDs and mobile number. Members holding shares in physical form may communicate details to the Company / Registrar and Transfer Agent viz. Link Intime India Private Limited ("RTA") before Wednesday, July 21, 2021 by quoting the Folio No. and attaching a scanned copy of the cancelled cheque leaf of their bank account and a self-attested scanned copy of the PAN card.

16. Members can avail of the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act.
17. Additional information of Directors seeking re-appointment at the ensuing AGM, as required under Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of the SS-2, is annexed to the Notice.
18. In line with MCA Circulars and SEBI circulars dated May 12, 2020 and January 15, 2021, the Notice calling the AGM along with the Annual Report for FY 2020-21 ("Annual Report") is being sent through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Annual Report will also be available on the website of the Company at [www.ltf.com/investors.html](http://www.ltf.com/investors.html), the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Notice is also disseminated on the website of CDSL (agency providing the remote e-voting facility and e-voting during the AGM) at [www.evotingindia.com](http://www.evotingindia.com).

For the purpose of receiving the Notice of the AGM and the Annual Report through electronic mode in case the email address is not registered with the respective DPs / Company / RTA, Members may register the email IDs by sending email to the Company at [igrc@ltfs.com](mailto:igrc@ltfs.com). Please provide the below mentioned details in the email:

- For Members holding shares in physical form: folio no., name of the shareholder, scanned copy of the share certificate, PAN (self-attested scanned copy of PAN card).
- For Members holding shares in dematerialized form: DP ID & Client ID, name of the shareholder and PAN.

Members who have not yet registered their e-mail addresses are requested to register the same with their DPs in case the shares are held by them in dematerialized form and with Company/ RTA in case the shares are held by them in physical form.

19. All the documents referred in the Notice are available for inspection electronically from the date of dispatch of Notice till Wednesday, July 28, 2021. Members seeking to inspect such documents are requested to write to the Company at [igrc@ltfs.com](mailto:igrc@ltfs.com).
20. **Investor Grievance Redressal:** The Company has designated an exclusive e-mail ID i.e. [igrc@ltfs.com](mailto:igrc@ltfs.com) to enable the investors to register their complaints / send correspondence, if any.
21. **Webcast:** The Company is providing the facility of live webcast of proceedings of the AGM. Members who are entitled to participate in the AGM can view the proceedings of AGM by logging in the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com) using the login credentials.
22. **Unclaimed Dividends:** Pursuant to the provisions of Sections 124 and 125 of the Act read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, dividends which remain unclaimed / unpaid for a period of 7 years are required to be transferred to Investor Education and Protection Fund.  
  
The Company requests the Members to claim the unclaimed dividends within the prescribed period. The details of the unclaimed dividends are available on the website of the Company at [www.ltf.com/investors.html](http://www.ltf.com/investors.html) and Ministry of Corporate Affairs at [www.iepf.gov.in/](http://www.iepf.gov.in/). Members can contact the RTA for claiming the unclaimed dividends standing to the credit in their account.
23. **Note for Preference Shareholders:** A Member holding Preference Shares is entitled to attend the AGM through VC / OAVM and vote during the AGM subject to the applicable provisions of the Act.

**PROCEDURE FOR REMOTE E-VOTING, ATTENDING THE AGM AND E-VOTING DURING THE AGM:**

The voting period begins on Sunday, July 25, 2021 from 9:30 a.m. (IST) and ends on Tuesday, July 27, 2021 at 5:00 p.m. (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, July 21, 2021, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter and the same will be enabled during the AGM for the Members who have not casted their vote through remote e-voting.

The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

**A. 1. Procedure and instructions for individual Members holding shares in dematerialized form**

Type of Members	Login Method
<b>Individual Members holding securities in dematerialized form with CDSL</b>	<ol style="list-style-type: none"> <li>1) Users opting for CDSL's Easi / Easiest facility, can login through their existing User ID and password. Option will be made available to reach e-voting page without any further authentication. The URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login, the Easi / Easiest user will be able to see the e-voting Menu. On clicking the e-voting menu, the user will be able to see his / her holdings along with links of the respective e-voting service provider ("ESP") i.e., CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by the Company. Additionally, links are available with the ESPs, so that the user can visit the ESPs site directly.</li> <li>3) If the user is not registered for Easi/Easiest facility, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistrat">https://web.cdslindia.com/myeasi/Registration/EasiRegistrat</a></li> <li>4) Alternatively, the user can directly access e-voting page by providing DP ID &amp; Client ID and PAN from a link available on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on the registered mobile no. &amp; e-mail ID as recorded in the Demat Account. After successful authentication, the user will be able to see the e-voting option where the e-voting is in progress and also directly access the system of all ESPs.</li> </ol>

