July 2, 2020

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,
1st 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 2019-20 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 2019-20 ("Annual Report") along with the Notice of the Twelfth Annual General Meeting ("Notice") of the Company to be held on Tuesday, July 28, 2020 at 3:00 p.m. through electronic mode (video conference or other audio visual means). In accordance with Ministry of Corporate Affairs circular dated May 5, 2020 and SEBI circular dated May 12, 2020, 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.ltfs.com/investors.html.

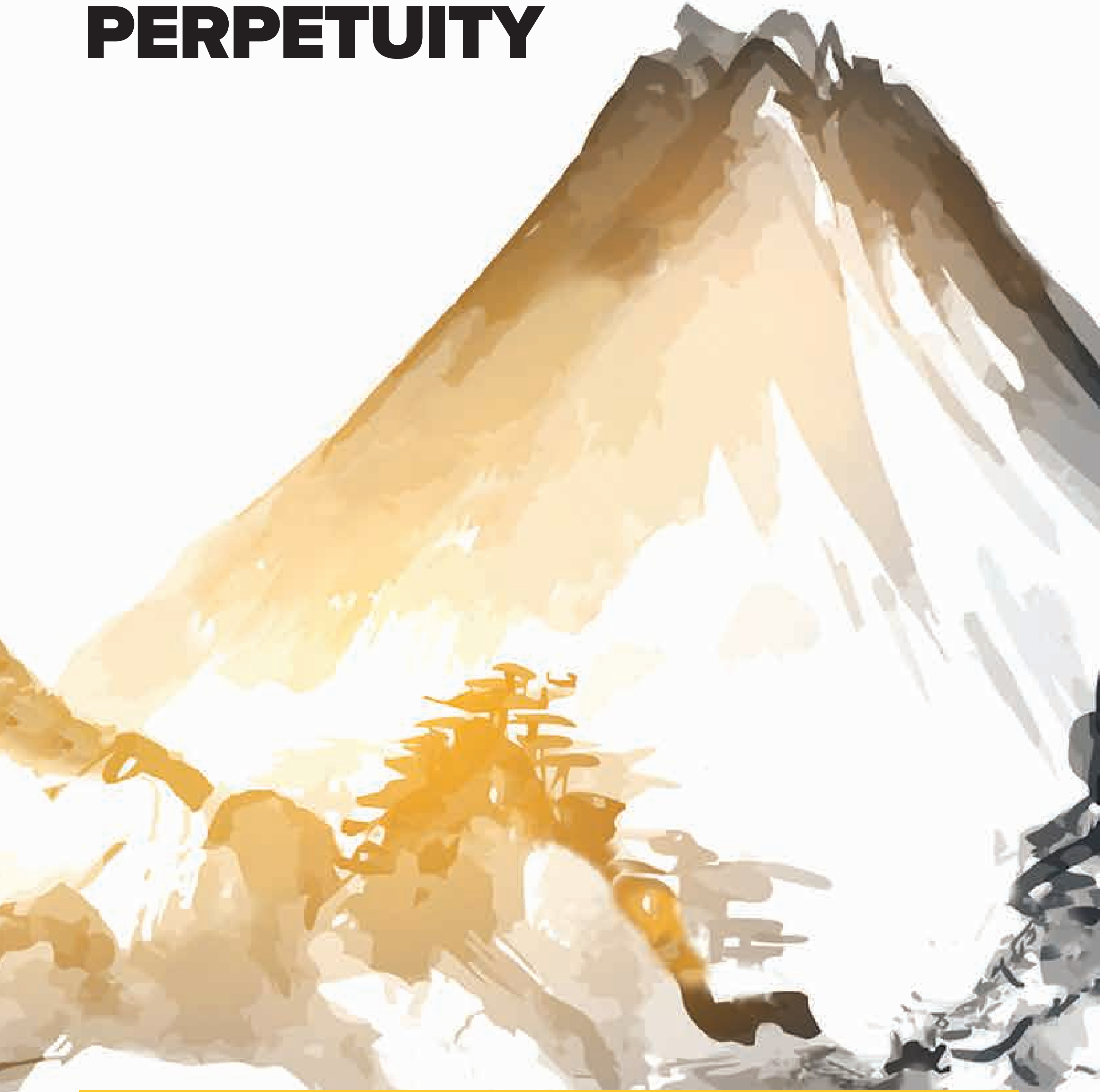
We request you to take the aforesaid on records.

For **L&T Finance Holdings Limited**

Apurva Rathod
Company Secretary and Compliance Officer

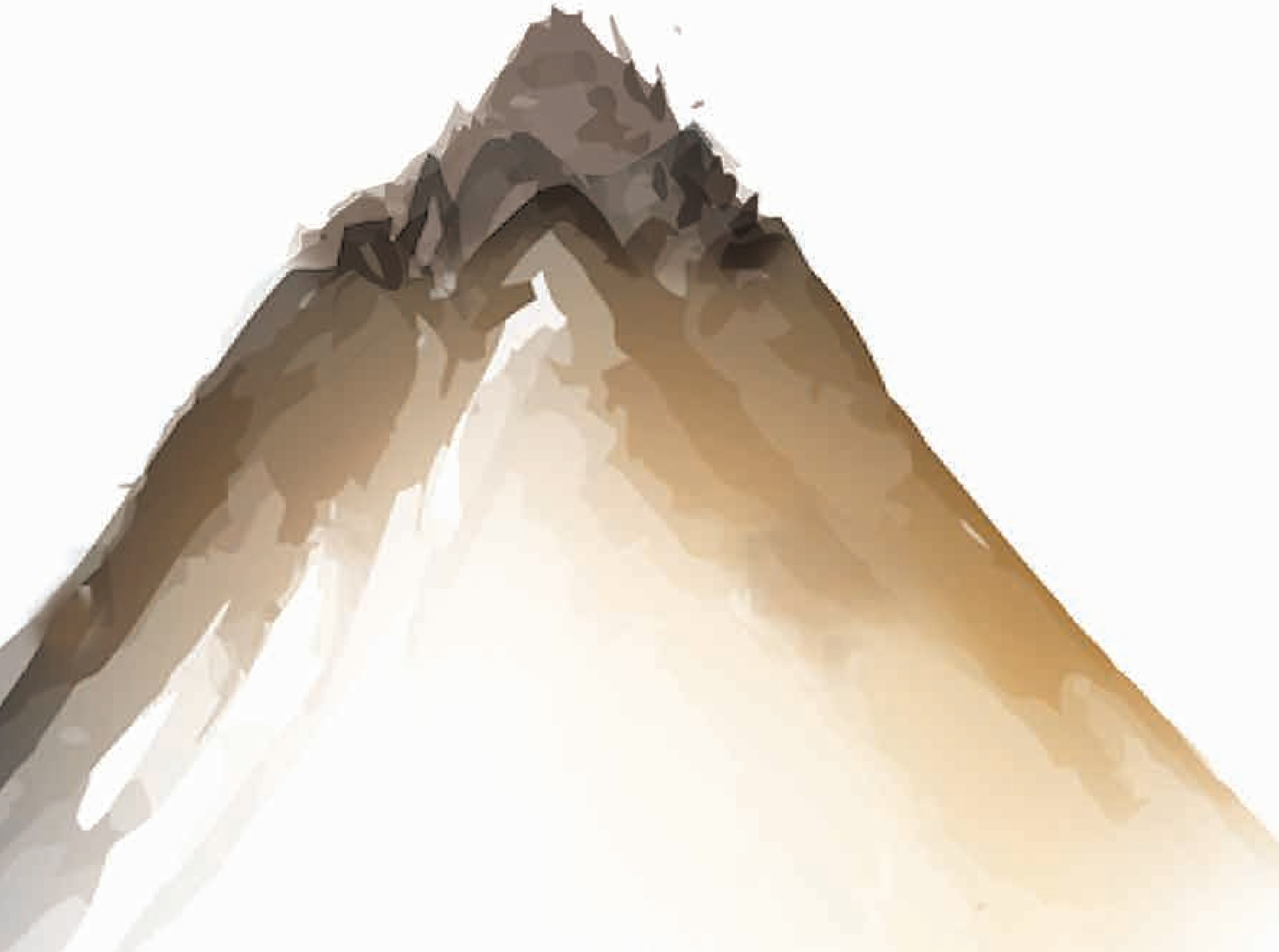
Encl: as above

CREATING VALUE FOR
PERPETUITY



ANNUAL REPORT 2019-20

L&T Finance Holdings



A mountain is resilient to the toughest of tempests and has the ability to withstand disruptions. It stands tall, evoking a sense of unshakeable strength and perpetuity.

These distinctive qualities of a mountain resonate with LTFH. Robust fundamentals, strong legacy, resilient business model, and most importantly, the vision to create value for perpetuity, is what makes your company standout.

CORPORATE INFORMATION

Board of Directors

S. V. Haribhakti
Non-Executive Chairman

Dinanath Dubhashi
Managing Director & Chief Executive Officer

R. Shankar Raman
Non-Executive Director

P. V. Bhide
Independent Director

Thomas Mathew T.
Independent Director

Nishi Vasudeva
Independent Director

Rajani R. Gupte
Independent Director

Pavninder Singh
Nominee Director

Prabhakar B.
Non-Executive Director

Company Secretary
Apurva Rathod

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

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

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

SNAPSHOT OF OUR BUSINESSES

L&T Finance Holdings Limited is one of India's most valued and fastest-growing Non-Banking Financial Companies (NBFCs). Incorporated in 2008 and headquartered in Mumbai, the Company offers a diverse range of financial products and services in Rural, Housing and Infrastructure finance sectors. It also offers Investment management services.

Vision

To be an admired and inspirational financial institution, creating sustainable value for all our stakeholders.

Values

Ambition
Pride
Discipline
Integrity

OUR OFFERINGS

Lending Businesses

Rural Finance

- Farm Equipment Finance
- Two-Wheeler Finance
- Micro Loans
- Consumer Loans

Housing Finance

- Home Loans
- Loan Against Property
- Real Estate Finance

Infrastructure Finance

- Infra Finance
- Infra Debt Fund

Non lending Businesses

- Investment Management

221
Branches

130+ Lakh
Customer base

1,532
Micro loans meeting centres

23,000+
Employees across subsidiaries and businesses

All figures as on March 31, 2020

AWARDS AND ACCREDITATIONS

- Business Standard Social Excellence Award 2019 for Most Socially Aware Corporate of the Year
- Golden Peacock Award 2019 for Corporate Social Responsibility
- FICCI Award 2019 for Corporate Social Responsibility in promoting women empowerment
- 10th India Digital Awards - Category: Best use of technology to drive / execute CSR
- The Asset Triple A Infrastructure Awards 2019 Transport Deal of the Year - Highly Commended - Underwriter and Advisor

CHAIRMAN'S MESSAGE

Dear Shareholders,

Even as I write this, the global economy is being challenged like never before, as economic activities and growth are being obstructed by the ruthless pandemic. Life and lifestyles across the world are undergoing a radical change — one that no one intimated us about or prepared us for. As we fight each day adjusting to the new normal, most of us cannot help but think of our lives after this crisis blows over. These are difficult times and we must prepare to embrace the radical changes in our lives and the way we work. A key lesson from this crisis has been the need to re-strategise and adapt — at the organisation as well as individual levels. It calls for designing a new plan of action and adjusting to the new realities — rapidly and responsibly. As you know, NBFCs play a critical role in the nation's economic development by providing a fillip to transportation, employment generation, infrastructure development, wealth creation, credit delivery even in the remotest corners of the country, and seamless funding for small businesses, start-ups and MSMEs. They encourage micro-entrepreneurship and imbue self-reliance by attending to various financial needs of the unbanked. That is why the contribution of the NBFC sector to the overall credit in the Indian economy rose to 19% in FY19 from 12.8% in FY14. There is no doubt that these difficult times have slowed us down, but they cannot diminish the sector's importance in nation-building. The long-term prospects for highly rated and good quality NBFCs remains robust, and once things get back to normal, the segment will continue to catalyse India's economic growth.

This unprecedented phase in our lives is as much about rational decision-making to prioritise sustainable practices in order to tide over the uncertainties of the new normal as it is about fast-forwarding our transition into the digital era. As futurist Roy Amara once said, we tend to overestimate the impact of technology in the short run and underestimate it in the long run. While we may be excited about exponential technologies today, their applications in the long term will transform us to abundance. I am glad to inform you that your Company has been ahead of the curve by building a strong culture of using digital and data analytics to streamline its credit-decisioning, putting in place an institutionalised process of algorithmic lending. Since 2017, your Company does not have any human intervention when it comes to credit appraisals and sanctions for majority of our businesses. It is all done by an AI-driven algorithm, which has resulted in better asset quality and repayments, and a considerable improvement in our turnaround time (TAT) to about 45 seconds in some cases. Your Company is also prepared to fill the gap created by the pandemic and is ready to push a completely new thinking driven by exponential technologies.

I AM EXTREMELY PROUD TO STATE THAT YOUR COMPANY, BY THE VIRTUE OF ITS PROACTIVE AND PRUDENT STRATEGIES, REMAINED AGILE AND ALERT WHILE DISPLAYING ITS RESILIENCE TO ENSURE BUSINESS CONTINUITY. WE CONTINUE TO BE FOCUSED ON OUR ULTIMATE GOAL OF CREATING VALUE FOR PERPETUITY.

Challenging times

Tough times invariably test a Company's fortitude and sustainability. It sure tested your Company's mettle as well throughout FY20. It presented us with a challenging macro-economic environment, which worsened in the last two weeks of the financial year on account of COVID-19. The overall business environment remained subdued with demand slackening across high-growth sectors. There was a visible slowdown in manufacturing activities, while the services segment grew moderately. The GDP growth for FY20 plummeted to a 4.2%, as against the 6.1% in FY19. The only exception was the rural economy, which emerged as a winner, backed by favourable policy measures, healthy water-reservoir levels, and increased sowing of Rabi crops.

Most NBFCs continued to face their own set of challenges: liquidity and solvency issues, rising borrowing costs and limited funding access. Therefore, lenders across all genres strongly preferred high-rated NBFCs, such as your Company, with sound fundamentals, strong parentage and high credit ratings. Despite the difficult conditions in the economy, your Company remained strong because of its robust business model.

I am proud to state that your Company, by the virtue of its proactive and prudent strategies, remained alert while displaying its resilience to ensure business continuity. I am equally happy to state that your Company retained its leadership position amongst the principal financiers across its focused businesses in FY20.

Apart from retaining our market share across businesses, your Company also gained some in Two-Wheeler and Farm Equipment segments. It posted satisfactory results barring the last few days of March 2020, which witnessed a slowdown in disbursements and collections owing to the nationwide lockdown.

Creating value for perpetuity

How we respond to a situation is an indicator of how well-prepared we are even before it occurs. For your Company, most of its strategies revolve around the ultimate goal to create value for perpetuity. It is a shield that protects your Company from unanticipated events. Over the past few years, your Company has worked continuously towards building resilience. We understand our markets and its uncertainties. Therefore, your Company consciously decided to focus more on areas under its control — to withstand the toughest of storms.

Your Company has worked on building efficiency in running down the defocused portfolio; improving the ability to maintain NIMs and fees in difficult conditions; boosting the capability to raise funds from diverse sources at competitive costs; deploying right technological resources for data analytics, risk management and early-warning signals; making adequate provisioning, including for COVID-19; enhancing execution abilities and TAT in delivering last-mile finance; maintaining a robust portfolio quality; and last, but not the least, consistently generating top-quartile RoE.

In line with prudent provisioning norms, your Company created additional COVID-19 provisions of ₹ 209 Cr and also created enhanced ECL provisions of ₹ 105 Cr on stage 2 assets. The above provisions are in addition to the existing macro prudential provisions of ₹ 350 Cr which highlight the underlying strength of balance sheet. Together, these steps have helped your Company considerably improve the asset quality and reach a potential that has transformed it into a confident, competent, and consistent organisation. As a result of these sustained efforts, your Company's AAA credit ratings were reaffirmed by India Ratings and CRISIL in April and May 2020, respectively.

Life post COVID-19

FY21 will experience the impact of COVID-19 in the areas of demand pickup, credit culture, repayment capacity and willingness to pay. While we anticipate strong recoveries in rural India, there may be a slow pick-up in the real estate and infrastructure financing segments. Your Company is further leveraging its technology infrastructure to strengthen its data analytics and increase collections. Apart from doing stringent project monitoring, your Company has also introduced tighter credit norms for fresh business disbursements and undertaken several cost-rationalisation measures for the overall enhancement of its business efficiencies.

Team

Your team is undergoing a swift and quick change in the wake of the coronavirus outbreak. This process of transformation would not have been possible without its 23,000+ employees across the board. The team has consistently risen to the challenge and ensured continued operating success. Even during the lockdown, and while working remotely, the team displayed the same level of spirit and energy as before. For this, I would like to sincerely thank the team for their enormous contributions. I hope we continue working together and moving forward with the same collective commitment, passion and consistent engagement.

Sustainability and community well-being

Remaining true to our tenet of financing a sustainable future, your Company's investments into Renewable Energy are made keeping in mind the imperatives of climate change and the increasing Indian energy demand. Through the vast footprint of our rural lending business, your Company is enabling entrepreneurship and self reliance for the hard working men and women of our country. The Company's community engagement programme – Digital Sakhi – aims at promoting women empowerment and nurturing an ecosystem of digital financial transactions. Similarly, your Company continued to work towards the improvement of water availability in stressed areas through the Integrated Water Resource Management (IWRM) system – Jalvaibhav – aimed at promoting water-conservation techniques. We consistently monitor our social investments and ensure that the best social value is delivered to the communities.

Closing thoughts

In the end, I would like to extend my gratitude to our management team, employees, bankers and all our stakeholders for their commitment and contribution towards the growth of your Company. Further, I would also like to show my appreciation for my fellow Directors for providing us with valuable guidance amidst this tough operating environment. I would like to offer my gratitude to our loyal shareholders for their continued support. I assure you that your Company will use all the lessons thrown up by this adversity and continue driving ahead towards building a more resilient and enduring organisation. We remain on the path to create an organisation that delivers value to all stakeholders, for perpetuity. After all, the best preparation for tomorrow is doing your best today.

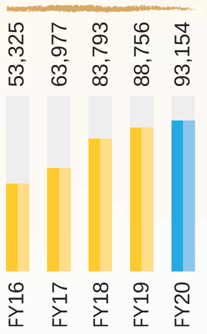
Shailesh Haribhakti

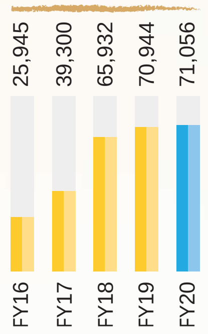
KEY PERFORMANCE INDICATORS

VALUES GENERATED

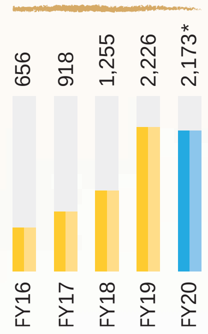
FY20 tested our resilience and readiness to respond to the challenging business environment. Our strong parentage, sound business model and stringent risk management framework allowed us to remain stable amidst turbulent times in the NBFC space. We concisely and transparently set our priorities and brought our strategies into action to deliver valuable outcomes.

STRONG PERFORMANCE METRICS





Average Assets Under Management



Profit after Tax

*PAT of ₹ 1,700 Cr post considering one-time impact of ₹ 473 Cr on reversal of DTA

50% YoY reduction of defocused book

6.95% NIMs+Fees maintained in the desired range of 6.5-7%

ROBUST BALANCE SHEET

Gross Stage 3 (GS3) ₹ Cr

5.90%	5,549	2018-19
5.36%	5,037	2019-20

Net Stage 3 (NS3) ₹ Cr

2.40%	2,174	2018-19
2.28%	2,078	2019-20

GS3 and NS3 figures are on principal outstanding basis

59%
Provision Coverage Ratio (PCR) on GS3 book

₹664 Cr
Additional provisions over and above PCR

21.60%
Consistently strengthened Capital Adequacy Ratio in FY20

- Successful reduction in GS3 and NS3 through sustained efforts
- GS3 even without DPD freeze (as per RBI regulations) at 5.63% as on March 31,2020

WELL ESTABLISHED LIABILITY FRANCHISE

₹28,225 Cr
Highest ever annual long-term borrowings

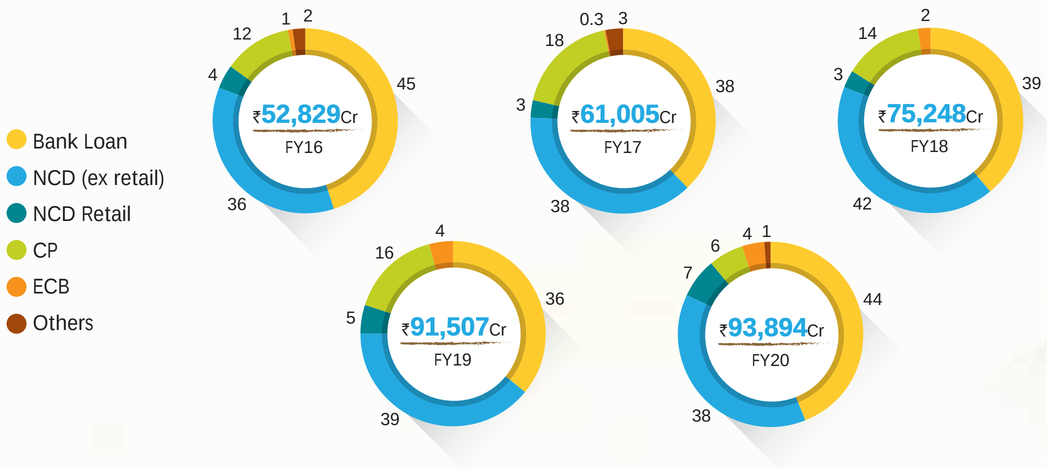
₹9,415 Cr
Funds raised through new sources such as PSL, Retail NCDs and ECBs#

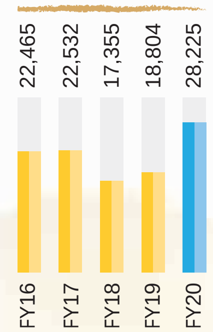
16% → 6%
Reduction in proportion of CPs (YoY)

₹15,485 Cr
Maintained adequate liquidity

- Continued to focus on long-term borrowing strategy and diversified funding resources
- Conservative practices in the ALM and liquidity management
- Maintained positive liquidity gaps in all buckets even after factoring in the effects of moratorium (as per RBI regulations) given to a part of our lending portfolio

Diversification of liabilities (%)





ASSIGNED / REAFFIRMED 'AAA' BY VARIOUS RATING AGENCIES

AAA CRISIL assigned 'AAA' rating in October 2019 to LTFH and all its lending subsidiaries despite multiple downgrades across the sector

AAA CRISIL, India Ratings, ICRA and CARE reaffirmed 'AAA' ratings for LTFH and all its lending subsidiaries

CAPITAL ALLOCATION AND RoE BRIDGE

FY19			Business Segments	FY20			
PAT (₹ Cr)	Net Worth (₹ Cr)	RoE		PAT (₹ Cr)	Net Worth (₹ Cr)	RoE	PAT YoY
895	3,719	27.94%	Rural Finance	1,027	4,523	24.22%	15%
801	3,667	26.89%	Housing Finance	756	4,302	18.52%	(6%)
146	3,650	4.91%	Infra Finance	578	5,341	13.72%	295%
132	1,061	13.18%	Infra Debt Fund	205	1,267	17.55%	56%
1,974	12,097	19.42%	Lending Business	2,566	15,433	18.73%	30%
137	953	-	Investment Management	249	1,053	-	-
2,111	13,050	19.07%	Focused Business (Total)	2,815	16,486	19.05%	33%
236	1,542	-	Defocused Business	(457)	885	-	-
(121)	(1,143)	-	Others	(185)	(2,206)	-	-
2,226	13,449	**17.92%**	Consolidated PAT before exceptional items	**2,173**	15,165	**14.96%**	(2%)
-	-		Less: Exceptional items (DTA impact)	473	473		
2,226	13,449		Consolidated PAT	1,700	14,692		

#PSL - Priority Sector Loan NCDs - Non Convertible Debentures ECBs - External Commercial Borrowings

5 PILLARS THAT MAKE YOUR COMPANY RESILIENT, HELPING IT CREATE VALUE FOR PERPETUITY, ON THE FOUNDATION OF ASSURANCE

1

PRUDENT ALM, ADEQUATE LIQUIDITY AND WELL ESTABLISHED LIABILITY FRANCHISE

2

HIGHEST CREDIT RATING

3

STRONG BALANCE SHEET

4

STRINGENT RISK CONTROL MEASURES

5

CONTINUATION OF STRATEGIC INITIATIVES

BOARD OF DIRECTORS

Shailesh Haribhakti

Non-Executive Chairman
Independent Director

Shailesh Haribhakti, a Chartered Accountant and Cost Accountant, and a Certified Internal Auditor, Financial Planner & Fraud Examiner, 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 is also currently the Non-Executive Chairman of L&T Mutual Fund Trustee Limited, Future Lifestyle Fashions Limited, Blue Star Limited and NSDL e-Governance Infrastructure Limited. He serves as an Independent Director 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 Indian Institute of Management Ahmedabad (IIMA), BMA, IIA (Mumbai), ICAI (WIRC), IMC, FPSB and Rotary Club of Bombay over the last several decades. For two years he served on the Standards Advisory Council of the IASB in London and was Chairman of NPS (National Pension Scheme) Trust from 2015-2017. He has been conferred with the 'Distinguished Fellowship of IOD (Institute of Directors) Award – 2009', by the Institute of Directors.

Dinanath Dubhashi

Managing Director &
Chief Executive Officer

Dinanath Dubhashi is the Managing Director & Chief Executive Officer of your Company. With a rich experience of over two decades, he has worked in multiple domains of financial services such as Corporate Banking, Cash Management, Credit Rating, Retail Lending and Rural Finance. He has been with L&T Financial Services ("LTFS") since 2007 and has been instrumental in scaling up the retail business operations manifold, across customer segments and geographies.

Under his leadership, the Company has been transformed into an organisation focused on creating superior shareholder value through a sustained increase in Return on Equity (RoE), through decisive strategic choices in businesses, structures and people. Prior to LTFS, he was associated with organisations such as BNP Paribas, CARE Ratings and SBI Capital Markets in various capacities.

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

R. Shankar Raman

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 the L&T Group. He joined the L&T Group in 1994 to set up L&T Finance Limited. Over the past 36 years, he has worked for leading listed corporates in varied capacities in the field of finance and general management.

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

P. V. Bhide

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 worked as Deputy Secretary in Medical & Health Department and also as 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.

Thomas Mathew T.

Independent Director

Thomas Mathew T. has over four decades of strategic leadership and operational experience in the Life Insurance & Reinsurance industry. He was the Managing Director and Interim Chairman of LIC. 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 a Director on the Boards of Mahindra & Mahindra Limited, Tata Power Co. Limited, Voltas Limited, IFCI Limited and Corporation Bank. He was a member on the Governing Council of the MDI, Gurgaon, Actuarial Institute of India & Chairman of The National Insurance Academy, Pune.

He is a Director on the Boards of 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, Post Graduate in Economics, Law Graduate and Associate of the Insurance Institute of India.

Nishi Vasudeva

Independent Director

Nishi Vasudeva with over 38 years of experience in the petroleum industry is an internationally acclaimed leader and the first woman to chair an oil & gas company in India.

As Chairman and Managing Director of Hindustan Petroleum Corporation Limited, she was responsible for developing the vision and long term objectives, improving growth and profitability, driving a high performance culture geared towards operational excellence and consistent value creation for all stakeholders.

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

She is BA (Economic Honours) from Delhi University and an MBA from IIM Calcutta.

Rajani R. Gupte

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

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

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

Pavninder Singh

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 MotoCorp, L&T Financial Services, Quest Engineering, Bridge Data Centres, Emcure Pharmaceuticals and Trans Maldivian Airways.

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

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

Prabhakar B.

Non-Executive Director

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

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

We believe that preparation is the only way to ensure perpetuity. Favourable weather should be the time to prepare for stormy winds. Despite a challenging economic environment throughout FY20, we impeccably executed our strategic blueprint by being prepared in advance, supported in no small measure by our focus on getting the basics right. Our timely and astute response to an unprecedented crisis like COVID-19 is a reflection of our robust fundamentals, strong legacy and a resilient business model. Ably guided by our robust risk management framework, we will continue to build upon our leadership position across focused businesses.

Dinanath Dubhashi
Managing Director &
Chief Executive Officer

GROUP EXECUTIVE COMMITTEE

Sunil Prabhune
Chief Executive - Rural Finance &
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 -
Infrastructure Finance

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

Shiva Rajaraman
Chief Executive -
L&T Infra Debt Fund

Abhishek Sharma
Chief Digital Officer

VALUE CREATION MODEL

INPUTS

Financial Capital
- Share of patient capital
- Cost of funds
- Funding from multilateral agencies

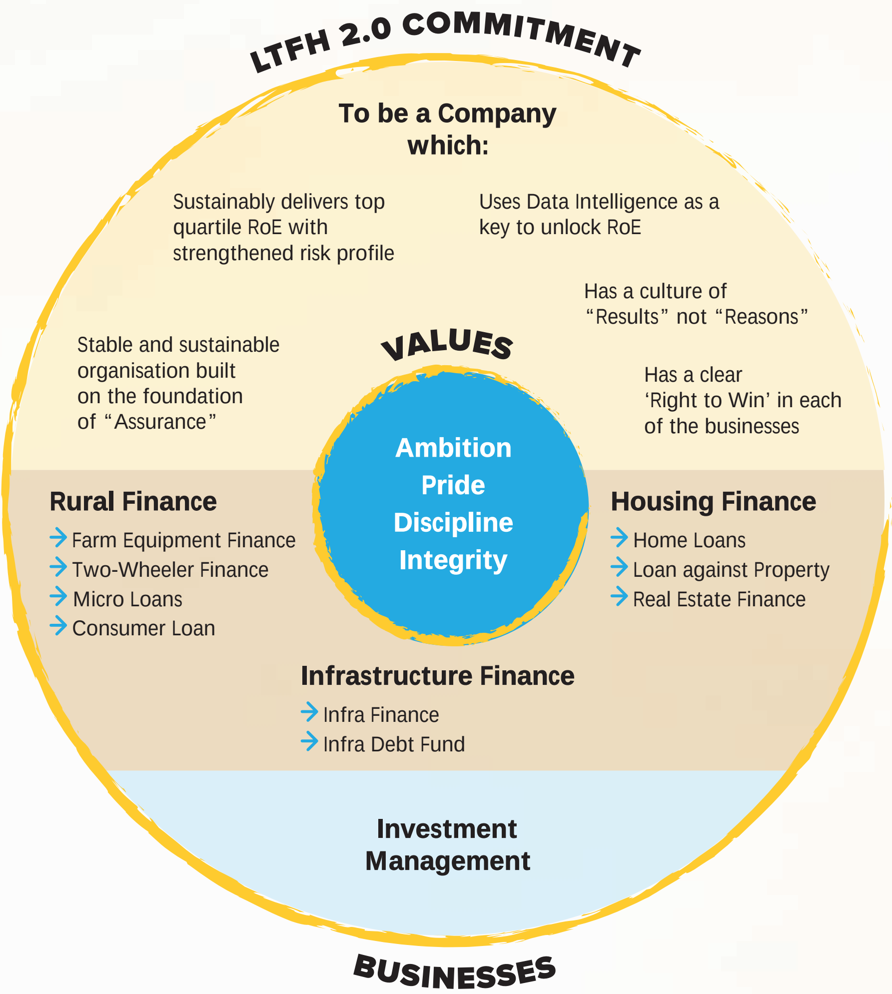
Operational Capital
- Diversified channel networks and dealers
- Pan India presence

Intellectual Capital
- Processes covered by data analytics
- Digitalisation of loan book
- ESG assessment
- Macro prudential provisioning
- Patches applied to all network devices
- Early warning system framework

Human Capital
- Training
- Young workforce
- Employee retention
- Gender ratios
- Gender pay parity

Social & Relationship Capital
- Customer engagement person hours
- Investor engagement person hours
- Community investment
- Community engagement person hours

Natural Capital
- Energy saving initiatives
- Water management initiatives
- GHG emission reduction initiatives



OUTPUTS

Financial Capital
- PAT (Pre DTA impact): ₹ 2,173 Cr
- RoE (Pre DTA impact): 14.96%
- Loan book of ₹ 98,384 Cr and AAUM ₹ 71,056 Cr
- Proportion of short term borrowing reduced from 16% to 6%

Operational Capital
- 130 Lakh+ customers as on March 31, 2020
- Micro Loans extended to 28 Lakh+ women, of which 18 Lakh+ were first-time borrowers in FY 2019-20
- Increase in share of loan book from Rural India

Intellectual Capital
- Robust customer differentiation achieved using early warning detection techniques
- Reduced cost of acquisition and on-boarding for new recruits
- Quicker turnaround time
- Improvement in collection efficiency
- Improvement in IT systems down time
- Disbursement through digital channels

Human Capital
- Entrepreneurial orientation
- Performance oriented culture
- Agile responses
- Continuous productivity enhancement
- Employee satisfaction

Social & Relationship Capital
- Net Supporter Score of 85%
- Overall 65 Lakh+ Micro Loan customers
- Created a cadre of over 660 'Digital Sakhis' and up-skilled 5,500+ women entrepreneurs
- Outreached to 7.75 Lakh+ community members through CSR efforts
- 89.31% employees engaged in the business related to rural sector

Natural Capital
- Financed 1,071.5 MW of green energy in FY20
- 19 Lakh tonnes of Co2e GHG emissions avoided in financed portfolio in FY20
- Emissions intensity per employee 0.155 tCO2e/FTE
- Received LEED – Gold Certification for Corporate Headquarters

OUTCOMES

Shareholders/ Investors
- Return on Equity
- Strengthened and sustainable business model

Customers
- Improved quality of life
- Improved income
- Encouraging saving

Employees
- Opportunity for growth
- Fair, safe, healthy and lively workspace

Society
- Financial inclusion
- Food security
- Habitats
- Infrastructure
- Livelihood improvement
- Employment generation
- Income generation
- Mainstream into digital India

Nature
- Climate change mitigation
- Water resource conservation

MANAGEMENT DISCUSSION & ANALYSIS

STRONG PARENTAGE

Your company is the financial services arm of L&T group, one of the leading business conglomerates in India. Larsen & Toubro is a major technology, engineering, construction, manufacturing and financial services conglomerate, with global operations and addresses critical needs in key sectors - Hydrocarbon, Infrastructure, Power, Process Industries and Defence. The rich legacy and expertise across various businesses of the parent has helped your company in many ways:

Brand strength: L&T is the majority shareholder of your Company, with a shareholding of 63.72% as on March 31, 2020. The strong legacy of parent strengthens the brand resonance of your Company with all stakeholders.

Capital support: L&T provides capital support to your Company and has infused around ₹ 3,779 Cr till FY20 (including ₹ 2,000 Cr in FY18).

Liquidity support: L&T has provided an ongoing line of credit of ₹ 2,000 Cr to your Company, which could be used in times of contingency.

Involvement through Board and various committees: L&T has representation on the Board of your Company and also on its key business committees, such as asset-liability, risk management and credit committees responsible for management of liquidity, setting up the risk management framework and evaluation of the lending proposals.

Leverage L&T ecosystem for Portfolio Management: Your Company benefits from the synergies and expertise of L&T, especially in infrastructure and real estate lending. Your Company accesses the knowledge repository of L&T ecosystem to identify strong developers, build a monitoring framework and to manage risks such as project cost, cash flow and completion timelines. Your Company also leverages on the parent's strengths to identify and execute corrective actions plans.

The continuous support of the parent has ensured that your Company is able to withstand the turbulent times and stand strong like a mountain.

MACROECONOMIC ENVIRONMENT

India's GDP growth in FY20 continued on a downward growth trajectory which had begun in Q1FY19. The nation has been facing several structural stresses such as, sluggish private investment for more than six years, significant decline in savings rate for more than seven years and highest unemployment rate in the past 45 years. A broad-based consumption breakdown further accentuated the slowdown. The COVID-19 induced lockdown/social distancing measures started in March 2020 and put 75% of the overall economic activity into standstill. It consequently hastened the downward trajectory of GDP growth in Q4FY20 to 3.1%. For FY20, India's GDP growth declined to 4.2% as compared to 6.1% in FY19.

On the sectoral front, deceleration in industrial and services activities contributed to the slowdown in GDP while growth in agriculture & allied activities accelerated during the year on the back of bountiful monsoon rainfall. While the rains were disruptive for Kharif crops, the healthy water reservoirs augured well for Rabi crops.

The slowdown in GDP growth had an adverse impact on Government revenue collections and the COVID-19 induced lockdown further exacerbated the situation. While revenues have suffered, the government expenditures rose significantly on account of additional costs arising from the virus containment efforts and enforcing the lockdown. Thus, actual fiscal deficit of the central government widened to 4.6% of GDP in FY20 which was significantly higher than its revised fiscal deficit target of 3.8% of GDP.

Financial markets remained jittery in FY20 due to domestic economic slowdown, concerns on fiscal slippage and geo-political tensions. Weaknesses in overall economic activity also put pressure on business growth of lenders including NBFCs. The spread of COVID-19 in March 2020, further heightened uncertainties for Q4FY20. However, triple A-rated, large-sized NBFCs were relatively better placed with liquidity, comprising liquid assets, undrawn lines from banks, and in some cases funding lines from group companies.

NAVIGATING THROUGH COVID-19

Your Company is continuously reviewing the evolving situation in the light of COVID-19 and playing a responsible role in minimising the adverse impact of the pandemic on its businesses and the stakeholders' interests. Adapting to the 'new normal' of conducting business, your Company realigned the work priorities by placing highest importance on risk controls and collections.

Your Company adopted a multi-pronged approach to collections by using data analytics, digitalisation and further strengthening the credit controls. Continuous monitoring of portfolios, tightening of LTV grid, increasing customer engagement, re-purposing of sales team to focus across various stages of debtors, aggressive tracking of Infrastructure / Real Estate project performances and receivables were some of the many initiatives undertaken by your Company for greater risks controls and better collection efficiency.

Protection and preparedness of business

- Ensured Business Continuity Planning (BCP) by taking proactive measures before formal lockdown announcement
- Your Company started actioning initiatives 3 weeks in advance of the lockdown and simultaneously ensured that the IT infrastructure and systems were in place, tested and checked
- Necessary procurement, acquisition and relocation of infrastructure were undertaken, much before regional/national lockdown started
- Your Company ensured smooth running of critical functions by spreading out staff to work from different locations with specified protocol and productivity tracking mechanism
- The Risk Management Committee is constantly assessing and providing directions to mitigate all kind of risks

Adequate Liquidity

- Your Company strategised funding plan in discussion with Asset Liability Management Committee and shored up its liquidity
- The treasury strategy involved maintaining surplus liquidity for meeting debt maturities over the coming months, under stress scenarios
- Your Company maintained higher than normal liquidity, remaining comfortably placed to meet all obligations of the following months
- Surplus liquidity of ₹15,485 Cr as on March 31, 2020 included liquid assets of ₹ 8,468 Cr, undrawn bank lines of ₹ 5,017 Cr and back up line of ₹ 2,000 Cr from the parent, L&T

Safety of Employees

- A dedicated group was created for the task force to monitor the queries and requirements of all the employees under the scenario of COVID-19
- Your Company postponed all meetings / events of large gatherings and issued advisory for travel (both personal and business) in order to ensure the safety of our employees
- Sanitisation of workplace was carried out on a daily basis
- 100% of the employees were enabled to work from home by providing essential infrastructure like laptop, VPN and internet connection along with appropriate security mechanisms
- Your Company organised a number of interactions of the employees with the in-house medical advisor on staying fit and taking care of their health during the lockdown

Care for Customers

- In order to ensure seamless customer service, your Company took proactive measures and encouraged customers to prioritise the usage of digital facility for services, payments, and inquiry
- Further initiatives were ramped up for digital collection through e-wallets and other digital payments
- Your Company provided relief to borrowers in terms of extending moratorium for instalments falling due between March 1, 2020 to August 31, 2020 and communicated to them via various channels
- The simplicity of the process to avail the moratorium and prompt communication through various mediums was appreciated by the customers

Resumption of operations

- Your Company is gradually opening up the branches, except in the containment zones as mandated by the Ministry of Home Affairs, Government of India
- Disbursements of loans, which were halted post lockdown announcement, are now slowly beginning to gain momentum
- Appropriate safety measures and social distancing guidelines as mandated by the Ministry of Home Affairs, Government of India are followed in each branch that is operational

Social Responsibility

- Contributed ₹ 20 Cr to PM CARES fund to support the fight against COVID-19 pandemic in India
- Supported the Mumbai Traffic Police by providing over 5,000 hygiene kits
- Employees voluntarily contributed their two days gross salary and a matching grant was provided by your Company towards the cause (over ₹ 2.2 Cr)

OUTLOOK FOR FY21

As the pandemic has spread across the globe, the adverse impact of COVID-19 has overshadowed global macroeconomic outlook. Several multilateral agencies have projected recession for the global economy in the calendar year 2020 with the IMF (International Monetary Fund) warning of the worst global recession in almost a century.

The RBI estimates real GDP growth of India to remain in negative territory in FY21. Rating agencies and economic think-tanks have significantly reduced India's growth projections for FY21 to -2% to -5% on the back of extended lockdown, factory shutdowns, supply chain disruptions, travel restrictions, reduced discretionary spending and recessionary outlook for the global economy.

To avert steeper decline in economic growth, major countries have used a mix of monetary and fiscal tools to ensure liquidity and credit flow to their economies. In India, while the RBI has been doing the heavy lifting, various policy measures announced by the Government in its Economic Package are perceived to be more useful in the medium to long term.

The nature of lockdown observed in India is amongst the strictest in the world, considering the domestic policy space to control its negative impact is limited. The consequent steeper decline in economic activities could adversely affect credit intermediaries and financial markets. Moreover, the broad-based economic slowdown will put pressure on the asset quality of lenders.

Outlook on inflation remains subdued during FY21 due to adequate buffer stocks in cereals, good rabi harvest, record decline in global commodity prices including the crude oil prices, reduced pricing power of firms due to demand contraction and expectations of normal monsoon rains in FY21.

The COVID-19 led disruptions have severely affected the fiscal arithmetic of both Union and State Governments. It is already reflected in the large additional borrowings envisaged by both Union and State Governments along with expenditure rationalisation measures including reduction in capital expenditure. Such steep rise in government market borrowings will have hardening bias on yields and put pressure on the cost of borrowings of companies and NBFCs.

POSSIBLE THREATS

Phasing out of lockdown/social distancing measures at a slower pace coupled with relatively tepid policy response could result in deeper recession in FY21 as compared to all 'recessions' India has ever experienced.

Such deep recession will increase the perception of credit risk and the consequent risk aversion could clog the credit channels. Rating agencies expect microfinance, unsecured loans and MSME borrowers (including the loans against property segment) will continue to be severely impacted for a prolonged period due to weak credit profile of borrowers amid a gradual economic recovery.

Sharp decline in government revenue receipts due to the extended lockdown and growth slowdown coupled with rising need for fiscal support will throw a spanner in the works of both Union and State Government finances. The combined fiscal deficit of the Union and State Governments may reach 12% of GDP in FY21. This can raise the risks of a subsequent ratings outlook downgrade, given the mix of low growth and rising deficit.

FY20 IN PERSPECTIVE

Even before the COVID-19 related slowdown, FY20 was a difficult year for the economy in general and more specifically the NBFC sector. NBFCs were impacted with a demand slowdown in core sectors, liquidity issues in the market, downgrades and solvency challenges and issues arising out of over-leveraging in certain geographical areas in the Micro Loans segment.

Despite the challenges in the external environment, your Company sailed through the storm and delivered strong performance. This can be credited to your Company's underlying core strengths of focused businesses, ability to raise adequate resources at the right cost, asset resolution capabilities and group synergies. Your Company's exposure of ~ ₹ 1,700 Cr to IL&FS group is through SPVs, and with 93% of the exposure classified as green; is a testament to your Company's underwriting and asset resolution capabilities. In Micro Loans, your Company's Early Warning Signals Framework helped in seeing signs of overheating in certain areas very early while consequently limiting the exposure.

Maintained Market Leadership

We remain on the path of consistent financial performance with steady profit margins, stable asset quality and growth in focused businesses i.e. Rural Finance, Housing Finance, Infrastructure Finance and Investment Management, where it has a clear 'Right to Win'.

Your Company remains amongst the leading financiers and it not only maintained market share across businesses but also gained share in Two-Wheeler and Farm Equipment Finance segment in Q4FY20. In the Home Loans segment, the share of salaried customers increased to 64% from 48% YoY in Q4FY20. It remains market leader in Renewable Energy Financing.