Type of Members	Login Method
<b>Individual Members holding securities in dematerialized form with NSDL</b>	<ol style="list-style-type: none"> <li>1) If the user is already registered for NSDL IDeAS facility, please visit the e-services website of NSDL. The URL for using the e-services is <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Once the home page of e-services is launched, the user can click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. The user will have to enter the User ID and password. After successful authentication, the user will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and the user will be able to see e-voting page. Click on company name or name of the ESP and the user will be re-directed to ESP website for casting vote during the remote e-voting period or joining meeting through VC/OAVM &amp; voting during the AGM.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWebIdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWebIdeasDirectReg.jsp</a></li> <li>3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. User will have to enter User ID (i.e. sixteen digit demat account number of NSDL), password/OTP and a verification code as shown on the screen. After successful authentication,</li> </ol>

Type of Members	Login Method
	user will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or ESP name and user will be redirected to the website of ESP for casting vote during the remote e-voting period or joining the AGM through VC/OAVM & voting during the AGM.
<b>Individual Members (holding securities in dematerialized form) logging in through their DPs</b>	User can also login using the login credentials of demat account through the user's DP registered with NSDL/CDSL for e-voting facility. After successful login, user will be able to see e-voting option. Once user clicks on the e-voting option, the user will be redirected to NSDL/CDSL Depository site after successful authentication, wherein user can see e-voting feature. Click on company name or name of the ESP and user will be redirected to ESP website for casting vote during the remote e-voting period or for joining the AGM through VC/OAVM & voting during the AGM.

## 2. Procedure and instructions for non-individual Members holding shares in dematerialized form and Members holding shares in physical form

- (i) The user should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on "Shareholders".
- (iii) Now enter the User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 character DP ID followed by 8 digits client ID,
  - c. Members holding shares in physical form should enter Folio Number registered with the Company.
- (iv) Next: Enter the Image Verification as displayed and Click on "Login".
- (v) If you are holding shares in dematerialized form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier resolution of any other company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in dematerialized form and physical form	
<b>PAN</b>	<ul style="list-style-type: none"> <li>• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department.</li> <li>• Members who have not updated their PAN with the Company / DP are requested to contact the Company through email on <a href="mailto:igrc@lts.com">igrc@lts.com</a>.</li> </ul>
<b>Dividend bank details or date of birth (DOB)</b>	<ul style="list-style-type: none"> <li>• Enter the dividend bank details or date of birth (in dd/mm/yyyy format) as recorded in the demat account or in the Company records in order to login.</li> <li>• If both the details are not recorded with the depository or Company, please enter the member ID / Folio No. in the dividend bank details field by following the instructions.</li> </ul>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in dematerialised form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on Electronic Voting Sequence Number ("EVSN") of "L&T Finance Holdings Limited".
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the details of the Resolution.
- (xiii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution,

you will not be allowed to modify your vote.

- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for non - individual Members and Custodians:
  - Non-individual Members (i.e. other than individuals, HUF, NRI etc.) and Custodians are required to log onto [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com).
  - After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively, non-individual Members are required to send the relevant Board resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the scrutinizer and to the Company, if the aforesaid documents are not uploaded on the CDSL e-voting system, for scrutinizer to verify the same.
- (xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com) or call 022-2305 8738 and 022-2305 8542/43.
- (xix) All grievances connected with the e-voting facility may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com) or call 022-2305 8542/43.

### B. Procedure and instructions for Members

#### attending the AGM through VC / OAVM:

- (i) Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM through the facility provided by CDSL at [www.evotingindia.com](http://www.evotingindia.com) by using their remote e-voting login credentials and selecting the EVSN for the Company's AGM.
- (ii) Members are encouraged to join the AGM through laptops / iPads for better experience.
- (iii) Members connecting through mobile devices or tablets or laptop connecting via mobile hotspot may experience loss of audio / video due to fluctuation in the network. Members are requested to use an internet facility with a good bandwidth to avoid facing any disturbance during the AGM.
- (iv) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / Folio No., PAN, mobile number along with their queries at [igrc@lts.com](mailto:igrc@lts.com) from Thursday, July 22, 2021 from 9:30 a.m. (IST) to Saturday, July 24, 2021 till 5:00 p.m. (IST). Those Members who have registered themselves as a speaker will be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

#### C. Procedure and instructions for Members for e-voting during the AGM:

- (i) The procedure to be followed for e-voting on the day of the AGM will be the same as mentioned above for remote e-voting.
- (ii) Only those Members, who are present at the AGM through VC / OAVM and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting during the AGM.
- (iii) If any votes are cast by the Members through the e-voting facility available during the AGM and if the said Members have not participated in the AGM through VC / OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the AGM is available only to the Members attending the AGM.
- (iv) Members who need any technical assistance before or during the AGM, can contact Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to [helpdesk.evoting@cDSLindia.com](mailto:helpdesk.evoting@cDSLindia.com) or call 022-2305 8542/43.