Prudent ALM, Enhanced Liquidity and Strong Liability Franchise

The NBFC sector has been facing liquidity related challenges ever since August 2018 after the IL&FS crisis came to the fore. There has been a flight to safety among debt market investors, which led to drying up of these sources for NBFCs. Your Company embarked on a diversification strategy in 2018-19 and raised funds through a series of retail NCD issues, with ₹ 1,500 Cr issued in March 2019. Your Company further raised ₹ 1,000 Cr in April 2019 and ₹ 1,408 Cr in December 2019. All the issues were oversubscribed and closed within 2 days of the issue opening. Your Company also raised ₹ 3,014 Cr through External Commercial Borrowing (ECB) and ₹ 3,993 Cr through Priority Sector Loans (PSL). Your Company thus, raised ₹ 9,415 Cr through new sources during FY20.

The regulatory framework also saw tightening with the introduction of New Liquidity Risk Management guidelines in November 2019, and stringent scrutiny of Asset Liability mismatches, undertaken monthly.

Your Company continues to follow conservative practices on ALM. This has helped us to keep credit metrics strong despite severe credit crunch in the sector. We maintained positive liquidity gaps in all buckets upto one year. Even after factoring the effect of moratorium as of March 31, 2020, the one-year Positive Structural Liquidity gap was ₹ 24,549 Cr.

In light of the prevailing situation, your Company maintained higher than normal levels of liquidity of ₹ 15,485 Cr as of March 31, 2020, including pure liquid assets of ₹ 8,468 Cr. Your Company periodically undertakes liquidity stress testing. This is done under various stress scenarios for survival period of 30 days to assess the liquidity levels. Even under the stress scenario, your Company maintained positive liquidity levels.

We raised long-term funding from broad based sources garnering more than ₹ 28,000 Cr in FY20. This was the highest ever annual long-term borrowing, demonstrating our strong liability franchise. Further, the proportion of CPs in the overall mix has fallen to an all-time low of 6%, even though the ALM allows for a higher proportion.

Your Company demonstrated effective liability management through continuous improvement in quarterly WAC, despite focusing on diversification, reduction in CP and increase in long-term borrowings.

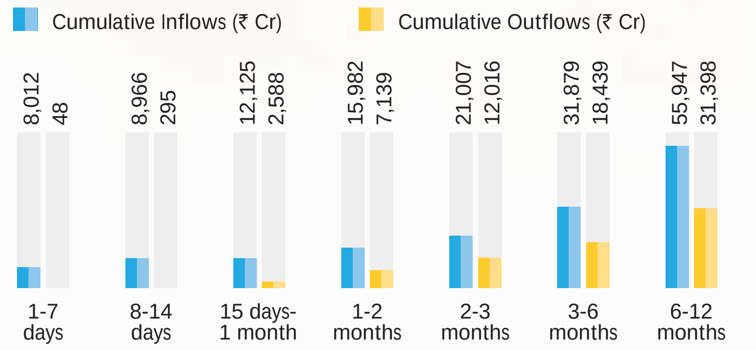
Even under the COVID-19 lockdown situation, your Company mobilised term-borrowings of ~ ₹ 5,000 Cr in April 2020.

Highest Credit Rating

The NBFC sector, in general, continued to witness stress throughout the year. However, even in this scenario, your Company's existing ratings were reaffirmed at 'AAA' by India Ratings, CARE and ICRA. CRISIL conducted rating exercise for L&T Financial Services for the first time and assigned a highest long-term rating of 'AAA' in October 2019.

Further, India Ratings and CRISIL recently reaffirmed the AAA ratings post lockdown, during April 2020 and May 2020, respectively.

Structural Liquidity statement



	1-7 days	8-14 days	15 days-1 month	1-2 months	2-3 months	3-6 months	6-12 months
Cumulative Positive Gap (₹ Cr)	**7,964**	**8,671**	**9,537**	**8,842**	**8,991**	**13,440**	**24,549**
Cumulative	**16653%**	**2936%**	**369%**	**124%**	**75%**	**73%**	**78%**

As on March 31, 2020

Strong Balance Sheet

Your Company's focus on building a comprehensive Early Warning Signals framework, concentration on early bucket collections and strong Stage 3 resolution efforts have helped achieve reduction in Stage 3 assets on YoY basis.

- GS3, on principal outstanding basis, declined from 5.90% in FY19 to 5.36% in FY20 (NS3 reduced from 2.40% to 2.28%)
- In the Rural business, investment in data analytics and emphasis on a Zero DPD book helped achieve a significant reduction in NS3 from 1.34% last year to 0.89% this year, a segment benchmark

Your Company continues to be well protected on account of significant provisions built over time. With the deterioration in the risk environment during Q4FY20, we have a total additional non GS3 provision of ₹ 664 Cr. This includes:

- ₹ 209 Cr of COVID-19 provisions equivalent to 5% of the portfolio availing moratorium, as per RBI guidelines
- ₹ 105 Cr of additional special provisions
- ₹ 350 Cr of Marco Prudential Provision created in the earlier years

Overall, your Company has created ₹ 1,061 Cr of non-GS3 provisions (including standard asset provision) to deal with any challenges arising out of possible negative scenario. We remain well capitalised with strong capital adequacy ratio of 21.60%.

Portfolio Management and Early Warning Signals

Data analytics has been an integral part of Portfolio Management and Early Warning Signals. These have always underlined the risk control measures in retail segment. For Real Estate and Infra portfolio, our conservative and cashflow based underwriting to strong corporate groups along with continuous project monitoring has continued to serve us well. During these unprecedented times, in addition to the strong risk management framework, your Company took the following additional portfolio actions to deal with the current scenario:

a) Impact assessment on business-wise portfolios using stringent stress case scenario

b) Tightening of Loan to Value ratio (LTV) grid, reduction of maximum LTV offered under regular schemes to improve portfolio quality

c) Usage of analytics and bureau information to strengthen collections in adverse scenario

d) Disproportionate focus on setting up and increasing utilisation of digital payment framework for collections

e) Monitoring projects remotely with heavy use of technology and reassessment of cash flow positions in Construction Finance and Infrastructure Projects, based on current market conditions to ensure project completion

Continuation of Strategic Initiatives

Undeterred by the COVID-19 outbreak, your Company continued to make good progress on strategic initiatives.

- Reduced defocused book by 50% YoY from ₹ 10,365 Cr to ₹ 5,230 Cr
- Completed sale of domestic Wealth Management business
- Commenced the merger of lending entities in continuation of the strategy to simplify the corporate structure

FINANCIAL RATIOS

Your Company's Operating Profit Margin during FY20 was at 18.91% vs 23.50% in FY19. Net Profit margin was at 11.69% vs 16.78% in FY19.

The COVID-19 lockdown had minimal impact on the operating performance of your Company in FY20. The profitability was impacted largely due to the incremental provisions taken to strengthen the balance sheet against the after effect of the pandemic.

OUR BUSINESSES

Rural Finance

During the year, your Company continued to strengthen it's 'Right to Win' by maintaining leadership position across businesses. Through rigorous usage of analytics driven Early Warning Signals and culture of 'Zero DPD', the asset quality showed remarkable improvement with NS3 falling to sub 1%, amongst the best in the industry. Your Company has introduced a new offering under the Consumer Loan segment targeting existing prime customers.

Key Differentiators

- Ability to execute strategy on ground with required scale
- Identification of growth areas through macroeconomic factors and market data analysis to increase market penetration in chosen geographies
- Robust Early Warning Signals with automated triggers to maintain quality of lending book

Farm Equipment Finance

While the market has de-grown by 9% with sales of 7.8 Lakh tractors during the year, your Company disbursed ₹ 3,821 Cr of Farm loans, disbursements being flat YoY. Despite subdued sales in the month of March, your Company has shown a healthy growth in book by 15% for FY20. This helped LTFH maintain its market share in the Farm Equipment Finance industry. Your Company has built rich customer base by providing tractor financing services for the last 15 years. Your Company is now extending refinancing facility to prime customers with good credit and payment history. Refinancing business contributed 13% of the total business in FY20.

Your Company further strengthened its 'Right to Win' in the business by moving to desired OEM and asset mix and by de-risking over-dependencies. Disbursement from preferred OEMs now contributes 73% of the total disbursements in FY20. In the first half of the financial year, the sector saw slowdown owing to uneven rainfall, fluctuations in reservoir level and higher inventory. Early green shoots were visible after the festive season. However, with the COVID-19 pandemic, the industry growth is expected to be negative for FY21.

Strategy

- Leverage adjacencies to create market leadership
- Strengthen top dealers penetration through differentiated offerings
- Enhance TAT proposition and ensure rapid scale through digital and analytics

Two-Wheeler Finance

In FY20, the Two-Wheeler industry saw a 18% de-growth in domestic sales due to overall economic slowdown from the beginning of the fiscal as well as the nationwide lockdown at its fag end. Through rigorous execution of digital proposition on the ground and domain expertise, your Company has been able to remain amongst the leading financiers in Two-Wheeler finance in FY20. The year also saw the Company book increase by 15%.

A new scheme, 'Sabse Khaas Loan' was introduced to target the financially prudent customers with no hypothecation and lower rate of interest as compared to credit cards. Your Company disbursed an amount of ₹ 91 Cr, benefiting over 18,000 customers.

Your Company focused on touch-free collections which accounted for 32% of the total collection in FY20. Touch-free collections aim at minimal to no contact with customers for collection of dues. With this facility, customers can seamlessly make payment digitally or by visiting nearest payment bank.

The sector witnessed many challenges due to economic slowdown. There was also procrastination of buying decisions due to expectation of discounts on account of transition to BS-VI and increase in price of Two-Wheeler due to regulatory changes. The business segment mitigated these challenges primarily by diversifying through tie-ups with other OEMs and bringing innovative products to target unfinanced creditworthy customers.

Strategy

- Analytics driven selection and differentiated offerings to preferred OEMs to increase market share
- Usage of analytics for collection prioritisation and contact enhancement
- Build strong income proof proposition

Micro Loans

The industry has grown by ~20% YoY on the back of enhanced needs and growing aspirations of microfinance customers across the country. Disruptions on account of union protests coupled with CAA protests caused repayment issues in Assam. At the back end of the year, the disbursements as well as collections were adversely impacted due to the COVID-19 outbreak and the ongoing nationwide lockdown.

Your Company has always helped uplift the women of India by providing loan to women borrowers normally in rural and semi urban areas who depend on dairy, grocery shops and similar allied activities for earning their daily livelihood. This year, over 28 Lakh women benefited from disbursements made through various schemes.

Your Company has introduced the 'Mid Term Renewal Product' scheme (MTRP) in the month of July. This scheme aims to provide pre-approved early repeat loans for existing customers with excellent repayment history. Since its inception, the scheme has benefited over 3.8 Lakh customers. Repeat business contributed 40% to the total business in FY20.

Strategy

- Increasing the proportion of our existing good profile customers and building repeat book
- Reduction of association norms and tightening of exposure norms thereby strengthening credit criteria
- Setting up digital payment framework like UPI, wallet, NEFT and online payment gateway to further strengthen collections

Consumer Loans

Your Company launched a pilot run of Consumer Loans in Q3FY20 and has disbursed personal loans to 11,794 active customers. The total book size of the Consumer Loans portfolio stands at ₹ 154 Cr. Your Company leveraged the strong Two-Wheeler customer base and offered personal loans to its prime customers with good payment history. The loans are provided on an end-to-end digital platform thus making it a smooth and 100% paperless journey for its customers.

Strategy

- Harness analytics capabilities towards creating bureau based underwriting scorecard
- Leverage partnerships to build additional channels of sourcing for future up sell and cross sell
- Robust Early Warning Signals with triggers in place to maintain portfolio quality

Housing Finance

In FY20, amidst the economic slowdown accompanied by slower GDP growth, the sector faced liquidity constraints. Moreover, growth was further impacted at the end of FY20 due to COVID-19 related lockdown.

Given the challenging market environment, your Company deployed a calibrated approach in assessment of customer profiles and developer projects. This led to your Company's Housing Finance book growth to remain muted at 4%.

Your Company focuses on direct sourcing of Home Loans with emphasis on best-in-class digital offering for low-risk salaried customers. In Real Estate Finance, your Company continued focusing on lending to Category A developers as it helps in leveraging relationships to provide Home Loans. Your Company's expertise lies in close monitoring of the project and tracking Early Warning Signals for any potential stress.

Key Differentiators

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

Home Loans

The Housing Loan portfolio of HFCs and NBFCs reduced due to continued funding constraints and portfolio sales during the year. This was further accentuated on account of lower disbursements in March 2020 resulting from the COVID-19 lockdown, thereby impacting the overall quarterly disbursements.

However, low mortgage penetration in India and the Government's continuous focus on 'Housing for all' through various initiatives, augurs well for the long-term growth of this segment.

Your Company focuses on the Home Loan market through its presence in 22 locations across India. Our digital lending model, leading to paperless sanction of Home Loans to salaried customers, is a unique offering that has helped in quick turnaround of proposals.

Our Home Loan book has grown from ₹ 6,243 Cr in FY19 to ₹ 7,770 Cr in FY20, registering a growth of 24%. While Home Loan disbursements registered an overall decline of 2% from ₹ 2,661 Cr in FY19 to ₹ 2,612 Cr in FY20, the disbursements towards salaried segment grew by 23%.

In FY21, your Company will continue to focus on direct sourcing of low-risk salaried customers through developer relationships and analytics led sourcing.

Loan against Property (LAP)

An adverse business environment for MSME segment in FY20 coupled with the COVID-19 related lockdown further affected the cashflow and liquidity position of the LAP segment. Given the increasing risk perception, industry is expected to be conservative while lending in this segment.

Your Company continued its cautious approach in sourcing LAP proposals through policy tightening for assessment of self-employed profiles. Due to this, LAP disbursements witnessed a de-growth of 48% from ₹ 1,144 Cr in FY19 to ₹ 591 Cr in FY20. As a result, there was a decline in the share of LAP book of Housing Finance from 17% in FY19 to 15% in FY20.

In FY21, your Company will continue to adopt a cautious approach towards sourcing LAP business.

Strategy

- Continued emphasis on increasing the share of direct sourcing through use of internal and external database for cross-selling
- Leverage relationships with Real Estate developers for sourcing Home Loans with focus on salaried profiles
- Cautious approach towards sourcing LAP business
- Strong focus on resolving early-bucket delinquency through portfolio monitoring and dynamic alignment of credit policy

Real Estate

The Real Estate sector started stabilising in FY19, post market developments like implementation of new regulatory framework (RERA, GST reforms) and demonetisation.

Improvement in both residential and commercial space, in a limited manner, continued in FY20 with sales outpacing supply, leading to a decline in unsold inventory. There were fewer residential launches as developers focused on completion of existing projects. These releases were largely concentrated in the affordable and mid-segment, in line with the demand. In CY19, commercial office leasing witnessed an all-time high of 61.6 Mn Sq. ft., growing by more than 25% YoY.

The onset of COVID-19 pandemic and the associated lockdown, will temporarily impact the construction progress and sales velocity. The sector's pace of recovery in FY21 may be subdued.

Your Company has established a strong risk management framework and it leverages on the strong L&T knowledge ecosystem to identify top developers and incorporate best practices in project monitoring.

Your Company continues to focus on Category A and B developers with proven track record of project completion and ability to sell. Currently, 75% of our exposure is towards Category A developers. Robust underwriting with focus on project completion while maintaining strong security & cash flow cover and strong Early Warning Signals through project monitoring have been the key differentiators for your Company. Your Company is the sole lender in almost all projects financed.

In line with the economic slowdown and tightened underwriting policies, the Real Estate Finance disbursement of your Company had a de-growth of 26% from ₹ 6,633 Cr in FY19 to ₹ 4,877 Cr in FY20. Your Company's Real Estate loan book had a de-growth of 1% over the last year to stand at ₹ 14,933 Cr in FY20, whereas contribution of commercial portfolio increased from 10% in FY19 to 18% in FY20.

Your Company will continue supporting completion of existing projects and focus on selective sourcing with right loan structuring and underwriting.

Strategy

- Continue lending to select developers with focus on financial closure for project completion
- Review and strengthen underwriting parameters, ensuring portfolio quality
- Close monitoring of projects for identification and implementation of corrective action plan

Infrastructure Finance

FY20 was impacted by tight liquidity conditions leading to a slowdown in both disbursements and sell-down activity in the market. Your Company decided to further sharpen its focus on its core strength areas in Infrastructure Finance, where it commands leadership position i.e. renewable energy, roads and transmission.

FY20 also witnessed the black swan event of COVID-19 towards the end of the fiscal year. A slowdown in the economy and nationwide lockdown imposed by the Government impacted the overall infrastructure sector. Halt in the construction activities will have a time and cost over-run impact on the under-construction infrastructure projects. For operational projects, delay in payments from few off-takers and suspension of toll operations impacted the cashflow of infrastructure developers. However, the regulators took cognizance of such a force majeure event and are appropriately considering measures to compensate and/or facilitate the infrastructure project development.

Infrastructure investment continues to be the key focus area of the Indian Government. Its focus got reiterated with announcement of the National Infrastructure Pipeline (NIP) that envisages a projected capital expenditure of ₹ 111 Lakh Cr for core infrastructure sectors from 2020 to 2025. Road sector continues to be one of the core development sectors for the Government with a planned capital expenditure of ₹ 20.3 Lakh Cr under the NIP. Further, with an aim to increase the renewable energy capacity in India to 265 GW, and share in overall consumption to 20% by 2025, the NIP emphasised a capital expenditure of ₹ 9.3 Lakh Cr for the renewable sector.

Going forward, your Company's emphasis will be on Infrastructure Finance – both greenfield and operational.

Key Differentiators

- Leadership in focused infra sectors: renewables, roads and transmission
- Strong credit appraisal, structuring, risk and asset-management expertise with industry-leading down-selling book

Infra Finance

Your Company has built sustainable advantages in terms of its strong underwriting ability and sell-down capabilities in its focused infrastructure financing segments. We see continued sustainable growth opportunities in these segments viz. Renewable energy, Roads and Transmission. Further, your Company also strategically entered into funding of City Gas Distribution (CGD) projects, as a step towards diversification.

In FY20, tighter liquidity conditions and increase in uncertainty due to COVID-19, led to a slowdown in both disbursements and sell-down activity. Your Company is taking appropriate measures and actions to monitor and protect its portfolio quality. Expertise and knowledge through L&T ecosystem help the Company manage its risks like measuring project costs, project cash flows and completion timelines through rigorous project monitoring.

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 consequent 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 Signal to identify risks and cash flow stress
- Leverage on group strengths to identify and execute corrective action plans

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 FY20, the sixth full year of operations, through the subsidiary IDF, your Company was able 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 a significant incremental market share and 0% impaired assets, your Company continues to be one of the leaders in refinancing of operational road and renewable energy projects in India.

Strategy

- Continue to focus on 4 sectors - solar power, roads & highways, wind energy and transmission.
- Provide refinance solutions to projects in new sectors, geographies, promoter groups and business models
- Further diversify sources of funding and optimise leverage and returns

Mutual Funds

FY20 has been a challenging year for the industry due to market volatility coupled with credit and liquidity issues in the industry.

The Mutual Fund industry in India witnessed a 11% growth in FY20, increasing the Average Assets under Management (AAUM) to ₹ 27,03,676 Cr as compared to ₹ 24,44,838 Cr in FY19, mainly on account of Index and ETF funds.

The average AUM of your Company in FY20, amounting to ₹ 71,056 Cr, remained flat as compared to Average AUM of ₹ 70,944 Cr in FY19. Increase in credit concerns in the external environment and shutting down of 6 schemes by a fund house resulted in heavy redemption from credit oriented funds across the industry. Focus on longer tenure and high-quality fixed income products led to increase in AUM of fixed income assets by 15.24% in FY20.

Key Differentiators

- Superior long-term risk adjusted returns
- Continued focus on retailisation of assets with diversified mix of distributors and customers

Strategy

- Continued focus on building core assets to achieve the dual purpose of higher profitability and stability in overall AUM
- Using data analytics to capture under-penetrated market
- Broad based growth with customer-centric approach and focus on digital innovation
- Higher engagement with distributors
- Leveraging the digital/social channels to increase engagement with individual customers

Major Regulatory changes in FY20:

- Reduced TER implemented from April 1, 2019
- Tightening of investment norms in fixed income
- Controls on downgraded securities
- Exit load introduced in liquid category with a limit of 7 days
- All categories to be mark to market in FY21 with no exception of tenure of paper

DIGITAL AND DATA ANALYTICS

Over the last few years, your Company has established a culture of using a strong data analytics-based algorithmic platform which resulted in completely transforming LTFH in a way such that technology orchestrates all the processes. This is at the core of our
'Right to Win' framework in all the focused businesses.

The use of data intelligence has led to robust business processes thus leading to a multi-fold improvement in 'Scale', 'Cost Effectiveness' and 'Customer Experience'.

This power of digital and data analytics has enabled your Company to optimise customer acquisition, credit cost, collection cost, productivity, cost of service, as well as designing value proposition for higher customer wallet share apart from the usual cross-selling of products or customer acquisition initiatives. It has also helped your Company establish seamless fraud detection and loan disbursements processes to new customer segments through its assisted Mobile App technology, bringing about 'Anytime Anywhere' banking to its users. Data analytics-based approach has helped your Company increase / maintain market share as well as enhance customer value while maintaining asset quality and operational efficiency.

Leverage Digital and Data Analytics to create Long-Term Customer Value

Your Company is taking sustained efforts towards digitalisation of processes. Paperless on-boarding and verification process of customers have been introduced using e-KYC, e-sign, e-stamping, thus ensuring better turnaround time (TAT) and reduction of costs.

Digitalisation has improved customer interface by providing access to quick, hassle free loans, customised products and transparent disbursements thus leading to improved customer satisfaction and stronger relationships.

Analytics are deployed not only during the customer acquisition process but also during collections by bucketing customers according to their propensity to pay. Data from the credit bureau reports, credit history of the customer, demography, exposure to other lenders, regional influences (climate, political disturbances) etc. are analysed to detect and predict early warning signals at both individual and geographical level. The ability of our digital platforms to guide businesses was well exhibited in successive lockdowns during COVID-19 where it helped your Company reach out to a large number of customers. Your Company enabled digital repayment alternatives for all its Rural, Home loans and LAP customers by associating with numerous payment partners. Starting from NIL digital repayments in Micro Loans in February 2020, consistent efforts from your Company translated into over 31,000 digital repayment transactions in May 2020. The total number of digital repayment transactions have seen a 3 fold increase from about 38,000 in April 2019 to over 1,25,000 repayments in May 2020

Digital Ecosystem – Bringing in Agility and Efficiency

Our thrust on technology enables us to provide financial services at the doorstep of individual customers. Adoption of mobile-based platform and automated processes has led to a reduction in TAT for loan sanctioning and disbursement. Few more offerings that come along with it are:

- Implementation of straight-through-processing to speed up transaction turnaround time
- Migration from lengthy, manual, time-consuming, human judgement-based underwriting process to extensively using analytics and technology to provide instant, real-time approvals
- Increased integration of third-party providers to drive operational and cost efficiency and augment capabilities
- Training of front-line collectors to represent organisational values and maintain a customer-centric approach

Your Company is using the power of data analytics, and digitalisation to build strategic competitive advantage, improve productivity and enhance performance.

Leveraging best-in-class technology in our business models

HUMAN RESOURCES

Business landscape across the world is marked by fast evolving dynamics. These demand agile responses while keeping the long term focus intact. Your Company is led by highly experienced and successful business leaders with proven track record of delivering sustainable growth in demanding business environment.

As of March 31, 2020, your Company had a headcount of 23,761.

Culture Based on Values

Competing on the strength of our people, all of us are bonded together by core values of Pride, Integrity, Discipline and Ambition. We thrive in this climate of 'Right People for Right Culture'. Your Company has consciously built an entrepreneurial and empowering culture of 'Results, Not Reasons'. Our culture emphasises on having a workforce that is diverse, agile, eager to learn and driven to succeed. We have modeled ourselves as a learning organisation by focusing on 'Stretch - Learn and Grow'.

Capability Building

Consistent with our ambition, our talent strategy is performance-oriented and in alignment with our organisational goals. Your Company encourages employees who have demonstrated the right capability, attitude, and the desire to 'Step Up'. As a part of our strategy to groom future-ready talent, we encourage cross-functional movements and up-skill them through 'Education, Exposure and Experience'.

Performance Management

Your Company believes that performance management is an ongoing and continuous communication/interaction process between supervisors/managers and employees, carried out throughout the year. Our performance management process aligns to the goals of each employee with that of the organisation. In addition to the goal setting process, your Company believes that managers and senior leaders play an immensely important role in ensuring sustained high performance of their respective teams. This conscious way of managing performance is built into our 'Leading Performance Program'. The Program helps in realignment of understanding about key performance drivers, performance management at different levels and the cultural anchors on which sustainable performance is based.

Another critical aspect of performance management that our organisation focuses on is the linkage between performance and rewards which is clearly communicated to all employees on an ongoing basis. All employees have a clarity about how a certain level of performance would result in both monetary and non-monetary rewards. The hard work and success of our people regarding performance are rewarded by a structured forward-looking and market competitive compensation management. This compensation management also rewards value creation for our various stakeholders.

Employee Benefits and Welfare

We strongly believe that taking care of our employees is of utmost importance. In line with our policy of Employee Care, we keep assessing the evolving needs of our employees and work towards offering the best-in-class benefit programs. Your Company provides all full-time employees with a wide range of benefits. These include gratuity, health care coverage, insurance (medical, accident and life), parental leave, leave encashment, ESOPs, pensions and provident fund. All employees are eligible to participate in the Matching Grant Scheme (MGS). This is a wealth creation opportunity in which the organisation matches (subject to limits) the investment made by the employee in any of the L&T Mutual Fund schemes. Your Company places great significance on safety and well-being of its employees. We ensure ergonomic workplace design, proper sanitation facility and regular health check-ups.

Your Company is an equal opportunity employer. We have adapted meritocracy as the norm which helps us build a forward-looking organisation that can deal with the ever-changing business landscape.

RISK MANAGEMENT

Your Company, in pursuit of its business objectives, is exposed to certain risks such as credit risk, market risk, liquidity risk and operational risk. These risks have the potential of impacting the financial strength, operations and reputation of your Company. Keeping this in mind, your Company has a Board-approved Risk Management Framework in place. The effectiveness of this framework is supervised periodically by the Risk Management Committee (RMC). The hallmark of your Company's Risk Management function can be attributed to its independence from the business units with the convergence only at the MD & CEO level, to provide guidance during challenges, underscore oversight and balance the risk/reward decisions.

Your Company employs an Enterprise Risk Management Framework across the organisation and in all risk types underpinned by risk culture. The Risk Management framework includes Risk Appetite Statement, Risk Limits framework, Risk Dashboards and Early Warning Signals.

Your Company's risk appetite sets out the desired forward-looking risk profile and provides an objective base to guide strategic decision-making. This helps ensure that planned business activities provide an optimised balance of return for the risk assumed, while remaining within acceptable risk level. The RMC reviews your Company's risk appetite on a quarterly basis to make sure it remains fit for purpose.

Your Company conducts stress tests to assess the resilience of Balance Sheet. This also helps provide insights to the Management to understand the nature and extent of any vulnerabilities, quantify the impact and develop plausible business-as-usual mitigating actions. The market witnessed substantial turbulence in the previous year, stemming from multiple sources impacting the industry. However, as your Company fundamentally has been built on the principle of sound risk management practices, it has successfully weathered the market turbulence and continues to remain resilient.

On a periodic basis, your Company's Risk Management function commissions an external independent firm to review the Company's approach to risk appetite which helps ensure that we remain in line with market best practices. Your Company is currently in the process of further upgrading its risk framework with the help of an external firm. The key objective of this review exercise is to enhance the effectiveness of stress testing program for assessment of capital strength and earning volatility. This is done through a rigorous examination of your Company's resilience to external macroeconomic shocks. The focused strategy of building an effective risk culture and framework has helped your Company stay ahead as one of the leading NBFCs with highest credit rating of AAA.

With the objective of growing sustainably, your Company has put in place an effective Risk Management framework comprising:

- Risk Management strategies and policies: A well-defined risk appetite statement covering company-wide overall risk limits, dovetailed with detailed individual/sector/group limits, covering multiple risk dimensions.
- Effective Risk Management processes and procedures
- Robust internal control systems supported by continual information gathering
- Appropriate and independent Risk Management structures with clearly defined risk metrics for continuous monitoring by RMC

Credit Risk

Your Company implemented a comprehensive underwriting framework to guide individual businesses to optimum credit decisions. This is backed by clearly defined risk limits across various parameters including products, sector, geography and counterparty. Further, effective review mechanism with state-of-the-art early warning signals are in place to promptly identify potentially weak credit with a high emphasis on maintaining "Zero DPD". Your Company has been able to ensure stable asset quality through volatile times in the difficult lending environment further exacerbated by COVID-19 pandemic, by stringently adhering to the aforementioned prudent risk norms and institutionalised processes.

Your Company has a conservative and prudent provisioning policy. As per the recent RBI notification on acceptance of IND AS for regulatory reporting, it computes provision as per IND AS 109 as well 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 has taken incremental provisions to strengthen the balance sheet against the after effect of the pandemic.

Operational Risk

Your Company has an effective and proactive Operational Risk framework which is overseen by the Operational Risk Management Committee. The team monitors operational risks and incidents to ensure that each process and system continues to be robust. Periodic process walk-throughs are conducted to check controls. They also help identify redundancies in processes which can be weeded out to enable your Company to stay competitive in a fast-moving digital environment.

Market/Liquidity Risk

Your Company is safeguarded against any market or liquidity risk owing to prudent approach of continuously maintaining a positive liquidity gap on a cumulative basis in all the time-buckets up to 1 year. Along with this, maintaining an adequate liquidity buffer at consolidated and at each lending entity level further safeguards your Company. Such conservative and prudent liquidity risk management measures and practices adopted by your Company's Management demonstrates the robustness of our asset-liability management during the COVID-19 related stress. Your Company continues to maintain a positive interest rate sensitivity gap over a one-year horizon, as a mitigant against interest rate risk in balance sheet. Regular liquidity and interest rate stress testing, which takes into account various stress scenarios, has helped your Company's management to calibrate its response to the evolving market conditions related to liquidity and interest rate changes.

Liquidity Management

Gap Analysis
Positive structural liquidity gaps has been maintained up to 1 year

Stress Testing
Even under '1 in 10 Liquidity stress scenario', positive liquidity gap for survival horizon of 30 days is maintained

Liquidity Buffer
Adequate liquidity buffer in the form of High Quality Liquid Assets (HQLAs) is continuously maintained

Funding Diversification
Funding is being raised from diversified sources viz., multilateral agencies (IFC, AIIB), retail NCDs, ECBs, etc.

LTFS has successfully dealt with the volatility and liquidity conditions through rigorous liquidity gap analysis, prudent ALM and resilient business model.

IT Security Risk

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

In addition to the IT Infrastructure with multiple layers of security and in-depth defense by design, your Company has defined Early Warning Signals to detect and respond to cyber threats. There is a process for regular review of access to protect from insider threats and frauds. Employee education programs are also conducted on dealing with security risks and cyber threats. The office IT security protocols have been further upgraded with secure access from outside to systems through a regularly monitored VPN access, as a result of the work-from-home environment during the lockdown.

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

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is an integral part of your Company's philosophy. The governance of social footprint is administered through a Board-level CSR Committee. The CSR Committee formulates the guiding CSR policy and stipulates a framework for its effective functioning. The policy outlines the activities to be undertaken by your Company for creating sustainable value for communities.

Enhanced incomes of 60,000+ farmers through the 'Jalvaibhav Programme'

Created a cadre of 660+ Digital Sakhis and up-skilled 5500+ rural women entrepreneurs

Outreached 7.75+ Lakh community members and their households through CSR

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.

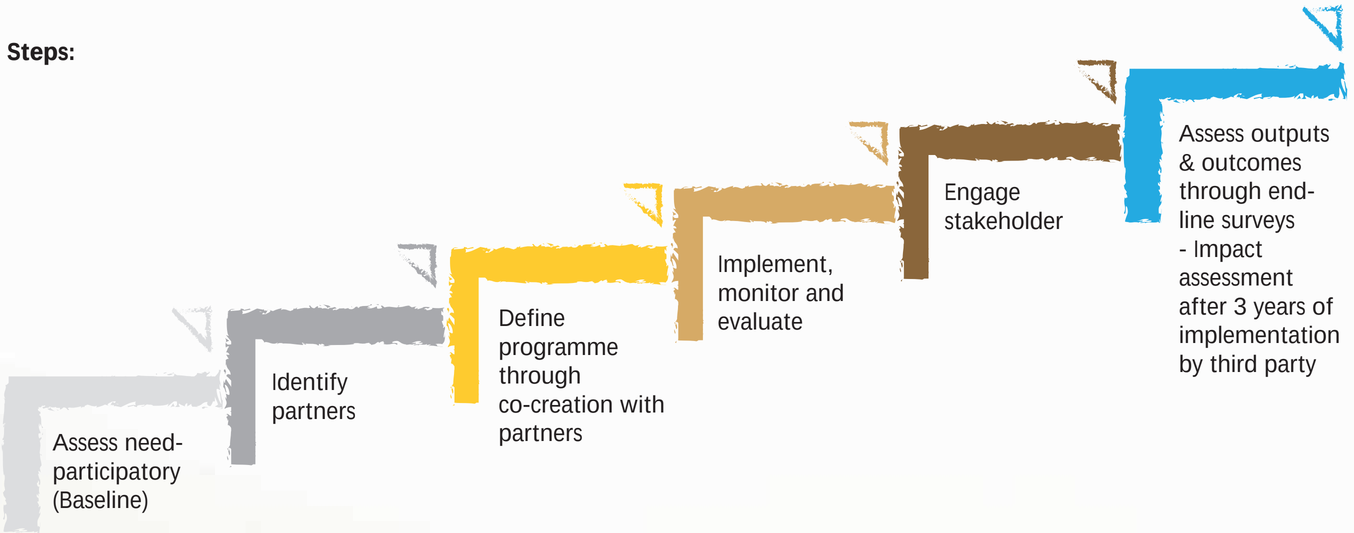
Alignment with Sustainable Development Goals (SDGs)

The Sustainable Development Goals are the blueprints to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice. LTFS ensures that all their projects are in alignment with the SDGs so that they can contribute in a more sustainable manner.

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, impact assessments are conducted by third parties.

Steps:



CSR Thrust Areas

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

- Digital Financial Inclusion for Rural Women Empowerment
- Integrated Water Resource Management
- Disaster Relief
- Road Safety

a. Digital Sakhi: Empowering Rural Women through Digital Finance

Your Company's flagship CSR Programme – 'Digital Sakhi' – aligns itself to Government of India's vision of creating a Digital India where the focus on financial literacy has been on digital modes of payments. However, we believe that financial literacy should be complemented by livelihood creation to ascertain interest and participation of communities in the Programme. This Programme focuses on the Sustainable Development Goal (SDG) 5 - Gender Equality with Digital Finance as an enabler. It is premised on the 'Theory of Change' of building a network of Digital Sakhis who can educate, influence, and help their communities access the digital finance fabric effectively.

Beyond providing pathways to formal finance access by rural women in communities, the programme allows women to pursue a path of entrepreneurship and sustain their livelihoods. Digital Sakhis play the role of trusted advisors not just to women, but also to the larger rural community. In FY20, Digital Sakhis reached out to 4.75+ Lakh community members through door-to-door dissemination of digital financial literacy modules.

Amidst COVID- 19 Digital Sakhis across all project locations played an active role in helping the fellow villagers with necessary online payments. They launched various awareness initiatives and worked to ensure that various government benefits reach migrant and agricultural labourers, differently-abled people, widows and senior citizens. Women entrepreneurs of the 'Digital Sakhi' programme were also involved in large-scale production of face masks which were then distributed within the communities where they reside.

Digital Sakhi during field visit

Deep Continuous Contour Trenches

b. Jalvaibhav: Integrated Water Resource Management (IWRM)

Your Company has a mission of reaching out to marginalised farmers in rural communities. We strive towards strengthening the ecosystem of these farmers by creating opportunities for sustainable livelihoods. Keeping this in mind, your Company has been implementing the IWRM Project – Jalvaibhav – in the rural areas of Maharashtra's Marathwada region, since FY16. The Programme was initiated in 12 villages of Dharur block in Beed district.

Post interaction with the stakeholders (farmers and key opinion leaders) through block-level stakeholder workshops, your Company has been working on supply-side watershed interventions as well as addressing challenges of climate change in agriculture.

In FY20, Jalvaibhav was scaled up to add six other districts, Osmanabad, Latur, Solapur, Aurangabad, Jalna and Buldhana, in and around the Marathwada region. The programme now covers 122 villages and has managed to reach out to 60,000 farmers.

c. Disaster Relief

Relief and Rehabilitation is an important component of your Company's CSR policy. L&T group contributed ₹ 150 Cr to the PM Cares Fund to support the nation in its fight against COVID-19, of which ₹ 20 Cr was contributed by your Company. Furthermore, understanding that police were at the forefront of fighting the pandemic along with health practitioners, LTFH deployed its CSR funds and distributed over 5,000 hygiene kits to Mumbai Traffic Police (MTP) considering their vulnerability to infection and high-risk exposure. Recently, Odisha, Kerala, Bihar, Karnataka, Assam, and Maharashtra suffered from one of the most frightful floods in their history. Our employees tirelessly dedicated themselves to provide relief packages to the affected people. A total of 71,996 beneficiaries were reached out in FY20.

d. Road Safety

Every year, thousands of lives are lost on the roads nationwide, and therefore, it is becoming increasingly important to teach our children about road safety. This is crucial as they are the country's future responsible citizens. A Road Safety module was developed which reached out to 3,869 students from 22 BMC schools in FY20. In addition to this, your Company also partnered with Mumbai Traffic Police to provide livelihood support to 20 young traffic wardens.

Boondein (Employee Volunteering Initiative)

Through Boondein, your Company attempts to create a culture of sharing. Here, the employees directly work towards a social change by building capacities of the lesser-privileged communities. Employees often volunteer in your Company's Disaster Relief efforts, thereby augmenting the impact on the ground.

- 1,500+ employee volunteers
- 80,600+ volunteering hours
- 72,100+ beneficiaries

Company's CSR Spent for FY20

During the reporting period, your Company spent a total of ₹ 24.81 Cr on CSR initiatives.

Board's Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Twelfth Annual Report together with the audited financial statements for the financial year ("FY") ended March 31, 2020.

FINANCIAL RESULTS

The summary of the Company's financial performance, both on a consolidated and standalone basis, for FY 2019-20 as compared to the previous FY 2018-19 is given below:

(₹ in Cr)

Particulars	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Total Income	14,548.13	13,301.52	522.38	526.48
Less: Total Expenses	11,868.05	10,249.54	238.64	222.45
Profit before Tax	**2,680.08**	**3,051.98**	**283.74**	**304.03**
Less: Tax Expense	979.82	819.95	16.93	36.97
Profit after Tax	**1,700.26**	**2,232.03**	**266.81**	**267.06**
Add: Share in profit of associate company	–	–	–	–
Net profit after tax and share in profit of associate company	1,700.26	2,232.03	266.81	267.06
Profit for the year (owners of the Company)	**1,700.17**	**2,226.30**	**266.81**	**267.06**
Actuarial gain on defined benefit plan (gratuity) net of income tax	(4.59)	(1.50)	(0.11)	(0.32)
Total comprehensive income for the year (owners of the Company)	1,695.58	2,224.80	266.70	266.74
Add: Balance brought forward from previous year	2,771.41	1,300.94	203.20	189.57
Transition impact of Ind AS 116	(2.35)	–	(0.03)	–
Balance Available	**4,464.64**	**3,525.74**	**469.87**	**456.31**
Appropriations				
Dividend paid (including dividend distribution tax)	422.33	270.38	380.48	199.70
Transfer to/(from) Reserve u/s 45-IC of Reserve Bank of India Act, 1934	225.06	295.32	53.36	53.41
Transfer to impairment reserve	15.82	–	4.35	–
Transfer to/(from) Debenture Redemption Reserve	–	62.41	–	–
Transfer to Reserve u/s 36(1)(viii) of Income Tax Act, 1961	80.75	114.35	–	–
Transfer to Reserve u/s 29-C of National Housing Bank	–	11.87	–	–
Surplus in the Statement of Profit and Loss	**3,720.68**	**2,771.41**	**31.68**	**203.20**

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 ₹ 14,548.13 Cr in FY 2019-20 as compared to ₹ 13,301.52 Cr in FY 2018-19.
- Profit before taxes was ₹ 2,680.08 Cr in FY 2019-20 as compared to ₹ 3,051.98 Cr in FY 2018-19.
- Profit for the year attributable to owners of the Company was ₹ 1,700.17 Cr in FY 2019-20 as compared to ₹ 2,226.30 Cr in FY 2018-19.

During the year, the net loan book size grew from ₹ 91,324.63 Cr to ₹ 91,462.50 Cr.

The Average Assets Under Management ("AAUM") in the Mutual Fund business stood around ₹ 71,056 Cr for the quarter ended March 31, 2020 as against ₹ 70,944 Cr for the quarter ended March 31, 2019.

The Assets Under Service ("AUS") of the Wealth Management business stood around ₹ 21,063 Cr for the quarter ended March 31, 2020 as against ₹ 28,164 Cr for the quarter ended March 31, 2019.

Standalone

- Total income was ₹ 522.38 Cr in FY 2019-20 as compared to ₹ 526.48 Cr in FY 2018-19.
- Profit before taxes was ₹ 283.74 Cr in FY 2019-20 as compared to ₹ 304.03 Cr in FY 2018-19.
- Profit for the year was ₹ 266.81 Cr in FY 2019-20 as compared to ₹ 267.06 Cr in FY 2018-19.

Appropriations

The Company proposes to transfer ₹ 53.36 Cr (previous year ₹ 53.41 Cr) to Special Reserve created u/s 45–IC of the Reserve Bank of India Act, 1934.

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

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

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

MATERIAL CHANGES AND COMMITMENTS

During the year under review, the Company and L&T Capital Markets Limited ("LTCM"), the wholly owned subsidiary of the Company (carrying on the Indian wealth management business), had entered into a Share Purchase Agreement with IIFL Wealth Finance Limited and IIFL Wealth Management Limited for sale of its 100% investment in LTCM. On April 24, 2020 the Company has completed the sale of its investment in LTCM to IIFL Wealth Finance Limited, and accordingly, LTCM has ceased to be a subsidiary of the Company.

There 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 Company's website at *www.ltfs.com/investors.html*.

The Board of Directors had declared and paid an interim dividend @ 8.95%, 8.50%, 8.35%, 8.15%, 8.00%, 7.95% (four options), 7.60% and 7.50% per share (on a pro rata basis for the issuances made during the year), as applicable, on the eleven series of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("CCRPS") of face value of ₹ 100 each of the Company, during FY 2019-20, entailing an outflow of ₹ 113.22 Cr (excluding Dividend Distribution Tax).

Pursuant to the approval of the Board of Directors on March 20, 2020, your Company paid an interim dividend of ₹ 0.90 per Equity Share of face value of ₹ 10 each for FY 2019-20 to the equity shareholders who were on the register of members as on March 28, 2020, being the record date fixed for the purpose.

In order to conserve capital to deal with the uncertain economic environment arising out of COVID-19 pandemic, the Directors of your Company do not recommend any dividend payment at the ensuing Annual General Meeting ("AGM").

CREDIT RATING

During the year under review, CRISIL Limited ("CRISIL") assigned a new rating to the debt instruments of the Company. Furthermore, 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.

CRISIL assigned its "CRISIL AAA/Stable" (Triple A; Outlook: Stable by CRISIL) rating to the Non-Convertible Debentures ("NCDs") and Redeemable Preference Shares of the Company. CRISIL also assigned 'CRISIL A1+" rating to the commercial papers issued by the Company.

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

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

ICRA reaffirmed its ratings on NCDs to "ICRA AAA" (Triple A by ICRA), while the outlook was revised to 'Negative' from 'Stable'. ICRA has also reaffirmed the rating on the commercial papers issued by the Company at "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.

SHARE CAPITAL

During the year under review, the Company has issued 10,17,250 Equity Shares and 50,04,000 Equity Shares to employees of the Company and its subsidiary companies pursuant to the exercise of stock options under the Employee Stock Option Scheme – 2010 and Employee Stock Option Scheme – 2013 ("ESOP Scheme") respectively.

During the year under review, to maintain adequate working capital, for redemption of CCRPS, for repayment of loans of the Company or to invest in its subsidiaries in the form of Tier I and Tier II capital to enhance their capital adequacy, the Company had issued 8,74,10,000 CCRPS of face value ₹ 100 each for cash at par aggregating to ₹ 874.10 Cr on a private placement basis which were subsequently listed on BSE Limited in accordance with the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013.

During the year under review, 1,84,40,000 CCRPS amounting to ₹ 184.40 Cr, which were due for redemption were duly redeemed by the Company.

Pursuant to the allotment of Equity Shares under ESOP Scheme and CCRPS and subsequent redemption of CCRPS, the paid-up share capital of the Company was ₹ 3,728.93 Cr (including preference share capital of ₹ 1,724.10 Cr) as at March 31, 2020 as compared to ₹ 3,033.21 Cr (including preference share capital of ₹ 1,034.40 Cr) as at March 31, 2019.

INVESTMENT IN SUBSIDIARIES

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

Name of subsidiary companies	Amount of capital infused (₹ in Cr)
L&T Infrastructure Finance Company Limited	1,000.00
L&T Capital Markets (Middle East) Limited	6.38

REGISTRATION AS A CORE INVESTMENT COMPANY

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

STATUTORY DISCLAIMER

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

FIXED DEPOSITS

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

DIRECTORS

The composition of the Board is in accordance with the provisions of Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations, with an appropriate combination of Executive Director, 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. S. V. Haribhakti and Mr. P. V. Bhide were re-appointed, for a second term of 5 consecutive years with effect from April 1, 2019 to March 31, 2024, as Independent Directors in accordance with the provisions of Sections 149 and 152 of the Act and the appointment was approved by the Members at the Eleventh AGM held on July 29, 2019. Further, Mr. Harsh Mariwala ceased to be an Independent Director of the Company with effect from April 1, 2019.

Mr. Thomas Mathew T. was appointed as an Independent Director of the Company at the Seventh AGM, held on September 8, 2015 from July 23, 2015 to June 30, 2020. Pursuant to the provisions of Section 149 of the Act read with relevant rules made thereunder, an Independent Director can hold the office for a term of up to 5 consecutive years on the Board of a company, but is eligible for re-appointment on passing of a special resolution by the company, based on the report of evaluation of performance for another term of up to 5 years. No independent director can hold office for more than two consecutive terms.

Further to the aforesaid and based on the recommendation of the Nomination and Remuneration Committee of the Company ("NRC"), the Board at its Meeting held on May 15, 2020 has approved the re-appointment of Mr. Thomas Mathew T. as an Independent Director for a second term of 5 consecutive years from July 1, 2020 to June 30, 2025, subject to the approval of the Members by way of a special resolution.

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. Prabhakar B., Non-Executive Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

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

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

Fit and Proper Criteria & Code of Conduct

All the Directors meet the fit and proper criteria stipulated by RBI. All the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL ("KMPs")

There was no change in the KMPs of the Company during the year under review. As at March 31, 2020, the Company had following KMPs:

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

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

A. Background and objectives

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

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

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

B. Brief framework of the Policy

The objective of this Policy is:

a) to determine inter-alia, qualifications, positive attributes and independence of a Director;
b) to guide on matters relating to appointment and removal of Directors and Senior Management;
c) to lay down criteria / evaluate performance of the Directors; and
d) to guide on determination of remuneration of the Directors, Senior Management / KMPs and other employees.

C. Appointment of Director(s) – Criteria Identification

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

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

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

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

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

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

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

  a) Membership & Attendance - Board and Committee Meetings;
  b) Contribution during such meetings;
  c) Active participation in strategic decision making;
  d) Inputs to executive management on matters of strategic importance;
  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 31st. The evaluation is on the basis of Key Performance Indicators ("KPIs"), which are identified well in advance for EDs and weights assigned for each measure of performance keeping in view the distinct roles of EDs. The identified KPIs for EDs are approved by the Board, pursuant to recommendation of the NRC, if required.

- **Senior Management / KMPs / Employees**

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

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

E. Criteria for Remuneration

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

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

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

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

During the year under review, no changes except those required under regulatory provisions 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 has to be made.

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

The process of the annual performance evaluation broadly comprises:

a) Board and Committee Evaluation:

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

b) Independent / Non-Executive Director Evaluation:

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

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

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

EMPLOYEE STOCK OPTION SCHEME

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

SUSTAINABILITY REPORT AND BUSINESS RESPONSIBILITY REPORT

The detailed Sustainability Report will be made available on the website of the Company at *www.ltfs.com/investors.html*.

The information disclosed in the Sustainability Report is aligned to the Global Reporting Initiative (GRI) Standards for sustainability reporting, and is in accordance with the core option. The principles applied for defining contents of the report and quality are as prescribed by the GRI Standards.

Further, in terms of Regulation 34(2)(f) of the SEBI Listing Regulations, top 1,000 listed entities based on their market capitalisation as on March 31, 2020 are required to submit a Business Responsibility Report ("BRR") as a part of the Annual Report. The Company's BRR describing the initiatives taken by the Company is being hosted on the website of the Company at *www.ltfs.com/investors.html*. Any Member interested in obtaining a copy of the Sustainability Report or BRR may write to the Company Secretary of the Company at the registered office address.

REPORT ON CORPORATE GOVERNANCE

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

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Eighth AGM held on August 23, 2016, had appointed M/s. B. K. Khare & Co., Chartered Accountants (ICAI Firm's Registration Number 105102W) and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm's Registration Number 117366W/W-100018) as the Joint Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Eighth AGM till the conclusion of the Thirteenth AGM.

AUDITORS' REPORT

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

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI Listing Regulations, the Company had appointed Ms. Naina R. Desai, Practicing Company Secretary (Membership No.: F1351; Certificate of Practice No.: 13365) to undertake the Secretarial Audit of the Company for FY 2019-20.

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 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 ₹ 0.86 Cr (previous year ₹ 0.30 Cr) towards professional fees and travelling expenses.

DEPOSITORY SYSTEM

The Company's Equity Shares are compulsorily tradable in electronic form. As on March 31, 2020, out of the Company's total equity paid-up share capital comprising of 2,00,48,33,610 Equity Shares, only 4,801 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 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, 2020, the Company had 12 subsidiaries (including step down subsidiaries).

During the year under review, the Company and LTCM, the wholly owned subsidiary of the Company, entered into a Share Purchase Agreement with IIFL Wealth Finance Limited and IIFL Wealth Management Limited for sale of its 100% investment in LTCM. On April 24, 2020, the Company has completed the sale of its investment in LTCM to IIFL Wealth Finance Limited, and accordingly, LTCM has ceased to be a subsidiary of the Company.

The Company has 11 subsidiaries (including step down subsidiaries) as on the date of this report.

During the year under review, the Company and L&T Capital Markets (Middle East) Limited ("LTCM ME"), the wholly owned subsidiary of the Company (carrying on the offshore wealth management business), entered into a Share Purchase Agreement with Proud Securities and Credits Private Limited for sale of its 100% investment in LTCM ME. This transaction is subject to regulatory approvals.

During the year under review, the Boards of Directors of L&T Finance Limited ("LTF"), L&T Housing Finance Limited ("LTHF") and L&T Infrastructure Finance Company Limited ("LTIF"), the wholly owned subsidiaries of the Company have approved the amalgamation of LTHF and LTIF 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.

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*.

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, 2020 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 Audit Committee ("AC") of the Company from time to time.

BOARD MEETINGS

The details of the Board meetings held during FY 2019-20 are disclosed in the Corporate Governance Report appended to this Report.

COMPOSITION OF AUDIT COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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 two spaces of intervention – Integrated Water Resource Management and Digital Financial Inclusion.

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

- included the additional thrust areas i.e. disaster relief and road safety;
- linkage to SDGs added for thrust areas and added additional SDGs - 'Sustainable Cities and Communities' (SDG 11) and 'Climate Action' (SDG 13); and
- updated the CSR projects within the already approved thrust areas.

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 2019-20. An annual report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure E** to this Report.

VIGIL MECHANISM

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

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

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

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval, irrespective of its materiality. The AC, also approves any subsequent modification in the RPTs. The process of approval of RPTs by the Audit Committee, 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 Audit Committee.

  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 would not be 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 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 2019-20 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, KMPs or Body Corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section

134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

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

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

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

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

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

ANNUAL RETURN AS PRESCRIBED UNDER THE ACT AND RULES MADE THEREUNDER

The extract of Annual Return in Form MGT-9 as required under Section 92(3) of the Act and as prescribed in Rule12 of the Companies (Management and Administration) Rules, 2014, is enclosed as **Annexure F** to this Report.

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

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

RBI REGULATIONS

The Company has complied with all the applicable regulations of RBI as on March 31, 2020.

OTHER DISCLOSURES

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

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

Place: Mumbai
Date: June 30, 2020

ANNUAL REPORT 2019-20: ANNEXURE A TO BOARD'S REPORT

TO THE MEMBERS OF
L&T FINANCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S CERTIFICATE IN RESPECT OF THE IMPLEMENTATION OF THE 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 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 14th May, 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 31st March, 2020 have been audited by us on which we issued an unmodified audit opinion vide our report dated 15th May, 2020. 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. The 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: 20111212AAAAIQ6500

Place: Mumbai
Dated: May 15, 2020

ANNUAL REPORT 2019-20: ANNEXURE B TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2020

[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, 2020, 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, 2020, 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 the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently 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 listed in BSE Limited.**

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

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

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

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

I further report that during the audit period the **following** events / actions have taken place, which have 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. –

- **Fresh Issue of 8,74,10,000 listed Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("CCRPS") of face value ₹ 100 each for cash at par aggregating to ₹ 8,74,10,00,000 on a private placement basis.**

(ii) Redemption / buy-back of securities-

- **Redemption of existing 1,84,40,000 CCRPS of face value ₹ 100 each aggregating to ₹ 1,84,40,00,000.**

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

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

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

(vi) Other Events

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

Sr. No.	Name of the Company	No. of Shares
1	L&T Infrastructure Finance Company Limited	25,00,00,000 Equity Shares
2	L&T Capital Markets (Middle East) Limited	9,00,000 Ordinary Class Shares

NAINA R DESAI
Practising Company Secretary
Membership No. F1351
Certificate of Practice No. 13365
Peer Review Certificate No: 590/2019
UDIN : **F001351B000186591**

Place: Mumbai
Date: April 29, 2020

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

Annexure I

To,
The Members
L&T FINANCE HOLDINGS LIMITED

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

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

NAINA R DESAI
Practising Company Secretary
Membership No. F1351
Certificate of Practice No.13365
Peer Review Certificate No: 590/2019
UDIN : **F001351B000186591**

Place: Mumbai
Date: April 29, 2020

ANNUAL REPORT 2019-20: ANNEXURE C TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

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

Sr. No.	Particulars	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.(1)	N.A.(2)	
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.(1)	Managing Director & Chief Executive Officer – 12% Chief Financial Officer – 10% Company Secretary – 20%	
3	The percentage increase in the median remuneration of employees in the financial year.	11%	
4	The number of permanent employees on the rolls of Company.	2	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification(3) thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		10%	12%
6	Affirmation that the remuneration is as per remuneration policy of the Company.	We affirm that the remuneration is as per the nomination and remuneration policy of the Company	

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

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

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

For and on behalf of the Board of Directors

S. V. Haribhakti
Chairperson
DIN: 00007347

Dinanath Dubhashi
Managing Director & Chief Executive Officer
DIN: 03545900

Place: Mumbai
Date: June 30, 2020

ANNUAL REPORT 2019-20: ANNEXURE D TO BOARD'S REPORT

Form AOC - I

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

Part - A: Subsidiaries

₹ in Cr

Sr. No.	1	2	3	4	5	6	7	8	9	10	11	12
Name of the subsidiary	L&T Infrastructure Finance Company Limited	L&T Finance Limited	L&T Housing Finance Limited	L&T Infra Debt Fund Limited	L&T Investment Management Limited	L&T Mutual Fund Trustee Limited	L&T Capital Markets Limited (1)	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
Financial year ending on	March 31, 2020											
Currency	-	-	-	-	-	-	-	-	-	-	-	USD
Exchange rate on the last day of financial year	-	-	-	-	-	-	-	-	-	-	-	75.67
Date of acquisition	-	December 31, 2012	October 9, 2012	-	-	-	-	-	-	-	December 27, 2013	-
Share capital	1,505.30	1,599.14	165.37	490.18	251.82	0.15	52.31	18.75	5.00	0.10	2.10	11.80
Other equity	3,705.09	7,294.45	1,356.34	783.87	325.53	1.16	14.13	63.41	9.63	(0.04)	(44.26)	(1.34)
Total assets	31,656.55	52,576.72	15,067.81	9,868.22	623.63	1.36	73.46	452.85	14.93	0.07	25.81	21.04
Total liabilities	26,446.16	43,683.13	13,546.10	8,594.17	46.28	0.05	7.02	370.69	0.31	0.01	67.97	10.58
Investments	2,325.96	3,077.45	131.04	635.31	90.13	0.96	60.82	4.26	12.47	-	-	-
Turnover	3,056.00	8,446.11	1,323.10	901.82	381.28	0.11	38.18	95.18	6.68	0.03	-	20.99
Profit before taxation	709.56	813.95	71.65	212.98	200.06	(0.12)	0.08	74.30	4.78	0.01	(18.74)	(0.33)
Provision for taxation	430.31	447.67	25.34	-	-	-	3.82	21.55	1.36	0.00	(2.79)	-
Profit after taxation	279.25	366.28	46.31	212.98	200.06	(0.12)	(3.73)	52.75	3.42	0.01	(15.96)	(0.33)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100%											

(1) *Ceased to be a subsidiary w.e.f. April 24, 2020*

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

Part - B: Associate and Joint Venture

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

Name of Associate	Grameen Capital India Private Limited
1. Latest audited Balance Sheet Date	March 31, 2020
2. Date on which the Associate was associated	June 5, 2015
3. Shares of Associate held by the Company as at March 31, 2020	
Number of shares	21,26,000
Amount of equity investment in Associate (₹ Cr)	2.12
Amount of preference investment in Associate (₹ Cr)	3.87
4. Holding % / Description of significant influence	26% of shareholding
5. Reason of non consolidation of the associate	No significant influence as per IndAS 28
6. Networth attributable to Shareholding as per latest Audited Balance Sheet (₹ Cr)	–
7. Profit/Loss for the year:	
i. Considered in Consolidation (₹ Cr)	–
ii. Not Considered in Consolidation (₹ Cr)	–

Name of associates or joint ventures which are yet to commence operations 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 of L&T Finance Holdings Limited

S. V. Haribhakti
Chairperson
(DIN: 00007347)

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

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place: Mumbai
Date: June 30, 2020

ANNUAL REPORT 2019-20: ANNEXURE E TO BOARDS' REPORT

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

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

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

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

2) Composition of the CSR Committee:

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

3) Average Net Profit of the Company for the last three financial years is ₹ (1.07) Cr.

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

Particulars	Amount (₹ in Cr)
Prescribed CSR Expenditure	Nil
Amount spent as CSR	N.A.
Amount unspent	N.A.

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

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 FY 2019-20.

6) Responsibility Statement:

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

S. V. Haribhakti
Chairperson
CSR Committee
DIN: 00007347

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
DIN: 03545900

Place: Mumbai
Date: June 30, 2020

ANNUAL REPORT 2019-20: ANNEXURE F TO BOARD'S REPORT

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. No.	Name & Description of main products/ services	NIC Code of the Product/service	% to total turnover of the Company
1	Non-Banking Financial Institution – Core Investment Company (NBFC-CIC)	64200	91.01

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	**Larsen & Toubro Limited** L&T House, N. M. Marg, Ballard Estate, Mumbai – 400 001, Maharashtra, India.	L99999MH1946PLC004768	Holding Company	63.72	2(46)
2	**L&T Infrastructure Finance Company Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U67190MH2006PLC299025	Subsidiary Company	100	2(87)(ii)
3	**L&T Investment Management Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U65991MH1996PLC229572	Subsidiary Company	100	2(87)(ii)
4	**L&T Mutual Fund Trustee Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U65993MH1996PLC211198	Subsidiary Company	100	2(87)(ii)
5	**L&T Financial Consultants Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U65100MH2011PLC299024	Subsidiary Company	100	2(87)(ii)

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
6	**L&T Housing Finance Limited** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U45200MH1994PLC259630	Subsidiary Company	100	2(87)(ii)
7	**L&T Finance Limited** Technopolis, 7th Floor, A - Wing, Plot No. - 4, Block - BP, Sector - V, Salt Lake, Kolkata – 700 091, West Bengal, India.	U65910WB1993FLC060810	Subsidiary Company	100	2(87)(ii)
8	**L&T Capital Markets Limited#** Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.	U67190MH2013PLC240261	Subsidiary Company	100	2(87)(ii)
9	**L&T Infra Investment Partners Advisory Private Limited** Plot No. 177, CTS No. 6970, 6971, Vidyanagari Marg, C.S.T Road, Kalina, Santacruz (East), Mumbai–400 098, Maharashtra, India.	U67190MH2011PTC218046	Subsidiary Company	100	2(87)(ii)
10	**L&T Infra Investment Partners Trustee Private Limited** Plot No. 177, CTS No. 6970, 6971, Vidyanagari Marg, C.S.T Road, Kalina, Santacruz (East), Mumbai–400 098, Maharashtra, India.	U67190MH2011PTC220896	Subsidiary Company	100	2(87)(ii)
11	**L&T Infra Debt Fund Limited** Plot No. 177, CTS No. 6970, 6971, Vidyanagari Marg, C.S.T Road, Kalina, Santacruz (East), Mumbai–400 098, Maharashtra, India.	L67100MH2013PLC241104	Subsidiary Company	100*	2(87)(ii)
12	**Mudit Cement Private Limited** 5th Floor, DCM Building, 16, Barakhamba Road, Connaught Place, New Delhi - 110 001.	U26942DL1990PTC041941	Subsidiary Company	100	2(87)(ii)
13	**L& T Capital Markets (Middle East) Limited** Office No. 501-502, Level 5, Liberty House, DIFC, Dubai, United Arab Emirates	2908**	Subsidiary Company	100	2(87)(ii)
14	**Grameen Capital India Private Limited** 306, A Wing, 3rd Floor, 36 Turner Road, Opp. Tavaa Restaurant, Bandra West, Mumbai – 400 050, Maharashtra, India.	U65923MH2007PTC168721	Associate Company	26	2(6)

** Company along with its wholly-owned subsidiaries*

 # Ceased to be a subsidiary w.e.f. April 24, 2020

*** DIFC registration number*

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

(i) Category – wise Shareholding :-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% change during the year*
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt (s).	–	–	–	–	–	–	–	–	–
d) Bodies Corporate	1,27,75,20,203	–	1,27,75,20,203	63.91	1,27,75,20,203	–	1,27,75,20,203	63.72	-0.19
e) Bank/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub - total (A) (1)	**1,27,75,20,203**	**–**	**1,27,75,20,203**	**63.91**	**1,27,75,20,203**	**–**	**1,27,75,20,203**	**63.72**	**-0.19**
(2) Foreign									
a) NRIs- Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**1,27,75,20,203**	**–**	**1,27,75,20,203**	**63.91**	**1,27,75,20,203**	**–**	**1,27,75,20,203**	**63.72**	**–0.19**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	4,90,40,817	–	4,90,40,817	2.45	1,13,03,313	–	1,13,03,313	0.56	-1.89
b) Banks/FI	87,88,514	–	87,88,514	0.44	2,76,85,342	–	2,76,85,342	1.38	0.94
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt(s).	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	6,41,59,099	–	6,41,59,099	3.20	3.20
g) FIIs/FPIs	22,76,95,268	–	22,76,95,268	11.39	21,25,46,948	–	21,25,46,948	10.60	-0.79
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)									
Alternate Investment Funds	13,41,150	–	13,41,150	0.07	14,57,195	–	14,57,195	0.07	0.01
Sub-total (B)(1):	**28,68,65,749**	**–**	**28,68,65,749**	**14.35**	**31,71,51,897**	**–**	**31,71,51,897**	**15.82**	**1.47**
(2) Non-Institutions									
a) Bodies Corporate	9,06,63,447	–	9,06,63,447	4.54	4,51,65,978	–	4,51,65,978	2.25	-2.28
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital up to ₹ 1 Lakh	17,42,93,154	7,926	17,43,01,080	8.72	19,28,80,984	4,801	19,28,85,785	9.62	0.90
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	5,42,84,275	–	5,42,84,275	2.72	5,59,87,475	–	5,59,87,475	2.79	0.08
c) Others (specify)									
i) Non Resident Repatriates	74,65,009	–	74,65,009	0.37	89,87,867	–	89,87,867	0.45	0.07
ii) Foreign Companies	9,56,57,961	–	9,56,57,961	4.79	9,56,57,961	–	9,56,57,961	4.77	–0.01
iii) Foreign Nationals	1,923	–	1,923	~	–	–	–	–	~
iv) Non Resident Non Repatriates	26,23,426	–	26,23,426	0.13	28,55,752	–	28,55,752	0.14	0.01
v) Trusts	77,06,845	–	77,06,845	0.39	75,77,525	–	75,77,525	0.38	-0.01
vi) Directors & their Relatives & Friends	15,82,422	–	15,82,422	0.08	10,00,719	–	10,00,719	0.05	-0.03
vii) NBFCs registered with RBI	1,40,020	–	1,40,020	0.01	42,448	–	42,448	~	~
Sub-total (B)(2):	**43,44,18,482**	**7,926**	**43,44,26,408**	**21.73**	**41,01,56,709**	**4,801**	**41,01,61,510**	**20.46**	**-1.28**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**72,12,84,231**	**7,926**	**72,12,92,157**	**36.09**	**72,73,08,606**	**4,801**	**72,73,13,407**	**36.28**	**0.19**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**1,99,88,04,434**	**7,926**	**1,99,88,12,360**	**100.00**	**2,00,48,28,809**	**4,801**	**2,00,48,33,610**	**100.00**	**–**

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

~ less than 0.01%

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	Larsen & Toubro Limited	1,27,75,20,203	63.91	–	1,27,75,20,203	63.72	–	-0.19*
	Total	**1,27,75,20,203**	**63.91**	**–**	**1,27,75,20,203**	**63.72**	**–**	**-0.19**

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

(iii) Change in Promoters' Shareholding

Sr. No.	Name of the Promoter	Date	Shareholding at the beginning of the Year (As on April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
			No. of Shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	**Larsen & Toubro Limited**					
	At the beginning of the year	April 1, 2019	1,27,75,20,203	63.91	–	–
	At the end of the year	March 31, 2020	–	–	1,27,75,20,203	63.72*

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

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

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
1	**BC Asia Growth Investments**					
	At the beginning of the year	April 1, 2019	6,38,20,990	3.19	-	-
	At the end of the year	March 31, 2020	-	-	6,38,20,990	3.18
2	**ICICI Prudential Life Insurance Company Limited**					
	At the beginning of the year	April 1, 2019	5,93,37,307	2.97	-	-
	Purchase	April 05, 2019	6,62,693	0.03	6,00,00,000	3.00
	Purchase	April 19, 2019	42,823	~	6,00,42,823	3.00
	Purchase	April 26, 2019	36,074	~	6,00,78,897	3.00
	Sale	May 03, 2019	-435	~	6,00,78,462	3.00
	Purchase	May 10, 2019	450	~	6,00,78,912	3.00
	Purchase	May 24, 2019	2,740	~	6,00,81,652	3.00
	Purchase	July 05, 2019	8,227	~	6,00,89,879	3.01
	Sale	July 26, 2019	-3,02,500	-0.02	5,97,87,379	2.99
	Purchase	September 06, 2019	3,01,134	0.02	6,00,88,513	3.00
	Sale	October 04, 2019	-5,398	~	6,00,83,115	3.00
	Sale	October 25, 2019	-23,313	~	6,00,59,802	3.00
	Sale	November 08, 2019	-852	~	6,00,58,950	3.00
	Purchase	November 29, 2019	3,27,429	0.02	6,03,86,379	3.02
	Sale	December 06, 2019	-1,57,221	-0.01	6,02,29,158	3.01
	Sale	December 20, 2019	-1,00,000	-0.01	6,01,29,158	3.01
	Purchase	January 03, 2020	2,00,000	0.01	6,03,29,158	3.02
	Sale	January 24, 2020	-49,612	~	6,02,79,546	3.01
	Sale	January 31, 2020	-3,12,000	-0.02	5,99,67,546	2.99
	Purchase	February 07, 2020	2,12,000	0.01	6,01,79,546	3.00
	Sale	February 28, 2020	-1,00,000	-0.01	6,00,79,546	3.00
	Purchase	March 06, 2020	2,50,000	0.01	6,03,29,546	3.01
	At the end of the year	March 31, 2020	-	-	6,03,29,546	3.01
3	**Citigroup Global Markets Mauritius Private Limited**					
	At the beginning of the year	April 1, 2019	5,78,69,992	2.90	-	-
	Purchase	April 12, 2019	2,30,000	0.01	5,80,99,992	2.91
	Purchase	May 24, 2019	2,77,000	0.01	5,83,76,992	2.92
	Sale	June 21, 2019	-5,07,000	-0.03	5,78,69,992	2.89
	Purchase	March 06, 2020	78,400	~	5,79,48,392	2.89
	Sale	March 13, 2020	-78,400	~	5,78,69,992	2.89
	At the end of the year	March 31, 2020	-	-	5,78,69,992	2.89
4	**BC Investments VI Limited**					
	At the beginning of the year	April 1, 2019	3,18,36,971	1.59	-	-
	At the end of the year	March 31, 2020	-	-	3,18,36,971	1.59
5	**Smallcap World Fund, Inc**					
	At the beginning of the year	April 1, 2019	3,61,76,853	1.81	-	-
	Sale	August 30, 2019	-82,50,353	-0.41	2,79,26,500	1.40
	At the end of the year	March 31, 2020	-	-	2,79,26,500	1.39
6	**Life Insurance Corporation of India**					
	At the beginning of the year	April 1, 2019	60,93,518	0.30	-	-
	Purchase	January 24, 2020	17,58,000	0.09	78,51,518	0.39
	Purchase	January 31, 2020	36,04,184	0.18	1,14,55,702	0.57
	Purchase	February 07, 2020	35,61,043	0.18	1,50,16,745	0.75
	Purchase	February 14, 2020	1,98,000	0.01	1,52,14,745	0.76
	Purchase	March 06, 2020	47,50,139	0.24	1,99,64,884	1.00
	Purchase	March 13, 2020	38,71,143	0.19	2,38,36,027	1.19
	Purchase	March 20, 2020	16,00,000	0.08	2,54,36,027	1.27
	Purchase	March 27, 2020	3,61,556	0.02	2,57,97,583	1.29
	At the end of the year	March 31, 2020	-	-	2,57,97,583	1.29
7	**L&T Employees Welfare Foundation Private Limited**					
	At the beginning of the year	April 1, 2019	63,58,907	0.32	-	-
	Purchase	March 27, 2020	1,14,70,031	0.57	1,78,28,938	0.89
	At the end of the year	March 31, 2020	-	-	1,78,28,938	0.89
8	**Massachusetts Institute of Technology**					
	At the beginning of the year	April 1, 2019	53,66,471	0.27	-	-
	Purchase	April 05, 2019	4,04,450	0.02	57,70,921	0.29
	Purchase	April 26, 2019	1,67,888	0.01	59,38,809	0.30
	Purchase	May 10, 2019	2,42,622	0.01	61,81,431	0.31
	Purchase	May 17, 2019	7,96,298	0.04	69,77,729	0.35
	Purchase	May 31, 2019	1,99,834	0.01	71,77,563	0.36
	Purchase	June 07, 2019	92,053	~	72,69,616	0.36
	Purchase	August 23, 2019	3,14,775	0.02	75,84,391	0.38
	Purchase	August 30, 2019	10,19,513	0.05	86,03,904	0.43
	Purchase	September 13, 2019	4,30,195	0.02	90,34,099	0.45
	Purchase	September 20, 2019	4,30,195	0.02	94,64,294	0.47
	Purchase	October 11, 2019	4,32,802	0.02	98,97,096	0.49
	Purchase	October 18, 2019	6,31,524	0.03	1,05,28,620	0.53
	Purchase	November 01, 2019	17,09,582	0.09	1,22,38,202	0.61
	At the end of the year	March 31, 2020	-	-	1,22,38,202	0.61
9	**East Bridge Capital Master Fund I Limited**					
	At the beginning of the year	April 1, 2019	1,16,56,026	0.58	-	-
	At the end of the year	March 31, 2020	-	-	1,16,56,026	0.58

Sr. No.	Name of the Shareholder	Date#	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
10	**Vanguard Total International Stock Index Fund**					
	At the beginning of the year	April 1, 2019	77,29,636	0.39	-	-
	Sale	April 26, 2019	-2,02,006	-0.01	75,27,630	0.38
	Purchase	May 17, 2019	4,02,135	0.02	79,29,765	0.40
	Purchase	February 28, 2020	2,43,664	0.01	81,73,429	0.41
	Purchase	March 20, 2020	3,02,604	0.02	84,76,033	0.42
	Purchase	March 27, 2020	4,46,646	0.02	89,22,679	0.45
	At the end of the year	March 31, 2020	-	-	89,22,679	0.45
11	**Matthews Emerging Asia Fund**					
	At the beginning of the year	April 1, 2019	75,26,004	0.38	-	-
	Sale	December 06, 2019	-4,94,036	-0.02	70,31,968	0.35
	Sale	December 13, 2019	-6,63,716	-0.03	63,68,252	0.32
	Sale	December 20, 2019	-71,173	~	62,97,079	0.31
	Sale	December 27, 2019	-1,79,666	-0.01	61,17,413	0.31
	Sale	December 31, 2019	-2,05,827	-0.01	59,11,586	0.30
	Sale	January 24, 2020	-1,44,563	-0.01	57,67,023	0.29
	Sale	February 21, 2020	-19,075	~	57,47,948	0.29
	Sale	February 28, 2020	-6,65,728	-0.03	50,82,220	0.25
	Sale	March 06, 2020	-10,69,418	-0.05	40,12,802	0.20
	Sale	March 13, 2020	-2,63,340	-0.01	37,49,462	0.19
	Sale	March 20, 2020	-2,87,326	-0.01	34,62,136	0.17
	Sale	March 27, 2020	-11,42,052	-0.06	23,20,084	0.12
	Sale	March 31, 2020	-3,12,376	-0.02	20,07,708	0.10
	At the end of the year	March 31, 2020	-	-	20,07,708	0.10
12	**Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Resurgent India Fund - Series 6**					
	At the beginning of the year	April 1, 2019	3,18,46,241	1.59	-	-
	Sale	April 05, 2019	-4,42,154	-0.02	3,14,04,087	1.57
	Sale	April 12, 2019	-4,38,004	-0.02	3,09,66,083	1.55
	Sale	April 26, 2019	-747	~	3,09,65,336	1.55
	Purchase	May 24, 2019	8,00,247	0.04	3,17,65,583	1.59
	Purchase	May 31, 2019	6,00,000	0.03	3,23,65,583	1.62
	Purchase	June 07, 2019	3,70,113	0.02	3,27,35,696	1.64
	Sale	July 19, 2019	-19,06,056	-0.10	3,08,29,640	1.54
	Sale	July 26, 2019	-24,29,757	-0.12	2,83,99,883	1.42
	Sale	August 02, 2019	-12,00,000	-0.06	2,71,99,883	1.36
	Sale	August 09, 2019	-30,30,516	-0.15	2,41,69,367	1.21
	Sale	August 16, 2019	-1,00,000	-0.01	2,40,69,367	1.20
	Sale	August 23, 2019	-5,73,000	-0.03	2,34,96,367	1.17
	Sale	August 30, 2019	-5,22,000	-0.03	2,29,74,367	1.15
	Purchase	September 06, 2019	4,99,500	0.02	2,34,73,867	1.17
	Sale	September 13, 2019	-1,936	~	2,34,71,931	1.17
	Purchase	September 20, 2019	242	~	2,34,72,173	1.17
	Sale	September 27, 2019	-70,66,736	-0.35	1,64,05,437	0.82
	Sale	September 30, 2019	-4,00,000	-0.02	1,60,05,437	0.80
	Sale	October 04, 2019	-24,64,198	-0.12	1,35,41,239	0.68
	Sale	October 11, 2019	-6,82,000	-0.03	1,28,59,239	0.64
	Purchase	October 18, 2019	67,500	~	1,29,26,739	0.65
	Sale	November 01, 2019	-19,35,000	-0.10	1,09,91,739	0.55
	Sale	November 08, 2019	-27,22,000	-0.14	82,69,739	0.41
	Sale	November 15, 2019	-8,14,100	-0.04	74,55,639	0.37
	Sale	November 22, 2019	-9,88,847	-0.05	64,66,792	0.32
	Sale	November 29, 2019	-18,560	~	64,48,232	0.32
	Sale	December 06, 2019	-6,48,100	-0.03	58,00,132	0.29
	Sale	December 27, 2019	-9,54,000	-0.05	48,46,132	0.24
	Purchase	January 17, 2020	231	~	48,46,363	0.24
	Sale	January 24, 2020	-10,01,540	-0.05	38,44,823	0.19
	Sale	January 31, 2020	-35,28,000	-0.18	3,16,823	0.02
	Sale	February 07, 2020	-2,61,322	-0.01	55,501	~
	Purchase	February 14, 2020	30,84,049	0.15	31,39,550	0.16
	Sale	March 13, 2020	-20,00,000	-0.10	11,39,550	0.06
	Purchase	March 20, 2020	1,18,731	0.01	12,58,281	0.06
	Purchase	March 31, 2020	1,223	~	12,59,504	0.06
	At the end of the year	March 31, 2020	-	-	12,59,504	0.06
13	**ITPL - Invesco India Contra Fund**					
	At the beginning of the year	April 1, 2019	85,34,387	0.43	-	-
	Purchase	April 05, 2019	2,98,334	0.01	88,32,721	0.44
	Sale	April 12, 2019	-5,88,169	-0.03	82,44,552	0.41
	Sale	April 19, 2019	-1,50,110	-0.01	80,94,442	0.40
	Sale	April 26, 2019	-18,69,752	-0.09	62,24,690	0.31
	Sale	May 03, 2019	-34,36,813	-0.17	27,87,877	0.14
	Sale	May 10, 2019	-1,43,599	-0.01	26,44,278	0.13
	Sale	May 17, 2019	-7,61,307	-0.04	18,82,971	0.09
	Sale	May 24, 2019	-87,890	~	17,95,081	0.09
	Sale	May 31, 2019	-13,45,553	-0.07	4,49,528	0.02
	Purchase	June 29, 2019	36,000	~	4,85,528	0.02
	Sale	July 05, 2019	-4,49,528	-0.02	36,000	~
	Sale	July 12, 2019	-36,000	~	Nil	NA
	At the end of the year	March 31, 2020	-	-	Nil	NA

Note: All figures rounded off up to two decimals

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

 # As stated in the beneficiary position data of Depositories.

~ less than 0.01%

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

Sr. No.	Name of Director/KMP	Date	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
1.	**Mr. S. V. Haribhakti (Chairperson)**					
	At the beginning of the year	April 1, 2019	5,00,000	0.03	-	-
	At the end of the year	March 31, 2020	-	-	5,00,000	0.02
2.	**Mr. Dinanath Dubhashi (Managing Director & Chief Executive Officer)**					
	At the beginning of the year	April 1, 2019	4,86,087	0.02	-	-
	Sale	November 7, 2019	-1,00,000	~	3,86,087	0.02
	Sale	November 26, 2019	-2,00,000	-0.01	1,86,087	0.01
	Sale	December 24, 2019	-1,50,000	-0.01	36,087	~
	ESOP	January 17, 2020	6,00,000	0.03	6,36,087	0.03
	Sale	February 5, 2020	-1,00,000	~	5,36,087	0.03
	Sale	February 6, 2020	-50,000	~	4,86,087	0.02
	Sale	February 10, 2020	-50,000	~	4,36,087	0.02
	At the end of the year	March 31, 2020	–	–	4,36,087	0.02

Sr. No.	Name of Director/KMP	Date	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company*
3.	**Mr. R. Shankar Raman (Non-Executive Director)**					
	At the beginning of the year	April 1, 2019	24,461	~	-	-
	At the end of the year	March 31, 2020	-	-	24,461	~
4.	**Mr. P. V. Bhide (Independent Director)**					
	At the beginning of the year	April 1, 2019	4,990	~	-	-
	At the end of the year	March 31, 2020	-	-	4,990	~
5.	**Mr. Thomas Mathew T. (Independent Director)**					
	At the beginning of the year	April 1, 2019	Nil	N.A.	-	-
	At the end of the year	March 31, 2020	-	-	Nil	N.A.
6.	**Ms. Nishi Vasudeva (Independent Director)**					
	At the beginning of the year	April 1, 2019	1,703	~	-	-
	Sale	May 31, 2019	1,703	~		
	At the end of the year	March 31, 2020	-	-	Nil	N.A.
7.	**Dr. Rajani R. Gupte (Independent Director)**					
	At the beginning of the year	April 1,2019	Nil	N.A.	-	-
	At the end of the year	March 31, 2020	-	-	Nil	N.A.
8.	**Mr. Pavninder Singh (Nominee Director)**					
	At the beginning of the year	April 1, 2019	Nil	N.A.	-	-
	At the end of the year	March 31, 2020	-	-	Nil	N.A.
9.	**Mr. Prabhakar B. (Non-Executive Director)**					
	At the beginning of the year	April 1, 2019	353	~	-	-
	At the end of the year	March 31, 2020	-	-	353	~
10.	**Mr. Sachinn Joshi (Chief Financial Officer)**					
	At the beginning of the year	April 1, 2019	184,626	0.01	-	-
	At the end of the year	March 31, 2020	-	-	184,626	0.01
12.	**Ms. Apurva Rathod (Company Secretary)**					
	At the beginning of the year	April 1, 2019	200	~	-	-
	ESOP	January 17, 2020	66,000	~	66,200	~
	Sale	January 23, 2020	-44,300	~	21,900	~
	At the end of the year	March 31, 2020	-	-	21,900	~

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

~ less than 0.01%.

V. INDEBTEDNESS

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

(₹ in Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	–	1,179.99	–	1,179.99
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**–**	**1,179.99**	**–**	**1,179.99**
Change in Indebtedness during the financial year				
i) Additions	–	6,257.67	–	6,257.67
ii) Reduction	–	5,694.98	–	5,694.98
iii) Interest accrued but not due	–	0.11	–	0.11
Net Change	**–**	**562.80**	**–**	**562.80**

(₹ in Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	–	1,742.68	–	1,742.68
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	0.11	–	0.11
Total (i+ii+iii)	**–**	**1,742.79**	**–**	**1,742.79**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the MD/WTD/Manager
		Mr. Dinanath Dubhashi (Managing Director & Chief Executive Officer)
1.	Gross salary:	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961[(1)]	9,24,85,034
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961[(2)]	1,58,47,800
	(c) Profit in lieu of salary under section 17(3) of the Income Tax Act, 1961	–
2.	Stock option (Number of options)	14,31,770
3.	Sweat Equity	–
4.	Commission	–
	- as % of profit	–
	- others (specify)	–
5.	Others	–
	Total (A)	**10,83,32,834**
	Ceiling as per the Act	**₹ 14.19 Cr (being 5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**

(1) Includes one time retention pay of ₹ 3.94 Cr..

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

B. Remuneration to other Directors

(Amount in ₹)

Particulars of Remuneration	Name of the Directors								Total Amount
	Independent Directors					Non-Executive Directors			
Independent Directors	Mr. S. V. Haribhakti	Mr. P. V. Bhide	Mr. Thomas Mathew T.	Ms. Nishi Vasudeva	Dr. Rajani R. Gupte	Mr. R. Shankar Raman	Mr. Pavninder Singh	Mr. Prabhakar B.	
(a) Fee for attending Board and Committee meetings	7,30,000	4,00,000	5,80,000	3,10,000	1,50,000	–	3,20,000	2,60,000	27,50,000
(b) Commission	40,00,000	8,24,000	10,68,000	6,44,000	3,60,000	–	6,80,000	5,84,000	81,60,000
(c) Others, please specify	–	–	–	–	–	–	–	–	–
Total (B)	**47,30,000**	**12,24,000**	**16,48,000**	**9,54,000**	**5,10,000**	**–**	**10,00,000**	**8,44,000**	**1,09,10,000**
Total Managerial Remuneration = (A) + (B)									**12,67,69,234**
Overall Ceiling as per the Act	**₹ 31.21 Cr (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**								

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the Key Managerial Personnel		Total Amount
		Mr. Sachinn Joshi (CFO)	Ms. Apurva Rathod (CS)	
1	Gross Salary:			
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,31,12,122	1,09,08,279	3,40,20,401
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	28,800	6,63,300	6,92,100
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–
2	Stock Option (Number of options)	4,47,430	2,00,000	6,47,430
3	Sweat Equity	–	–	–
4	Commission	–	–	–
	- as % of profit	–	–	–
	- others, specify	–	–	–
5	Others, please specify	–	–	–
	Total	**2,31,40,922**	**1,15,71,579**	**3,47,12,501**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NONE

For and on behalf of the Board of Directors

S. V. Haribhakti
Chairperson
DIN: 00007347

Dinanath Dubhashi
Managing Director & Chief Executive Officer
DIN: 03545900

Place: Mumbai
Date: June 30, 2020

Corporate Governance Report

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

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

At L&T Financial Services ("LTFS"), we believe that corporate governance is a continuous journey towards sustainable value creation for all the stakeholders, which is driven by our values. Our Corporate Governance principles are a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values. The Board of Directors ("Board") helps 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. Mr. S. V. Haribhakti is the Non-Executive Chairman of the Company. Mr. S. V. Haribhakti and Mr. P. V. Bhide were re-appointed as Independent Directors 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 of the Act with effect from April 1, 2019, pursuant to approval of the Members at the Eleventh Annual General Meeting held on July 29, 2019.

The Board at its Meeting held on May 15, 2020 approved the re-appointment of Mr. Thomas Mathew T., whose first term as an Independent Director of the Company expires on June 30, 2020, as an Independent Director for a second term of 5 consecutive years from July 1, 2020 to June 30, 2025, subject to the approval of the Members by a special resolution. The said re-appointment is recommended basis the recommendation of the Nomination and Remuneration Committee and performance evaluation in accordance with the requirements of the Act.

Commensurate with the size of the Company, complexity and nature of various underlying businesses, the composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the businesses carried on through its subsidiaries. All the Independent Directors have confirmed to the Board that they meet the criteria for independence in terms of the definition of 'Independent Director' stipulated under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. These confirmations have been placed before the Board. Further, no Whole-time Director / Managing Director of the Company is serving as an Independent Director in any company. None of the Directors of the Company are inter-se related to each other.

2. Board Procedure:

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

The business / department heads communicate with the Company Secretary in advance with regard to matters requiring the approval of the Board to enable inclusion of the same in the agenda for the Board meetings. The detailed agenda together with the relevant attachments is circulated 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 tabled at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the approval of the Chair and majority of Directors. Senior management personnel are invited to the Board / Committee meeting(s) to provide additional inputs for the items being discussed by the Board / Committee(s). The Board members interact with the Chief Executive of the various operating subsidiary companies frequently at the Board meetings.

Further, presentations are made on business operations to the Board by the respective Chief Executives of various businesses of LTFS. Additionally, presentations are made on various matters including the financial statements, 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 in electronic form.

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

3. Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act and Regulation 25(3) of SEBI Listing Regulations require the Independent Directors of the Company to hold at least one meeting as per regulatory requirements without the attendance of non-independent directors and members of the management. In view of the aforesaid requirements, the Independent Directors of the Company met on April 28, 2019.

4. Meetings & Attendance:

During the financial year ended March 31, 2020, 5 (five) Board meetings were held on April 28, 2019, July 19, 2019, October 18, 2019, January 17, 2020 and March 20, 2020. The meetings of the Board are generally held at 8th Floor, Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.

The details of attendance of the members of the Board at the meetings held during the year and at the last AGM and also the number of other Directorships and Memberships / Chairmanships of Committees held by them as on March 31, 2020 are as follows:

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

C – Chairperson *MD – Managing Director* *CEO – Chief Executive Officer*

ND – Nominee Director *NED – Non-Executive Director* *ID – Independent Director*

Notes:

(1) Excludes Directorship in foreign company.

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

(3) Only equity listed companies are considered.

(4) Re-appointed as an Independent Director with effect from April 1, 2019.

(5) 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, 2020 is as follows:

Name of the Director	Name of the listed entity[1]	Nature of Directorship
Mr. S. V. Haribhakti	ACC Limited Ambuja Cements Limited Bajaj Electricals Limited Blue Star Limited Future Lifestyle Fashions Limited Torrent Pharmaceuticals Limited	Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director
Mr. Dinanath. Dubhashi	–	–
Mr. R. Shankar Raman	Larsen & Toubro Limited Larsen & Toubro Infotech Limited Mindtree Limited	Whole Time Director & CFO Non-Executive Director Non-Executive Director
Mr. P. V. Bhide	Borosil Renewables Limited Glaxosmithkline Consumer Healthcare Limited[2] Glaxosmithkline Pharmaceuticals Limited NOCIL Limited Tube Investments of India Limited	Independent Director Independent Director Independent Director Independent Director Independent Director
Mr. Thomas Mathew T.	Larsen & Toubro Limited[3] PTC India Financial Services Limited	Independent Director Independent Director
Ms. Nishi Vasudeva	ABB Power Products and Systems India Limited HCL Technologies Limited	Independent Director Independent Director
Dr. Rajani R Gupte	–	–
Mr. Prabhakar B.	–	–
Mr. Pavninder Singh	–	–

(1) Only equity listed companies are considered.