**Declaration of Results:**

- 1) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and submit, not later than two days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairperson of the Company or the person authorized by him, who shall countersign the same.
- 2) Based on the Scrutinizer's Report, the Company will submit within 48 hours of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the SEBI Listing Regulations.
- 3) The results declared along with the Scrutinizer's Report, will be hosted on the website of the Company at <https://www.ltf.com> and on the website of CDSL, immediately after the declaration of the result by the Chairperson or a person authorised by him in writing and communicated to the Stock Exchanges.

**EXPLANATORY STATEMENT FORMING PART OF THE NOTICE DATED JUNE 24, 2021**

The following Explanatory Statement relating to the accompanying Notice sets out all material facts in respect of the resolutions:

**Pursuant to Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**
**ITEM NO. 3**

The Members of the Company at the Eighth Annual General Meeting ("AGM") held on August 23, 2016 had approved the appointment of M/s. B. K. Khare & Co., Chartered Accountants (ICAI Registration No. 105102W) ("BKK") and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Registration No. 117366W/W-100018) ("DHS"), as the Joint Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of the Eighth AGM to the conclusion of the Thirteenth AGM. Accordingly, BKK and DHS will complete their first term as Statutory Auditors of the Company on conclusion of this AGM and cease to be the Joint Statutory Auditors of the Company.

The Board of Directors of the Company ("the Board"), on the recommendation of the Audit Committee ("the Committee"), has recommended for the approval of the Members, the appointment of M/s Khimji Kunverji and Co LLP as the Statutory Auditors of the Company for a period of 3 (three) years in accordance with the requirements of the Companies Act, 2013 ("the Act") and as stipulated by the Reserve Bank of India, to hold office from the conclusion of this AGM till the conclusion of the Sixteenth AGM.

Before recommending the appointment of M/s Khimji Kunverji and Co LLP as the Statutory Auditors of the Company, the Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found M/s Khimji Kunverji and Co LLP to be suitable to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company. The Statutory Auditors fulfill the eligibility criteria, including relating to independence and conflict, as specified by the Reserve Bank of India.

M/s Khimji Kunverji and Co LLP is a Chartered Accountant Firm registered with Institute of Chartered Accountants of India with Firm Registration No.105146W/ W-100621. The firm was established in 1936 and is led by ten partners. The firm provides a range of services which include audit & assurance, taxation, advisory & accounting. The firm has significant experience in providing auditing, taxation and advisory services to banks and other financial services clients.

M/s Khimji Kunverji and Co LLP have given their consent to act as the Statutory Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act.

The proposed remuneration to be paid to M/s Khimji Kunverji and Co LLP for FY2021-22 for statutory audit is ₹ 23 Lakhs. Further, there is no material change in the remuneration paid to the outgoing auditors and the proposed auditors.

In view of the aforesaid, the Board recommends the resolution set forth in Item No. 3 for approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Company, are concerned / interested, financially or otherwise, in the said resolution.

**Pursuant to provisions of Section 102 of the Companies Act, 2013.**
**ITEM NO. 4**

The Board of Directors of the Company ("the Board"), at its meeting held on April 13, 2016 had appointed Mr. Dinanath Dubhashi (DIN: 03545900) as a Whole-time Director of the Company and designated him as Deputy Managing Director for a period of 5 (five) years commencing from April 14, 2016 up to and including April 13, 2021. Further, the Board at its meeting held on July 22, 2016 had appointed Mr. Dubhashi as the Managing Director with immediate effect, the tenure of his office being the same as under his previous designation, i.e. up to April 13, 2021. The aforesaid was approved by the Members at the Annual General Meeting held on August 23, 2016. Thus, the tenure of Mr. Dubhashi was expiring on April 13, 2021.

In view of the aforesaid and based on the recommendation of the Nomination and Remuneration Committee ("the NRC"), the Board at its meeting held on March 19, 2021, subject to the approval of Members, has re-appointed Mr. Dubhashi as the Managing Director and Chief Executive Officer ("MD & CEO") of the Company, for a period of 5 (five) years with effect from April 14, 2021 till April 13, 2026, on the terms and conditions as stated in the Agreement duly approved by the Board. Mr. Dubhashi is not disqualified from being re-appointed as a Director in terms of Section 164 of the Companies Act 2013 ("the Act").