(2) Ceased to be director with effect from April 1, 2020.

(3) Ceased to be director with effect from April 2, 2020.

5. Information to the Board:

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

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

6. Post-meeting internal communication system:

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

7. Board-skills / expertise / competencies:

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

Director	Designation	Skills / Expertise / Competencies
Mr. S. V. Haribhakti	Non - Executive Chairperson (Independent Director)	• 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

Director	Designation	Skills / Expertise / Competencies
Mr. Dinanath Dubhashi	Managing Director & Chief Executive Officer	• 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
Mr. R. Shankar Raman	Non - Executive Director	• 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
Mr. P.V. Bhide	Independent Director	• 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
Mr. Thomas Mathew T.	Independent Director	• 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
Ms. Nishi Vasudeva	Independent Director	• Leadership qualities • Understanding of relevant laws, rules, regulation and policy • Corporate Governance • Financial expertise • Risk Management • Global Experience / International Exposure • Information Technology
Dr. Rajani R. Gupte	Independent Director	• Leadership qualities • Experience and exposure in policy shaping and industry advocacy • Understanding of relevant laws, rules, regulation and policy • Corporate Governance • Financial expertise • Risk Management • Information Technology
Mr. Pavninder Singh	Nominee Director	• Leadership qualities • Industry knowledge and experience • Understanding of relevant laws, rules, regulation and policy • Corporate Governance • Financial expertise • Risk Management • Global Experience / International Exposure • Information Technology
Mr. Prabhakar B.	Non - Executive Director	• Leadership qualities • Industry knowledge and experience • Understanding of relevant laws, rules, regulation and policy • Corporate Governance • Financial expertise • Risk Management • Global Experience / International Exposure • Information Technology

8. Performance Evaluation:

The Nomination and Remuneration Committee has approved a policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of the Company. The process for the aforesaid 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 arranged for the Directors which help them understand the businesses and the 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.

The details relating to the familiarization programme are available on the website of the Company at _www.ltfs.com/investors.html_.

11. Confirmation of Independent Directors:

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

C. Board Committees

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

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

- Audit Committee;
- Nomination and Remuneration Committee;
- Corporate Social Responsibility Committee;
- Stakeholders Relationship Committee;
- Committee of Directors;
- Asset Liability Management Committee;
- Risk Management Committee; and
- IT Strategy 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 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;
- Investigating into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- Right to call for the comments of the auditors on internal control systems, the scope of audit, including the observations of the auditors and review of financial statements before 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; and
- Carrying out any other function as may be mentioned in the terms of reference of the AC.

Composition:

The AC as on March 31, 2020 comprises:

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

Meetings and Attendance:

The AC met four times during the year on April 26, 2019, July 18, 2019, October 18, 2019 and January 17, 2020.

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. S. V. Haribhakti	4	4
Mr. R. Shankar Raman	4	3
Mr. Thomas Mathew T.	4	4

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

2. 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:

The NRC as on March 31, 2020 comprises:

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

Meetings and Attendance:

The NRC met thrice during the year on May 3, 2019, July 9, 2019, and October 18, 2019.

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.	3	3
Mr. S. V. Haribhakti	3	3
Mr. R. Shankar Raman	2	2
Mr. P. V. Bhide	3	3
Mr. Pavninder Singh	3	2

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 *www.ltfs.com/investors.html*. 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, 2020:

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[(1)]	Variable Remuneration[(2)] (up to)	Retirement Benefits	Total
9.42	1.13	0.28	10.83

[(1)] Includes one time retention pay (₹ 3.94 Cr) and perquisite on ESOPs exercised during the year.

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

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

b) Remuneration to Non-Executive Directors

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

In the backdrop of growing complexities and increasing regulatory requirements, the NEDs have contributed significantly and given useful feedback from time to time. The commission 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 Cr)

Name of the Director	Sitting Fees for Board Meetings/ Independent Director Meeting	Sitting Fees for Committee Meetings	Commission[(1)]	Total
Mr. S. V. Haribhakti	0.03	0.04	0.40	0.47
Mr. R. Shankar Raman[(2)]	–	–	–	–
Mr. P. V. Bhide	0.02	0.02	0.08	0.12
Mr. Thomas Mathew T.	0.03	0.03	0.11	0.17
Ms. Nishi Vasudeva	0.03	0.01	0.06	0.10
Dr. Rajani R Gupte	0.01	–	0.04	0.05
Mr. Pavninder Singh	0.02	0.01	0.07	0.10
Mr. Prabhakar B.	0.02	0.01	0.06	0.09

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

[(2)] Draws remuneration from Larsen & Toubro Limited.

Details of shares / convertible instruments, if any, held by the NEDs as on March 31, 2020 are as follows:

Name of the Director	No. of Equity Shares	No. of Preference Shares
Mr. S. V. Haribhakti	5,00,000	–
Mr. R. Shankar Raman	24,461	–
Mr. P. V. Bhide	4,990	60,000
Mr. Prabhakar B.	353	–

3. Corporate Social Responsibility ("CSR") Committee

Terms of reference:

The role of CSR Committee includes the following:

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

Composition:

The CSR Committee as on March 31, 2020 comprises:

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

Meetings and Attendance:

The Committee met once in the year on April 26, 2019. 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. S. V. Haribhakti	1	1
Mr. Dinanath Dubhashi	1	1
Mr. R. Shankar Raman	1	–
Ms. Nishi Vasudeva	1	1

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:

The SRC as on March 31, 2020 comprises:

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

Meetings and Attendance:

The SRC met once during the year on April 28, 2019 and all the members of the SRC had attended the meeting.

Details of Shareholders' requests / complaints:

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

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

[(1)] SEBI-2, Stock Exchanges-0

The Board has delegated the powers to approve transfer / transmissions of physical shares and to remat of shares to a Share Transfer Committee comprising of three Senior Executives. 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:

The COD as on March 31, 2020 comprises:

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

Meetings and Attendance:

The Committee met seven times during the year on May 11, 2019, May 29, 2019, May 31, 2019, June 3, 2019, September 11, 2019, January 17, 2020 and March 20, 2020. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Member / year	No. of Meetings attended
Mr. S. V. Haribhakti	7	7
Mr. Dinanath Dubhashi	7	7
Mr. R. Shankar Raman	7	5

6. Asset Liability Management Committee ("ALCO")

Terms of reference:

The role of the ALCO includes the following:

- Monitoring market risk management systems, compliance with the asset liability management policy and prudent gaps and tolerance limits and reporting systems set out by the Board of Directors and ensuring adherence to the RBI Guidelines issued in this behalf from time to time;

- Monitoring the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives;
- Reviewing the effects of various possible changes in the market conditions related to the balance sheet and recommend the action needed to adhere to the Company's internal limits; and
- Balance Sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks.

Composition:

The ALCO as on March 31, 2020 comprises:

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
Group Chief Risk Officer	Member
Group Chief Economist	Member

Meeting details:

The Committee met twelve times during the year on May 3, 2019, May 30, 2019, June 28, 2019, July 17, 2019, August 22, 2019, September 24, 2019, October 14, 2019, November 18, 2019, December 19, 2019, January 10, 2020, February 18, 2020 and March 17, 2020.

7. Risk Management Committee ("RMC")

Terms of reference:

The role of the RMC includes the following:

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

Composition:

The RMC as on March 31, 2020 comprises:

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

Meetings and Attendance:

The Committee met four times during the year on September 11, 2019, September 20, 2019, December 13, 2019 and March 19, 2020. 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. S. V. Haribhakti*	2	2
Mr. R. Shankar Raman*	4	4
Managing Director & Chief Executive Officer	4	4
Mr. Pavninder Singh*	4	3
Mr. Prabhakar B.*	2	2
Group Chief Risk Officer	4	3

** Meeting held on March 19, 2020 was attended over audio call*

8. IT Strategy Committee ("ITC"):

As a part of good corporate governance, the Board of Directors of the Company 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:

The ITC as on March 31, 2020 comprises:

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

Meetings and Attendance:

The Committee met twice during the year on September 11, 2019 and March 20, 2020. The attendance of members at the meetings was as follows:

Details of the Member	No. of Meetings held / conducted during the tenure of the Member / year	No. of Meetings attended
Mr. S. V. Haribhakti (Independent Director)	2	2
Managing Director and Chief Executive Officer	2	2
Chief Information Officer	2	2
Chief Technology Officer	2	2
Group Chief Risk Officer	2	1
Chief Information Security Officer	2	2

D. Directors on Boards of Material Subsidiaries

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

E. Other Information

Training of Directors:

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

Information to Directors:

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

Statutory Auditors:

Mr. Rupen K. Bhatt, 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 2019-20.

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 *www.ltfs.com/investors.html*. The declaration of Managing Director and Chief Executive Officer is given below:

To the Members of
L&T Finance Holdings Limited

Sub: Compliance with Code of Conduct

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

Dinanath Dubhashi

Managing Director & Chief Executive Officer

Date: May 15, 2020
Place: Mumbai

Vigil Mechanism Framework / Whistle Blower Mechanism:

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

As on March 31, 2020, 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
2016-17	August 28, 2017	3:00 P.M.	ST. Andrew's Auditorium, ST. Dominic Road, Bandra (West), Mumbai – 400 050
2017-18	August 28, 2018	3:00 P.M.	Y. B. Chavan Center, General Jagannathrao Bhonsale Marg, Opposite Mantralaya, Mumbai- 400 021
2018-19	July 29, 2019	3:00 P.M.	Swatantrya veer Savarkar Rashtriya Smarak, 252 Swatantryaveer Savarkar Marg, Shivaji Park, Dadar, Mumbai – 400 028

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

Year	Date	Resolution
2016-17	August 28, 2017	• Issue of Non-convertible Debentures / Bonds on a private placement basis during FY 2017-18 for an amount not exceeding ₹ 2,000 Cr. • Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Cr.
2017-18	August 28, 2018	• Issue of Non-convertible Debentures / Bonds on a private placement basis during FY 2018-19 for an amount not exceeding ₹ 2,000 Cr. • Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Cr.
2018-19	July 29, 2019	• Re-appointment of Mr. S. V. Haribhakti (DIN: 00007347) as an Independent Director of the Company • Re-appointment of Mr. P. V. Bhide (DIN: 03304262) as an Independent Director of the Company • 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.

Postal Ballot:

The Company had not passed any resolution through Postal Ballot during FY 2019-20. 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, 2020, 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 2019-20, total consolidated fees of ₹ 5.66 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 2019-20 and FY 2018-19.
- 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:

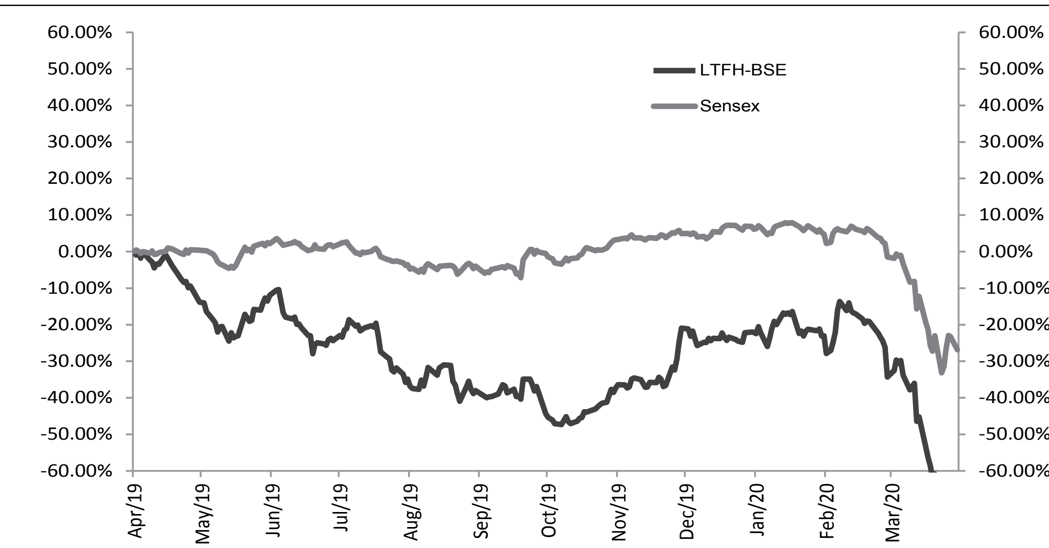
- Quarterly Results are communicated through a Press Release and Newspaper Advertisements in prominent national and regional dailies like Financial Express and Loksatta.
- The financial results, official news releases and presentations are also displayed on the website of the Company at *www.ltfs.com/investors.html.*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

General Shareholders' Information

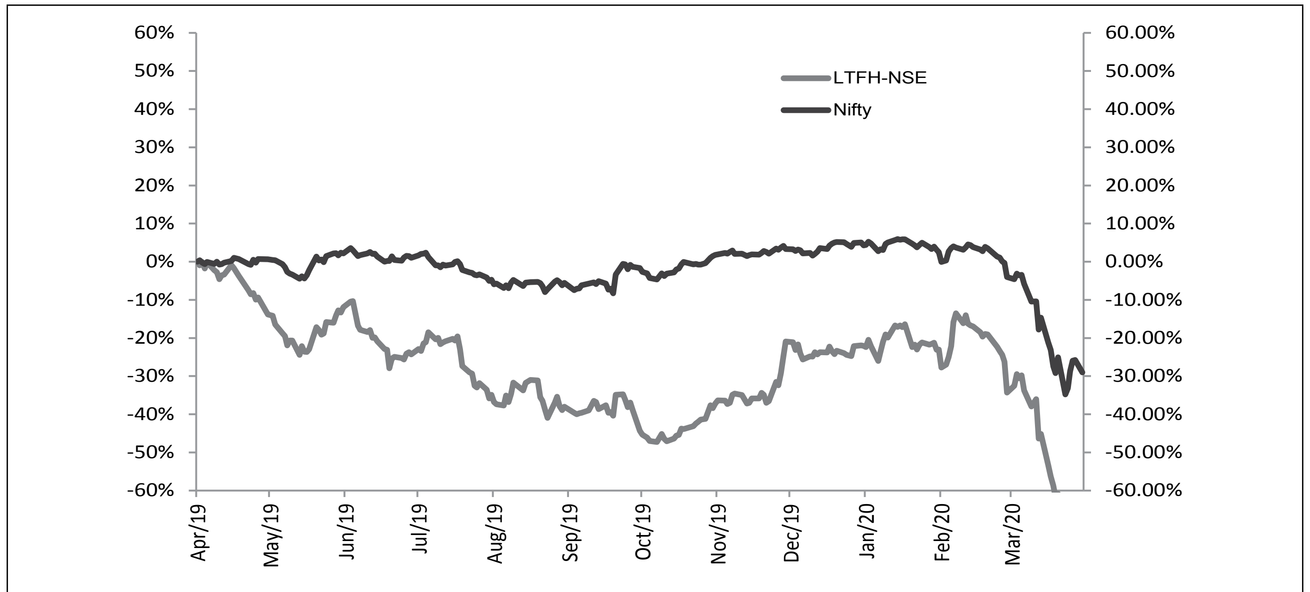
Annual General Meeting	Tuesday, July 28, 2020 at 3.00 PM through VC/OAVM
Financial Year	April 1, 2019 to March 31, 2020.
Date of Book Closure	July 22, 2020 to July 28, 2020 (both days inclusive).
Dividend Payment	The Interim dividend of ₹ 0.90 per Equity Share of face value of ₹ 10 each was declared by the Board of Directors of the Company on March 20, 2020 and the amount towards Interim Dividend was paid on March 31, 2020, through the electronic mode i.e., NEFT / RTGS / Direct Credit / NACH to all the shareholders, whose bank account details were registered with the respective depository participants or with the Registrar and Share Transfer Agent.
Listing on Stock Exchanges (Equity Shares)	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001. 2. National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, Block G, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051. The Company has paid the listing fees to the Stock Exchanges for FY 2019-20.
Listing of Preference Shares	All the series of Cumulative Compulsorily Redeemable Preference Shares ("CCRPS") issued by the Company on a private placement basis till date are listed on BSE Limited.
Stock Code (Equity)	BSE : 533519 NSE : L&TFH
Stock Code (Preference)	BSE : 715027, 715028, 715030, 715031, 715032, 715033, 715034, 715035
CIN	L67120MH2008PLC181833

Market Price Data and Performance in comparison to broad based indices

Month	LTFH BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
Apr-2019	155.85	129.70	131.10	39,487.45	38,460.25	39,031.55
May-2019	136.95	113.70	134.05	40,124.96	36,956.10	39,714.20
Jun-2019	137.85	106.20	115.10	40,312.07	38,870.96	39,394.64
Jul-2019	127.10	94.15	99.05	40,032.41	37,128.26	37,481.12
Aug-2019	107.10	88.60	94.35	37,807.55	36,102.35	37,332.79
Sep-2019	104.40	83.85	84.75	39,441.12	35,987.80	38,667.33
Oct-2019	98.45	78.60	95.65	40,392.22	37,415.83	40,129.05
Nov-2019	123.50	93.40	120.40	41,163.79	40,014.23	40,793.81
Dec-2019	121.80	111.90	118.60	41,809.96	40,135.37	41,253.74
Jan-2020	129.10	111.60	117.15	42,273.87	40,476.55	40,723.49
Feb-2020	134.00	99.10	100.00	41,709.30	38,219.97	38,297.29
Mar-2020	109.40	46.00	51.40	39,083.17	25,638.90	29,468.49



Month	LTFH NSE Price (₹)			CNX-NIFTY		
	High	Low	Month Close	High	Low	Month Close
Apr-2019	155.90	129.50	131.10	11,856.15	11,549.10	11,748.15
May-2019	137.15	113.85	134.05	12,041.15	11,108.30	11,922.80
Jun-2019	137.85	106.30	115.15	12,103.05	11,625.10	11,788.85
Jul-2019	127.15	94.10	99.05	11,981.75	10,999.40	11,118.00
Aug-2019	107.20	88.55	94.35	11,181.45	10,637.15	11,023.25
Sep-2019	104.45	83.55	84.75	11,694.85	10,670.25	11,474.45
Oct-2019	98.50	78.60	95.60	11,945.00	11,090.15	11,877.45
Nov-2019	123.50	93.40	120.35	12,158.80	11,802.65	12,056.05
Dec-2019	121.55	111.75	118.55	12,293.90	11,832.30	12,168.45
Jan-2020	129.15	111.40	117.15	12,430.50	11,929.60	11,962.10
Feb-2020	134.00	99.00	99.95	12,246.70	11,175.05	11,201.75
Mar-2020	109.50	45.90	51.30	11,433.00	7,511.10	8,597.75



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

Distribution of Shareholding as on March 31, 2020:

Category (Shares)	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	4,68,145	84.55	6,97,56,867	3.48
501-1000	44,291	8.00	3,47,69,095	1.73
1001-2000	22,908	4.14	3,36,35,581	1.68
2001-3000	7,155	1.29	1,82,24,826	0.91
3001-4000	3,064	0.55	1,09,51,171	0.55
4001-5000	2,315	0.42	1,08,68,120	0.54
5001-10000	3,327	0.60	2,40,19,705	1.20
10001 and above	2,460	0.44	1,80,26,08,245	89.91
TOTAL	**5,53,665**	**100.00**	**2,00,48,33,610**	**100.00**

Categories of the Shareholders as on March 31, 2020:

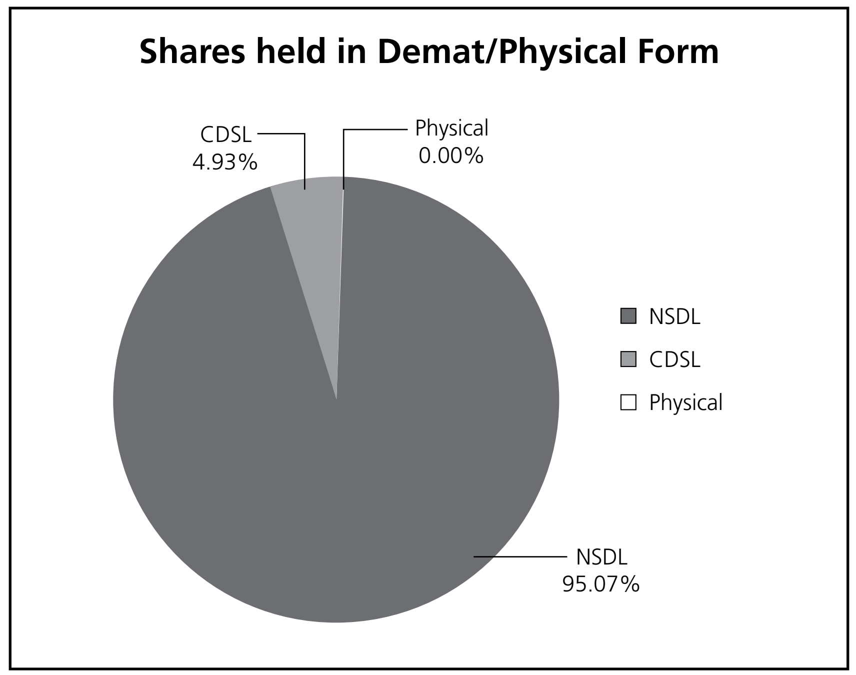
Category	No. of Shares	%
Promoters	1,27,75,20,203	63.72
Financial Institutions	2,77,12,590	1.38
Foreign Institutional Investors, Foreign Portfolio Investors & Alternate Investment Funds	30,96,62,104	15.45
Mutual Funds	1,13,03,313	0.56
Bodies Corporate	10,93,25,077	5.45
Directors & Relatives	10,00,719	0.05
Resident Individuals & Others	25,64,50,785	12.79
Banks	15,200	0.00
Non-Resident Indians	1,18,43,619	0.59
TOTAL	**2,00,48,33,610**	**100.00**

Dematerialization of Shares:

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

Particulars	No. of Shares	%
NSDL	1,90,59,95,419	95.07
CDSL	9,88,33,390	4.93
Physical	4,801	~
TOTAL	**2,00,48,33,610**	**100.00**

~ less than 0.01%



Dematerialization of shares and liquidity	As on March 31, 2020 almost the entire equity capital was held in the dematerialized form with NSDL and CDSL. Only 4,801 shares were held in physical form.
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs / ADRs / Warrants or any Convertible instruments as on March 31, 2020.
Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
Plant Locations	As the Company is engaged in the business of Non-Banking Financial Services, this section is not applicable.
Address for correspondence	**Link Intime India Private Limited** C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 1800 102 7796
Name and Address of the Compliance Officer	**Ms. Apurva Rathod,** Company Secretary and Compliance Officer L&T Finance Holdings Limited Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India. Phone: +91 22 6212 5000 Fax: +91 22 6212 5553 E-mail: igrc@ltfs.com

Unclaimed shares lying in the Suspense Account:

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

Sr. No.	Particulars	No. of Shareholders	No. of Equity Shares Outstanding
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2019.	6	689
(ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2019-20.	Nil	Nil
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2019-20.	Nil	Nil
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year March 31, 2020.	6	689

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

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

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

For the Company, the amount which is unpaid /unclaimed for a period exceeding 7 years is due to be transferred to IEPF by September 6, 2020. Subsequently, the shares in respect of which dividend is unpaid / unclaimed for a period of 7 consecutive years will also be transferred to IEPF. The details of unpaid and unclaimed amounts lying with the Company as on July 29, 2019 (date of last AGM) are available on the website of the Company at www.ltfs.com/investors.html and Ministry of Corporate Affairs at www.iepf.gov.in. The Company requests the Members to claim the unclaimed dividend within the prescribed period. Members can contact Link Intime India Private Limited, the Registrar and Share Transfer Agent of the Company for claiming the unclaimed amount standing to the credit in their account. The Members / claimants whose shares or unclaimed dividends get transferred to IEPF may claim the shares or apply for refund from the IEPF Authority by following the refund procedure as detailed on the website of IEPF Authority at 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 April 28, 2019 had appointed Ms. Naina R. Desai, Practising Company Secretary as the Secretarial Auditor of the Company for FY 2019-20. 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 2019-20.

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

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

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

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

Dear Sirs / Madams,

We have reviewed the financial statements read with the cash flow statement of L&T Finance Holdings Limited for the year ended March 31, 2020 and that to the best of our knowledge and belief, we state that;

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

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

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

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

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

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

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

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

Yours sincerely,

Dinanath Dubhashi
Managing Director &
Chief Executive Officer

Sachinn Joshi
Chief Financial Officer

Place: Mumbai

Date: June 30, 2020

TO THE MEMBERS OF
L&T FINANCE HOLDINGS LIMITED

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

1. This Certificate is issued in accordance with the terms of our engagement letter dated 14th May, 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, 2020 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 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, 2020.

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

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 20111212AAAAIR9395

Place: Mumbai
Dated: May 15, 2020

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, 2020.

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: F001351B000186833

Place: Mumbai

Date: April 29, 2020

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, 2020, 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, 2020, 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

As more fully described in note 55 to the standalone financial statements to assess the recoverability of certain assets, the Company has considered internal and external information upto the date of the standalone financial statements in respect of the current and estimated future global economic indicators consequent to the global health pandemic. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.

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 matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Impairment of Investments: The impairment review of unquoted equity instruments, with a carrying value of ₹ 867 crore and 9% of total investments, is considered to be a risk area due to the size of the balances as well as the judgmental nature of key assumptions, which may be subject to management override. The carrying value of such unquoted equity instruments is at risk of recoverability. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.	Principal audit procedures performed: • Benchmarking assumptions: Comparing the Company's assumptions, to externally derived data in relation to key inputs such as long-term growth rates and discount rates. • Our experience: Assessing the appropriateness of the forecasted cash flows within the budgeted period based on our understanding of the business and sector experience • Sensitivity analysis: Performing sensitivity analysis in relation to the key assumptions

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the 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.

   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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rupen K. Bhatt
(Partner)
(Membership No. 046930)
(UDIN:20046930AAAABT9759)

Mumbai, May 29, 2020

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

Shirish Rahalkar
(Partner)
(Membership No. 111212)
(UDIN:20111212AAAAIN8109)

Mumbai, May 29, 2020

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, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date which includes internal financial controls over financial reporting.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Rupen K. Bhatt
(Partner)
(Membership No. 046930)
(UDIN:20046930AAAABT9759)

Mumbai, May 29, 2020

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

Shirish Rahalkar
(Partner)
(Membership No. 111212)
(UDIN:20111212AAAAIN8109)

Mumbai, May 29, 2020

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

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

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Service Tax and Value Added Tax as on March 31, 2020 on account of disputes.

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

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

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no 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. 117366W/W-100018)

Rupen K. Bhatt
(Partner)
(Membership No. 046930)
(UDIN:20046930AAAABT9759)

Mumbai, May 29, 2020

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

Shirish Rahalkar
(Partner)
(Membership No. 111212)
(UDIN:20111212AAAAIN8109)

Mumbai, May 29, 2020

Balance Sheet as at March 31, 2020

(₹ in crore)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS:			
(1) Financial assets			
(a) Cash and cash equivalents	2	0.58	0.49
(b) Bank balance other than (a) above	3	2.64	1.87
(c) Receivables	4		
(I) Trade receivables		–	9.17
(II) Other receivables		–	–
(d) Loans	5	1,142.58	563.98
(e) Investments	6	10,069.68	9,146.19
(f) Other financial assets	7	6.57	290.62
(2) Non-financial assets			
(a) Current tax assets (net)	8	30.45	1.21
(b) Deferred tax assets (net)	9	0.29	33.66
(c) Property, plant and equipment	10	0.58	0.79
(d) Right to use asset	11	0.38	–
(e) Other non-financial assets	12	1.17	0.90
(3) Group(s) of assets classified as held for sale	44	82.90	–
TOTAL ASSETS		**11,337.82**	**10,048.88**
LIABILITIES AND EQUITY:			
LIABILITIES			
(1) Financial liabilities			
(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		7.51	0.01
(II) Other payables			
(i) Total outstanding dues of micro enterprises and small enterprises		–	–
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		–	–
(b) Debt securities	14	1,462.68	1,162.49
(c) Borrowings (other than debt securities)	15	280.11	4.99
(d) Subordinated liabilities	16	1,717.84	1,032.29
(e) Lease liability	17	0.42	-
(f) Other financial liabilities	18	11.83	5.95
(2) Non-financial liabilities			
(a) Current tax liabilities (net)	19	8.49	7.85
(b) Provisions	20	1.55	2.08
(c) Other non-financial liabilities	21	2.54	2.87
(3) Equity			
(a) Equity share capital	22	2,004.83	1,998.81
(b) Other equity	23	5,840.02	5,831.54
TOTAL LIABILITIES AND EQUITY		**11,337.82**	**10,048.88**
Significant accounting policies	1		
See accompanying notes forming part of the financial statements	2 to 58		

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

Rupen K. Bhatt
Partner

Place : Mumbai
Date : May 29, 2020

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

Shirish Rahalkar
Partner
Membership no. 111212

Place : Mumbai
Date : May 29, 2020

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 15, 2020

Statement of Profit and Loss for the year ended March 31, 2020

(₹ in crore)

	Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
	Revenue from operations			
(i)	Interest income	24	88.91	137.94
(ii)	Dividend income	25	386.37	343.79
(iii)	Net gain on fair value changes	26	0.16	0.38
(I)	**Total revenue from operations**		**475.44**	**482.11**
(II)	Other income	27	46.94	44.37
(III)	**Total income (I+II)**		**522.38**	**526.48**
	Expenses			
(i)	Finance costs	28	200.75	202.05
(ii)	Impairment on financial instruments	29	0.12	(3.91)
(iii)	Employee benefit expenses	30	26.72	15.08
(iv)	Depreciation, amortization and impairment	31	0.48	0.11
(v)	Other expenses	32	10.57	9.12
(IV)	**Total expenses**		**238.64**	**222.45**
(V)	**Profit before tax (III-IV)**		**283.74**	**304.03**
(VI)	**Tax expense:**			
	(1) Current tax		16.35	35.87
	(2) Deferred tax		33.14	1.10
	(3) Provision for tax related to earlier years		(32.80)	–
(VII)	**Profit/ (loss) before impact of change in the rate on opening deferred tax (V-VI)**		**267.05**	**267.06**
(VIII)	Impact of change in the rate on opening deferred tax		0.24	-
(IX)	**Profit for the year (VII-VIII)**		**266.81**	**267.06**
	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		(0.11)	(0.32)
(X)	**Other comprehensive income**		**(0.11)**	**(0.32)**
(XI)	**Total comprehensive income for the year (IX+X)**		**266.70**	**266.74**
(XII)	**Earnings per equity share**			
	Basic (₹)		1.33	1.34
	Diluted (₹)		1.33	1.33
	Significant accounting policies	1		
	See accompanying notes forming part of the financial statements	2 to 58		

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

Rupen K. Bhatt
Partner

Place : Mumbai
Date : May 29, 2020

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

Shirish Rahalkar
Partner
Membership no. 111212

Place : Mumbai
Date : May 29, 2020

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 15, 2020

Statement of changes in equity for the year ended March 31, 2020

A. Equity share capital

Particulars	As at March 31, 2020 No. of Shares	As at March 31, 2020 (₹ in crore)	As at March 31, 2019 No. of Shares	As at March 31, 2019 (₹ in crore)
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	1,99,88,12,360	1,998.80	1,99,56,76,960	1,995.68
Add: Shares issued during the year:				
- Against employee stock option	60,21,250	6.02	31,35,400	3.13
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**2,00,48,33,610**	**2,004.82**	**1,99,88,12,360**	**1,998.80**

B. Other equity

(₹ in crore)

Particulars	Securities premium account	General reserve	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Employee stock option outstanding account	Retained earnings	Impairment Reserve	Total
Balance at April 1, 2018	5,055.11	1.83	367.86	63.64	189.57	–	5,678.01
Profit for the year (a)	–	–	–	–	267.06	–	267.06
Actuarial gain on defined benefit plan (gratuity) net of income tax (b)	–	–	–	–	(0.32)	–	(0.32)
Total comprehensive income for the year (a+b)					**266.74**		**266.74**
Issue of equity shares	28.15	–	–	–	–	–	28.15
Share issue expenses	(0.02)	–	–	–	–	–	(0.02)
Employee stock option (net)	–	–	–	58.36	–	–	58.36
Transfer to general reserve	–	0.06	–	(0.06)	–	–	–
Transfer from retained earnings	–	–	53.41	–	(53.41)	–	–
Dividend paid	–	–	–	–	(199.70)	–	(199.70)
Balance at March 31, 2019	**5,083.24**	**1.89**	**421.27**	**121.94**	**203.20**	**–**	**5,831.54**
Balance at April 1, 2019	**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)
Total comprehensive income for the year (a+b+c)	**–**	**–**	**–**	**–**	**266.67**	**–**	**266.67**

Statement of changes in equity for the year ended March 31, 2020

(₹ in crore)

Particulars	Securities premium account	General reserve	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Employee stock option outstanding account	Retained earnings	Impairment Reserve	Total
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)
Balance at March 31, 2020	**5,144.13**	**3.96**	**474.63**	**181.27**	**31.68**	**4.35**	**5,840.02**

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

Rupen K. Bhatt
Partner

Place : Mumbai
Date : May 29, 2020

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

Shirish Rahalkar
Partner
Membership no. 111212

Place : Mumbai
Date : May 29, 2020

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 15, 2020

Statement of Cash Flows for the year ended March 31, 2020

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax	283.74	304.03
Adjustments for:		
Depreciation, amortization and impairment	0.48	0.11
Impairment on financial instruments	0.12	(3.91)
Share based payment to employees	14.91	7.66
Contribution to gratuity	0.12	0.11
Contribution to superannuation fund	0.24	0.22
Net gain on fair value changes	(0.16)	(0.38)
Operating profit before working capital changes	**299.45**	**307.84**
Changes in working capital:		
(Increase) / decrease in financial assets	(285.50)	435.86
(Increase) / decrease in non-financial assets	(0.93)	1.28
Increase / (decrease) in financial liabilities	8.96	(3.78)
Increase in non-financial liabilities	72.41	61.48
Cash generated from operations	**94.39**	**802.68**
Net income tax paid	(12.15)	(27.69)
Net cash generated from operating activities (A)	**82.24**	**774.99**
B. Cash flow from investing activities		
Purchase of property, plant and equipment	–	(0.90)
Investment in subsidiaries	(1,006.39)	(1,305.80)
Net proceeds from sale of investments	0.16	0.38
Net cash used in investing activities (B)	**(1,006.23)**	**(1,306.32)**

Statement of Cash Flows for the year ended March 31, 2020

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash flow from financing activities		
Proceeds from issue of equity shares including securities premium	39.70	21.50
Proceeds from issue of preference shares	874.10	250.00
Payment on redemption of preference shares	(184.40)	(250.00)
Share issue expenses	(0.04)	(0.02)
Dividend paid	(380.48)	(199.70)
Repayment of borrowings	–	(463.71)
Proceeds from borrowings	575.20	1,162.49
Net cash generated from financing activities (C)	**924.08**	**520.56**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**0.09**	**(10.77)**
Cash and cash equivalent at the beginning of the year	**0.49**	**11.26**
Cash and cash equivalent at the end of the year	**0.58**	**0.49**
Note:		
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	105.67	133.55
Dividend received	676.42	277.46
Interest paid	195.65	261.85

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

Rupen K. Bhatt
Partner

Place : Mumbai
Date : May 29, 2020

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

Shirish Rahalkar
Partner
Membership no. 111212

Place : Mumbai
Date : May 29, 2020

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 15, 2020

Notes forming part of the 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 Indi (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 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 the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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 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.

Notes forming part of the Financial Statements

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. 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

Notes forming part of the Financial Statements

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
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event-instead; the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 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 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.

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;

a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment 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 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;

Notes forming part of the Financial Statements

- 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 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.

(iv) Other operational revenue:

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

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".

Notes forming part of the Financial Statements

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 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:

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 is recognised

Notes forming part of the Financial Statements

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:

a) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

b) Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the Company, the post-retirement medical care plan and the Parent Company pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

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

(iii) Long term employee benefits:

The obligation recognised in respect of long term benefits such as long term compensated absences is measured at present value of estimated future cash flows expected to be made by the Company and is recognised in a similar manner as in the case of defined benefit plans vide (ii) (b) above.

(iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier

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.

Notes forming part of the Financial Statements

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 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

Notes forming part of the Financial Statements

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 profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

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.

Notes forming part of the Financial Statements

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.

2.26 Operating cycle for current and non-current classification:

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

Notes forming part of the Financial Statements

2 Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with banks in current accounts	0.58	0.49
Total	**0.58**	**0.49**

3 Bank balance other than note 2 above

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Unclaimed dividend on equity shares	2.04	1.27
Unclaimed redemption proceeds and dividend on preference shares	0.60	0.60
Total	**2.64**	**1.87**

4 Receivables

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables (considered good - unsecured)		
Receivables from related parties (refer note 41)	–	9.17
Other Receivables	–	–
Total	–	**9.17**

5 Loans

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(A) At amortised cost		
Loans to related parties (Refer note 41)	1,142.80	564.08
Less: Impairment loss allowance	(0.22)	(0.10)
Total	**1,142.58**	**563.98**
(B) At amortised cost		
- Unsecured	1,142.80	564.08
Less: Impairment loss allowance	(0.22)	(0.10)
Total	**1,142.58**	**563.98**
(C)		
(I) Loans in India		
(i) At amortised cost		
- Others	1,135.16	548.27
Less: Impairment loss allowance	(0.21)	(0.09)
(II) Loans outside India		
(i) At amortised cost		
- Others	7.64	15.81
Less: Impairment loss allowance	(0.01)	(0.01)
Total net loans at amortised cost	**1,142.58**	**563.98**

Notes forming part of the Financial Statements

6 Investments

(₹ in crore)

Particulars	As at March 31, 2020 Number of shares	As at March 31, 2020 Amount	As at March 31, 2019 Number of shares	As at March 31, 2019 Amount
(A) At amortised cost				
Investment in subsidiaries (unquoted)				
L&T Infrastructure Finance Company Limited				
(Equity Shares of ₹ 10 each fully paid)	1,50,53,00,609	4,425.49	1,25,53,00,609	3,425.49
L&T Financial Consultants Limited				
(Equity Shares of ₹ 10 each fully paid)	1,87,50,000	18.75	1,87,50,000	18.75
L&T Housing Finance Limited				
(Equity Shares of ₹ 10 each fully paid)	16,53,65,110	1,142.88	16,53,65,110	1,142.88
L&T Finance Limited				
(Equity Shares of ₹ 10 each fully paid)	1,59,91,38,199	3,469.10	1,59,91,38,199	3,469.10
L&T Capital Markets Limited #				
(Equity Shares of ₹ 10 each fully paid)	–	–	5,23,12,000	71.10
L&T Investment Management Limited				
(Equity Shares of ₹ 10 each fully paid)	25,18,24,329	867.56	25,18,24,329	867.56
L&T Mutual Fund Trustee Company Limited				
(Equity Shares of ₹ 10 each fully paid)	1,50,000	0.15	1,50,000	0.15
L&T Infra Debt Fund Limited				
(Equity Shares of ₹ 10 each fully paid)	11,44,91,100	145.75	11,44,91,100	145.75
L&T Capital Markets (Middle East) Limited #				
(Equity Shares of $ 1 each fully paid)	–	–	7,50,000	5.41
Total		**10,069.68**		**9,146.19**
(B)				
(I) Investments outside India				
(i) At amortised cost		–		5.41
(II) Investments in India				
(i) At amortised cost		10,069.68		9,140.78
Total		**10,069.68**		**9,146.19**
(C)				
Less: Allowance for impairment loss		–		–
(D) Total (B-C)		**10,069.68**		**9,146.19**

refer note 44

7 Other financial assets

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	0.69	0.40
Dividend receivable from related parties (refer note 41)	–	290.05
Others	5.88	0.17
Total	**6.57**	**290.62**

8 Current tax assets (net)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax (net of provision for tax)	30.45	1.21
Total	**30.45**	**1.21**

9 Deferred tax assets (net)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets	0.29	0.86
Minimum alternate tax credit entitlement	–	32.80
Total	**0.29**	**33.66**

Notes forming part of the Financial Statements

10 Property, plant and equipment

(₹ 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
Office Equipments*	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
	0.91	**–**	**–**	**0.91**	**0.11**	**0.21**	**–**	**0.32**	**0.58**	**0.79**

(₹ in crore)

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As at April 01, 2018	Additions	Deductions	As at March 31, 2019	As at April 01, 2018	For the Year	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Computers*	0.01	–	–	0.01	0.00	0.00	–	0.00	0.00	0.01
Office Equipments*	0.00	–	–	0.00	0.00	0.00	–	0.00	0.00	0.00
Vehicles	–	0.90	–	0.90	–	0.11	–	0.11	0.79	–
	0.01	**0.90**	**–**	**0.91**	**0.00**	**0.11**	**–**	**0.11**	**0.79**	**0.01**

* amounts less than ₹ 50,000

11 Right to use asset

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount (A)		
Opening gross carrying amount	0.80	–
Add: Additions during the year	–	–
Less: Deductions during the year	–	–
Closing gross carrying amount	**0.80**	**–**
Accumulated depreciation (B)		
Opening accumulated depreciation	0.15	–
Add: Depreciation and impairment	0.27	–
Less: Deductions during the year	–	–
Closing accumulated depreciation	**0.42**	**–**
Total C = (A-B)	**0.38**	**–**

12 Other non-financials assets

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	0.67	0.24
Goods and service tax credit (input) receivable	0.17	0.11
Other non financial assets	0.33	0.55
Total	**1.17**	**0.90**

Notes forming part of the Financial Statements

13 Payables

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Micro enterprises and small enterprises	–	–
Due to related parties (refer note 41)	7.51	0.01
Total trade payables	**7.51**	**0.01**
Other payables	–	–
Total	**7.51**	**0.01**

14 Debt securities

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(A) At amortised cost:		
Commercial paper (net) (refer note 14a)	1,462.68	1,162.49
Total	**1,462.68**	**1,162.49**
(B) Debt securities in India		
At amortised cost	1,462.68	1,162.49
Total	**1,462.68**	**1,162.49**

14a Commercial paper (net) : unsecured

(₹ in crore)

Repayment Term	Tenure	Interest Range	As at March 31, 2020	As at March 31, 2019
Bullet	upto 1 year	5.50% to 6.50%	497.73	–
		6.50% to 7.50%	964.95	–
		7.50% to 8.50%	–	717.34
		8.50% to 9.50%	–	445.15
Total			**1,462.68**	**1,162.49**

15 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(A) At amortised cost		
Loan repayable on demand from banks (refer note 15a)	5.00	4.99
Loan from related parties (refer note 15b)	275.11	–
Total	**280.11**	**4.99**
(B) Borrowings (other than debt securities) in India		
At amortised cost	280.11	4.99
Total	**280.11**	**4.99**

15a Cash credit : Unsecured

(₹ in crore)

Repayment Term	Tenure	Interest Range	As at March 31, 2020	As at March 31, 2019
Bullet	upto 5 years	11.50% to 12.50%	5.00	4.99
Total			**5.00**	**4.99**

Notes forming part of the Financial Statements

15b Loan from parties other than banks : Unsecured (₹ in crore)

Repayment Term	Tenure	Interest Range	As at March 31, 2020	As at March 31, 2019
Bullet	1 to 3 years	8.01% to 9.00%	275.11	–
Total			**275.11**	**–**

16 Subordinated liabilities (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(A) Subordinated liabilities		
At amortised cost		
Cumulative compulsarily redeemable preference shares (CRPS) to the extent that do not qualify as equity (refer footnote)	1,717.84	1,032.29
Total	**1,717.84**	**1,032.29**
(B) Subordinated liabilities in India		
At amortised cost	1,717.84	1,032.29
Total	**1,717.84**	**1,032.29**

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, 2020, the Company has paid a dividend of ₹ 113.22 crore on CRPS of ₹ 100 each fully paid (previous year ₹ 90.82 crore).

iii. Details for CRPS: (₹ in crore)

Particulars	Date of allotment	Date of redemption	As at March 31, 2020	As at March 31, 2019
CRPS bearing interest rate:				
8.95%	12-Oct-18	12-Oct-21	249.05	249.67
8.50%	30-Jun-14	30-Jun-19	–	124.23
8.35%	13-Aug-14	13-Aug-19	–	59.96
8.15%	08-May-15	08-May-20	599.85	598.44
8.00%	17-May-19	17-Nov-22	144.69	–
7.95%	03-Jun-19	02-Dec-22	63.36	–
7.95%	16-Sep-19	16-Dec-22	99.38	–
7.95%	20-Sep-19	20-Jan-23	149.12	–
7.95%	27-Sep-19	10-Feb-23	149.11	–
7.60%	05-Dec-19	05-Dec-22	59.60	–
7.50%	23-Dec-19	23-Jun-23	81.47	–
7.50%	23-Dec-19	22-Dec-23	122.21	–
Total			**1,717.84**	**1,032.29**

Notes forming part of the Financial Statements

17 Lease liability (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Lease liability	0.42	
Total	**0.42**	**–**

18 Other financial liabilities (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Unclaimed redemption proceeds and dividend on preference shares	0.60	0.60
Unclaimed dividend on equity shares	2.04	1.27
Liability for expenses	9.19	4.06
Other payables	–	0.02
Total	**11.83**	**5.95**

19 Current tax liabilities (net) (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for tax (net)	8.49	7.85
Total	**8.49**	**7.85**

20 Provisions (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Compensated absences	0.26	1.01
Super annuation fund	0.81	0.82
Gratuity (refer note 40)	0.48	0.25
Total	**1.55**	**2.08**

21 Other non-financial liabilities (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues	2.54	0.68
Dividend distribution tax payable	–	2.19
Total	**2.54**	**2.87**

22 Equity share capital (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Subscribed and paid up equity share capital	2,004.83	1,998.81
Total	**2,004.83**	**1,998.81**

Notes forming part of the Financial Statements

(I) Share capital authorised, issued and subscribed and paid up

Particulars	As at March 31, 2020 No. of Shares	(₹ in crore)	As at March 31, 2019 No. of Shares	(₹ in crore)
Authorised:				
Equity Shares of ₹ 10 each	5,00,00,00,000	5,00,000.00	5,00,00,00,000	5,00,000.00
Preference shares of ₹ 100 each	50,00,00,000	5,00,000.00	50,00,00,000	5,00,000.00
Issued, subscribed and paid up:				
Equity shares of ₹ 10 each fully paid up	2,00,48,33,610	2,004.83	1,99,88,12,360	1,998.81

(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, 2020 No. of Shares	(₹ in crore)	As at March 31, 2019 No. of Shares	(₹ in crore)
At the beginning of the year	**1,99,88,12,360**	**1,998.81**	**1,99,56,76,960**	**1,995.68**
Issued during the year				
- Against employee stock option	60,21,250	6.02	31,35,400	3.13
Outstanding at the end of the year	**2,00,48,33,610**	**2,004.83**	**1,99,88,12,360**	**1,998.81**

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

Particulars	As at March 31, 2020 No. of Shares	(₹ in crore)	As at March 31, 2019 No. of Shares	(₹ in crore)
Larsen & Toubro Limited and it's nominee	1,27,75,20,203	1,277.52	1,27,75,20,203	1,277.52
	1,27,75,20,203	**1,277.52**	**1,27,75,20,203**	**1,277.52**

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

Particulars	As at March 31, 2020 No. of Shares	% holding	As at March 31, 2019 No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,27,75,20,203	63.72%	1,27,75,20,203	63.91%

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

Particulars	As at March 31, 2020 No. of Shares	(₹ in crore)	As at March 31, 2019 No. of Shares	(₹ in crore)
Equity Shares of ₹ 10 each	4,81,16,340	48.12	4,65,86,600	46.59
	4,81,16,340	**48.12**	**4,65,86,600**	**46.59**

(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 0.44 as at March 31, 2020 (as at March 31, 2019 is 0.28)
- During the year ended March 31, 2020, the Company has paid the final dividend of ₹ 1 per equity share for the year ended March 31, 2019 amounting to ₹ 200.05 crore and an interim dividend of ₹ 0.90 per equity share for the year ended March 31, 2020 amounting to ₹ 180.44 crore.

Notes forming part of the Financial Statements

(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, 2020, 10,17,250 and 50,04,000 options were allotted under the scheme 2010 and 2013 respectively.
- The details of the grants are summarised below:

Particulars	Scheme 2010 2019-20	Scheme 2010 2018-19	Scheme 2013 2019-20	Scheme 2013 2018-19
Options granted and outstanding at the beginning of the year	49,52,000	42,04,925	4,16,34,600	3,00,90,000
Options granted during the year	2,45,000	15,10,000	1,56,63,240	1,64,90,000
Options cancelled/ lapsed during the year	12,59,250	3,77,125	67,64,000	21,95,800
Options exercised during the year	10,17,250	3,85,800	50,04,000	27,49,600
Options granted and outstanding at the end of the year of which:	-	-	-	-
- Options vested	6,19,250	5,04,000	89,77,400	44,32,000
- Options yet to vest	23,01,250	44,48,000	3,62,18,440	3,72,02,600
Weighted average remaining contractual life of options (in years)	4.78	5.63	5.80	5.92

- During the year, the company has debited to the Statement of Profit and Loss ₹ 14.91 crore (previous year ₹ 7.66 crore) {net of recovery from its subsidiary companies during the year ₹ 73.72 crore (Previous year ₹ 60.49 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 ₹ 108.82 (Previous year: ₹ 58.54) 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	2019-20	2018-19
Weighted average risk-free interest rate	6.10%	7.42%
Weighted average expected life of options	2.94 years	3.24 years
Weighted average expected volatility	35.28%	32.78%
Weighted average expected dividend over the life of the options (₹)	3.25 per option	3.65 per option
Weighted average share price (₹)	120.25 per option	168.93 per option
Weighted average exercise price (₹)	10.53 per option	161.05 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.	

Notes forming part of the Financial Statements

23 Other equity (₹ in crore)

Particulars		As at March 31, 2020		As at March 31, 2019
Retained earning [1]		31.68		203.20
Securities premium account [2]		5,144.13		5,083.24
Reserve u/s 45 1C of RBI Act 1934 [3]		474.63		421.27
General reserve [4]		3.96		1.89
Employee stock option outstanding	234.39		155.30	
Deferred employee compensation expense	(53.12)		(33.36)	
Employee stock option outstanding account [5]		181.27		121.94
Impairment reserve [6]		4.35		–
Total		**5,840.02**		**5,831.54**

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 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, 2020	Year ended March 31, 2019
Financial assets measured at amortised cost:		
Interest on loans	88.91	137.94
Total	**88.91**	**137.94**

Notes forming part of the Financial Statements

25 Dividend income (₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Dividend from subsidiaries	386.37	343.79
Total	**386.37**	**343.79**

26 Net gain on fair value changes (₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Gain on sale of investments	0.16	0.38
Total net gain on fair value changes	**0.16**	**0.38**
Fair value changes:		
- Realised	0.16	0.38
Total net gain on fair value changes	**0.16**	**0.38**

27 Other income (₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income from cross sell	20.00	28.00
Management fees	26.92	16.35
Other income	0.02	0.03
Total	**46.94**	**44.37**

28 Finance cost (₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	0.13	26.31
Interest on debt securities	82.41	80.98
Interest on subordinated liabilities	113.22	90.82
Other interest expenses	4.99	3.94
Total	**200.75**	**202.05**

29 Impairment on financial instruments (₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial instruments measured at amortised cost:		
Loans	0.12	(3.91)
Total	**0.12**	**(3.91)**

Notes forming part of the Financial Statements

30 Employee benefits expenses

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries	11.10	6.78
Contribution to provident fund (refer note 40)	0.30	0.27
Contribution to gratuity (refer note 40)	0.12	0.11
Contribution to superannuation fund	0.24	0.22
Share based payment to employees	14.91	7.66
Staff welfare expenses	0.05	0.04
Total	**26.72**	**15.08**

31 Depreciation, amortization and impairment

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment	0.21	0.11
Depreciation on right of use assets	0.27	–
Total	**0.48**	**0.11**

32 Other expenses

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent rates & taxes	1.20	1.32
Auditor's remuneration		
Audit fees	0.10	0.10
Limited review fees	0.10	0.10
Tax audit fees	0.01	0.01
Other services	0.08	0.09
Legal and professional charges	3.33	1.24
Repairs and maintenance	0.47	0.53
Directors sitting fees	0.30	0.35
Advertising and publicity	0.73	1.18
Telephone and postage	0.01	0.13
Printing and stationery	0.75	0.32
Listing & custodian charges	1.16	0.95
Remuneration to non executive directors	1.17	1.36
Travelling and conveyance	0.44	0.27
Membership fees	0.05	0.03
Corporate social responsibility expenses (refer note 34)	–	0.68
Donations (refer note 47)	0.02	0.04
Miscellaneous expenses	0.65	0.42
Total	**10.57**	**9.12**

Notes forming part of the Financial Statements

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:

(₹ in crore)

S. No.	Name of subsidiaries	Balance as at*		Maximum outstanding during	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
1	L&T Infrastructure Finance Company Limited	–	–	1,065.86	714.00
2	L&T Finance Limited	789.55	166.11	1,350.92	2,449.04
3	L&T Housing Finance Limited	–	–	747.50	500.00
4	L&T Infra Investment Partners Advisory Private Limited	–	–	–	0.15
5	L&T Investment Management Limited	–	–	–	25.22
6	L&T Capital Markets (Middle East) Limited	7.64	15.82	15.66	15.66
7	L&T Financial Consultant Limited	345.61	382.15	402.72	403.91
8	L&T Access Distribution Services Limited	–	–	–	–
	Total	**1,142.80**	**564.08**	**3,582.66**	**4,107.98**

* above figures include interest accrued

(b) Particulars in respect of investment in subsidiaries

S. No.	Name of subsidiaries	Balance as at	
		March 31, 2020	March 31, 2019
1	L&T Infrastructure Finance Company Limited	4,425.49	3,425.49
2	L&T Finance Limited	3,469.10	3,469.10
3	L&T Housing Finance Limited	1,142.88	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 #	–	71.10
7	L&T Capital Markets (Middle East) Limited #	–	5.41
8	L&T Financial Consultant Limited	18.75	18.75
9	L&T Mutual Fund Trustee Company Limited	0.15	0.15
	Total	**10,069.68**	**9,146.19**

refer note 44

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 ₹ 0.68 crore)

The amount recognised as an expense in the Statement of Profit and Loss on CSR related activities is Nil (previous year ₹ 0.68 crore) (refer note 32 of financial statements), which comprises of :

(₹ in crore)

S. No.	Particulars	2019-20 In cash	2019-20 Yet to paid In cash	2019-20 Total	2018-19 In cash	2018-19 Yet to paid In cash	2018-19 Total
	Amount spent during the year on:						
	(i) construction/ acquisition of any asset	–	–	–	–	–	–
	(ii) On purpose other than (i) above	–	–	–	0.68	–	0.68
	Total	**–**	**–**	**–**	**0.68**	**–**	**0.68**

Notes forming part of the Financial Statements

35 Disclosure pursuant to Ind AS 116 "Leases"

I) Rights to use assets

(₹ in crore)

Particulars	**2019-20**
Opening ROU recognised as on April 1, 2019 (net)	0.65
Add: Additions during the year	–
Less: Depreciation during the year	(0.27)
Closing ROU recognised as on March 31, 2020	**0.38**

II) Lease liability

(₹ in crore)

Particulars	**2019-20**
Opening lease liability as on April 1, 2019	0.67
Add: Additions during the year	–
Add: Interest accrued during the year	0.05
Less: Principal Repayment during the year	(0.30)
Closing lease liability as on March 31, 2020	**0.42**

III) Low value leases/short term leases expenses recogonised during the year for

(₹ in crore)

Particulars	**2019-20**
- Low value assets	–
- Short term leases	1.06

Actual cashflow during the year for

(₹ in crore)

Particulars	**2019-20**
- Low value assets	–
- Short term leases	1.06

IV) Transition Disclosure

A. Opening impact of Ind AS116

(₹ in crore)

Particulars	**2019-20**
ROU as on the transition date i.e. April 1, 2019	0.65
Lease liability as on the transition date i.e. April 1, 2019	0.67
Rounding off impact	0.01
Opening impact in retained earnings	**(0.03)**

B. Reconciliation of lease commitments for lessees:

Reconciliation between operating lease commitments disclosed as per Ind AS 17 as on March 31, 2019 and lease liabilities recognised in the balance sheet at the date of initial application i.e. April 01, 2019:

(₹ in crore)

Total operating lease commitments disclosed as at March 31, 2019	0.47
Less: Recognition exemptions -	
• Low value leases	–
• Short term leases	–
Less: Impact of discounting under Ind AS 116	–
Add: Extension and termination options reasonably certain to be exercised	0.20
Add: Commitments relating to leases previously classified as finance leases	–
Total lease liability recognized as at April 01, 2019	**0.67**

C. Discount Rate

Discount rate at which the lease liability is recognised as on the initial application is 8.33%

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 it's fund to subsidiaries. The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include inter corporate deposites, loans, cash and cash equivalents and other receivables.

The Company is exposed to market risk, credit risk, liquidity risk and operational and business risk.The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Committee provides assurance to the Company's senior management the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with 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 cedit risk has been identified.

Equity price risk:

The Company's investment in non-listed equity securities are accounted at cost in the financial statement net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The Company manages its liquidity requirement by analysing the maturity pattern of the Company's cash flow of financial assets and financial liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through issuance of equity shares, commercial paper etc. The Company invests its surplus funds in debt schemes of mutual funds, which carry low mark to market risks.

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, 2020**		**As at March 31, 2019**	
	FVTPL	**Amortised cost**	**FVTPL**	**Amortised cost**
Financial assets				
Cash and cash equivalents	–	0.58	–	0.49
Bank balance other than above	–	2.64	–	1.87
Trade receivables	–	–	–	9.17
Loans	–	1,142.58	–	563.98
Other financial assets	–	6.57	–	290.62
Total financial assets	–	**1,152.37**	–	**866.13**
Financial liabilities				
Trade payables	–	7.51	–	0.01
Debt securities	–	1,462.68	–	1,162.49
Borrowings (other than debt securities)	–	280.11	–	4.99
Subordinated liabilities	–	1,717.84	–	1,032.29
Lease liability	–	0.42	–	–
Other financial liabilities	–	11.83	–	5.95
Total financial liabilities	–	**3,480.39**	–	**2,205.73**

Note: No financial assets and liabilities have been measured at fair value through other comprehensive income

Notes forming part of the Financial Statements

(b) Fair value of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

Particulars	As at March 31, 2020 Carrying value	Fair value	As at March 31, 2019 Carrying value	Fair value
Financial assets				
Loans*	1,142.58	1,142.58	563.98	563.98
Total financial assets	**1,142.58**	**1,142.58**	**563.98**	**563.98**
Financial liabilities				
Debt securities	1,462.68	1,463.75	1,162.49	1,179.25
Borrowings (other than debt securities):				
cash credit	5.00	5.00	4.99	4.99
Inter corporate borrowings	275.11	278.70	–	–
Subordinated liabilities	1,717.84	1,704.47	1,032.29	1,081.41
Lease liability	0.42	0.42	–	–
Total financial liabilities	**3,461.05**	**3,452.34**	**2,199.77**	**2,265.64**

Note: Carrying amounts of cash and cash equivalents, trade receivables, other financial assets, trade payables, lease liabilities and other financial liabilities as at March 31, 2020 and March 31, 2019 approximate the fair value because of their short term nature. The carrying amounts of loans given and borrowings taken for short term are considered to be close to the fair value.

* In the absence of unobservable market for these loan assets, the fair value have been determined from the perspective of the Company's asset considering the changes in performance and risk indicators (including delinquencies and interest rate)

(c) Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

As at March 31, 2020	Level 1	Level 2	Level 3	Total	Valuation Technique for level 3 items
Financial assets					
Loans	–	–	1,142.58	1,142.58	Carrying value approximately equal to fair value.
Total financial assets	**–**	**–**	**1,142.58**	**1,142.58**	
Financial Liabilities					
Debt securities	–	–	1,463.75	1,463.75	Discounted cashflow approach.
Borrowings (other than debt securities)					
Cash credit	–	–	5.00	5.00	Discounted cashflow approach.
Inter corporate borrowings	–	–	278.70	278.70	Discounted cashflow approach.
Subordinated liabilities	–	–	1,704.47	1,704.47	Discounted cashflow approach.
Lease liability	–	–	0.42	0.42	Carrying value approximately equal to fair value.
Total financial liabilities	**–**	**–**	**3,452.34**	**3,452.34**	

Notes forming part of the Financial Statements

As at March 31, 2019	Level 1	Level 2	Level 3	Total	Valuation Technique for level 3 items
Financial assets					
Loans	–	–	563.98	563.98	Carrying value approximately equal to fair value.
Total financial assets	**–**	**–**	**563.98**	**563.98**	
Financial liabilities					
Debt securities	–	–	1,179.25	1,179.25	Discounted cashflow approach.
Borrowings (other than debt securities)					
Cash credit	–	–	4.99	4.99	Discounted cashflow approach.
Inter corporate borrowings	–	–	–	–	
Subordinated liabilities	–	–	1,081.41	1,081.41	Discounted cashflow approach.
Total financial liabilities	**–**	**–**	**2,265.65**	**2,265.65**	

(d) Maturity profile of assets and liabilities

(₹ in crore)

Particulars	March 31, 2020 Within 12 months	After 12 months	Total	March 31, 2019 Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	0.58	–	0.58	0.49	–	0.49
Bank balance other than above	2.64	–	2.64	1.87	–	1.87
Receivables	–	–	–	9.17	–	9.17
Loans	1,142.58	–	1,142.58	563.98	–	563.98
Investments	–	10,069.68	10,069.68	–	9,146.19	9,146.19
Other financial assets	6.57	–	6.57	290.62	–	290.62
Non-Financial Assets						
Current tax assets (net)	–	30.45	30.45	–	1.21	1.21
Deferred tax assets (net)	–	0.29	0.29	–	33.66	33.66
Property, plant and equipment	–	0.58	0.58	–	0.79	0.79
Right to use asset	–	0.38	0.38	–	–	–
Other non-financial assets	1.17	–	1.17	0.90	–	0.90
Group(s) of assets classified as held for sale	82.90	–	82.90	–	–	–
Total	**1,236.44**	**10,101.38**	**11,337.82**	**867.03**	**9,181.85**	**10,048.88**
Financial Liabilities						
Payables	7.51	–	7.51	0.01	–	0.01
Debt securities	1,462.68	–	1,462.68	1,162.49	–	1,162.49
Borrowings (other than debt securities)	5.00	275.11	280.11	4.99	–	4.99
Subordinated liabilities	599.85	1,117.99	1,717.84	184.19	848.10	1,032.29
Lease liability	0.29	0.13	0.42			
Other financial liabilities	11.83	–	11.83	5.95	–	5.95
Non-Financial Liabilities						
Current tax liabilities (net)	8.49	–	8.49	7.85	–	7.85
Provisions	0.26	1.29	1.55	1.01	1.07	2.08
Other non-financial liabilities	2.54	–	2.54	2.87	–	2.87
Total	**2,098.45**	**1,394.52**	**3,492.97**	**1,369.36**	**849.17**	**2,218.53**

Notes forming part of the Financial Statements

(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, 2020			March 31, 2019		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Non-derivatives						
Borrowings	2,105.00	1,399.10	3,504.10	1,501.26	909.46	2,410.71
Borrowing future interest	–	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, 2020	As at 31 March, 2019
Variable rate borrowings	5.00	4.99
Fixed rate borrowings	3,499.10	2,209.40
Total borrowings	**3,504.10**	**2,214.39**

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

Particulars	As at March 31, 2020			As at March 31, 2019		
	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%	12.00%	4.99	0.23%
Net exposure to cash flow interest rate risk	12.00%	5.00	0.14%	12.00%	4.99	0.23%

An analysis by maturities is provided in above note. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

Particulars	Impact on profit after tax		Impact on other components of equity	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Interest rates – increase by 25 basis points *	(0.01)	(0.01)	(0.01)	(0.01)
Interest rates – decrease by 25 basis points*	0.01	0.01	0.01	0.01

* Impact on P/L upto 1 year, holding all other variables constant

(g) Expected credit loss - loans (₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	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	1,142.80	0.22	1,142.58	564.08	0.10	563.98

Reconciliation of loss allowance provision - Loans:

Particulars	Stage 1	Stage 2	Stage 3
Loss allowance as on March 31, 2018	**4.01**	**–**	**–**
New assets originated or purchased	0.01	–	–
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)	(3.92)	–	–
Loss allowance as on March 31, 2019	**0.10**	**–**	**–**
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	–	–
Loss allowance as on March 31, 2020	**0.22**	**–**	**–**

Reconciliation of gross carrying amount - Loans: (₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at March 31, 2018	**1,018.09**		**–**
New assets originated or purchased	15.81		–
Amount written off	–		–
Transfers to Stage 1	–		–
Transfers to Stage 2	–		–
Transfers to Stage 3	–		–
Further disbursement net of repayment	(469.82)		–
Gross carrying amount as at March 31, 2019	**564.08**		**–**
New assets originated or purchased	–		–
Amount written off	–		–
Transfers to Stage 1	–		–
Transfers to Stage 2	–		–
Transfers to Stage 3	–		–
Net recovery	578.72		–
Gross carrying amount as at March 31, 2020	**1,142.80**		**–**

Notes forming part of the Financial Statements

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	2019-20	2018-19
	Statement of Profit and Loss:		
(a)	**Profit and Loss section:**		
	(i) Current income tax :		
	Current income tax expense	16.35	35.87
	Tax expense in respect of earlier years	(32.80)	–
		(16.45)	35.87
	(ii) Deferred tax:		
	Tax expense on origination and reversal of temporary differences	33.14	1.10
	Effect on deferred tax balances due to the change in income tax rate [refere note 39 (d)]	0.24	-
		33.38	1.10
	Income tax expense reported in the statement of profit and loss[(i)+(ii)]	**16.93**	**36.97**
(b)	**Other Comprehensive Income (OCI) Section:**		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	–	–
	On re-measurement of defined benefit plans	–	–
		–	–
	(B) Deferred tax expense/(income):		
	On re-measurement of defined benefit plans	–	–
	Income tax expense reported in the other comprehensive income [(i)+(ii)]	–	–

(b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

(₹ in crore)

S. No.	Particulars	2019-20	2018-19
(a)	**Profit before tax**	**283.74**	**304.03**
(b)	Corporate tax rate as per Income tax Act, 1961	25.168%	34.944%
(c)	Tax on accounting profit (c)=(a)*(b)	**71.41**	**106.24**
(d)	(i) Tax on Income exempt from tax :	(97.24)	(120.14)
	(ii) Tax on expense not tax deductible:	42.52	50.87
	(iii) Tax effect on various other Items	–	–
	Total effect of tax adjustments [(i) to (iii]	**(54.72)**	**(69.27)**
(e)	**Tax expense (before one-time deferred tax impact) (e)=(c)+(d)**	**16.69**	**36.97**
(f)	**Effective tax rate (before one-time deferred tax impact) (f)=(e)/(a)**	**5.88%**	**12.16%**
(g)	Effect on deferred tax due to change in Income tax rate	0.24	–
(h)	**Tax expense recognised during the year (h)=(e)+(g)**	**16.93**	**36.97**
(i)	**Effective tax Rate (f)=(h)/(a)**	**5.97%**	**12.16%**

(c) Major components of deferred tax liabilities and deferred tax assets:

(₹ 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, 2020
Deferred tax (liabilities):			
- 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
Deferred tax assets:			
- 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
Net deferred tax (liability)/assets	**33.66**	**(33.38)**	**0.29**

(₹ 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, 2020
Deferred tax (liabilities):			
- Difference between book base and tax base of property, plant & equipment, investment property and intangible assets*	0.00	(0.01)	(0.01)
Net Deferred tax (liabilities)	(0.01)	0.03	0.02
Deferred tax assets:			
- Impairment on financial instruments	1.40	(1.37)	0.04
- Unutilised MAT credit	32.80	–	32.80
- Defined benefit obligation	0.34	0.30	0.64
- Provision for expenses	0.22	(0.02)	0.20
Net Deferred tax assets	34.76	(1.09)	33.67
Net deferred tax (liability)/assets	**34.76**	**(1.10)**	**33.66**

* Amount less than ₹ 50,000

(d) The section 115BAA in the Income Tax Act, 1961, provides existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/ incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These standalone financial statements are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the opening deferred tax asset (net) has been measured at the lower rate, with a one-time corresponding charge of ₹ 0.24 crore to the statement of profit or loss.

40 Disclosure pursuant to Ind AS 19 "Employee benefits":

(i) Defined contribution plans

The Company recognise charges of ₹ 0.30 crore (previous year ₹ 0.27 crore) as an expense for provident fund contribution and is included in Note 30 "employee benefits expenses" in the statement of profit and loss.

Notes forming part of the Financial Statements

(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, 2020	Gratuity Plan As at March 31, 2019
A)	**Present Value of Defined Benefit Obligation**		
	- Wholly funded	1.38	1.08
	- Wholly unfunded	–	–
		1.38	1.08
	Less : Fair Value of plan assets	(0.90)	(0.83)
	Amount to be recognised as liability or (asset)	0.48	0.25
B)	**Amounts reflected in Balance Sheet**		
	Liabilities	0.48	0.25
	Assets	–	–
	Net liability/(asset)	**0.48**	**0.25**

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, 2020	Gratuity Plan As at March 31, 2019
1	Current Service Cost	0.12	0.11
2	Interest Cost	0.01	(0.01)
3	Actuarial losses/(gains) - others	0.10	0.06
4	Actuarial losses/(gains) - difference between actuarial return on plan assets and interest income	0.01	0.26
	Total (1 to 4)	**0.24**	**0.42**
i	Amount included in "employee benefits expenses"	0.12	0.11
ii	Amount included in as part of "finance cost'	0.01	(0.01)
iii	Amount included as part of "Other Comprehensive income"	0.11	0.32
	Total (i + ii + iii)	**0.24**	**0.42**

Notes forming part of the 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, 2020	Gratuity Plan As at March 31, 2019
Opening balance of the present value of defined benefit obligation	1.08	0.85
Add : Current service cost	0.12	0.11
Add : Interest cost	0.08	0.06
Add : Actuarial losses/(gains)		
i) Actuarial (gains)/losses arising from changes in financial assumptions	0.07	0.02
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	–	–
ii) Actuarial (gains)/losses arising from changes in experience adjustments	0.03	0.04
Less : Benefits paid	–	0.00
Add : Liability assumed/(settled)	–	–
Closing balance of the present value of defined benefit obligation	**1.38**	**1.08**

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

(₹ in crore)

Particulars	Gratuity Plan As at March 31, 2020	Gratuity Plan As at March 31, 2019
Opening balance of the fair value of the plan assets	0.83	0.82
Add : interest income of plan assets	0.07	0.07
Add/(less) : Actuarial gains/(losses)	(0.01)	(0.26)
Add : Contribution by the employer	0.01	0.21
Less : Benefits paid	–	–
Closing balance of plan assets	**0.90**	**0.84**

e) The fair value of major categories of plan assets are as follows:

(₹ in crore)

Particulars	Gratuity Plan As at March 31, 2020	Gratuity Plan As at March 31, 2019
1 Insurer managed funds (unquoted)	0.90	0.84

f) Principal actuarial assumptions at the valuation date:

(₹ in crore)

Particulars	Gratuity Plan As at March 31, 2020	Gratuity Plan As at March 31, 2019
1 Discount rate (per annum)	5.70%	7.20%
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 the 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 2019-20	Effect of 1% decrease 2018-19
1	Discount rate (per annum)	0.05	0.05
2	Salary escalation rate (per annum)	(0.05)	(0.05)
		Effect of 1% increase 2019-20	**Effect of 1% increase 2018-19**
3	Discount rate (per annum)	(0.05)	(0.05)
4	Salary escalation rate (per annum)	0.05	0.05

g) Attrition rate:

The attrition rate varies from 0% to 1% (previous year: 0% to 1%) for various age groups.

h) Mortality rate:

Published rates under the Indian Assured Lives Mortality (2012-14) Ult table.

Provident fund

The Company's state governed provident fund scheme are defined contribution plan for its employees. The Contribution by the employer and employee together with interest accumulated there on are payable to the employee at the time of separation from company or retirement whichever is earlier. The benefit vests immediately on rendering of services by the employee.

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	L&T Infra Investment Partners Advisory Private Limited	Subsidiary Company
11	Mr. Dinanath Dubhashi	Managing Director & Chief Executive Officer
12	Dr. Rajani R. Gupte (appointed as director w.e.f. June 28, 2018)	Independent director
13	Mr. Harsh Mariwala (ceased to be director w.e.f. April 1, 2019)	Independent director
14	Mr. P. V. Bhide	Independent director
15	Mr. Pavninder Singh	Nominee director
16	Mr. Prabhakar B. (appointed as director w.e.f. June 28, 2018)	Non-executive director
17	Mr. S. V. Haribhakti	Non-executive chairman (Independent director)
18	Mr. Thomas Mathew T.	Independent director
19	Ms. Nishi Vasudeva	Independent director
20	Ms. Vaishali Kasture (ceased to be director w.e.f. May 29, 2018)	Independent director
21	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 the Financial Statements

(b) Related parties transactions:

(₹ in crore)

S. No.	Nature of Transactions	2019-20	2018-19
1	**Subscription to equity shares of**		
	L&T Infrastructure Finance Company Limited	1,000.00	1,300.39
	L&T Capital Markets (Middle East) Limited	6.39	5.41
2	**Inter corporate deposits disbursed**		
	L&T Infrastructure Finance Company Limited	5,549.30	2,754.75
	L&T Finance Limited	9,034.37	8,036.51
	L&T Housing Finance Limited	1,417.50	1,917.72
	L&T Infra Investment Partners Advisory Private Limited	–	0.15
	L&T Investment Management Limited	–	36.22
	L&T Capital Markets (Middle East) Limited	14.28	15.66
	L&T Financial Consultants Limited	2,300.68	371.29
3	**Inter corporate deposits repaid (including interest)**		
	L&T Infrastructure Finance Company Limited	5,549.30	2,759.11
	L&T Finance Limited	8,412.41	8,626.02
	L&T Housing Finance Limited	1,417.50	1,936.31
	L&T Infra Investment Partners Advisory Private Limited	–	0.15
	L&T Investment Management Limited	–	36.31
	L&T Capital Markets (Middle East) Limited	22.77	–
	L&T Financial Consultants Limited	2,319.06	366.34
4	**Professional fees expense**		
	Larsen & Toubro Limited	0.05	0.04
5	**Rent & maintenance expenditure**		
	L&T Financial Consultants Limited	1.49	1.42
6	**Reimbursement of expense to / (from)**		
	Larsen & Toubro Limited	0.05	0.11
	L&T Finance Limited	(0.32)	0.03
	L&T Capital Markets Limited	0.46	–
	L&T Capital Markets (Middle East) Limited	0.23	–
7	**ESOP charges recovered**		
	L&T Infrastructure Finance Company Limited	9.31	8.11
	L&T Finance Limited	44.66	25.91
	L&T Housing Finance Limited	7.21	1.33
	L&T Infra Debt Fund Limited	1.86	0.38
	L&T Investment Management Limited	3.79	20.88
	L&T Capital Markets Limited	6.00	3.51
	L&T Financial Consultants Limited	0.89	0.37
8	**Inter corporate borrowings taken**		
	Larsen & Toubro Limited	–	1,000.00
	L&T Infrastructure Finance Company Limited	–	469.00
	L&T Investment Management Limited	275.00	–
9	**Inter corporate borrowings repaid (including interest)**		
	Larsen & Toubro Limited	–	1,017.95
	L&T Infrastructure Finance Company Limited	–	469.44

Notes forming part of the Financial Statements

(₹ in crore)

S. No.	Nature of Transactions	2019-20	2018-19
10	**Interest income on inter corporate deposit**		
	L&T Infrastructure Finance Company Limited	24.46	4.36
	L&T Finance Limited	27.51	95.09
	L&T Housing Finance Limited	1.32	3.58
	L&T Infra Investment Partners Advisory Private Limited	–	0.00^
	L&T Investment Management Limited	–	0.09
	L&T Financial Consultants Limited	34.35	34.66
	L&T Capital Markets (Middle East) Limited	1.27	0.16
	^amount less than ₹ 50,000		
11	**Interest expense on inter corporate borrowings**		
	Larsen & Toubro Limited	–	17.95
	L&T Infrastructure Finance Company Limited	–	0.44
	L&T Investment Management Limited	0.12	–
12	**Management fees income**		
	L&T Infrastructure Finance Company Limited	6.46	4.09
	L&T Finance Limited	12.92	7.36
	L&T Housing Finance Limited	4.30	2.45
	L&T Infra Debt Fund Limited	1.35	0.82
	L&T Investment Management Limited	1.35	0.82
	L&T Capital Markets Limited	0.54	0.82
13	**Dividend income**		
	L&T Finance Limited	183.90	191.90
	L&T Housing Finance Limited	37.21	114.92
	L&T Investment Management Limited	123.39	30.22
	L&T Financial Consultants Limited	31.41	6.75
	L&T Capital Markets Limited	10.46	–
14	**Payment / (repayment) of security deposit**		
	L&T Financial Consultants Limited	0.28	(0.06)
15	**Remuneration to key management personnel**		
	Short-term employee benefits paid to:		
	Mr. Dinanath Dubhashi	11.30	5.63
	Dr. Rajani R. Gupte	0.05	0.08
	Mr. Harsh Mariwala	–	0.17
	Mr. P. V. Bhide	0.12	0.16
	Mr. Pavninder Singh	0.10	0.08
	Mr. Prabhakar B.	0.08	0.08
	Mr. S. V. Haribhakti	0.47	0.57
	Mr. Thomas Mathew T.	0.16	0.20
	Ms. Nishi Vasudeva	0.10	0.15
	Ms. Vaishali Kasture	–	0.03

Notes forming part of the Financial Statements

(c) Amount due to/from related parties:

(₹ in crore)

S. No.	Nature of Transactions	2019-20	2018-19
1	**Receivable from/ (payable to)**		
	L&T Infrastructure Finance Company Limited	–	1.10
	L&T Finance Limited	(7.45)	3.59
	L&T Housing Finance Limited	(0.02)	0.50
	L&T Infra Debt Fund	–	0.22
	L&T Investment Management Limited	–	2.91
	L&T Capital Markets Limited	–	0.40
	L&T Financial Consultants Limited	–	0.04
	L&T Capital Markets (Middle East) Limited	–	0.41
	Larsen & Toubro Limited (net of advance)	(0.04)	(0.01)
2	**Outstanding balance of inter corporate deposits given (including interest accrued)**		
	L&T Finance Limited	789.55	166.11
	L&T Housing Finance Limited	–	–
	L&T Capital Markets (Middle East) Limited	7.64	15.82
	L&T Financial Consultants Limited	345.61	382.15
3	**Security deposit given to**		
	L&T Financial Consultants Limited	0.53	0.25
4	**Dividend receivable from**		
	L&T Finance Limited	–	191.90
	L&T Housing Finance Limited	–	61.19
	L&T Investment Management Limited	–	30.22
	L&T Financial Consultants Limited	–	6.75
5	**Outstanding balance of inter corporate borrowings (including interest accrued)**		
	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, 2020	For the year ended March 31, 2019
Basic			
Profit after tax (₹ in crore)	A	266.81	267.06
Weighted average number of equity shares outstanding during the year (Nos.)	B	2,00,10,48,372	1,99,71,65,629
Basic earning per share (₹)	**A/B**	**1.33**	**1.34**
Diluted			
Profit after tax (₹ in crore)	A	266.81	267.06
Weighted average number of equity shares outstanding during the year (Nos.)	B	2,00,10,48,372	1,99,71,65,629
Add: Weighted average no. of potential equity shares on account of employee stock options (Nos.)	C	95,30,828	77,03,279
Weighted average number of shares outstanding for diluted EPS (Nos.)	D=B+C	2,01,05,79,200	2,00,48,68,908
Diluted earnings per share (₹)	**A/D**	**1.33**	**1.33**
Face value of shares (₹)		10.00	10.00

Notes forming part of the 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, 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

(₹ in crore)

Particulars	April 1, 2018	Cash flows	Changes in fair values	Others	March 31, 2019
Debt Securities	–	1,162.49	–	–	1,162.49
Borrowings (other than debt securities)	468.70	(463.71)	–	–	4.99
Subordinated debt	1,030.12	–	–	2.17	1,032.29

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 includes 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) has 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 completion of this transaction was subject to receipt of necessary regulatory approvals, which the Company has received on April 8, 2020 from the Department of Economic Affairs, Ministry of Finance and the deal has been concluded on April 24, 2020.

Investment held for sale as at March 31, 2020 also includes equity investment in wholly owned subsidiary company, L&T Capital Markets (Middle East) Limited (LTCM-ME) at ₹ 11.80 Crore. L&T Finance Holdings Limited ("The Holding Company) has entered into a definitive share purchase agreement dated November 14, 2019 with Proud Securities and Credits Private Limited to sell 100% shareholdings of LTCM-ME at a base purchase consideration as per agreement. The completion of this transaction is ten months from the execution date or any other date as mutully decided by both the parties and subject to regulatory approvals. The regulatory approvals are in process as at March 31, 2020.

45 Contingent liabilities and commitments

(₹ in crore)

Particulars	2019-20	2018-19
Contingent liabilities	–	–

46 Expenditure in foreign currency

(₹ in crore)

Nature of transactions	2019-20	2018-19
Professional and other fees (including reimbursement)	0.86	0.30
Total	**0.86**	**0.30**

47 Contribution to political parties during the year 2019-20 is ₹ Nil (previous year ₹ Nil).

Notes forming part of the Financial Statements

48 Trade payable includes amount payable to Micro and Small Enterprises as follows: (₹ in crore)

Particulars	2019-20	2018-19
(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.

49 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2020

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 however the disclosures for the previous year ended March 31, 2019 are same as reported in previous year audited accounts hence not comparable.

1) Exposure to Real Estate Sector

(₹ in crore)

Category	2019-20	2018-19
a) Direct exposure		
(i) Residential Mortgages -		
Lending secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)	Nil	Nil
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil

Notes forming part of the Financial Statements

(₹ in crore)

Category	2019-20	2018-19
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures-		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

2) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

As at March 31, 2020 (₹ 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, 2020
Liabilities:									
Borrowings from banks	–	–	–	–	–	5.00	–	–	5.00
Market Borrowings	500.00	900.00	–	–	700.00	1,194.10	205.00	–	3,499.10
Assets:									
Advances	523.35	609.84	–	–	7.17	–	–	–	1,140.36
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 March 20, 2020.

Proceeds from the sale of subsidiary i.e. L&T Capital Markets Limited and the incremental borrowings in the month of April 2020 is sufficient to take care of the cumulative negative gap up to two months.

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, 2020 Amount Outstanding	As at March 31, 2020 Amount Overdue	As at March 31, 2019 Amount Outstanding	As at March 31, 2019 Amount Overdue
(a)	Debentures:				
	Secured	–	–	–	–
	Unsecured (Other than falling within the meaning of Public Deposits)	–	–	–	–
(b)	Deferred Credits	–	–	–	–
(c)	Term Loans	–	–	–	–
(d)	Inter-Corporate Loans and borrowings	275.11	–	–	–
(e)	Commercial Paper (net of unexpired discount charges)	1,462.68	–	1,162.49	–
(f)	Other Loans	–	–	–	–
	- Cash Credit	5.00	–	4.99	–
	- Subordinated Liabilties	1,717.84	–	1,032.29	–

Notes forming part of the Financial Statements

Assets side:

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

(₹ in crore)

S. No.	Particulars	As at March 31, 2020 Amount outstanding	As at March 31, 2019 Amount outstanding
(a)	Secured	–	–
(b)	Unsecured	1,142.80	564.08

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, 2020 Amount outstanding	As at March 31, 2019 Amount outstanding
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial Lease	Nil	Nil
	(b) Operating Lease	Nil	Nil
(ii)	Stock on hire including hire charges under sundry debtors		
	(a) Assets on Hire	Nil	Nil
	(b) Repossessed Assets	Nil	Nil
(iii)	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	Nil	Nil
	(b) Loans other than (a) above	Nil	Nil

6) Break-up of Investments

(₹ in crore)

S. No.	Particulars	As at March 31, 2020 Amount outstanding	As at March 31, 2019 Amount outstanding
	Current investments		
1	**Quoted**		
	i. Shares: a. Equity	–	–
	b. Preference	–	–
	ii. Debentures and bonds	–	–
	iii. Units of mutual funds	–	–
	iv. Government scurities	–	–
	v. Others	–	–
2	**Unquoted**		
	i. Shares: a. Equity	–	–
	b. Preference	–	–
	ii. Debentures and bonds	–	–
	iii. Units of mutual funds	–	–
	iv. Government scurities	–	–
	v. Others	–	–
	Long term investments		
1	**Quoted**		
	i. Shares: a. Equity	–	–
	b. Preference	–	–
	ii. Debentures and bonds	–	–
	iii. Units of mutual funds	–	–
	iv. Government scurities	–	–
	v. Others	–	–

Notes forming part of the Financial Statements

(₹ in crore)

S. No.	Particulars	As at March 31, 2020 Amount outstanding	As at March 31, 2019 Amount outstanding
2	**Unquoted**		
	i. Shares: a. Equity#		
	b. Preference	–	–
	ii. Debentures and bonds	–	–
	iii. Units of mutual funds	–	–
	iv. Government scurities	–	–
	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, 2020			As at March 31, 2019		
		Secured	Unsecured*	Total	Secured	Unsecured	Total
1	Related Parties						
	(a) Subsidiaries	–	1,142.80	1,142.80	–	564.08	564.08
	(b) Companies in the same group	–	–	–	–	–	–
	(c) Other related parties	–	–	–	–	–	–
2	Other than related parties		–	–	–	–	–
	Total	**–**	**1,142.80**	**1,142.80**	**–**	**564.08**	**564.08**

* inclusive of interest accrued

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, 2020		As at March 31, 2019	
		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 #	10,069.68	10,069.68	9,146.19	9,146.19
	(b) Companies in the same group	–	–	–	–
	(c) Other related parties	–	–	–	–
2	Other than related parties	–	–	–	–
	Total	**10,069.68**	**10,069.68**	**9,146.19**	**9,146.19**

refer note 44

9) Other information

(₹ in crore)

S. No.	Particulars	As at March 31, 2020 Amount outstanding	As at March 31, 2019 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 the Financial Statements

10) Investments:

(₹ in crore)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Value of Investments*		
	(i) Gross Value of Investments		
	(a) In India #	10,069.68	9,140.78
	(b) Outside India #	–	5.41
	(ii) Provisions for Depreciation		
	(a) In India	–	–
	(b) Outside India	–	–
	(iii) Net Value of Investments		
	(a) In India #	10,069.68	9,140.78
	(b) Outside India #	–	5.41
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	–	–
	(ii) Add: Provisions made during the year	–	–
	(iii) Less: Write off/write back of excess provisions during the year	–	–
	(iv) Closing balance	–	–

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, 2020 (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, 2020 (Previous year: Nil)

12) Securitization: No securitization deal (including assignment deal) has carried out during the financial year ended March 31, 2020 (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 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, 2020	As at March 31, 2019
Intercorporate deposit (inclusive of interest accrued)	1,142.80	564.08

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 the Financial Statements

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

(₹ in crore)

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+
Particulars	**2018-19 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 (Stable)	–	ICRA A1+

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

16) Provisions and Contingencies:

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

(₹ in crore)

Particulars	2019-20	2018-19
Provisions for depreciation on investment	Nil	Nil
Provision towards non-performing assets	Nil	Nil
Provision made towards Income tax (shown below profit before tax)		
Current tax	16.35	35.87
Deferred tax	33.14	1.10
Current tax relating to earlier years	(32.80)	–
Impact of change in the rate on opening deferred tax	0.24	0.85
Other provision and contingencies:		
Provision for standard assets	0.12	(3.91)

17) Concentration of Advances and NPAs:

I) Concentration of Advances:

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Inter corporate deposit to twenty largest borrowers (including interest accrued)	1,142.80	564.08
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, 2020	As at March 31, 2019
Total Exposure to top four NPA accounts	–	–

Notes forming part of the Financial Statements

18) Disclosure of customer complaints:

(₹ in crore)

S. No.	Particulars	2019-20	2018-19
(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.

(₹ in crore)

Loss Allowances (Provisions) as required under Ind AS 109

Asset Classification as per RBI Norms	Asset classification as per 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
Total		**1,142.80**	**0.22**	**1,142.58**	**4.57**	**4.35**

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

(i) Funding Concentration based on significant counterparty

S. No.	No. of Significant Counterparties	Amount (₹ in crore)	% of Total Deposits	% of Total Liabilities
1	7	1,915.00	N.A.	54.00%

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

Amount (₹ in crore)	% of Total Borrowings
1,990	57.00%

Note:

Total Borrowing has been computed as Gross Total Debt basis extant regulatory ALM guidelines.

Notes forming part of the Financial Statements

(iv) Funding Concentration based on significant instrument / product:

S. No.	No. of Significant Counterparties	Amount (₹ in crore)	% of Total Liabilities
1	Preference Shares	1,724.10	49%
2	Commercial Papers	1,500.00	42%
3	Inter-Corporate Deposit	275.00	8%
	Total	3,499.10	99%

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	%
1	Commercial papers as a % of total liabilities	42%
2	Commercial papers as a % of total assets	13%
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0%
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	0%
5	Other short-term liabilities as a % of total liabilities	18%
6	Other short-term liabilities as a % of total assets	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.

(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.

Notes forming part of the Financial Statements

55 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 eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these standalone financial statements and the Company will continue to monitor any material changes to the future economic conditions.