As required under Section 196(4) of the Act, the material terms and conditions of the Agreement entered into with Mr. Dubhashi are as under:

**a. Basic Salary:**

In the range of ₹ 1,75,00,000/- (Rupees One Crore Seventy Five Lakhs Only) to ₹ 2,10,00,000/- (Rupees Two Crore Ten Lakhs Only) per annum.

**b. Allowances:**

- Medical Allowance - Up to a maximum of ₹ 15,000/- (Rupees Fifteen Thousand Only) per annum.
- Special Allowance - In the range of ₹ 1,42,00,000/- (Rupees One Crore Forty Two Lakhs Only) to ₹ 1,82,00,000/- (Rupees One Crore Eighty Two Lakhs Only) per annum.
- Leave Travel Allowance - Up to a maximum of ₹ 14,00,000/- (Rupees Fourteen Lakhs Only) per annum.

**c. Variable Remuneration:**

In the range of ₹ 2,00,00,000/- (Rupees Two Crore Only) to ₹ 2,40,00,000/- (Rupees Two Crore Forty Lakhs Only) per annum at 100%, and paid out based on targets fixed, achieved and reviewed and approved by the NRC.

**d. Retention / Catchup pay:**

Retention/ Catchup Pay will be paid on an annual basis as per the guidelines formulated and approved by the NRC, subject to overall remuneration being within the regulatory limits.

**e. ESOPs:**

ESOPs granted pursuant to approval of the NRC will vest as per the approved vesting schedule. Any additional ESOPs will be granted based on the guidelines formulated and approved by the NRC.

**f. Perquisites:**

- The MD & CEO shall be entitled to free accommodation (Company owned or leased/rented).
- The MD & CEO shall be entitled to club membership, telephone and other communication facilities at residence, medical and personal accident insurance, term life insurance, all other benefits applicable to other employees, etc., in accordance with the policies of the Company.
- The MD & CEO shall be entitled to use of a new Company car (owned/leased or hired) of value ₹ 50,00,000/- (exclusive of applicable taxes) on September 25, 2023, for a block of 5 years or until the efflux of his tenure as MD & CEO, whichever is earlier, for use on Company's business.
- The MD & CEO shall be eligible to avail of the benefits under the Matching Grant Scheme available to employees.
- The MD & CEO shall be entitled to Company's contribution to Provident Fund, benefits of Gratuity, Superannuation Fund, earned leave and encashment of earned leave at the end of the tenure as per Company rules.

The MD & CEO, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board or Committees thereof from the date of his appointment.

The Company shall reimburse to the MD & CEO, entertainment, travelling and all other expenses incurred by him for the business of the Company.



The salary and other compensation payable by the Company to the MD & CEO will be subject to compliance with the applicable regulatory provisions.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the MD & CEO, the Company has no profits or its profits are inadequate, the Company will pay to the MD & CEO, salary and allowances (other than Variable Remuneration stated in clause (c)) as specified above and subject to Schedule V of the Act.

A copy of the said Agreement would be available for inspection by the Members through electronic mode till the date of the Meeting.

It is proposed to seek Members' approval for re-appointment of Mr. Dinanath Dubhashi as the Managing Director and Chief Executive Officer of the Company and payment of remuneration thereof, in terms of the applicable provisions of the Act.

The Board is of the view that the Company would greatly benefit from the skills, knowledge and rich experience of Mr. Dubhashi and accordingly, recommends the resolution set forth in Item No. 4 of the Notice for approval of the Members.

Save and except Mr. Dinanath Dubhashi, none of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Company, are concerned / interested, financially or otherwise, in the said resolution.

#### Additional Information of Directors seeking re-appointment / appointment at the Thirteenth Annual General Meeting pursuant to SS-2 and SEBI Listing Regulations:

Name of the Director	Mr. R. Shankar Raman (DIN: 00019798)	Mr. Dinanath Dubhashi (DIN: 03545900)
Date of Birth/(Age)	December 20, 1958 (62 years)	May 31, 1966 (55 years)
Qualifications	B.Com from Madras University Chartered Accountant and Cost Accountant	Post Graduate from IIM Bangalore B.E. (Mechanical)
Date of first appointment on the Board	May 1, 2008	April 14, 2016
Remuneration	N.A <sup>(1)</sup>	As mentioned in the explanatory statement.
Experience/Brief Profile	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 L&T Group. He joined L&T Group in 1994 to set up L&T Finance Limited. Over the past 37 years, he has worked for leading listed corporates in varied capacities in the field of finance and general management. He is a qualified Chartered Accountant and a Cost Accountant with a degree in Commerce from the Madras University.	With a rich experience of over three decades, Mr. Dinanath Dubhashi has worked in multiple domains of Financial Services such as Corporate Banking, Cash Management, Credit Rating, Retail Lending & Rural Finance. Mr. Dubhashi has been associated with LTFH since 2007 and has been instrumental in scaling up the retail business operations manifold, across customer segments and geographies. During his tenure as MD & CEO, since 2016, LTFH has achieved several market leading positions in Farm Equipment Finance, Two-wheeler finance, Microloans and Renewable Power Finance. The strategy roadmap defined under his leadership has transformed LTFH into an organization focused on delivering sustainable top quartile RoE through decisive strategic choices. The increase in retail proportion of loan book under his leadership, to 43% in FY21, has been built on the foundations of distinctive digital & analytics-based offering & a robust risk management framework. As a part of his professional journey, he has also been associated with organizations such as BNP Paribas, CARE Ratings and SBI Capital Markets in various capacities. Mr. Dubhashi has also been co-chairing the FICCI Committee on NBFCs since 2018. He is a Postgraduate from IIM Bangalore and holds a B.E. (Mechanical) degree.
Terms and conditions of appointment / re-appointment	Appointed as a Director liable to retire by rotation.	As mentioned in the explanatory statement.

Name of the Director	Mr. R. Shankar Raman (DIN: 00019798)	Mr. Dinanath Dubhashi (DIN: 03545900)
Directorships held in other companies (excluding foreign companies) as on date	1. Larsen and Toubro Limited 2. Larsen & Toubro Infotech Limited 3. Mindtree Limited 4. L&T Hydrocarbon Engineering Limited 5. L&T Infrastructure Development Projects Limited 6. L&T Investment Management Limited 7. L&T Metro Rail (Hyderabad) Limited 8. L&T Realty Developers Limited 9. L&T Seawoods Limited	1. L&T Finance Limited 2. L&T Infra Debt Fund Limited 3. L&T Investment Management Limited 4. L&T Infra Investment Partners Advisory Private Limited
Memberships / Chairpersonship of committees across companies (only Statutory Committees as required to be constituted under the Act considered)	<b>A. Audit Committee</b> 1. L&T Finance Holdings Limited 2. Larsen & Toubro Infotech Limited 3. Mindtree Limited 4. L&T Infrastructure Development Projects Limited 5. L&T Metro Rail (Hyderabad) Limited <b>B. Nomination and Remuneration Committee</b> 1. L&T Finance Holdings Limited 2. L&T Infrastructure Development Projects Limited <b>C. Corporate Social Responsibility ("CSR") Committee / CSR and ESG Committee</b> 1. Larsen and Toubro Limited 2. L&T Finance Holdings Limited 3. L&T Infrastructure Development Projects Limited 4. L&T Investment Management Limited 5. L&T Realty Developers Limited 6. L&T Seawoods Limited <b>D. Stakeholders Relationship Committee</b> 1. L&T Finance Holdings Limited	<b>A. Audit Committee</b> 1. L&T Finance Limited 2. L&T Infra Debt Fund Limited <b>B. Nomination and Remuneration Committee</b> 1. L&T Finance Limited 2. L&T Infra Debt Fund Limited <b>C. Corporate Social Responsibility ("CSR") Committee / CSR and ESG Committee</b> 1. L&T Finance Holdings Limited 2. L&T Infra Debt Fund Limited <sup>(C)</sup> 3. L&T Investment Management Limited 4. L&T Infra Investment Partners Advisory Private Limited <b>D. Stakeholders Relationship Committee</b> 1. L&T Finance Limited <sup>(C)</sup>
Shareholding in the Company (Equity) including shareholding as a beneficial owner as on March 31, 2021	30,080	44,377
Relationship with other Directors / Manager / Key Managerial Personnel	None	None
Number of Board Meetings attended during FY 2020-21	All meetings (i.e. seven out of seven meetings)	All meetings (i.e. seven out of seven meetings)

<sup>(1)</sup> Mr. R. Shankar Raman is in the service of Larsen and Toubro Limited and draws remuneration from Larsen and Toubro Limited. He is not paid any commission or sitting fees separately for attending the meetings of the Board and/or any Committee of the Company.

(C) - Chairperson

By Order of the Board of Directors  
For L&T Finance Holdings Limited

Apurva Rathod  
Company Secretary  
ACS 18314

Date: June 24, 2021

Place: Mumbai

Registered Office:

L&T Finance Holdings Limited  
Brindavan, Plot No. 177, C.S.T. Road  
Kalina, Santacruz (East)  
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CIN:L67120MH2008PLC181833  
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