56 Proposed merger of three lending entities within the group into one unified entity

The company has initiated the process of amalgamating the three lending entities, L&T Finance Limited, L&T Infrastructure Finance Company Limited and L&T Housing Finance Limited by way of merger by absorption, leading to creation of a single unified lending entity with effect from April 1, 2020 subject to regulatory approvals.

57 Previous year figures have been regrouped / reclassified to make them comparable with those of 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 May 15, 2020.

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 15, 2020

DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Indiabulls Finance Centre, Tower 3
27th – 32nd Floor, Senapati Bapat Marg
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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, 2020, 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 Matters 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, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equityfor 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 sub-paragraphs (a) of 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

As more fully described in note 54 to the consolidated financial statements, to assess the recoverability of certain assets, the Company has considered internal and external information upto the date of the consolidated financial statements in respect of the current and estimated future global economic indicators consequent to the global health pandemic. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.

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.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>1</td><td>Impairment of goodwill on consolidation:
The Group's Goodwill may be impaired due to the inherent uncertainty involved in forecasting and discounting future cash flows, determination of discount and terminal growth rates, which are the basis of the assessment of recoverability. These are the key judgement areas for our audit.
The Group annually carries out an impairment assessment of goodwill using a value-in-use model which is based on the net present value of the forecast earnings of the cash-generating units. This is calculated using certain assumptions around discount rates, growth rates and cashflow forecasts.</td><td>Principal audit procedure performed
• Obtained an understanding of Management's processes and controls with regard to testing the goodwill for impairment.
• Compared the Group's assumptions with comparable benchmarks in relation to key inputs such as long-term growth rates and discount rates.
• Assessed the appropriateness of the forecast cash flows within the budgeted period based on their understanding of the business and sector experience.
• Considered historical forecasting accuracy, by comparing previously forecasted cash flows to actual results achieved.
• Performed a sensitivity analysis in relation to key assumptions</td></tr>
<tr><td>2</td><td>Allowances for Expected Credit Losses:
(Refer Note 1, 6 and 50 to the Consolidated financial statements)
As at March 31, 2020, loan assets aggregated ₹ 96,308.29 crore, constituting 84% of the Company's total assets. Of these, loan assets aggregating ₹ 71, 209.82 crore are measured at amortised cost. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for expected credit losses ("ECL") on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement.
As part of our risk assessment, we determined that the allowance for ECL on loan assets (including undisbursed commitments) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.
The elements of estimating ECL which involved increased level of audit focus are the following:
• Qualitative and quantitative factors used in staging the loan assets measured at amortised cost.
• Basis used for estimating Probabilities of Default ("PD"),
• Basis used for estimating Loss Given Default ("LGD")
• Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions.
Adjustments to model driven ECL results to address emerging trends.</td><td>Principal audit procedures:
We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models (including policies for sale out of amortised cost business model). We have also verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost.
Additionally, we have confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Audit Committee of the Board of Directors
Our audit procedures related to the allowance for ECL included the following, among others:
• Testing the design and effectiveness of internal controls over the:
– 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 including the appropriateness of the qualitative factors to be applied.
– Completeness, 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; and
– computation of the ECL including methodology used to determine macro economic overlays and adjustments to the output of the ECL Model.</td></tr>
</table>

Sr. No.	Key Audit Matter	Auditor's Response
		• Also, for a sample of ECL on loan assets tested: – we tested the input data such as ratings and period of default and other related information used in estimating the PD; – we evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD. – we evaluated the incorporation of the applicable assumptions into the ECL Model and tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company. • We also tested the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model and ensured that the adjustment was in conformity with the amount approved by the Audit Committee. We also assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS 107.

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 branches, 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 Matters

(a) We did not audit the financial statements of 6 subsidiaries, whose financial statements reflect total assets of ₹ 1,190.75 crore as at March 31, 2020, total revenues of ₹ 521.35 crore and net cash outflows amounting to ₹ 1.85 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, 2020 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, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

      i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

      ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies.

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

Rupen K. Bhatt
(Partner)
(Membership No. 046930)
(UDIN:20046930AAAABU4567)

Mumbai, May 29, 2020

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

Shirish Rahalkar
(Partner)
(Membership No. 111212)
(UDIN:20111212AAAAIO8003)

Mumbai, May 29, 2020

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, 2020, we have audited the internal financial controls over financial reporting of L&T Finance Holdings Limited (hereinafter referred to as "the Parent") and its subsidiary companies, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, 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, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting 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. 117366W/W-100018)

Rupen K. Bhatt
(Partner)
(Membership No. 046930)
(UDIN:20046930AAAABU4567)

Mumbai, May 29, 2020

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

Shirish Rahalkar
(Partner)
(Membership No. 111212)
(UDIN:20111212AAAAIO8003)

Mumbai, May 29, 2020

Consolidated Balance Sheet as at March 31, 2020

(₹ in crore)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS:			
(1) Financial assets			
(a) Cash and cash equivalents	**2**	5,598.69	1,826.65
(b) Bank balance other than (a) above	**3**	2,205.71	47.50
(c) Derivative financial instruments	**4**	155.06	7.20
(d) Receivables	**5**		
(I) Trade receivables		64.74	106.37
(II) Other receivables		19.31	10.63
(e) Loans	**6**	91,462.50	91,324.63
(f) Investments	**7**	5,979.27	8,640.81
(g) Other financial assets	**8**	91.97	126.29
		105,577.25	**102,090.08**
(2) Non-financial assets			
(a) Current tax assets (net)		901.24	642.97
(b) Deferred tax assets (net)	**44**	1,452.97	1,777.15
(c) Investment property	**9**	311.01	367.66
(d) Property, plant and equipment	**10**	47.91	67.69
(e) Intangible assets under development	**10**	62.04	38.65
(f) Goodwill on consolidation		636.71	638.91
(g) Other intangible assets	**10**	70.44	53.04
(h) Right of use asset	**11, 41**	34.00	–
(i) Other non-financial assets	**12**	340.95	378.95
		3,857.27	**3,965.02**
(3) Group of assets classified as held for sale	**43**	**94.50**	**–**
Total assets		**109,529.02**	**106,055.10**

Consolidated Balance Sheet as at March 31, 2020

(₹ in crore)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
LIABILITIES AND EQUITY:			
LIABILITIES			
(1) Financial liabilities			
(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		64.84	120.05
(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		0.80	16.12
(b) Debt securities	**14**	43,992.31	51,268.31
(c) Borrowings (other than debt securities)	**15**	44,523.00	35,785.15
(d) Subordinated liabilities	**16**	5,379.18	4,453.52
(e) Lease liability	**41**	39.58	–
(f) Other financial liabilities	**17**	444.07	569.22
		94,443.78	**92,212.37**
(2) Non-financial liabilities			
(a) Current tax liabilities (net)		107.89	33.51
(b) Provisions	**18**	41.27	42.04
(c) Deferred tax liabilities (net)	**44**	0.46	5.19
(d) Other non-financial liabilities	**19**	13.03	91.13
		162.65	**171.87**
(3) Group of liabilities classified as held for sale	**43**	**9.96**	**–**
(4) EQUITY			
(a) Equity share capital	**20**	2,004.83	1,998.81
(b) Other equity	**21**	12,687.59	11,449.79
Equity attributable to owners of the Company		**14,692.42**	**13,448.60**
(5) Non-controlling interest		**220.21**	**222.26**
Total liabilities and equity		**1,09,529.02**	**1,06,055.10**
Significant accounting policies	**1**		
See accompanying notes forming part of the financial statements	**2 to 58**		

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

Rupen K. Bhatt
Partner

Place : Mumbai
Date : May 29, 2020

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

Shirish Rahalkar
Partner
Membership no. 111212

Place : Mumbai
Date : May 29, 2020

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 15, 2020

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

Particulars		Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations				
(i)	Interest income	22	13,244.74	11,640.28
(ii)	Dividend income	23	0.12	0.21
(iii)	Rental income	24	9.03	18.84
(iv)	Fees and commission income	25	812.39	1,274.73
(v)	Net gain on fair value changes	26	109.22	55.66
I	**Total revenue from operations**		**14,175.50**	**12,989.72**
II	Other income	27	372.63	311.80
III	**Total income (I + II)**		**14,548.13**	**13,301.52**
Expenses				
(i)	Finance costs	28	7,513.60	6,860.03
(ii)	Fees and commission expense	29	17.51	325.71
(iii)	Net loss on fair value changes	30	107.53	383.16
(iv)	Net loss on derecognition of financial instruments under amortised cost category	31	274.22	384.01
(v)	Impairment on financial instruments	32	1,994.19	700.88
(vi)	Employee benefits expenses	33	1,062.32	824.73
(vii)	Depreciation, amortization and impairment	34	81.59	49.62
(viii)	Other expenses	35	817.09	721.40
IV	**Total expenses (IV)**		**11,868.05**	**10,249.54**
V	**Profit before exceptional items and tax (III - IV)**		**2,680.08**	**3,051.98**
VI	Exceptional items		-	-
VII	**Profit before tax (V - VI)**		**2,680.08**	**3,051.98**
VIII	**Tax expense**			
(i)	Current tax	36	632.50	749.49
(ii)	Deferred tax	36	(126.06)	70.46
(iii)	Reversal of deferred tax assets on account of change in tax rate	36	473.38	–
IX	**Profit after tax (VII -VIII)**		**1,700.26**	**2,232.03**
X	Share in profit of associates		–	–
XI	**Profit after tax and share in profit of associate company (IX+X)**		**1,700.26**	**2,232.03**
	Profit for the year attributable to:			
	Owners of the company		1,700.17	2,226.30
	Non-controlling interest		0.09	5.73

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

Particulars		Note No.	Year ended March 31, 2020	Year ended March 31, 2019
XII	**Other comprehensive income**			
A	**Items that will not be reclassified to profit or loss**			
	(a) Remeasurements of the defined benefit plans (net of tax)		(4.59)	(1.50)
	(b) Equity instruments through other comprehensive income		(56.16)	–
B	**Items that will be reclassified to profit or loss**			
	(a) Change in fair value of debt instruments measured at fair value through other comprehensive income		0.16	(0.68)
	(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		(99.54)	–
	(c) Exchange differences in translating the financial statements of foreign operations (net)		0.77	(0.23)
	Other comprehensive income for the year attributable to:			
	Owners of the company		(159.36)	(2.41)
	Non-controlling interest		–	–
XIII	**Total comprehensive income (XI+XII)**		**1,540.90**	**2,229.62**
	Total comprehensive income for the year attributable to:			
	Owners of the company		1,540.81	2,223.89
	Non-controlling interest		0.09	5.73
XIV	**Earnings per equity share**	42		
	Basic (₹)		8.50	11.15
	Diluted (₹)		8.46	11.10
	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

Rupen K. Bhatt
Partner

Place : Mumbai
Date : May 29, 2020

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

Shirish Rahalkar
Partner
Membership no. 111212

Place : Mumbai
Date : May 29, 2020

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 15, 2020

Statement of changes in equity for the year ended March 31, 2020

a. Equity share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	1,99,88,12,360	1,998.81	1,99,56,76,960	1,995.68
Add: Shares issued during the year:				
- Against employee stock option	60,21,250	6.02	31,35,400	3.13
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**2,00,48,33,610**	**2,004.83**	**1,99,88,12,360**	**1,998.81**

b. Other equity

(₹ in crore)

Particulars	Reserve and surplus								
	Securities premium account	General reserve	Debenture redemption reserve	Capital reserve on consolidation	Reserve under section 36 (1) (viii) of Income tax Act, 1961	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Reserve under section 29C of National Housing Bank Act, 1987	Employee stock option outstanding account	Retained earnings
Balance as at April 1, 2018	5,039.39	88.18	422.45	492.36	587.15	1,401.35	15.56	63.63	1,300.94
Profit for the yea (a)	–	–	–	–	–	–	–	–	2,226.30
Other comprehensive income, net of tax (b)	–	–	–	–	–	–	–	–	(1.50)
Total comprehensive income for the year (c)=(a)+(b)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,224.80**
Issue of equity shares	28.14	–	–	–	–	–	–	–	–
Share issue expenses	(1.29)	–	–	–	–	–	–	–	–
Employee share options (net)	–	–	–	–	–	–	–	58.37	–
Transfer to general reserve	–	29.33	(29.27)	–	–	–	–	(0.06)	–
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	–	–	–	–	–	295.32	–	–	(295.32)
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	–	–	–	–	114.35	–	–	–	(114.35)
Transfer to reserve u/s 29C of National Housing Bank, 1987	–	–	–	–	–	–	11.87	–	(11.87)
Transfer to debenture redemption reserve	–	–	62.41	–	–	–	–	–	(62.41)
Dividend paid	–	–	–	–	–	–	–	–	(199.71)
Additional tax on dividend paid	–	–	–	–	–	–	–	–	(70.67)
Net gain/(loss) on transaction with non-controlling interest	–	–	–	–	–	–	–	–	–
Balance as at March 31, 2019	**5,066.24**	**117.51**	**455.59**	**492.36**	**701.50**	**1,696.67**	**27.43**	**121.94**	**2,771.41**

Statement of changes in equity for the year ended March 31, 2020

(₹ in crore)

Particulars	Foreign currency translation reserve	Items of other comprehensive income Fair value changes of financial instrument measured at fair value through other comprehensive income	Effective portion of cash flow hedge	Total other equity	Non-controlling interest	Total
Balance as at April 1, 2018	–	0.05	–	9,411.06	223.48	9,634.54
Profit for the year (a)	–	–	–	2,226.30	5.73	2,232.03
Other comprehensive income, net of tax (b)	(0.23)	(0.68)	–	(2.41)	–	(2.41)
Total comprehensive income for the year (c)=(a)+(b)	**(0.23)**	**(0.68)**	**–**	**2,223.89**	**5.73**	**2,229.62**
Issue of equity shares	–	–	–	28.14	–	28.14
Share issue expenses	–	–	–	(1.29)	–	(1.29)
Employee share options (net)	–	–	–	58.37	–	58.37
Transfer to general reserve	–	–	–	0.00	–	0.00
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	–	–	–	–	–	–
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	–	–	–	–	–	–
Transfer to reserve u/s 29C of National Housing Bank Act, 1987	–	–	–	–	–	–
Transfer to debenture redemption reserve	–	–	–	–	–	–
Dividend paid	–	–	–	(199.71)	–	(199.71)
Additional tax on dividend paid				(70.67)	–	(70.67)
Net gain/(loss) on transaction with non-controlling interest	–	–	–	–	(6.95)	(6.95)
Balance as at March 31, 2019	**(0.23)**	**(0.63)**	**–**	**11,449.79**	**222.26**	**11,672.05**

b. Other equity

(₹ in crore)

Particulars	Reserve and surplus								
	Securities premium account	General reserve	Debenture redemption reserve	Capital reserve on consolidation	Reserve under section 36 (1) (viii) of Income tax Act, 1961	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Reserve under section 29C of National Housing Bank Act, 1987	Employee stock option outstanding account	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 reserve u/s 45-IC of Reserve Bank of India Act, 1934	–	–	–	–	–	225.06	–	–	15.82
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	–	–	–	–	–	–	–	–	–
Balance as at March 31, 2020	**5,126.51**	**255.97**	**319.20**	**492.36**	**782.25**	**1,921.73**	**27.43**	**181.27**	**15.82**

Statement of changes in equity for the year ended March 31, 2020

(₹ 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	–	–	–	–	–	0.00	–	0.00
Transfer to reserve u/s 45–IC of Reserve Bank of India Act, 1934	(240.88)	–	–	–	–	–	–	–
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)
Balance as at March 31, 2020	**3,720.68**	**0.54**	**(56.16)**	**(0.47)**	**(99.54)**	**12,687.59**	**220.21**	**12,907.80**

Significant accounting policies	1
See accompanying notes forming part of the financial statements	2 to 58

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

Rupen K. Bhatt
Partner

Place : Mumbai
Date : May 29, 2020

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

Shirish Rahalkar
Partner
Membership no. 111212

Place : Mumbai
Date : May 29, 2020

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 15, 2020

Consolidated Statement of Cash Flows for the year ended March 31, 2020

(₹ in crore)

	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A.	**Cash flow from operating activities**		
	Profit before tax	2,680.08	3,051.98
	Adjustment for:		
	Depreciation, amortization and impairment	81.59	49.62
	Loss on sale of property, plant and equipment (net)	0.32	7.46
	Fair value change in loan asset	91.96	49.02
	Net fair value (gain)/ loss on financial instruments	(104.67)	257.27
	Net loss on derecognition of financial instruments under amortised cost category	274.22	384.01
	Impairment on financial instruments	1,994.19	700.88
	Share based payment to employees	88.63	68.16
	Operating profit before working capital changes	**5,106.32**	**4,568.40**
	Changes in working capital		
	(Increase)/decrease in financial and non-financial assets	62.35	(21.04)
	Increase/(decrease) in financial and non-financial liabilities	49.09	(27.28)
	Cash generated from operations		
	Direct taxes paid	(817.13)	(795.60)
	Loans disbursed (net of repayments)	(2,238.87)	(15,367.93)
	Net cash flow generated from/(used) in operating activities (A)	**2,161.76**	**(11,643.45)**
B.	**Cash flows from investing activities**		
	Add: Inflow from investing activities		
	Proceeds from sale of property, plant and equipment	25.78	11.33
	Proceed from sale of Investments	40,918.86	1,23,016.63
	Less: Outflow from investing activities		
	Purchase of property, plant and equipment[1]	(79.71)	(91.20)
	Investment in other bank balance in investing activities	(2,154.77)	–
	Purchase of investments	(38,550.64)	(1,26,524.17)
	Net cash flow generated from/(used) in investing activities (B)	**159.52**	**(3,587.41)**

Consolidated Statement of Cash Flows for the year ended March 31, 2020

(₹ in crore)

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
C.	**Cash flows from financing activities**		
	Add: Inflow from financing activities		
	Proceeds from issue of share capital including security premium on account of employee stock options	39.70	21.50
	Proceeds from issue of preference share capital	874.10	250.00
	Proceeds from borrowings	55,399.26	43,173.22
	Less: Outflow from financing activities		
	Payment to non-controlling interests	(2.14)	(6.95)
	Share issue expenses	(0.66)	(1.29)
	Dividend paid (including dividend distribution tax)	(484.13)	(270.38)
	Repayment of borrowing	(54,191.20)	(26,907.92)
	Redemption of preference shares	(184.40)	(250.00)
	Net cash generated from financing activities (C)	**1,450.53**	**16,008.19**
	Net increase in cash and cash equivalents (A + B + C)	**3,771.81**	**777.33**
	Cash and cash equivalents as at beginning of the year	1,826.65	1,049.39
	Exchange difference on translation of foreign currency cash and cash equivalents	0.23	(0.07)
	Cash and cash equivalents as at end of the year	**5,598.69**	**1,826.65**

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, 2020	Year ended March 31, 2019
Interest received		12,699.80	11,051.55
Interest paid		7,024.44	6,848.01
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

Rupen K. Bhatt
Partner

Place : Mumbai
Date : May 29, 2020

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

Shirish Rahalkar
Partner
Membership no. 111212

Place : Mumbai
Date : May 29, 2020

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 15, 2020

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Statement of compliance:

The Consolidated financial statements of L&T Finance Holdings Limited (the "Company") and its subsidiaries and associates (together the "Group") have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013. In addition, the applicable regulations of Reserve Bank of Indi (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 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 the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

1.4 Basis of consolidation:

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 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.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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:

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using equity method of accounting. Under the equity method, an investment in associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The carrying amount of investment in associates is reduced to recognize impairment, if any, when there is objective evidence of impairment.

1.6 Business combinations:

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12- Income taxes and Ind AS 19- Employee benefits, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non-controlling interest in the aquiree, and the fair value of acquirer's previously held equity instrument in the aquiree (if any) over the net of acquisition date fair value of identifiable assets acquired and liabilities assumed. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

1.7 Goodwill:

Goodwill on consolidation as on the date of transition represents the excess of cost of acquisition at each point of time of making the investment in the subsidiary over the Group's share in the net worth of a subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents excess of the Group's share in the net worth of a subsidiary over the cost of acquisition at each point of time of making the investment in the subsidiary. Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.8 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).

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.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(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 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 unlikeliness 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 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

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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.

As a back-stop when loan asset not being a corporate loans becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets. In respect of the corporate loan assets, shifting to Stage 2 has been rebutted using historical evidence from own portfolio to a threshold of 60 days past due, which is reviewed annually.

Purchased or originated credit impaired (POCI) financial assets:

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

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 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:

a) Qualitative factors, such as contractual cash flows after modification are no longer SPPI,

b) Change in currency or change of counterparty,

c) The extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then;

a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviors following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

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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 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.

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 and for all financial instruments except for those classified as held for trading or those measured or designated as at fair value through profit or loss (FVTPL) is measured using the effective interest method (EIR).

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

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

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

(ii) Fee and commission income:

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

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

(iii) Net gain or fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the 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

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from operations and if there is a net loss the same is disclosed "Expenses", in the statement of profit and loss.

(iv) Investment management fees, guarantee fees and portfolio management fees:

Income from investment management fees is recognised in accordance with the Investment Management Agreement and the SEBI regulations based on average Assets Under Management (AUM) of mutual fund schemes over the period of the agreement in terms of which services are performed.

Guarantee fees is recognised on pro rata basis over the period of the guarantee.

Portfolio management fees are recognised on accrual basis in accordance with Portfolio Management Agreement entered into with respective clients over the period of the agreement in terms of which the services are rendered.

(v) Income from financial instruments at FVTPL:

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL except those that are held for trading.

(vi) Other operational revenue:

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

1.16 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.

1.17 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

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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 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 is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

1.21 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.

(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:

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- 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 (Refer note no 41). 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 terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

(iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:

A. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet

B. income and expenses for each income statement are translated at average exchange rates; and

C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

1.28 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 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:

(i) an Group entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

(ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

1.30 Commitment:

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) estimated amounts of contracts remaining to be executed on capital account and not provided for

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

b) uncalled liability on shares and other investments partly paid

c) funding related commitment to associate companies and

d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

1.31 Statement of cash flows:

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

(i) changes during the period in operating receivables and payables transactions of a non-cash nature

(ii) non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; and

(iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

1.32 Earnings per share:

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

1.33 Key source of estimation:

The preparation of financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

1.34 Operating cycle for current and non-current classification:

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

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

2 Cash and cash equivalents (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.20	29.98
Balances with banks in current accounts	774.87	1,612.48
Cheques, drafts on hand	–	9.40
Balance with banks in fixed deposit with maturity less than 3 months	4,823.62	174.79
Total	**5,598.69**	**1,826.65**

3 Bank balance other than (Note 2) above (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Earmarked balances with banks		
Unclaimed infrastructure bonds application money	16.60	14.42
Unclaimed interest on infrastructure bonds	1.39	0.90
Unclaimed dividend on equity shares	2.04	1.27
Unclaimed redemption proceeds and dividend on preference shares	0.60	0.60
Balance with banks in fixed deposit with maturity greater than 3 months and less than 12 months	1,501.24	–
Balances with banks held as margin money or security against borrowing, guarantees, other commitments	683.84	30.31
Total	**2,205.71**	**47.50**

4 Derivative financial instruments (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Currency derivatives:		
Notional amounts		
- Currency swaps	3,014.34	100.00
Fair value assets		
- Currency swaps	155.06	7.20
Fair value liabilities		
- Currency swaps	–	–

5 Receivables (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
(a) Receivables considered good - secured	–	0.30
(b) Receivables considered good - unsecured	58.07	104.00
(c) Receivables - credit impaired	26.06	8.84
(d) Impairment loss allowance	(19.39)	(6.77)
	64.74	**106.37**
Other receivables		
(a) Receivables considered good - unsecured	15.63	6.27
(b) Receivables from related parties (Refer note 40)	3.68	4.36
(c) Receivables - credit impaired	0.49	–
(d) Impairment loss allowance	(0.49)	–
	19.31	**10.63**
Total	**84.05**	**117.00**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

6 Loans

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
(i) At Amortised Cost		
- Term loans	64,570.70	64,170.87
- Debentures	6,030.13	6,686.70
- Loans repayable on demand	476.29	326.64
- Bills purchased and bills discounted	87.22	295.60
- Leasing	45.48	72.61
Total gross loans at amortised cost	**71,209.82**	**71,552.42**
- Less: Impairment loss allowance	(4,624.96)	(4,624.23)
Subtotal (i)	**66,584.86**	**66,928.19**
(ii) At Fair Value Through Profit or Loss:		
- Term loans	24,332.68	23,196.94
- Debentures	662.06	1,216.24
- Loans repayable on demand	103.73	110.78
Total gross loans at fair value through profit or loss	**25,098.47**	**24,523.96**
- Less: Impairment loss allowance / net fair value changes	(220.83)	(127.52)
Subtotal (ii)	**24,877.64**	**24,396.44**
Subtotal (i)+(ii)	**91,462.50**	**91,324.63**
(B)		
(i) At Amortised Cost		
- Secured by tangible assets	48,263.80	56,581.01
- Unsecured	22,946.02	14,971.41
Total gross loans at amortised cost	**71,209.82**	**71,552.42**
- Less: Impairment loss allowance	(4,624.96)	(4,624.23)
Subtotal (i)	**66,584.86**	**66,928.19**
(ii) At Fair Value Through Profit or Loss:		
- Secured by tangible assets	25,098.47	24,523.96
- Less: Impairment loss allowance	(220.83)	(127.52)
Subtotal (ii)	**24,877.64**	**24,396.44**
Subtotal (i)+(ii)	**91,462.50**	**91,324.63**
(C)		
(I) Loans in India		
(i) At Amortised Cost		
- Public sector	–	–
- Others	71,209.82	71,552.42
- Less: Impairment loss allowance	(4,624.96)	(4,624.23)
Subtotal (i)	**66,584.86**	**66,928.19**
(ii) At Fair Value Through Profit or Loss:		
- Public sector	–	–
- Others	25,098.47	24,523.96
- Less: Impairment loss allowance	(220.83)	(127.52)
Subtotal (ii)	**24,877.64**	**24,396.44**
(II) Loans outside India		
(i) At Amortised Cost		
- Public sector	–	–
- Others	–	–
- Less: Impairment loss allowance	–	–
Subtotal (i)	**–**	**–**
(ii) At Fair Value Through Profit or Loss		
- Public sector	–	–
- Others	–	–
- Less: Impairment loss allowance	–	–
Subtotal (ii)	**–**	**–**
Total	**91,462.50**	**91,324.63**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

7 Investments

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
(A) Investments in fully paid equity shares						
(i) Quoted						
(a) Investments carried at fair value through profit or loss						
Hindusthan national glass & industries limited	2	4,09,674	1.13	2	4,12,808	3.40
Monnet ispat & energy limited	10	5,93,420	0.55	10	5,94,412	1.66
Bhushan steel limited	2	3,67,119	0.60	2	3,67,119	1.08
KSK energy ventures limited	10	1,06,88,253	0.37	10	1,06,88,253	0.96
3i infotech limited	10	24,26,383	0.32	10	24,26,383	0.93
Amara raja batteries limited	–	–	–	1	2,728	0.20
Unity infra project	2	6,94,370	0.01	2	6,94,370	0.05
Gol offshore limited	10	97,91,408	–	10	1,13,44,315	–
Diamond power infrastructure limited	10	28,89,921	–	10	28,89,921	–
Shiv vani oil gas and energy limited	10	14,96,658	–	10	14,96,658	–
Usher agro limited	10	3,35,344	–	10	3,35,344	–
Jaihind projects limited	10	24,797	–	10	24,797	–
SVOGL oil gas and exploration services limited	10	19,40,514	–	10	19,40,514	–
Integrated digital info services limited	10	3,83,334	–	10	3,83,334	–
Elque polyesters limited	10	1,94,300	–	10	1,94,300	–
Monnet industries limited	10	5,640	–	10	5,640	–
Monnet project developers limited	10	11,280	–	10	11,280	–
Glodyne technoserve limited	6	3,19,262	–	6	3,19,262	–
MIC electronics limited	2	53,84,616	–	2	53,84,616	–
			2.98			**8.28**
(b) Investment carried at fair value through other comprehensive income						
CG power and industrial solutions limited	10	6,26,00,000	**31.61**	–	–	–
(iii) Unquoted						
(a) Investments carried at fair value through profit or loss						
Soma tollways private limited	10	1,16,16,491	329.10	10	1,16,16,491	329.10
Bhoruka power corporation limited	10	5,87,750	134.14	10	5,87,850	134.14
Ardom telecom private limited	10	11,35,136	9.50	10	11,35,136	9.49
Grameen capital india private limited	10	38,74,000	–	10	21,26,000	2.13
Indian highways management company limited	10	15,00,000	1.73	10	15,00,000	1.73
Tikona infinet limited	10	4,25,912	0.17	10	4,25,912	0.17
The kalyan janatha sahakari bank limited	10	20,000	0.05	10	20,000	0.05
MF utilities india private limited	1	5,00,000	0.05	1	5,00,000	0.05
Bhoruka power india investments private limited	10	10	0.00	10	10	–
The malad sahakari bank limited	10	100	0.00	10	100	–
Athena chattisgarh power limited	10	6,93,00,000	–	10	6,93,00,000	–
Coastal projects limited	10	78,96,884	–	10	78,96,884	–
KSK mahanadi power co. limited	10	2,63,85,109	–	10	2,63,85,109	–
NSL sugars limited	10	29,25,656	–	10	29,25,656	–
Soma enterprises limited	10	5,00,000	–	10	5,00,000	–
Supreme best value kolhapur(shiroli) sangli tollways private limited	10	5,026	–	10	5,026	–
Saumya mining limited	10	10,77,986	–	10	10,77,986	–
Mediciti healthcare services private limited	10	16,35,003	–	10	16,35,003	–
Alpha micro finance consultants private limited	10	2,00,000	–	10	2,00,000	–
Icomm tele limited	10	41,667	–	10	41,667	–
VMC systems limited	10	1,73,653	–	10	9,07,264	–
Hanjer biotech energies private limited	10	2,08,716	–	10	2,08,716	–
Metropoli overseas limited	10	99,400	–	10	99,400	–
Anil chemicals and industries limited	10	40,000	–	10	40,000	–
			474.74			**476.86**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars	As at March 31, 2020 Face value (₹)	Quantity (Nos)	Net carrying value	As at March 31, 2019 Face value (₹)	Quantity (Nos)	Net carrying value
(B) Investments in debt securities						
(a) Investments carried at fair value through profit or loss						
Bhoruka power corporation limited	3,00,000	32,500	510.10	1,00,000	32,500	510.10
Tikona infinet limited	2,840	5,79,772	149.58	2,840	5,79,772	149.58
Regen infrastructure and services private limited	10,00,000	701	70.20	10,00,000	728.18	72.82
RVK enterprise private limited	1,00,000	6,000	70.33	1,00,000	6,000.00	71.14
Soma enterprises limited	20	8,07,12,081	38.56	10	8,07,12,081	38.56
NSL sugars limited	100	21,32,310	14.74	100	21,32,310	14.74
NSL renewable power private limited	20,000	4,811	6.67	20,000	4,811.00	9.27
			860.17			**866.21**
(b) Investment carried at fair value through other comprehensive income						
State bank of india	–	–	–	10,00,000	4,100	418.65
The south indian bank limited	1,00,000	38,759	416.20	1,00,000	38,759	407.19
ECL finance limited	1,000	30,00,000	326.38	1,000	30,00,000	323.47
Dewan housing finance corporation limited	1,000	27,50,000	295.10	1,000	27,50,000	286.62
Dewan housing finance corporation limited	10,00,000	2,496	241.45	10,00,000	2,746	272.26
Power finance corporation limited	–	–	–	10,00,000	1,213	163.19
ECL finance limited	–	–	–	10,00,000	900	96.49
Union bank of india	–	–	–	10,00,000	780	77.92
U.P. power corporation limited	20,00,000	522	56.04	10,00,000	522	52.89
Axis bank	–	–	–	10,00,000	500	50.83
Cholamandlam ms general insurance company limited	10,00,000	418	44.84	10,00,000	418	43.91
Tata AIG general insurance company limited	10,00,000	310	32.25	10,00,000	310	31.50
Kotak mahindra bank limited	–	–	–	5	5,00,00,000	27.59
Power finance corporation limited	–	–	–	1,000	1,00,000	12.89
			1,412.26			**2,265.40**
(C) Investments in mutual funds						
(a) Investments carried at fair value through profit or loss						
L&T liquid fund - direct plan- growth	1,000	4,51,215	125.85	1,000	63,69,776	1,632.31
Kotak liquid fund - direct plan- growth	–	–	–	1,000	5,28,933	200.17
L&T banking and psu debt fund- direct plan- growth	10	3,87,35,739	71.92	10	5,11,06,432	85.90
SBI premier liquid fund -direct plan growth	–	–	–	10	2,28,555	66.93
Canara robeco liquid fund - direct growth	1,000	21,004	5.02	–	–	–
ICICI prudential liquid fund - DP- growth	10	70,90,295	208.30	10	18,10,758	50.05
Aditya birla sun life liquid fund - growth - direct plan	100	36,08,641	115.32	–	–	–
Nippon india liquid fund - dp growth plan - growth option	1,000	3,11,541	151.12	–	–	–
IDFC cash fund -DP-growth	1,000	2,09,158	50.24	–	–	–
L&T money market fund - direct plan - growth (old name:l&t Floatin rate fund - growth - direct plan)	10	3,65,789	0.75	10	59,16,085	11.19
L&T india value fund - DP - G	10	3,83,794	1.01	10	3,83,794	1.46
L&T infrastructure fund - DP - G	10	6,94,601	0.77	10	6,94,601	1.17
L&T emerging business fund - DP - G	10	3,32,358	0.53	10	3,32,358	0.86
L&T midcap fund - DP - G	10	58,207	0.61	10	58,207	0.83
L&T business cycle fund	10	5,00,000	0.56	10	5,00,000	0.79
L&T tax advantage fund - DP - G	10	1,32,721	0.54	10	1,32,721	0.74
L&T hybrid equity fund - DP - G (old name :l&t india prudence Fund - DP - G)	10	2,55,493	0.59	10	2,55,493	0.71
L&T resurgent india corporate bond fund	10	5,00,000	0.77	10	5,00,000	0.71
L&T low duration fund - DP - G (old name :l&t short term income fund - DP - G)	10	3,40,894	0.73	10	3,40,894	0.70
L&T arbitrage opportunity fund	10	5,00,000	0.75	10	5,00,000	0.70

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars	As at March 31, 2020 Face value (₹)	Quantity (Nos)	Net carrying value	As at March 31, 2019 Face value (₹)	Quantity (Nos)	Net carrying value
L&T large and midcap fund - DP - G (old name :l&t india special situations fund - DP - G)	10	1,40,359	0.53	10	3,65,789	0.69
L&T credit risk fund - DP - G (old name:l&t income opportunities fund - DP - G)	10	3,17,088	0.71	10	3,17,088	0.69
L&T flexi bond fund - DP - G	10	3,31,794	0.77	10	3,31,794	0.69
L&T india large cap fund - DP - G	10	2,43,072	0.54	10	2,43,072	0.69
L&T gilt fund - DP - G	10	1,42,010	0.77	10	1,42,010	0.69
L&T equity fund - DP - G	10	79,561	0.50	10	79,561	0.68
L&T ultra short term fund - direct plan - growth	10	2,17,696	0.73	10	2,17,696	0.68
L&T short term bond fund - direct plan - growth (old name :l&t short term opportunities fund-growth-direct plan)	10	3,67,947	0.74	10	3,67,947	0.68
L&T triple ace bond fund - DP - G	10	1,35,208	0.75	10	1,35,208	0.65
L&T cash fund direct plan - growth	1,000	4,375	0.68	1,000	4,375	0.65
L&T conservative hybrid fund - DP - G (old name : l&t monthly income plan - DP - G)	10	1,78,522	0.66	10	1,78,522	0.65
L&T dynamic equity fund - DP - G	10	2,35,213	0.57	10	2,35,213	0.61
L&T focused equity fund dir. Growth	10	5,00,000	0.45	10	5,00,000	0.54
L&T equity savings fund - DP - G	10	2,76,932	0.45	10	2,76,932	0.52
L&T nifty50 index fund	–	–	0.50	–	–	–
L&T nifty next 50 index fund	–	–	0.50	–	–	–
			745.22			**2,064.33**
(D) Investments in fully paid preference shares (Unquoted)						
(a) Investment carried at fair value through profit or loss						
Grameen capital india private limited	10	38,74,000	–	10	38,74,000	3.87
Ardom telecom private limited	1,00,000	3,150	85.48	1,00,000	3,150	85.48
SKS ispat power limited	10	97,73,621	3.05	10	97,73,621	9.77
3i infotech limited	5	38,96,954	0.68	5	38,96,954	0.68
10% SEW vizag coal terminal private limited	10	40,91,423	–	10,00,000	40,91,423	–
SEW vizag coal terminal private limited	10	7,03,833	–	10	7,03,833	–
			89.21			**99.80**
(E) Investments in government securities						
(a) Investments carried at amortised cost						
Government of India securities	–	–	–	100	18,45,00,000	1,832.55
			–			**1,832.55**
(b) Investment carried at fair value through profit or loss						
7.50% government of india stock 2034	100	14,000	0.14	100	14,000	0.14
6.13% government of india stock 2028	100	40,000	0.39	100	40,000	0.37
			0.53			**0.51**
(c) Investment carried at fair value through other comprehensive income						
Rural electrification corporation limited	–	–	–	10,00,000	240	32.29
National highways authority of india	–	–	–	10,00,000	50	5.33
			–			**37.62**
(F) Investments in units of funds						
(a) Investments carried at fair value through profit or loss						
KKR india debt opportunities fund II	1,000	13,56,565	101.32	1,000	17,76,074	177.61
KKR india debt opportunities fund III	1,000	53,454	0.20	1,000	61,640	6.16
LICHFL urban development fund	10,000	10,000	3.76	10,000	10,000	3.86
LICHFL housing and infrastructure trust	100	1,16,000	1.16	100	1,16,000.00	1.16
			106.44			**188.79**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars	As at March 31, 2020 Face value (₹)	Quantity (Nos)	Net carrying value	As at March 31, 2019 Face value (₹)	Quantity (Nos)	Net carrying value
(b) Investment carried at fair value through other comprehensive income						
Indinfravit trust	100	1,00,000	**0.94**	100	1,00,000.00	**0.98**
(G) Investment in pass through certificates						
(a) Investment carried at fair value through other comprehensive income						
Smith IFMR capital	4	1,20,96,782	3.30	4	1,20,96,782	3.85
Goldstein IFMR capital	43	8,57,170	2.45	43	8,57,170	2.91
Syme IFMR capital	1	1,42,10,515	1.12	1	1,42,10,515	1.42
Moses IFMR capital	1	22,50,000	0.22	1	22,50,000	0.23
			7.09			**8.41**
(H) Investment in security receipts						
(a) Investments carried at fair value through profit or loss						
JM financial (JMFARC) trust	1,000	26,21,651	93.16	1,000	26,21,651	195.70
Phoenix trust FY19-6	899	12,49,500	112.33	903	12,49,500	112.83
EARC trust - SC 258 trust	1,000	25,83,490	7.12	1,000	25,83,490	108.45
Suraksha ARC - 024 trust	1,000	7,85,400	78.54	1,000	7,85,400	78.54
Suraksha ARC - 020 trust	768	8,67,000	66.60	873	8,67,000	75.71
EARC trust - SC 105 trust	1,000	11,90,000	63.90	1,000	11,90,000	63.90
JMFARC LTF june 2017 trust	710	4,80,849	17.95	748	4,80,849	35.89
Suraksha ARC - 024 trust	1,000	3,01,775	30.18	1,000	3,01,775	30.18
Phoenix trust FY 14-9	1,000	11,08,935	27.72	1,000	11,08,935	27.72
EARC trust SC - 258 - series i	551	6,46,510	1.78	932	6,46,510	27.14
JMFARC LTF june 2017 trust	710	2,97,500	9.71	748	2,97,500	22.21
Suraksha ARC - 020 trust (series - ii)	888	1,26,310	7.75	999	1,26,310	9.15
Phoenix ARF scheme 14	1,000	34,882	2.61	1,000	34,882	2.62
EARC trust - SC 132 trust	1,000	8,500	0.77	1,000	8,500	0.77
Phoenix ARF scheme 6	1,000	9,843	–	1,000	9,843	0.25
Phoenix ARF scheme 13	5	27,404	0.01	5	27,404	0.01
Phoenix ARF scheme 11	1	44,208	–	1	44,208	–
Phoenix ARF scheme 9	1	6,612	–	1	6,612	–
Arcil-CPS-062-I trust	3,000	51,85,000	518.51	–	–	–
Phoenix trust FY 20-4	1,000	22,10,000	115.36	–	–	–
EARC trust - SC 367 trust	1,000	15,02,885	147.55	–	–	–
Phoenix trust FY 20-4	522	8,16,000	42.60	–	–	–
Omkara PS10/2019-20 trust	1,000	3,48,500	23.91	–	–	–
EARC trust SC 367	999	1,02,27,115	1,021.13	–	–	–
Suraksha ARC - 037 trust	1,000	1,10,71,25,000	109.47	–	–	–
JM financial asset reconstruction company private limited (series I - JMFARC-IRIS december 2016 - trust)	1,000	6,885	–	1,000	6,885	–
			2,498.65			**791.07**
Total investments (A)			**6,229.86**			**8,640.81**
(i) Investments outside India			–			–
(ii) Investments in India			6,229.86			8,640.81
Total investments (B)			**6,229.86**			**8,640.81**
Less: allowance for impairment loss on investment carried at fair value through other comprehensive income (C)			250.59			–
Net total investment (D)= (A)-(C)			**5,979.27**			**8,640.81**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

8 Other financials assets

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	56.35	70.78
Receivable on sale of investment	–	14.93
Accrued interest on fixed deposit	0.15	0.24
Margin money deposits	0.84	12.50
Other receivables	34.63	27.84
Total	**91.97**	**126.29**

9 Investment properties

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount		
Opening gross carrying amount	379.07	403.01
Add: Additions during the year	0.35	0.84
Less: Classified as assets held for sale	(28.50)	–
Less: Impairment during the year	(12.15)	–
Less: Deductions during the year	(18.10)	–
Less: Reclassified from CWIP to other advances	–	(24.78)
Closing gross carrying amount	**320.67**	**379.07**
Accumulated depreciation and impairment		
Opening accumulated depreciation	11.41	7.90
Add: Depreciation and impairment during the year	3.52	3.51
Less: Classified as assets held for sale during the year	(3.37)	–
Less: Deductions during the year	(1.90)	–
Closing accumulated depreciation	**9.66**	**11.41**
Net carrying amount	**311.01**	**367.66**

Amount recognised in profit or loss for investment properties

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Rental income	42.63	42.81
Other charges Recovery	17.33	16.63
Less: Direct operating expenses from property that generated rental income	51.98	41.83
Profit from investment properties before depreciation and impairment	**7.98**	**17.61**
Less: Depreciation and impairment	3.52	3.51
Profit from investment properties	**4.46**	**14.10**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

10 Property, plant and equipment

(₹ in crore)

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount	
	As at April 01, 2019	Additions	Deductions	Reclassified as held for sale	As at March 31, 2020	As at April 01, 2019	For the year	Deductions	Reclassified as held for sale	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Tangible												
Buildings :												
Owned	0.38	–	–	–	0.38	0.02	0.01	–	–	0.03	0.35	0.36
Leasehold Improvements	1.21	0.06	–	(0.36)	0.91	0.60	0.35	–	(0.30)	0.65	0.26	0.61
Leasehold renovation												
Owned	14.17	0.55	3.65	–	11.07	8.53	2.57	3.39	–	7.71	3.36	5.64
Electrical & Installation												
Owned	16.14	0.01	–	–	16.15	7.82	2.41	–	–	10.23	5.91	8.32
Plant and equipments												
Owned	0.44	–	–	–	0.44	0.07	0.03	–	–	0.10	0.34	0.37
Leased out	11.84	–	5.14	–	6.70	4.92	1.58	2.77	–	3.73	2.97	6.92
Computers												
Owned	34.83	6.56	0.19	(0.11)	41.10	13.76	9.75	0.17	(0.09)	23.25	17.84	21.07
Furniture and fixtures												
Owned	14.46	1.78	0.48	(0.24)	15.52	6.43	2.41	0.29	(0.07)	8.47	7.05	8.03
Leased out	4.74	–	–	–	4.74	3.00	0.56	–	–	3.56	1.18	1.74
Office equipments												
Owned	12.26	2.70	2.20	(0.15)	12.61	7.27	2.88	2.03	(0.12)	8.01	4.60	4.99
Leased out	0.01	–	–	–	0.01	–	–	–	–	–	0.01	0.01
Vehicles												
Owned	3.70	0.68	0.80	(0.40)	3.18	1.23	0.93	0.43	(0.26)	1.46	1.72	2.47
Leased out	11.06	–	6.69	–	4.37	3.90	1.34	3.18	–	2.06	2.31	7.16
Total ₹	**125.24**	**12.34**	**19.15**	**(1.26)**	**117.17**	**57.55**	**24.82**	**12.26**	**(0.85)**	**69.26**	**47.91**	**67.69**
Previous year	135.02	20.99	30.77	–	125.24	37.97	30.95	11.37	–	57.55	67.69	97.05

Intangible assets :

(₹ in crore)

Particulars	Gross carrying amount					Accumulated depreciation					Net carrying amount	
	As at April 01, 2019	Additions	Deductions	Reclassified as held for sale	As at March 31, 2020	As at April 01, 2019	For the year	Deductions	Reclassified as held for sale	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Specialised softwares	116.29	45.37	(0.01)	(1.19)	160.49	63.25	27.90	–	(1.11)	90.05	70.44	53.04
Total ₹	**116.29**	**45.37**	**(0.01)**	**(1.19)**	**160.49**	**63.25**	**27.90**	**–**	**(1.11)**	**90.05**	**70.44**	**53.04**
Previous year	67.74	48.60	0.05	–	116.29	48.09	15.16	–	–	63.25	53.04	19.65
Add: Intangible assets under development											62.04	38.65
											132.47	**91.69**

11 Right of use asset

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Gross carrying amount		
Opening gross carrying amount	27.50	–
Add: Additions during the year	19.28	–
Less: Deductions during the year	(1.78)	–
Closing gross carrying amount	**45.00**	**–**
Accumulated depreciation and impairment		
Opening accumulated depreciation	–	–
Add: Depreciation and impairment	11.00	–
Less: Deductions during the year	–	–
Closing accumulated depreciation	**11.00**	**–**
Net carrying amount	**34.00**	**–**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

12 Other non-financials assets

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	63.28	80.92
Property, plant and equipment held for sale	26.28	1.17
Gratuity asset (Refer note 38)	–	0.51
Capital advances	9.68	11.78
Amount paid under protest	42.78	46.51
Statutory dues recoverable	4.93	16.87
Assets acquired in settlement of claims	183.63	189.22
Others	10.38	31.97
Total	**340.95**	**378.95**

13 Payables

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Due to others	10.72	35.57
Due to related parties (Refer note 40)	54.12	84.48
Sub total	**64.84**	**120.05**
Other payables		
Due to others	0.80	16.12
Sub total	**0.80**	**16.12**
Total	**65.64**	**136.17**

14 Debt securities

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
At amortised cost		
- Commercial paper (net)	5,250.78	14,358.97
- Non convertible debentures	38,741.53	36,909.34
Total	**43,992.31**	**51,268.31**
(B)		
(a) Debt securities in India		
(i) At amortised cost	43,992.31	51,268.31
Total	**43,992.31**	**51,268.31**
(b) Debt securities outside India		
(i) At amortised cost	–	–
(ii) At fair value through profit or loss	–	–
Total	**–**	**–**
(C)		
At amortised cost		
- Secured	38,772.02	43,388.33
- Unsecured	5,220.29	7,879.98
Total	**43,992.31**	**51,268.31**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

15 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
At amortised cost		
(a) Term Loans		
(i) From banks	22,496.35	15,591.29
(ii) From banks - foreign currency nominated rupee loan	–	107.32
(iii) From financial institutions	2,586.06	2,227.13
(b) Loan from a related party (Refer note 40)	–	3.25
(c) Loan repayable on demand		
(i) From banks	12,064.67	15,456.28
(ii) Working capital demand loan	415.00	–
(d) Line of credit from bank	3,620.10	–
(e) External commercial borrowings	3,340.82	–
(f) Corporate bond repo	–	780.18
(g) Collateralized borrowing and lending obligation	–	1,619.70
Total	**44,523.00**	**35,785.15**
(B)		
(a) Borrowings (other than debt securities) in India		
(i) At amortised cost	41,182.18	35,785.15
(ii) At fair value through profit or loss	–	–
Total	**41,182.18**	**35,785.15**
(b) Borrowings (other than debt securities) outside India		
(i) At amortised cost	3,340.82	–
(ii) At fair value through profit or loss	–	–
Total	**3,340.82**	**–**
Total	**44,523.00**	**35,785.15**
(C)		
At amortised cost		
- Secured	39,365.73	26,313.92
- Unsecured	5,157.27	9,471.23
Total	**44,523.00**	**35,785.15**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

16 Subordinated liabilities

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
At amortised cost		
Perpetual debt instruments to the extent that do not qualify as equity	609.28	621.48
Preference shares other than those that qualify as equity	2,244.45	1,329.52
Subordinate debt instruments	885.88	863.62
Tier II debentures	1,639.57	1,638.90
Total	**5,379.18**	**4,453.52**
(B)		
(a) Subordinated liabilities in India		
(i) At amortised cost	5,379.18	4,453.52
(ii) At fair value through profit or loss	–	–
(iii) Designated at fair value through profit or loss	–	–
Subtotal	**5,379.18**	**4,453.52**
(b) Subordinated liabilities outside India		
(i) At amortised cost	–	–
(ii) At fair value through profit or loss	–	–
(iii) Designated at fair value through profit or loss	–	–
Subtotal	**–**	**–**
Total	**5,379.18**	**4,453.52**
(C)		
At amortised cost		
- Secured	–	–
- Unsecured	5,379.18	4,453.52
Total	**5,379.18**	**4,453.52**

17 Other financial liabilities

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposits	12.07	14.69
Liabilities for expenses	255.68	198.60
Bank book credit balance	6.80	192.07
Short term obligation	9.32	19.58
Employee benefits payable	21.71	26.00
Unclaimed infrastructure bonds application money	16.60	14.42
Unclaimed interest on infrastructure bonds/debentures	1.39	0.90
Unclaimed dividend on equity shares	2.04	1.27
Unclaimed redemption proceeds and dividend on preference shares	0.60	0.60
Other payables	117.86	101.09
Total	**444.07**	**569.22**

18 Provisions

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Provision for employee benefits		
Compensated absences	23.44	28.62
Super annuation fund	0.81	0.82
Gratuity (Refer note 38)	17.02	12.34
(b) Others		
Other provisions	–	0.26
Total	**41.27**	**42.04**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

19 Other non-financial liabilities (₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue received in advance	–	1.15
Statutory dues payable	13.03	27.81
Dividend distribution tax payable	–	61.80
Other payables	–	0.37
Total	**13.03**	**91.13**

20 Equity share capital

(I) Share capital authorised, issued, subscribed and paid up

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Authorised:				
Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
Preference shares of ₹ 100 each	50,00,00,000	5,000.00	50,00,00,000	5,000.00
Issued, Subscribed & Paid up:				
Equity shares of ₹ 10 each fully paid	2,00,48,33,610	2,004.83	1,99,88,12,360	1,998.81

(II) Terms/rights attached to equity shares

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

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

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
At the beginning of the year	1,99,88,12,360	1,998.81	1,99,56,76,960	1,995.68
Issued during the year				
- Against employee stock option	60,21,250	6.02	31,35,400	3.13
Outstanding at the end of the year	**2,00,48,33,610**	**2,004.83**	**1,99,88,12,360**	**1,998.81**

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and it's nominee	1,27,75,20,203	1,277.52	1,27,75,20,203	1,277.52
	1,27,75,20,203	**1,277.52**	**1,27,75,20,203**	**1,277.52**

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

Equity Shares	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and it's nominee	1,27,75,20,203	63.72%	1,27,75,20,203	63.91%

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity shares of ₹ 10 each	4,81,16,340	48.12	4,65,86,600	46.59
	4,81,16,340	**48.12**	**4,65,86,600**	**46.59**

(VII) Capital Management

1 The objective of the Group's capital management is to maximise shareholder value, safeguard business continuity and support the growth of its Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated.

2 During the year ended March 31, 2019, the Company paid the final dividend of ₹ 1.00 per equity share for the year ended March 31, 2019 amounting to ₹ 200.05 crore and paid an interim dividend of ₹ 0.90 per equity share for the year ended March 31, 2020 amounting to ₹ 180.44 crore.

(VIII) Employee stock option scheme

1 The Company has formulated Employee Stock Option Schemes 2010 (ESOP Scheme-2010) and 2013 (ESOP Scheme 2013). The grant of options to the employees under the stock option 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 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.

2 Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The option granted under scheme 2013 can be exercised anytime within a period of 8 years from the date of grant. Management has discretion to modify the exercise period.

3 The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 can be exercised either at market price which was the last closing price on National stock exchange preceding the date of grant or ₹ 10 respectively.

4 During the year ended March 31, 2020, 1,017,250 and 5,004,000 options were allotted under scheme 2010 and 2013 respectively.

5 The details of the grants are summarised below:

Particulars	Scheme 2010		Scheme 2010	
	2019-20	2018-19	2019-20	2018-19
Options granted and outstanding at the beginning of the year	49,52,000	42,04,925	4,16,34,600	3,00,90,000
Options granted during the year	2,45,000	15,10,000	1,56,63,240	1,64,90,000
Options cancelled/ lapsed during the year	12,59,250	3,77,125	67,64,000	21,95,800
Options exercised during the year	10,17,250	3,85,800	50,04,000	27,49,600
Options granted and outstanding at the end of the year of which:				
- Options vested	6,19,250	5,04,000	89,77,400	44,32,000
- Options yet to vest	23,01,250	44,48,000	3,62,18,440	3,72,02,600
Weighted average remaining contractual life of options (in years)	4.78	5.63	5.80	5.92

7 During the year, the group has debited to the Statement of Profit and Loss ₹ 88.63 crore (previous year ₹ 68.16 crore) towards the stock options granted to their employees, pursuant to the employee stock option schemes.

8 Weighted average fair values of options granted during the year is ₹ 108.82 (Previous year: ₹ 58.54) per options.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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

Particulars	2019-20	2018-19
Weighted average risk-free interest rate	6.10%	7.42%
Weighted average expected life of options	2.94 years	3.24 years
Weighted average expected volatility	35.28%	32.78%
Weighted average expected dividend over the life of the options	₹ 3.25 per option	₹ 3.65 per option
Weighted average share price	₹ 120.25 per option	₹ 168.93 per option
Weighted average exercise price	₹ 10.53 per option	₹ 161.05 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, 2020	As at March 31, 2019
Securities premium account[1]	5,126.51	5,066.24
General reserve[2]	255.97	117.51
Debenture redemption reserve[3]	319.20	455.59
Capital reserve on consolidation	492.36	492.36
Reserve u/s 36 (1)(viii) of Income tax Act 1961[4]	782.25	701.50
Reserve u/s 45-IC of Reserve Bank of India Act, 1934[5]	1,921.73	1,696.67
Reserve u/s 29C of National Housing Bank Act 1987[6]	27.43	27.43
Employee stock option outstanding account[7]	181.27	121.94
Retained earnings[8]	3,720.68	2,771.41
Impairment reserve[9]	15.82	–
Other comprehensive income		
- Foreign currency translation reserve	0.54	(0.23)
- 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	(0.47)	(0.63)
- Effective portion of cash flow hedge	(99.54)	–
Total	**12,687.59**	**11,449.79**

1. **Securities premium account:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium account. The account is utilised in accordance with the provisions of the Companies Act 2013.
2. **General reserve:** The 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.
3. **Debenture redemption reserve:** As the Subsidiaries has issued redeemable non-convertible debentures, it has created Debenture Redemption Reserve out of its profits available for payment of dividend in accordance with the provisions of section 71(4) of the Companies Act, 2013 to be utilised for the redemption of debentures. 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-covertible debentures.
4. **Reserve u/s 36(1)(viii) of Income tax Act 1961:** In respect of any special reserve created and maintained by a specified entity, an amount not exceeding twenty percent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account.
5. **Reserve u/s 45 IC of Reserve Bank of India Act, 1934:** The Parent and Subsidiaries created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared.
6. **Reserve u/s 29C of National Housing Bank act 1987:** The Subsidiary created a reserve pursuant to the National Housing Bank, 1987 wherein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.
7. **Employee stock option outstanding account:** The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary companies under Company's employee stock option scheme.
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, 2020	Year ended March 31, 2019
On financial assets measured at:		
(i) Amortised cost		
Interest on loans	9,666.69	8,891.89
Interest on deposits with bank	68.30	40.23
Interest income from investments	50.23	101.96
Other interest income	1.90	7.64
(ii) Fair value through profit or loss		
Interest on loans	3,325.53	2,389.39
Interest income from investments	19.99	16.61
(iii) Fair value through other comprehensive income		
Income from other investments	112.10	192.56
Total	**13,244.74**	**11,640.28**

23 Dividend income

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Dividend income on investments	0.12	0.21
Total	**0.12**	**0.21**

24 Rental income

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Lease rental income	9.03	16.15
Other rental income	–	2.69
Total	**9.03**	**18.84**

25 Fees and commission Income

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Management fee	353.20	618.59
Consultancy and financial advisory fee	249.53	457.58
Other financial activities	209.66	198.56
Total	**812.39**	**1,274.73**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

26 Net gain/(loss) on fair value changes

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(A) Net gain/(loss) on financial instruments classified at fair value through profit or loss		
(i) On trading portfolio		
- Investments	139.95	69.32
- Loans	(63.21)	(14.30)
Less: Provision held reversed on derecognition of financial instruments	(87.09)	–
(ii) On non-trading portfolio		
- Investments	119.57	0.64
Total	**109.22**	**55.66**
(B) Fair value changes:		
- Realised	253.39	71.48
- Unrealised	(144.16)	(15.82)
Total	**109.22**	**55.66**

27 Other income

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income from cross sell	349.13	307.91
Net gain on derecognition of property, plant and equipment	2.35	0.16
Other income	21.15	3.73
Total	**372.63**	**311.80**

28 Finance costs

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial liabilities measured at amortised cost		
Interest on borrowings	3,268.02	2,342.35
Interest on debt securities	3,768.45	4,074.14
Interest on subordinated liabilities	434.60	398.05
Other interest expenses	42.53	45.49
Total	**7,513.60**	**6,860.03**

29 Fees and commission expense

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Mutual fund scheme and distribution expenses	17.51	325.71
Total	**17.51**	**325.71**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

30 Net loss/(gain) on fair value changes

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(A) Net loss on financial instruments classified at fair value through profit or loss		
(i) On trading portfolio		
Fair value changes on investments	100.94	387.14
Fair value changes on loans	30.10	63.32
Gain on sale of investment	(13.16)	(46.17)
Gain on sale of loan assets	(1.35)	(7.39)
(B) Net gain on disposal of financial instruments classified at fair value through other comprehensive income		
Gain on sale of investment	(9.00)	(13.74)
Total	**107.53**	**383.16**
(C) Fair value changes:		
- Realised	(23.51)	(67.30)
- Unrealised	131.04	450.46
Total	**107.53**	**383.16**

31 Net loss/(gain) on derecognition of financial instruments under amortised cost category

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Loss on foreclosure and writeoff of loan (net off of recoveries for write off of previous years)	2,003.98	1,845.46
Less: Provision held reversed on derecognition of financial instruments	(1,729.76)	(1,461.08)
Subtotal	**274.22**	**384.38**
Gain on sell down of loan assets	–	(0.07)
Gain on sale of investment	–	(0.30)
Total	**274.22**	**384.01**

32 Impairment on financial instruments

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial instruments measured at fair value through other comprehnsive income:		
Investments	250.59	–
On financial instruments measured at amortised cost:		
Loans	1,730.50	700.88
Trade receivables	13.10	–
Total	**1,994.19**	**700.88**

33 Employee benefits expenses

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries	887.85	679.77
Contribution provident, ESIC and superannuation fund (Refer note 38)	37.88	26.95
Contribution to gratuity fund (Refer note 38)	7.76	6.52
Share based payments to employees (Refer note 20)	88.63	68.16
Staff welfare expenses	40.20	43.33
Total	**1,062.32**	**824.73**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

34 Depreciation, amortisation and impairment

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation (Refer note 10)	24.82	30.95
Depreciation and impairment of investment property (Refer note 9)	15.67	3.51
Amortisation on right of use asset (Refer note 11)	11.00	–
Amortisation on goodwill	2.20	–
Amortisation on other intangible assets (Refer note 10)	27.90	15.16
Total	**81.59**	**49.62**

35 Other expenses

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent	31.01	45.61
Rates and taxes	3.84	6.48
Repairs and maintenance	80.57	66.88
Communication expenses	11.38	12.90
Director's sitting fees	1.24	1.39
Non executive directors remuneration	2.88	2.98
Auditor's fees and expenses		
Statutory audit fees	1.38	1.23
Limited review fees	0.92	0.66
Tax audit fees	0.19	0.17
Certification fees	0.66	0.56
Others	0.34	0.26
Legal and professional charges	181.12	149.53
Insurance	8.04	5.37
Travelling and conveyance	36.90	36.31
Advertisement and publicity	27.56	42.42
Printing and stationery	17.15	13.05
Stamping charges	1.38	2.57
Electricity charges	8.08	8.61
Bank charges	38.64	22.25
Filling fees	1.50	1.01
Brand license fee	53.96	82.55
Membership and subscription fees	3.92	3.16
Collection charges	216.76	156.98
Loan processing charges	21.13	16.10
Listing and custodian charges	1.16	0.95
Training and recruitment expenses	6.84	8.26
Loss on sale of property, plant and equipment	2.67	7.62
Donations	21.54	0.93
Corporate social responsibility expenses	24.81	13.38
Miscellaneous expenses	9.53	11.23
Total	**817.09**	**721.40**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

36 Tax expense

(₹ in crore)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax (Refer note 44)	632.50	749.49
Deferred tax charge/(reversal) (Refer note 44)	(126.06)	70.46
Reversal of deferred tax assets on account of change in tax rate	473.38	–
Total	**979.82**	**819.95**

37 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, 2020		As at March 31, 2019	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
	Subsidiaries					
1	L&T finance limited	India	100%	100%	100%	100%
2	L&T infrastructure finance company limited	India	100%	100%	100%	100%
3	L&T housing finance limited	India	100%	100%	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	100%	100%	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	54.93%	54.93%	54.93%	54.93%
13	L&T capital markets (middle east) limited	UAE	100%	100%	100%	100%

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

38 Disclosure pursuant to Ind AS 19 "Employee benefits"

(i) Defined contribution plans

The Group recognised charges of ₹ 37.88 crores (previous year ₹ 26.95 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, 2020	Gratuity Plan As at March 31, 2019
A)	Present value of defined benefit obligation		
	- Wholly funded	32.89	22.07
	- Wholly unfunded	5.19	4.60
		38.08	26.67
	Less : Fair value of plan assets	(17.41)	(14.85)
	Add : Amount not recognised as an asset (limit in para 64(b) of IndAS 19)	–	0.01
	Amount to be recognised as liability or (asset)	**20.67**	**11.83**
B)	Amounts reflected in Balance Sheet		
	Liabilities *	20.67	12.34
	Assets	–	(0.51)
	Net liability/(asset)	**20.67**	**11.83**

* includes ₹ 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, 2020	Gratuity Plan As at March 31, 2019
1	Current service cost	7.76	6.52
2	Interest cost (net of interest income on plan asset)	0.65	0.26
3	Actuarial losses/(gains) - others	5.08	2.09
4	Actuarial losses/(gains) - difference between actuarial return on plan assets and interest income	0.72	(0.03)
Total		**14.21**	**8.84**
i	Amount included in "employee benefits expenses"	7.76	6.52
ii	Amount included in as part of "finance cost'	0.65	0.26
iii	Amount included as part of "other comprehensive income"	5.80	2.06
Total		**14.21**	**8.84**

(c) The changes in the present value of defined benefit obligaiton representing reconciliation of opening and closing balance: (₹ in crore)

Particulars	Gratuity Plan As at March 31, 2020	Gratuity Plan As at March 31, 2019
Opening balance of the present value of defined benefit obligation	26.67	19.57
Add : Current service cost	7.76	6.52
Add : Interest cost	1.73	1.37
Add : Acturial losses/(gains)		
i) Acturial (gains)/losses arising from changes in financial assumptions	2.62	0.58
ii) Acturial (gains)/losses arising from changes in demographic assumptions	0.66	–
ii) Acturial (gains)/losses arising from changes in experience adjustments	1.80	1.82
Less : Benefits paid	(3.18)	(3.18)
Add : Liability assumed/(settled)*	0.02	(0.01)
Closing balance of the present value of defined benefit obligation	**38.08**	**26.67**

*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, 2020	Gratuity Plan As at March 31, 2019
Opening balance of the fair value of the plan assets	14.85	14.35
Add : interest income of plan assets	1.09	1.13
Add/(less) : Acturial gains/(losses)	(0.72)	0.03
Add : Contribution by the employer	5.26	2.52
Less : Benefits paid	(3.07)	(3.18)
Closing balance of plan assets	**17.41**	**14.85**

(e) Movement in asset ceiling: (₹ in crore)

Particulars	Gratuity Plan As at March 31, 2020	Gratuity Plan As at March 31, 2019
Opening value of asset ceiling	0.01	0.30
Interest on opening balance of asset ceiling	–	0.02
Remeasurement due to changes in surplus/deficit	(0.01)	(0.31)
Closing value of asset ceiling	**–**	**0.01**

(f) The fair value of major categories of plan assets: (₹ in crore)

	Particulars	Gratuity Plan As at March 31, 2020	Gratuity Plan As at March 31, 2019
1	Government of India securities	1.99	1.84
2	Insurer managed funds (unquoted)	9.92	9.76
3	Others (quoted)	2.55	2.55
4	Others (unquoted)	2.96	0.70
		17.41	**14.85**

(g) Principal acturial assumptions at the valuation date: (₹ in crore)

	Particulars	Gratuity Plan As at March 31, 2020	Gratuity Plan As at March 31, 2019
(i)	Discount rate (per annum)	5.6% to 6.85%	6.80% - 7.80%
(ii)	Salary escalation rate (per annum)	9.00%	9.00%

(iii) Discount rate:

Discount rate based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

(iv) Salary escalation rate:

The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

(v) Attrition rate:

The attrition rate varies from 0% to 25% (previous year: 0% to 25%) for various age groups.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(vi) Mortality:

Published rates under the Indian Assured Lives Mortality (2012-14) Ult table.

(h) Sensitivity analysis

One percentage point change in actuarial assumption would have the following effects on the defined benefit obligation:

(₹ in crore)

	Particulars	Gratuity Plan			
		Effect of 1% increase		Effect of 1% decrease	
		2019-20	2018-19	2019-20	2018-19
1	Impact of change in discount rate	(2.44)	(1.62)	2.76	1.80
2	Impact of change in salary escalation rate	2.66	1.75	(2.39)	(1.61)

(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 Acturial 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, 2020	As at March 31, 2019
A) Present value of defined benefit obligations		
- Wholly funded	14.32	15.72
- Wholly unfunded	–	–
	14.32	15.72
Assets acquired on acquistion	–	
Less: Fair value of plan assets	(15.18)	(15.82)
Amount to be recognised as liability or (assets)	(0.86)	(0.10)
B) Amount reflected in Balance sheet		
Liabilities	(0.86)	(0.10)
Assets	–	–
Net liability/(assets)	**(0.86)**	**(0.10)**

(b) The amounts recognised in the Statement of Profit and Loss: (₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2020	As at March 31, 2019
Current service cost	–	–
Interest cost	1.25	1.67
Expected return on plan assets	(1.25)	(1.67)
Acturial losses/(gain)	0.76	(0.10)
Acturial losses/(gain) not recognised in books	(0.76)	0.10
Total	**–**	**–**
Amount included in "Employee benefits expenses"	–	–
Amount included in as part of "Finance cost'	–	–
Amount included as part of "Other comprehensive income"	–	–
Total	**–**	**–**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(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, 2020	As at March 31, 2019
Opening balance of the present value of defined benefit obligation	15.72	24.07
Add: Assets accquired on acquistion	–	–
Add: Current service cost	–	–
Add: Interest cost	1.25	1.67
Less: Benefits paid	(2.65)	(10.53)
Add: Contribution by the employer	–	–
Add: Liability assumed/(settled)	–	0.51
Closing balance of the present value of defined benefit obligation	**14.32**	**15.72**

(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, 2020	As at March 31, 2019
Opening fair value of the plan assets	15.82	24.27
Add: Assets accquired on acquistion	–	–
Add: Interest income of plan assets	1.25	1.67
Add/(less): Acturial gains/(losses)	0.76	(0.10)
Add: Contribution by the employer	–	–
Add/(less): Contribtuion by plan participants	–	–
Less: Benefits paid	(2.65)	(10.53)
Add: Assets acquired/(settled)	–	0.51
Closing fair value of the plan assets	**15.18**	**15.82**

(e) The fair value of major categories of plan assets: (₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2020	As at March 31, 2019
Government of india securities	7.12	7.53
Corporate bonds	4.38	3.51
Special deposit scheme	0.65	0.82
Public sector unit bond	2.44	3.48
Others (unquoted)	0.59	0.48
Total	**15.18**	**15.82**

(f) Principal actuarial assumptions at the valuation date: (₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2020	As at March 31, 2019
Discount rate for the term of the obligation	5.60%	6.90%
Average historic yield on the investment portfolio	8.81%	8.78%
Discount rate for the remaining term to maturity of the investment portfolio	6.60%	7.65%
Future derived return on assets	7.81%	8.03%
Guaranteed rate of return	8.25%	8.65%

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(i) Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the valuation date for the estimated term of the obligations.

(ii) Average historic yield on the investment portfolio:

The average rate of return earned on the investment portfolio of provident fund in the previous three years.

(iii) Expected investment return:

Expected investment return is determined by adding the yield spread to the discount rate for a term of the obligation, where yield spread is the difference between the average historic yield on the investment portfolio & discount rate for the remaining term to maturity of the investment portfolio

(iv) Guaranteed rate of return:

The latest interest rate declared by the Regional Provident Fund Commissioner to its own subscribers.

(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 & Toubro Officers & Supervisory Staff Provident Fund constituted by the ultimate parent company, which is permitted under The employee's Provident Funds and Miscellaneous Provisions Act, 1952. The Contribution by the employer and employee together with interest accumulated there on are payable to the employee at the time of separation from company or retirement whichever is earlier. The benefit vets immediately on rendering of services by the employee.

39 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 liabilites are disclosed as Unallocated and all other assets and liabilities are disclosed as others. The composition of the reportable segments is as follows:

(i) Rural finance comprises of farm equipment finance, two wheeler finance, micro loans and consumer finance.

(ii) Housing finance comprises of home loans, loan against property and real estate finance.

(iii) Infrastructure finance comprises of infrastructure business.

(iv) Defocused business comprises of structured corporate loans, debt capital market, commercial vehicle finance, construction equipment finance, sme term loans and leases.

(v) Others comprises of asset management, wealth management etc.

(vi) Unallocated represents tax assets and tax liabilities.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(a) Information about reportable segment (₹ in crore)

	Particulars	Year ended As at March 31, 2020	Year ended As at March 31, 2019
I	**Gross segment revenue from continuing operations**		
(a)	Rural finance	5,308.80	4,064.18
(b)	Housing finance	3,366.42	3,018.71
(c)	Infrastructure finance	4,385.01	3,784.24
(d)	Defocused business	665.70	1,395.72
(e)	Others	1,027.24	1,303.00
	Segment revenue from continuing operations	**14,753.17**	**13,565.85**
(f)	Less: Inter segment revenue	(577.67)	(576.13)
	Revenue as per the Statement of Profit & Loss	**14,175.50**	**12,989.72**
II	**Segment results**		
(a)	Rural finance	1,225.87	1,151.50
(b)	Housing finance	871.13	1,084.10
(c)	Infrastructure finance	919.45	466.30
(d)	Defocused business	(554.87)	202.45
(e)	Others	218.50	147.63
	Profit before tax	**2,680.08**	**3,051.98**
III	**Segment assets**		
(a)	Rural finance	28,491.28	25,517.39
(b)	Housing finance	30,410.87	27,575.72
(c)	Infrastructure finance	41,705.39	38,232.98
(d)	Defocused business	5,230.76	10,568.47
(e)	Others *	12,878.62	11,650.33
	Sub Total	**1,18,716.92**	**1,13,544.89**
(f)	Less: Inter segment assets	(11,548.39)	(9,909.91)
	Segment assets	**1,07,168.53**	**1,03,634.98**
(g)	Unallocated	2,360.49	2,420.12
	Total assets	**1,09,529.02**	**1,06,055.10**
IV	**Segment liabilities ****		
(a)	Rural finance	24,613.00	22,181.29
(b)	Housing finance	26,631.96	24,321.31
(c)	Infrastructure finance	36,435.59	34,757.97
(d)	Defocused business	4,489.67	9,238.06
(e)	Others *	3,987.22	2,800.57
	Sub Total	**96,157.44**	**93,299.20**
(f)	Less: Inter segment liabilities	(1,429.19)	(731.40)
	Segment liabilities	**94,728.25**	**92,567.80**
(g)	Unallocated	108.35	38.70
	Total liabilities	**94,836.60**	**92,606.50**

* Includes group of assets and liabilities classfied 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.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

40 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	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. (appointed as a non executive director w.e.f. June 28, 2018)	Non-executive director
4	Mr. R. Shankar Raman	Non-executive director
5	Dr. Rajani R Gupte (appointed as an independent director w.e.f. June 28, 2018)	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.	Independent director
9	Ms. Nishi Vasudeva	Independent director
10	Ms. Vaishali Kasture (ceased to be director w.e.f. May 29, 2018)	Independent director
11	Mr. Pavninder Singh	Nominee director

(b) Disclosure of related party transactions :

(₹ in crore)

S. No.	Nature of transactions*	2019-20	2018-19
1	**Branch sharing cost recovered from**		
	Larsen & Toubro Limited	–	0.05
2	**Brand license fees to**		
	Larsen & Toubro Limited	51.00	79.44
3	**Repair and maintenance to**		
	Larsen & Toubro Limited	0.09	0.02
4	**Reimbursement of expenses to**		
	Larsen & Toubro Limited	0.05	0.11
5	**Interest expense on interest corporate borrowing / NCD**		
	L&T Capital Company Limited	0.13	0.36
	Larsen & Toubro Limited	22.96	34.52
6	**Professional fees to**		
	Larsen & Toubro Limited	6.15	9.22
	Larsen & Toubro Infotech Limited	4.27	1.62
7	**Branch sharing cost to**		
	Larsen & Toubro Limited	–	**
8	**Advisory fees to**		
	L&T-MHPS Boilers Private Limited	0.05	0.05
9	**Inter corporate deposits borrowed from**		
	L&T Capital Company Limited	1.20	5.97
	Larsen & Toubro Limited	1,000.00	3,000.00
10	**Inter corporate deposits repaid to**		
	L&T Capital Company Limited	4.45	9.19
	Larsen & Toubro Limited	1,000.00	3,000.00

* Transactions shown above are excluding of GST, if any.

** Amount less than ₹ 1 lakh

(c) Remuneration to key management personnel ***

(₹ in crore)

S. No.	Nature of transactions*	FY 2019-20 Short-term employee benefits	FY 2019-20 Other long term benefits	FY 2018-19 Short-term employee benefits	FY 2018-19 Other long term benefits
1	Mr. Dinanath Dubhashi	10.53	0.77	5.63	–
2	Mr. S. V. Haribhakti	0.51	–	0.61	–
3	Mr. Prabhakar B.	0.08	–	0.13	–
4	Dr. Rajani R. Gupte	0.39	–	0.47	–
5	Mr. Harsh Mariwala	–	–	0.17	–
6	Mr. P. V. Bhide	0.48	–	0.48	–
7	Mr. Thomas Mathew T.	0.49	–	0.51	–
8	Ms. Nishi Vasudeva	0.48	–	0.47	–
9	Ms. Vaishali Kasture	–	–	0.03	–
10	Mr. Pavninder Singh	0.10	–	0.08	–

*** Key management remuneration excludes provision for gratuity, pension and compensated absences, since it is provided on actuarial basis for the Company as a whole.

(d) Amount due to/from related parties:

(₹ in crore)

S. No.	Nature of transactions*	As at March 31, 2020	As at March 31, 2019
1	**Borrowings**		
	L&T Capital Company Limited	–	3.25
2	**Non convertible debenture (borrowings)**		
	Larsen & Toubro Limited	40.45	–
3	**Interest accrued on non convertible debenture (borrowings)**		
	Larsen & Toubro Limited	0.81	–
4	**Trade and other payable**		
	Larsen & Toubro Electromech LLC	0.01	0.01
	Larsen & Toubro Limited *	54.10	84.32
	L&T Hydrocarbon Engineering Limited	0.02	0.02
	Larsen & Toubro Infotech Limited	0.01	0.13
5	**Trade and other receivable**		
	Larsen & Toubro Limited **	4.09	4.30
	L&T-MHPS Boilers Private Limited	–	0.06

* includes ₹ 0.02 crore payable disclosed in group of liabilities classified as held for sale

** includes ₹ 0.41 crore receivable disclosed in group of assets classified as held for sale

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

41 Disclosures pursuant to Indian Accounting Standards (Ind AS) 116 -Leases

(I) Transition disclosure

Reconcilation of operating lease commitments as at March 31, 2019 (under Ind AS 17) to the opening lease liability as at April 1, 2019 (under Ind AS 116)

A Opening impact of Ind AS 116: (₹ in crore)

Right of use asset as on the transition date i.e. April 1, 2019	27.50
Lease liability as on the transition date i.e. April 1, 2019	30.60
Tax effect	0.75
Opening impact in retained earnings	**(2.35)**

B Reconciliation of lease commitments for lessees: (₹ in crore)

Total operating lease commitments disclosed as at March 31, 2019	7.06
Less: Recognition exemptions -	
• Low value leases	(2.67)
• Short term leases	(1.17)
Less: Impact of discounting under Ind AS 116	(5.14)
Add: Extension and termination options reasonably certain to be exercised	32.52
Add: Commitments relating to leases previously classified as finance leases	–
Total lease liability recognized as at April 1, 2019	**30.60**

C Discount rate at which the lease liability is recognised as on the initial application **6.95% - 8.33%**

II) Group as lesseee

a) Operating lease

1 Rights of use assets: (₹ in crore)

Opening right of use asset recognised as on April 1, 2019 (net)	27.50
Add: Additions during the year	19.28
Less: Depreciation during the year	(11.00)
Less: Right of use asset derecognised	(1.78)
Closing right of use asset recognised as on March 31, 2020 (net)	**34.00**

2 Lease liability: (₹ in crore)

Opening lease liability as on April 1, 2019	30.60
Add: Additions during the year	19.28
Add: Interest accrued during the year	3.44
Less: Interest paid during the year	(3.44)
Less: Principal repayment during the year	(10.02)
Less : Lease liability derecognised	(0.28)
Closing lease liability as on March 31, 2020	**39.58**

3 Low value leases/short term leases (₹ in crore)

Expenses recognised during the year for	
- Low value assets	17.95
- Short term leases	13.06
Actual cashflow during the year for	
- Low value assets	17.95
- Short term leases	13.06

b) Finance Lease : Not applicable

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

III) 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:

(₹ in crore)

Particulars	**As at March 31, 2020**
Receivable not later than 1 year	25.42
Receivable later than 1 year but not later than 2 year	20.70
Receivable later than 2 year but not later than 3 year	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	–
Gross investment in lease	**50.98**
Less: Unearned finance income	6.26
Present value of minimum lease payment receivable	**44.72**

iii) Finance lease income on net investment in lease recognised in statement of Profit & loss during the financial year 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

(₹ in crore)

Particulars	**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)	–
Closing value of Lease Receivables as on March 31, 2020	**25.42**	**25.56**	**50.98**

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.

ii) Maturity analysis of undiscontinued lease receivables:

(₹ in crore)

Particulars	**As at March 31, 2020**
Receivable not later than 1 year	1.42
Receivable later than 1 year but not later than 2 year	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	–
Total	**2.11**

iii) Lease income recognised in the statement of Profit and Loss account (other than variable lease payment) : ₹ 2.57 crore

iv) Lease income relating to variable lease payments not depending on index/rate : Nil

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

42 Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share":

(₹ in crore)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Basic			
Profit after tax (₹ in crore)	A	1,700.17	2,226.30
Weighted average number of equity shares outstanding	B	2,00,10,48,372	1,99,71,65,629
Basic earning per share	A/B	8.50	11.15
Diluted			
Profit after tax (₹ in crore)	A	1,700.17	2,226.30
Weighted average number of equity shares outstanding	B	2,00,10,48,372	1,99,71,65,629
Add: Weighted average number of potential equity shares on account of employee stock options	C	95,30,828	77,03,279
Weighted average number of shares outstanding for diluted EPS	D=B+C	2,01,05,79,200	2,00,48,68,908
Diluted earning per share (before and after extraordinary items) (₹)	A/D	8.46	11.10
Face value of shares (₹)		10.00	10.00

43 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, 2020:

Assets/Disposal Group	Reportable segment	
	As at March 31, 2020	As at March 31, 2019
Non-current Assets (L&T Capital Markets Limited) *	Others	Not applicable
Non-current Assets (L&T Capital Markets (Middle East) Limited)	Others	Not applicable

* sale concluded on April 24, 2020

(b) The proposed sale are expected to be completed within 1 year from the respective reporting dates.

(c) The details of assets/ disposal group classified as held for sale and liabilities associated thereto are as under:

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Group(s) of assets classified as held for sale:		
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	–
Total	**94.50**	**–**
Liabilities associated with group(s) classified as held for sale:		
Other financial liabilities	4.27	–
Provisions	4.95	–
Other non-financial liabilities	0.74	–
Total	**9.96**	**–**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

44 Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

(₹ in crore)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
	Consolidated statement of Profit and Loss:		
(a)	**Profit and Loss section:**		
	(i) Current income tax :		
	(A) Current income tax expense	632.50	749.49
		632.50	**749.49**
	(ii) Deferred Tax:		
	(A) Tax expense on origination and reversal of temporary differences	(126.06)	70.46
	(B) Effect on deferred tax balances due to the change in income tax rate (refer footnote)	473.38	–
		347.32	**70.46**
	Income tax expense reported in the consolidated statement of profit or loss[(i)+(ii)]	**979.82**	**819.95**
(b)	**Other comprehensive income (OCI) Section:**		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	–	–
	(B) Deferred tax expense/(income):		
	(a) On re-measurement of defined benefit plans	(1.21)	(0.55)
		(1.21)	**(0.55)**
	(ii) Items to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	–	–
	(B) Deferred tax expense/(income):		
	(a) On Mark-to-Market (MTM) of cash flow hedges	(33.48)	–
	(b) On gain/(loss) on fair value of debt securities	–	(0.03)
		(33.48)	(0.03)
	Income tax expense reported in the other comprehensive income [(i)+(ii)]	**(34.69)**	**(0.58)**
(c)	**Balance sheet:**		
	Current income tax	–	–
	Deferred tax	(0.75)	–
	Income tax expense reported in balance sheet	**(0.75)**	**–**

(b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

(₹ in crore)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(a)	**Profit before tax**	2,680.08	3,051.98
(b)	Corporate tax rate as per Income tax Act, 1961	25.17%	34.94%
(c)	Tax on accounting profit (c)=(a)*(b)	674.52	1,066.49
(d)	(i) Tax on Income exempt from tax :		
	(A) Deduction of special reserve u/s 36(1)(viii) of the Income Tax Act, 1961	(19.64)	(39.96)
	(B) Exempt income	(53.60)	(46.01)
	(C) Deduction under section 80JJAA	(10.24)	–
	(ii) Tax on Income which are taxed at different rates	(9.16)	(4.44)

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

S. No.	Particulars	As at March 31, 2020	As at March 31, 2019
	(iii) Tax on expense not tax deductible :		
	(A) Corporate social responsibility (CSR) expenses	3.02	2.04
	(B) Provision for dimunition of investments	70.79	54.38
	(C) Other disallowances	42.77	51.00
	(iv) Impact of consolidation adjustments	(139.25)	(247.83)
	(v) Set off brought forward losses (no DTA recognised) used against current year income	(55.98)	(44.37)
	(vi) Tax effect of losses/timing differences of current year on which no deferred tax benefit is recognised	–	15.65
	(vii) Tax effect on various other Items	3.21	13.00
	(viii) **Total effect of tax adjustments [(i) to (viii)]**	**(168.08)**	**(246.54)**
(e)	Tax expense (before one-time deferred tax impact) (e)=(c)-(d)	506.44	819.95
(f)	Effective tax Rate (before one-time deferred tax impact) (f)=(e)/(a)	18.90%	26.87%
(g)	Effect on deferred tax due to change in Income tax rate (Refer note below)	473.38	–
(h)	**Tax expense recognised during the year (h)=(e)+(g)**	**979.82**	**819.95**
(i)	**Effective tax Rate (i)=(h)/(a)**	**36.56%**	**26.87%**

The section 115BAA in the Income Tax Act, 1961, provides existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/ incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs. These financial results are prepared on the basis that the parent company and some of its Subsidiaries would avail the option to pay income tax at the lower rate. Consequently, wherever applicable, the opening deferred tax asset (net) has been measured at the lower rate, with a one-time corresponding charge of ₹ 473.38 crore to the Statement of Profit and Loss.

(c) (i) Unused tax losses and unused tax credits for which no deferred tax asset is recognised in Balance sheet:

(₹ in crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	₹ in crore	Expiry year	₹ in crore	Expiry year
Tax losses (business loss and unabsorbed depreciation)				
- Amount of losses having expiry	44.91	Upto AY2028-29	34.67	Upto AY2027-28
- Amount of losses having no expiry	105.94		293.26	
Tax losses (capital loss)	16.42	Upto AY2027-28	38.58	Upto AY2027-28
Unused tax credits [Minimum Alternate Tax (MAT) credit not recognised]	0.08		0.49	
Total	**167.35**		**367.00**	

(ii) Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet:

Particulars	As at March 31, 2020	As at March 31, 2019
Towards provision for diminution in value of investments	544.33	206.16
Other items	0.45	0.46
Total	**544.78**	**206.62**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(d) Major components of deferred tax assets and deferred tax liabilities:

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
Deferred tax assets:					
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
Deferred tax assets	**1,895.88**	**(489.49)**	**(6.82)**	**34.69**	**1,434.27**

* includes ₹ 5.02 crores disclosed in group of assets classified as held for sale

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
Deferred tax liabilities:					
Difference between book base and tax base of property, plant and equipement, 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)
Deferred tax liabilities	**(123.92)**	**142.17**	**–**	**–**	**18.25**
Net deferred tax assets/(liabilities)	**1,771.96**	**(347.32)**	**(6.82)**	**34.69**	**1,452.51**

Particulars	Deferred tax assets / (liabilities) as at April 1, 2018	Charge/(credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/(credit) to other comprehensive income	Deferred tax assets / (liabilities) as at March 31, 2019
Deferred tax assets:					
Expected credit loss provision on Loans	1,877.81	(231.75)	–	–	1,646.06
Amortisation of fee income	34.79	(15.57)	–	–	19.22
Unabsorbed depreciation	12.02	–			12.02
Carried forward tax losses	40.31	(8.24)	–	–	32.07
Unutilised MAT credit	70.70	6.31	–	–	77.01
Other items giving rise to temporary differences	36.01	72.91	–	0.58	109.50
Deferred tax assets:	**2,071.64**	**(176.34)**	**–**	**0.58**	**1,895.88**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

Particulars	Deferred tax assets / (liabilities) as at April 1, 2018	Charge/(credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/(credit) to Other comprehensive income	Deferred tax assets / (liabilities) as at March 31, 2019
Deferred tax liabilities:					
Difference between book base and tax base of property, plant & equipement, investment property and intangible assets	(30.52)	68.01	–	–	37.49
Interest income recognised on stage 3 loans	(156.03)	35.93	–	–	(120.10)
Unamortised borrowing cost	(8.71)	2.55	–	–	(6.16)
Other items giving rise to temporary differences	(34.54)	(0.61)	–	–	(35.15)
Deferred tax liabilities	**(229.80)**	**105.88**	**–**	**–**	**(123.92)**
Net deferred tax assets/(liabilities)	**1,841.84**	**(70.46)**	**–**	**0.58**	**1,771.96**

45 Contingent liabilities and commitments

(₹ in crore)

S. No	Particulars	As at March 31, 2020	As at March 31, 2019
	Contingent liabilities		
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	504.88	60.94
	(iii) Legal matters in dispute	2.28	7.55
2	Bank guarantees	254.63	483.93
3	Other money for which the Group is contingently liable; Letter of credit/letter of comfort	2,004.22	2,006.34
	Total (a)	**2,774.67**	**2,567.42**
	Commitments		
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	95.46	90.37
2	Other Undrawn/Undisbursed commitments** (standby facilities)	1,364.53	486.31
	Total (b)	**1,459.99**	**576.68**
	Total (c)=(a)+(b)	**4,234.66**	**3,144.10**

* 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.

46 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

(a) Foreign currency risk :

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Liability – External commercial borrowings	USD 37,50,00,000.00	USD 1,55,06,280.04
Assets – Currency swap contracts	USD 37,50,00,000.00	USD 1,55,06,280.04

(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, 2020	As at March 31, 2019
Variable rate borrowings	37,704.90	30,363.70
Fixed rate borrowings	54,623.43	58,985.47
Total borrowings*	**92,328.32**	**89,349.17**

*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, 2020			As at March 31, 2019		
	Weighted average interest rate	Balance	% of total borrowing	Weighted average interest rate	Balance	% of total borrowing
Variable rate borrowings	8.54%	37,704.90	40.84%	8.42%	30,363.70	33.98%
Net exposure to cash flow interest rate risk	**8.54%**	**37,704.90**	**40.84%**	**8.42%**	**30,363.70**	**33.98%**

(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, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest rates – increase by 25 basis points *	(41.93)	(37.43)	(41.93)	(37.43)
Interest rates – decrease by 25 basis points*	41.93	37.43	41.93	37.43

* Impact on P/L upto 1 year, holding all other variables constant

47 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, 2020			As at March 31, 2019		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	ASSETS:						
(1)	**Financial assets**						
(a)	Cash and cash equivalents	5,598.69	–	5,598.69	1,826.65	–	1,826.65
(b)	Bank balance other than (a) above	2,197.76	7.95	2,205.71	17.82	29.68	47.50
(c)	Derivative financial instruments	–	155.06	155.06	7.20	–	7.20
(d)	Receivables						
	(I) Trade receivables	64.74	–	64.74	106.37	–	106.37
	(II) Other receivables	19.31	–	19.31	10.63	–	10.63
(e)	Loans	41,256.68	50,205.82	91,462.50	42,371.37	48,953.26	91,324.63
(f)	Investments	1,781.11	4,198.16	5,979.27	4,944.84	3,695.97	8,640.81
(g)	Other financial assets	43.52	48.45	91.97	106.83	19.46	126.29
(2)	**Group of liabilities classified as held for sale**	94.50	–	94.50	–	–	–

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

S. No	Particulars	As at March 31, 2020 Within 12 months	After 12 months	Total	As at March 31, 2019 Within 12 months	After 12 months	Total
(3)	**Non-financial assets**						
(a)	Current tax asset (net)	–	901.24	901.24	–	642.97	642.97
(b)	Deferred tax assets (net)	–	1,452.97	1,452.97	–	1,777.15	1,777.15
(c)	Investment property	–	311.01	311.01	–	367.66	367.66
(d)	Property, plant and equipment	–	47.91	47.91	–	67.69	67.69
(e)	Intangible assets under development	–	62.04	62.04	–	38.65	38.65
(f)	Goodwill on consolidation	–	636.71	636.71	–	638.91	638.91
(g)	Other intangible assets	–	70.44	70.44	–	53.04	53.04
(h)	Right of use asset	–	34.00	34.00	–	–	–
(i)	Other non-financial assets	96.23	244.72	340.95	300.29	78.66	378.95
	Total Assets	**51,152.54**	**58,376.48**	**1,09,529.02**	**49,692.00**	**56,363.10**	**1,06,055.10**
	LIABILITIES						
(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	64.84	–	64.84	119.69	0.36	120.05
(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	0.80	–	0.80	16.12	–	16.12
(c)	Debt securities	15,995.76	27,996.55	43,992.31	23,465.84	27,802.47	51,268.31
(d)	Borrowings (other than debt securities)	18,487.43	26,035.57	44,523.00	12,235.44	23,549.71	35,785.15
(e)	Subordinated liabilities	790.26	4,588.92	5,379.18	343.31	4,110.21	4,453.52
(f)	Lease liability	11.10	28.48	39.58	–	–	–
(g)	Other financial liabilities	354.80	89.27	444.07	569.22	–	569.22
(2)	**Group of liabilities classified as held for sale**	9.96	–	9.96	–	–	–
(3)	**Non-Financial Liabilities**						
(a)	Current tax liability (net)	107.89	–	107.89	33.51	–	33.51
(b)	Provisions	33.77	7.50	41.27	35.22	6.82	42.04
(c)	Deferred tax liabilities (net)	–	0.46	0.46	–	5.19	5.19
(d)	Other non-financial liabilities	13.03	–	13.03	91.13	–	91.13
	Total liabilities	**35,869.64**	**58,746.75**	**94,616.39**	**36,909.48**	**55,474.76**	**92,384.24**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

48 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 last published cumulative default rates for 1 year and 3-year periods as published annually by CRISIL for Stage 1 and Stage 2 loan assets.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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.

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 recent 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. Given the uncertainties arising from the COVID 19 pandemic, the ECL allowance as of March 31, 2020, is measured based on the Downside scenario.

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:

Wholesale (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 internal ratings-based PD has been benchmarked to the Cumulative Default Rates for 1 year and 3-year periods as published annually by CRISIL.

The Exposure at Default (EAD) is measured at the amortised cost as at the reporting date.

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).

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, 2020			As at March 31, 2019		
	Outstanding	Cash collateral	Nature of Non–cash collateral	Outstanding	Cash collateral	Nature of Non–cash collateral
Financial assets						
Cash and cash equivalent and other bank balances	7,804.40	–		1,874.15	–	
Loans and advances at amortised cost	66,584.86	–	Refer foot note below	66,928.19	–	Refer foot note below
Equity instruments (Associate)	–	–		–	–	
Debt instruments	–	–		1,832.55	–	
Trade receivables	64.74	–		106.37	–	
Other receivables	19.31	–		10.63	–	
Other financial assets	91.97	–		126.29	–	
Total financial assets at amortised cost	**74,565.28**	**–**		**70,878.18**	**–**	

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Outstanding	Cash collateral	Nature of Non–cash collateral	Outstanding	Cash collateral	Nature of Non–cash collateral
Derivative financial instruments	155.06	–		7.20	–	
Financial assets at fair value through profit or loss	29,655.59	–		28,892.30	–	
Total financial instruments at fair value through profit or loss	**29,810.65**	**–**		**28,899.49**	**–**	
Financial instruments at fair value through other comprehensive income	1,201.31	–		2,312.41	–	
Total financial instruments at fair value through other comprehensive income	**1,201.31**	**–**		**2,312.41**	**–**	
Total on-balance sheet	**105,577.25**	**–**		**102,090.08**	**–**	
Off balance sheet						
Contingent liabilities	2,774.67	–		2,567.42	–	
Other commitments	1,459.99	–		576.68	–	
Total off-balance sheet	**4,234.66**	**–**		**3,144.10**	**–**	
Total	**109,811.91**	**–**		**105,234.18**	**–**	

Footnote

a) Retail loans, other than unsecured loans aggregating ₹ 14,828.70 crore as of March 31, 2020, are generally secured by a charge on the asset financed (farm equipment loans, and two-wheeler loans and loans against property) (as of March 31, 2019: ₹ 12,911.95 crore). Wholesale loans are secured with current assets as well as immovable property and property, plant and equipment in some cases. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.

b) Housing loans, other than unsecured insurance loans aggregating ₹ 11,518.10 crore as of March 31, 2020 (as of March 31, 2019: ₹ 10,267.12 crore) are generally secured by a charge on the asset financed (loans against property and home loans). If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.

c) Wholesale loans are secured with current assets as well as immovable property and property, plant and equipment in some cases. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.

Of the unmitigated on balance sheet exposure, a significant portion relates to cash held with banks, settlement balances, and debt securities issued by governments all of which are considered to be lower risk.

Besides growth in the loan assets portfolio, increases in trading portfolio assets and financial assets at fair value through the Statement of Profit and Loss have also contributed to the increase in the Group's net exposure to credit risk. Investments in debt instruments are predominantly investment grade.

Where collateral has been obtained in the event of default, the Group does not, ordinarily, use such assets for its own operations and they are usually sold and off set against the outstanding loan assets.

The Group has invoked pledge of equity shares in the following companies, pledged with the Group as collateral by the borrowers and these shares are being held by the Group as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

S. No.	Name of Company	No. of shares held as bailee	
		As at March 31, 2020	As at March 31, 2019
1	Saumya mining limited	5,13,012	5,13,012
2	SEW vizag coal terminal private limited	7,03,833	7,03,833
3	Bhushan steel limited	71,89,089	71,89,089
4	Sterling international enterprises limited	2,17,309	2,17,309
5	Tulip telecom limited	14,01,762	14,01,762
6	Punj lloyd limited	5	5
7	Golden tobacco limited	10,000	10,000
8	Gujarat highway corporation limited	70,000	70,000
9	Hindusthan national glass & industries limited	34,04,499	34,04,499
10	Hanjer biotech energies private limited	3,25,096	3,25,096
11	VMC systems limited	7,17,736	7,17,736
12	KSK energy ventures limited	3,08,446	3,08,446
13	KSK mahanadi power company limited	5,96,052	5,96,052
14	Automobile corporation of Goa	8,784	–
15	Bajaj holdings and investment limited	20,220	–
16	Kinetic engineering limited	17,556	–
17	Motherson sumi systems limited	91,125	–
18	Munjal showa limited	25,000	–
19	NTPC limited	19,000	–
20	Reliance capital limited	4,500	–
21	State bank of india	10,000	–
22	Tata consultancy services limited	220	–
23	Tata motors limited – DVR	31,814	–
24	NTPC limited (NCD)	16,300	–

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.

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.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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'). Given the current market scenario, the Group has been maintaining positive cumulative liquidity gaps for all the time-buckets upto 1 year as a prudent risk management practice.

The Group also periodically undertakes liquidity stress testing under various liquidity stress scenarios. It maintains liquidity buffer for period of 30 days in the forms of High Quality Liquid Assets under 1-in-10 liquidity stress scenario arrived by applying hair cut of 40% on undrawn bank lines and collection shortfall of 15% is assumed. 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.

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. The impact of different types of changes in the yield curve on the earnings for the entire Group of which the Group is a component are also measured every month and captured in the Risk Dashboard.

Security Prices:

The Group manages investment portfolios comprising of government securities, corporate bonds and debentures. To safeguard against the credit risk and interest rate risk in the investment portfolios, risk limits in the form of portfolio size limits, concentration limits 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.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

49 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, 2020				As at March 31, 2019			
		FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
	Financial assets								
1	Cash and cash equivalents	-	–	5,598.69	5,598.69	–	–	1,826.65	1,826.65
2	Bank balance other than (1) above	-	–	2,205.71	2,205.71	–	–	47.50	47.50
3	Derivative financial instruments	-	155.06	–	155.06	7.20	–	–	7.20
4	Receivables	-	–	–	–	–	–	–	–
	Trade receivables	-	–	64.74	64.74	–	–	106.37	106.37
	Other receivable	-	–	19.31	19.31	–	–	10.63	10.63
5	Loans	24,877.64	–	66,584.86	91,462.50	24,396.44	–	66,928.19	91,324.63
6	Investments								
	Equity instruments (including investment in share application money)	477.72	31.61	–	509.33	485.14	–	–	485.14
	Preference share	89.21	–	–	89.21	99.80	–	–	99.80
	Mutual funds	745.22	–	–	745.22	2,064.33	–	–	2,064.33
	Debentures	860.17	1,161.67	–	2,021.84	866.21	2,265.40	–	3,131.61
	Security receipt	2,498.65	–	–	2,498.65	791.07	–	–	791.07
	Units of fund	106.44	0.94	–	107.38	188.79	0.98	–	189.77
	Government securities	0.53	–	–	0.53	0.51	37.62	1,832.55	1,870.68
	Pass through certificates	–	7.09	–	7.09	–	8.41	–	8.41
7	Other financial assets	–	–	91.97	91.97	–	–	126.29	126.29
	Total financial assets	**29,655.59**	**1,356.38**	**74,565.28**	**1,05,577.25**	**28,899.49**	**2,312.41**	**70,878.18**	**1,02,090.08**
	Financial liabilities				**–**				**–**
1	Derivative financial instruments	–	–	–	–	–	–	–	–
2	Trade payables	–	–	64.84	64.84	–	–	120.05	120.05
3	Other payables	–	–	0.80	0.80	–	–	16.12	16.12
4	Lease liabilities	–	–	39.58	39.58				
5	Debt securities	–	–	43,992.31	43,992.31	–	–	51,268.31	51,268.31
6	Borrowings (other than debt securities)	–	–	44,523.00	44,523.00	–	–	35,785.15	35,785.15
7	Subordinated liabilities	–	–	5,379.18	5,379.18	–	–	4,453.52	4,453.52
8	Other financial liabilities	–	–	444.07	444.07	–	–	569.22	569.22
	Total financial liabilities	**–**	**–**	**94,443.78**	**94,443.78**	**–**	**–**	**92,212.37**	**92,212.37**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(b) Fair value hierarchy of financial assets and financial liabilities at fair value:

(₹ in crore)

	Particulars	As at March 31, 2020 Level 1	Level 2	Level 3	Total	As at March 31, 2019 Level 1	Level 2	Level 3	Total
	Financial assets:								
1	Investments at FVTPL:								
	Equity shares (Including share application money)	2.98	–	474.74	477.72	8.28	–	476.86	485.14
	Preference shares	–	–	89.21	89.21	–	–	99.80	99.80
	Mutual fund	745.22	–	–	745.22	2,064.33	–	–	2,064.33
	Government securities	–	0.53	–	0.53	–	0.51	–	0.51
	Debentures	–	–	860.17	860.17	–	–	866.21	866.21
	Security receipt	–	–	2,498.65	2,498.65	–	–	791.07	791.07
	Units of fund	–	–	106.44	106.44	–	–	188.79	188.79
2	Derivative financial instruments	–	155.06	–	155.06	–	7.20	–	7.20
3	Loans	–	–	24,877.64	24,877.64	–	–	24,396.44	24,396.44
4	Investments at FVTOCI:	–	–	–		–	–	–	
	Debentures	–	1,161.67	–	1,161.67	–	2,265.40	–	2,265.40
	Government securities	–	–	–	–	–	37.62	–	37.62
	Pass through certificates	–	–	7.09	7.09	–	–	8.41	8.41
	Equity shares	31.61	–	–	31.61	–	–	–	–
	Units of fund	–	0.94	–	0.94	–	0.98	–	0.98
	Total financial assets	**779.81**	**1,318.21**	**28,913.95**	**31,011.97**	**2,072.61**	**2,311.71**	**26,827.58**	**31,211.90**
	Financial liabilities:								
1	Derivative financial instruments	–	–	–	–	–	–	–	–
	Total financial liabilities	–	–	–	–	–	–	–	–

(c) Movement of items measured using unobservable inputs (Level 3):

(₹ in crore)

Particulars	Equity share	Preference share	Debentures	Pass through certificates	Security receipts	Units of fund	Loans	Total
Balance as at April 1, 2019	**476.86**	**99.80**	**866.21**	**8.41**	**791.07**	**188.79**	**24,396.44**	**26,827.58**
Addition during the year	–	–	–	–	2,099.74	8.36	6,926.65	9,034.75
Disposal during the year	–	(6.17)	(2.60)	(1.32)	(252.06)	(48.58)	(6,415.31)	(6,726.04)
Gain/(Loss) recognised in Profit or Loss	(2.12)	(4.42)	(3.44)	–	(140.10)	(42.13)	(30.14)	(222.34)
Balance as at March 31, 2020	**474.74**	**89.21**	**860.17**	**7.09**	**2,498.65**	**106.44**	**24,877.64**	**28,913.95**
Unrealised gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period								
As at March 31, 2019	(132.48)	(2.13)	68.95	–	(300.66)	–	–	(366.31)
As at March 31, 2020	**(2.13)**	**(4.42)**	**(3.49)**	**–**	**(140.08)**	**(42.12)**	**(31.49)**	**(223.73)**

(d) Sensitivity disclosure for level 3 fair value measurements:

(₹ in crore)

Particulars	Fair value as at As at March 31, 2020	Fair value as at As at March 31, 2019	Sensitivity	Impact of change in rates on total comprehensive income statement As at March 31, 2020 Favourable	As at March 31, 2020 Unfavourable	As at March 31, 2019 Favourable	As at March 31, 2019 Unfavourable
Equity share	474.74	476.86	5.00%	23.74	(23.74)	23.84	(23.84)
Preference share	89.21	99.80	5.00%	4.46	(4.46)	4.99	(4.99)
Debt instruments	860.17	866.21	0.25%	2.15	(2.15)	2.17	(2.17)
Pass through certificates	7.09	8.41	0.25%	0.02	(0.02)	0.02	(0.02)
Security receipts	2,498.65	791.07	5.00%	123.29	(123.29)	37.54	(37.54)
Units of fund	106.44	188.79	5.00%	5.33	(5.33)	9.44	(9.44)
Loans	24,877.64	24,396.44	0.25%	61.12	(61.12)	60.18	(60.18)
Total	**28,913.95**	**26,827.58**		**220.11**	**(220.11)**	**138.18**	**(138.18)**

(e) Maturity profile of financial liabilities based on undiscounted cash flows:

(₹ in crore)

Particulars	As at March 31, 2020 Within 12 months	After 12 months	Total	As at March 31, 2019 Within 12 months	After 12 months	Total
Non-derivative liabilities						
Borrowings*	39,842.87	70,345.77	1,10,188.64	37,992.03	64,545.75	1,02,537.78
Trade and other payables	65.64	–	65.64	136.17	–	136.17
Lease liabilities	13.04	26.54	39.58	–	–	–
Other financial liabilities	354.76	89.31	444.07	569.22	–	569.22
Total	**40,276.31**	**70,461.62**	**1,10,737.93**	**38,697.42**	**64,545.75**	**1,03,243.17**
Derivative liabilities						
Forward contracts	–	–	–	–	–	–
Total	–	–	–	–	–	–

* 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, 2020 Carrying amount	Fair value	As at March 31, 2019 Carrying amount	Fair value
Financial assets:				
Loans*	66,584.86	66,584.86	66,928.19	66,928.19
Investment in government securities	–	–	1,832.55	1,899.07
Total	**66,584.86**	**66,584.86**	**68,760.74**	**68,827.26**
Financial liabilities:				
Debt securities	43,992.31	44,723.95	51,268.31	51,538.43
Borrowings	44,523.00	44,592.75	35,785.15	35,785.52
Subordinated liabilities	5,379.18	5,391.07	4,453.52	4,444.28
Lease liabilities	39.58	39.58	–	–
Total	**93,934.07**	**94,747.35**	**91,506.98**	**91,768.23**

* In the absence of an observable market for these loan assets, the fair values have been determined from the perspective of the group after considering changes in performance and risk indicators (including delinquencies and interest rates)

The carrying amounts of cash & cash equivalents, bank balance, trade receivables,other receivables,other financial assets,trade payables,other payables and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(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, 2020	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	–	–	66,584.86	66,584.86	Discounted cash flow approach
Government securities	–	–	–	–	Discounted cash flow approach
Total	**–**	**–**	**66,584.86**	**66,584.86**	
Financial liabilities:					
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
Total	**–**	**–**	**94,747.35**	**94,747.35**	

(₹ in crore)

As at March 31, 2020	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	–	–	66,928.19	66,928.19	Discounted cash flow approach
Government securities	–	1,899.07	–	1,899.07	Discounted cash flow approach
Total	**–**	**1,899.07**	**66,928.19**	**68,827.26**	
Financial liabilities:					
Debt securities	–	–	51,538.43	51,538.43	Discounted cash flow approach
Borrowings (other than government securities)	–	–	35,785.52	35,785.52	Discounted cash flow approach
Subordinated liabilities	–	–	4,444.28	4,444.28	Discounted cash flow approach
Total	**–**	**–**	**91,768.23**	**91,768.23**	

50 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures:"

(a) Expected credit loss - loans:

(₹ in crore)

Particulars		As at March 31, 2020			As at March 31, 2019		
		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)	61,601.66	571.74	61,029.92	62,452.33	481.37	61,970.96
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	3,546.07	268.44	3,277.63	2,828.11	227.90	2,600.21
	Financial assets for which credit risk has increased significantly and credit-impaired (Stage 3)	6,062.11	3,784.80	2,277.31	6,271.98	3,914.96	2,357.02
Total		**71,209.84**	**4,624.98**	**66,584.86**	**71,552.42**	**4,624.23**	**66,928.19**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(b) Reconciliation of loss allowance provision – loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3	Total
Loss allowance as on April 1, 2018	281.16	192.40	4,919.39	5,392.95
New assets originated or purchased	313.71	33.50	123.00	470.21
Amount written off	–	(1.56)	(1,459.52)	(1,461.08)
Transfers to Stage 1	37.36	(24.62)	(12.74)	–
Transfers to Stage 2	(3.02)	8.92	(5.90)	–
Transfers to Stage 3	(5.98)	(10.07)	16.05	–
Impact on year end ECL of exposure transferred between stages during the year	(29.12)	58.92	391.78	421.58
Increase / (decrease) in provision on existing financial assets (net of recovery)	(112.74)	(29.59)	(57.10)	(199.43)
Loss allowance as on March 31, 2019	**481.37**	**227.90**	**3,914.96**	**4,624.23**
New assets originated or purchased	339.90	34.94	77.00	451.84
Amount written off	(1.59)	–	(815.56)	(817.15)
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	(655.51)	(802.88)
Loss allowance as on March 31, 2020	**571.74**	**268.44**	**3,784.80**	**4,624.98**

(c) Reconciliation of Gross carrying amount - loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	**54,946.76**	**3,093.75**	**7,609.46**	**65,649.97**
New assets originated or purchased	30,473.09	378.00	182.98	31,034.07
Amount written off	-	(26.97)	(1,507.52)	(1,534.49)
Transfers to Stage 1	443.55	(407.49)	(36.06)	-
Transfers to Stage 2	(770.52)	788.55	(18.03)	-
Transfers to Stage 3	(600.78)	(243.62)	844.40	-
Net recovery	(22,039.77)	(754.10)	(803.26)	(23,597.13)
Gross carrying amount as at March 31, 2019	**62,452.33**	**2,828.12**	**6,271.97**	**71,552.42**
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)
Gross carrying amount as at March 31, 2020	**61,601.66**	**3,546.07**	**6,062.11**	**71,209.84**

51 Additional information pursuant to Schedule III to the Companies Act, 2013 for the year ended March 31, 2020

(₹ in crore)

Name of the entity		Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent									
L&T Finance Holdings Limited	**(A)**	53.39%	7,844.85	15.69%	266.81	0.07%	-0.11	17.31%	266.70
Subsidiaries									
Indian									
L&T Finance Limited (Refer note 55)		60.53%	8,893.59	21.54%	366.29	93.73%	-149.37	14.08%	216.92
L&T Infrastructure Finance Company Limited (Refer note 55)		35.46%	5,210.39	16.42%	279.25	-1.12%	1.78	18.24%	281.03
L&T Housing Finance Limited (Refer note 55)		10.36%	1,521.71	2.72%	46.31	7.22%	-11.50	2.26%	34.81
L&T Infra Debt Fund Limited		8.67%	1,274.05	12.53%	212.98	0.10%	-0.16	13.81%	212.82
L&T Investment Management Limited		3.93%	577.35	11.77%	200.06	0.67%	-1.07	12.91%	198.99
L&T Infra Investment Partners		3.33%	489.24	0.01%	0.20	0.00%	-	0.01%	0.20
L&T Capital Markets Limited		0.45%	66.44	-0.22%	-3.73	-0.21%	0.33	-0.22%	-3.40

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in crore)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
L&T Financial Consultants Limited	0.56%	82.16	3.10%	52.75	0.02%	-0.03	3.42%	52.72
L&T Infra Investment Partners Advisory Private Limited	0.10%	14.63	0.20%	3.42	0.00%	-	0.22%	3.42
L&T infra Investment Partners Trustee Private Limited	0.00%	0.06	0.00%	0.01	0.00%	-	0.00%	0.01
L&T Mutual Fund Trustee Limited	0.01%	1.31	-0.01%	-0.12	0.00%	-	-0.01%	-0.12
Mudit Cement Private Limited	(0.00)	-42.16	-0.94%	-15.96	0.00%	-	-1.04%	-15.96
Foreign								
L&T Capital Markets (Middle East) Limited	0.07%	10.46	-0.02%	-0.33	-0.48%	0.77	0.03%	0.44
Total Subsidiaries (B)		**18,099.23**		**1,141.13**		**-159.25**		**981.88**
Non-controlling interests in subsidiaries **(C)**	-1.50%	-220.21	-0.01%	(0.09)	0.00%	-	-0.01%	(0.09)
Consol adjustment and elimination **(D)**	-75.08%	-11,031.45	17.20%	292.42	0.00%	-	18.98%	292.42
Total (A+B+C+D)	**100.00%**	**14,692.42**	**100.00%**	**1,700.26**	**100.00%**	**-159.36**	**100.00%**	**1,540.90**

52 Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:

(₹ in crore)

Particulars	April 1, 2019	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
Total	**91,506.98**	**1,897.76**	**(489.75)**	**93,894.49**

(₹ in crore)

Particulars	April 1, 2018	Cash flows	Others	March 31, 2019
Debt securities	40,996.13	10,228.02	(44.16)	51,268.31
Borrowings (other than debt securities)	29,853.50	5,992.28	60.63	35,785.15
Subordinated liabilities	4,398.65	45.00	(9.87)	4,453.52
Total	**75,248.28**	**16,265.30**	**6.60**	**91,506.98**

53 Moratorium in accordance with the Reserve Bank of India (RBI) guidelines:

The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and in accordance therewith, the Group has proposed to offer a moratorium of three months on the payment of instalments falling due between March 1, 2020 and May 31, 2020 to eligible borrowers. For all such accounts classified as standard and overdue as on February 29, 2020, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the policy).

54 Estimation uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables, intangible assets (including goodwill) and investments, the Group has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these consolidated financial statements. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Group will continue to monitor any material changes to the future economic conditions. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

55 Proposed Amalgamation of L&T Infrastructure Finance Company Ltd ("LTIFC"), L&T Housing Finance Ltd ("LTHFC") and L&T Finance Ltd ("LTFL")

The Board of Directors of LTIFC, LTHFC and LTFL, the wholly owned subsidiaries of the Company have approved the scheme of amalgamation by way of merger by absorption ("Scheme" or "Scheme of Amalgamation"), involving amalgamation of LTIFC and LTHFC with LTFL, at their respective Board Meetings held on March 20, 2020 leading to creation of a single unified lending entity with appointed date of April 1, 2020 subject to requisite regulatory approvals.

56 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2020.

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 May 15, 2020.

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 15, 2020

L&T Finance Holdings Limited

Regd. Office: Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East),
Mumbai – 400 098, Maharashtra, India. CIN: L67120MH2008PLC181833
E-mail: igrc@ltfs.com; Website: *www.ltfs.com*; Phone: +91 22 6212 5000; Fax: +91 22 6212 5553

Notice of the Twelfth Annual General Meeting

Notice is hereby given that the **Twelfth Annual General Meeting** ("AGM") of the Members of **L&T Finance Holdings Limited** will be held on Tuesday, July 28, 2020 at 3:00 p.m. through electronic mode [video conference ("VC") or other audio visual means ("OAVM")] to transact the following business:

Ordinary Business:

1. To consider and adopt the audited standalone financial statements of the Company together with the report of the Board of Directors and the Auditors thereon for the financial year ended March 31, 2020 and audited consolidated financial statements of the Company together with the report of the Auditors thereon for the financial year ended March 31, 2020.
2. To appoint a director in place of Mr. Prabhakar B. (DIN: 02101808), who retires by rotation, and being eligible, offers himself for re-appointment.

Special Business:

3. **Approval and ratification of payment of additional remuneration to 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** in furtherance of the resolution passed by the Members at the Meeting of the Company held on August 23, 2016 and pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force) and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company, the payment of additional remuneration (one-time retention pay) to Mr. Dinanath Dubhashi, Managing Director and Chief Executive Officer (DIN: 03545900) of ₹ 3.94 Cr (Rupees Three Crore and Ninety Four Lakh only) be and is hereby approved and ratified.

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

4. **Re-appointment of Mr. Thomas Mathew T. as an Independent Director of the Company:**

   To consider and, if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and rules made thereunder read with Schedule IV and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof for the time being in force) and based on the recommendation of the Nomination and Remuneration Committee of the Company and approval of the Board of Directors, Mr. Thomas Mathew T. (DIN: 00130282) who was appointed as an Independent Director of the Company from July 23, 2015 to June 30, 2020 by the Members of the Company and is eligible for being re-appointed as an Independent Director, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of a director be and is hereby re-appointed as an Independent Director of the Company for a term of 5 years with effect from July 1, 2020 to June 30, 2025."

5. **Issuance of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares by way of public offer or on a private placement basis:**

   To consider and, if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of Sections 23, 40, 42, 55, 62 and any other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof) and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Rules, Regulations, Guidelines and Circulars issued by the Reserve Bank of India, as amended from time to time, the Memorandum and Articles of Association of the Company, any other applicable laws for the time being in force and subject to such other approvals as may be required from regulatory authorities from time to time, consent of the Company be and is hereby accorded to the Board of Directors ("Board", which term shall include any committee thereof which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this resolution) to create, offer, issue and allot, in one or more tranches 20 Cr (Twenty Crore) Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("Preference Shares") of the face value of ₹ 100 each for cash at par or at a premium aggregating to a nominal value of ₹ 2,000 Cr (Rupees Two Thousand Crore only) to various persons either through public offer or on a private placement basis, in one or more tranches to various institutions / entities viz. companies / bodies corporate / persons including Promoters / Promoter Group and Associates, whether or not they are the Member(s) of the Company on such terms and conditions as may be decided by the Board and subject to the following rights:

   - The Preference Shares shall carry a fixed cumulative preference dividend to be determined by the Board at the time of issue of the Preference Shares, on the capital for the time being paid-up thereon and shall be redeemable not later than the date determined by the Board at the time of issue or such other date as may be determined by the Board but not later than a period exceeding 7 (seven) years.
   - The Preference Shares shall rank for dividend in priority to the Equity Shares for the time being of the Company.
   - In the case of winding up of the Company, the Preference Shares shall be entitled to rank, as regards repayment of capital and arrears of dividend, whether declared or not, up to the commencement of the winding up, in priority to the Equity Shares but shall not be entitled to any further participation in profits or assets.
   - Voting rights of the persons holding the Preference Shares shall be in accordance with the provisions of Section 47 of the Act.

   RESOLVED FURTHER THAT the Board be and is hereby authorised to make arrangements with any financial institution / bank or any other body or person(s) to underwrite the whole or any part of the issue of the Preference Shares, subject to the provisions of Section 40(6) of the Act.

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

By Order of the Board of Directors
For **L&T Finance Holdings Limited**

Apurva Rathod
Company Secretary
ACS-18314

Date: June 30, 2020

Place: Mumbai

Notes:

1. The Statement as required under Section 102 of the Companies Act, 2013 ("the Act") is annexed to the Notice.
2. Considering the extra-ordinary circumstances caused by COVID-19 and in light of the social distancing norms, the Ministry of Corporate Affairs ("MCA") has vide its circulars dated April 8,2020, April 13, 2020 and May 5, 2020 ("MCA Circulars") permitted the holding of the Annual General Meeting of a company through VC / OAVM. In compliance with the provisions of the the Act, MCA Circulars and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI Listing Regulations"), the Twelfth Annual General Meeting of the Company ("AGM") is being held through VC / OAVM on Tuesday, July 28, 2020 at 3:00 p.m.

   The procedure for joining the AGM through VC/ OAVM is mentioned in this Notice.
3. 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 Proxy Form as well as the Attendance Slip are therefore, not annexed to this Notice.
4. 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.
5. The Company has appointed Mr. S. N. Ananthasubramanian, Practicing 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.
6. 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 atleast 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.

7. 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.

8. 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.

9. 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. Tuesday, July 21, 2020 (“cut-off date”).

10. A person who is not a Member as on Tuesday, July 21, 2020 should treat this Notice for information purposes only.

11. A person, whose name is recorded in the Register of Members / Beneficial Owners list maintained by the depositories as on Tuesday, July 21, 2020 only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM.

12. Register of Members and Share Transfer Books will remain closed from Wednesday, July 22, 2020 to Tuesday, July 28, 2020 (both days inclusive).

13. 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.

14. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding to avail the benefits of dematerialization, which includes easy liquidity since trading is permitted in dematerialized form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents. Further, with effect from April 1, 2019, requests for transfer of securities are not permitted unless the securities are held in a dematerialized form with a depository except in case of transmission or transposition of securities as per SEBI Listing Regulations. Members who still hold share certificate(s) in physical form are advised to dematerialize their shareholding at the earliest.

15. 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 Tuesday, July 21, 2020 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 circular dated May 12, 2020, the Notice calling the AGM along with the Annual Report for 2019-20 (“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 Notice of AGM and Annual Report will also be available on the website of the Company at www.ltfs.com/investors.html, the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and 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.

    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 using the facility provided by the Company through the following link available on its website: www.linkintime.co.in/EmailReg/Email_Register.html.

    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. Since the AGM will be held through VC / OAVM, the route map is not annexed to the Notice.

20. All the documents referred in the Notice are available for inspection electronically from the date of dispatch of Notice till Tuesday, July 28, 2020. Members seeking to inspect such documents are requested to write to the Company at igrc@ltfs.com.

21. **Investor Grievance Redressal:** The Company has designated an exclusive e-mail ID i.e. igrc@ltfs.com to enable the investors to register their complaints / send correspondence, if any.

22. **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 using the login credentials.

23. **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.ltfs.com/investors.html and Ministry of Corporate Affairs at www.iepf.gov.in/. Members can contact the RTA for claiming the unclaimed dividends standing to the credit in their account.

24. **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:

A. Procedure and instructions for remote e-voting:

The voting period begins on Saturday, July 25, 2020 from 9:30 a.m. (IST) and ends on Monday, July 27, 2020 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 Tuesday, July 21, 2020, 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.

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.

(i) Members should log on to the e-voting website 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 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	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both i.e. shares held in dematerialized form as well as physical form) • Members who have not updated their PAN with the Company / Depository Participant are requested to write to the Company at igrc@ltfs.com
Dividend bank details or Date of Birth	Enter the dividend bank details or date of birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the member ID / Folio No. in the dividend bank details field by following the instructions.

(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 dematerialized 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 on resolutions of any other company on which they are eligible to vote, provided that the 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” and enter the details as prompted by the system.

(xvii) Members can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective stores. Please follow the instructions as prompted by the mobile app while remote e-voting through your mobile.

(xviii) **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* and register themselves as Corporates.
- A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to *helpdesk.evoting@cdslindia.com*.
- After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to *helpdesk.evoting@cdslindia.com* and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- 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.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at *www.evotingindia.com*, under help section or write an email to *helpdesk.evoting@cdslindia.com* or call 1800 22 5533.

(xx) All grievances connected with the e-voting facility may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th 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* or call 1800 22 5533 / 022-2305 8542.

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* 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 number, PAN, mobile number along with their queries at *igrc@ltfs.com* from Wednesday, July 22, 2020 from 9:30 a.m. (IST) to Friday, July 24, 2020 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 are as under:

(i) The procedure to be followed for e-voting on the day of the AGM will be the same 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, 25th 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* or call 1800 22 5533 / 022-2305 8542.

Declaration of Results:

1) The scrutinizer shall, immediately after the conclusion of voting during the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours 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 *www.ltfs.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 PURSUANT TO PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE DATED JUNE 30, 2020.

The following Explanatory Statement relating to the accompanying Notice sets out all material facts in respect of the resolutions:

ITEM NO. 3

The Members at the Annual General Meeting ("AGM") held on August 23, 2016 had appointed Mr. Dinanath Dubhashi (DIN: 03545900), as the Managing Director of the Company till April 13, 2021 and approved the remuneration and terms and conditions in relation to the appointment.

Considering the performance exhibited by Mr. Dubhashi in the challenging market environment and to bridge the compensation gap as reflected in the peer benchmarking exercise carried out by the Company, the Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee has approved payment of additional remuneration (one-time retention pay) of ₹ 3.94 Cr (Rupees Three Crore Ninety Four Lakh only). All other terms and conditions of the appointment and remuneration remain same as approved by the Members at the AGM held on August 23, 2016.

The Board recommends the resolution set forth in Item No. 3 of the Notice for approval and ratification by 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 above resolution.

ITEM NO. 4

Pursuant to the provisions of the Companies Act, 2013 ("the Act") read with relevant rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"), an Independent Director can hold the office for a term of up to 5 consecutive years on the Board of a company, but is eligible for re-appointment for another term of up to 5 years on passing of a special resolution by the company, based on the report of performance evaluation. Thus, an Independent Director cannot hold office for more than two consecutive terms of up to 5 years.

Mr. Thomas Mathew T. (DIN: 00130282) was appointed as an Independent Director on the Board of the Company vide resolution passed at the Seventh Annual General Meeting held on September 8, 2015 from July 23, 2015 to June 30, 2020.

Mr. Mathew is eligible to be re-appointed as an Independent Director for another term of up to 5 consecutive years.

In accordance with the aforesaid, necessary performance evaluation was carried out. Further, basis the report of the performance evaluation covering various aspects including attendance and level of participation, interpersonal relationship, understanding of the roles and responsibilities, etc. and basis the recommendation of the Nomination and Remuneration Committee of the Company, the Board of Directors at its meeting held on May 15, 2020, approved the re-appointment of Mr. Mathew as an Independent Director of the Company for a second term of 5 consecutive years with effect from July 1, 2020 to June 30, 2025. The re-appointment of Mr. Mathew is subject to the approval by the Members at the ensuing Annual General Meeting by way of a special resolution.

The Company have received a notice in accordance with the provisions of Section 160 of the Act proposing the candidature of Mr. Mathew for the office of Independent Director. A copy of the draft Letter of Appointment for the Independent Director is available for inspection as specified in the Notice.

In the opinion of the Board, Mr. Mathew fulfills the conditions specified in the Act and the SEBI Listing Regulations pertaining to independent director and is independent of the management. The Company has received a declaration from Mr. Mathew that he is not disqualified to be re-appointed as an Independent Director under the Act and SEBI Listing Regulations.

The Board is of the view that the Company would greatly benefit from the skills, knowledge and rich and varied experience of Mr. Mathew and accordingly recommends the special resolution set forth in Item No. 4 of the Notice for approval of the Members.

Save and except Mr. Mathew, being the appointee, none of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Company, are concerned / interested, financially or otherwise, in the above resolution.

ITEM NO. 5

The steady growth in the operations of subsidiaries of the Company has necessitated regular infusion of equity and Tier I or Tier II debt in its subsidiaries and being the holding Company, the Company would need to raise funds for such infusion. The Company would also need funds for its working capital requirements including redemption of preference shares from time to time.

In connection with the aforesaid, approval of the Members is sought for the issue of preference shares. The preference shares may be issued either by way of a public offer or on a private placement basis in one or more tranches to various institutions / entities viz. companies / bodies corporate / persons including Promoters / Promoter Group and Associates, whether or not they are Member(s) of the Company, considering the viable options available. The said enabling resolution empowers the Board to create, offer, issue and allot 20 Cr (Twenty Crore) Cumulative Compulsorily Redeemable Non-Convertible preference shares of the face value of ₹ 100 each for cash at par or premium and on such terms and conditions including but not limited as to the rate of dividend, period and manner of redemption, amount of premium, if any, as the Board in its absolute discretion may determine, provided the aggregate amount up to which the preference shares shall be issued shall not exceed ₹ 2,000 Cr (Rupees Two Thousand Crore only). The Board shall also be authorised to approve any modification, alteration and re-setting of all or any of the terms and conditions of the preference shares from time-to-time in consultation and agreement with the subscribers / holders of preference shares. The terms and conditions of the preference shares shall however be subject to the provisions of the Companies Act, 2013, or any modification(s) / re-enactment(s) thereof and the Memorandum and Articles of Association of the Company, if any.

As required under Rule 9(3) of the Companies (Share Capital and Debentures) Rules, 2014 and Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the material facts in connection with the aforesaid issue of Preference Shares are as follows:

(a)	**Particulars of the offer including date of passing of Board resolution**	Cumulative Compulsorily Redeemable Non-Convertible Preference Shares for an amount not exceeding in aggregate ₹ 2,000 Cr (Rupees Two Thousand Crore only) in one or more tranches by way of a public offer or on a private placement basis at such rates and on such terms and conditions as may be determined by the Board (including any Committee constituted by the Board) ("Board"). Date of passing of Board resolution: March 20, 2020.
(b)	**Size of the issue and number of preference shares to be issued and nominal value of each share**	The Company proposes to create, offer, issue and allot Preference Shares of the face value of ₹ 100 each for cash at par or at a premium either by way of a public offer or to various entities / persons including Promoters / Promoter Group and Associates, whether or not they are Member(s) of the Company on a private placement basis.
(c)	**Nature of such shares i.e. cumulative or non-cumulative, participating or non-participating, convertible or non-convertible**	Cumulative, Non-Participating and Non-Convertible.
(d)	**Objectives of the issue**	To maintain adequate working capital including redemption of preference shares and funding the operations of the Company and that of its subsidiaries.
(e)	**Manner of issue of shares**	Public Offer / Private Placement as decided by the Board.
(f)	**Price at which such shares are proposed to be issued**	At par or at premium as decided by the Board.
(g)	**Basis on which the price has been arrived at**	While the issuances would generally be made at par, in case the issuance is made at premium, the same would be at a price determined on the basis of valuation by a registered valuer in accordance with applicable rules.
(h)	**Terms of issue, including terms and rate of dividend on each share, etc.**	The tenure shall be for a period not exceeding 7 (seven) years. The issuances would be subject to conditions of market, appetite of the investors, prevalent tax regulations, credit rating of the instrument etc, and the rate of dividend would be linked to the returns provided by similar instruments.
(i)	**Terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion**	Tenure of redemption would be based on cash flow forecasts of the Company which in turn would be linked to ongoing performance of its subsidiaries and the growth opportunities.
(j)	**Manner and modes of redemption**	The redemption of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares will be done in accordance with the provisions of the Companies Act, 2013 and out of profit and / or out of fresh issue of capital.
(k)	**Current shareholding pattern of the Company**	Equity shareholding pattern as on March 31, 2020[1]: (see table below)

Category	No. of Shares	% to Equity Capital
Promoter	1,27,75,20,203	63.72
Financial Institution, Mutual Funds and Bank	3,90,31,103	1.95
FIIs, FPIs & AIFs	30,96,62,104	15.45
Bodies Corporates	10,93,25,077	5.45
Resident Individuals and Others	25,74,51,504	12.84
Non-Resident Indians	1,18,43,619	0.59
Total	**2,00,48,33,610**	**100.00**

[1] *Detailed shareholding pattern is available on the website of the Company i.e. www.ltfs.com and is also available on the website of BSE Ltd. i.e. www.bseindia.com and National Stock Exchange of India Ltd. i.e. www.nseindia.com.*

(l)	**Expected dilution in equity share capital upon conversion of preference shares**	Not applicable
(m)	**Material terms of raising such securities**	Since the issuance would be in one or more tranches, material terms will be determined by the Board, in accordance with the applicable provisions of the Companies Act, 2013 and the rules framed thereunder and other applicable laws for the time being in force.
(n)	**Proposed time schedule**	From the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting.
(o)	**Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects**	The issuance will be in one or more tranches and the contribution, if any, will be in accordance with the applicable provisions of the Companies Act, 2013 and the Rules framed thereunder and other applicable laws for the time being in force.
(p)	**Principle terms of assets charged as securities**	Not applicable
(q)	**Details of valuer**	Since the issuance would be in one or more tranches, the valuer will be determined by the Board, in accordance with the applicable provisions of the Companies Act, 2013 and the Rules framed thereunder and other applicable laws for the time being in force.

None of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Company, are concerned / interested, financially or otherwise, in the above resolution.

The aforesaid proposal is in the interest of the Company and the Board thus recommends the special resolution at Item No. 5 of the Notice for approval of the Members.

Additional Information of Directors pursuant to SS-2 and SEBI Listing Regulations:

Name of the Director	Mr. Prabhakar B. (DIN: 02101808)	Mr. Dinanath Dubhashi (DIN: 03545900)	Mr. Thomas Mathew T. (DIN: 00130282)
Date of Birth/(Age)	August 4, 1953 (66 years)	May 31, 1966 (54 years)	June 3, 1953 (67 years)
Qualifications	Chartered Accountant, B.Com from University of Mysore	Post Graduate from IIM Bangalore B.E. (Mechanical)	PGDM Marketing, Post Graduate in Economics, Law Graduate and Associate of the Insurance Institute of India
Date of first appointment on the Board	June 28, 2018	April 14, 2016	July 23, 2015
Remuneration	Sitting fees and commission as approved by the Board.(1)	As approved by the Members of the Company.(1)	Sitting fees and commission as approved by the Board.(1)
Experience/Brief Profile	Mr. Prabhakar B. retired as Chairman and Managing Director of Andhra Bank in August 2013 after serving various banks for about 37 years. Prior to that, he had served as the Executive Director of Bank of India for a period of over 3 years. Before that, he had served with Bank of Baroda having worked in all areas of banking with stints at Zambia and U.K. He was the Chief Executive of Bank of Baroda, UK operations.	Mr. Dinanath Dubhashi is the Managing Director & Chief Executive Officer of the Company. With a rich experience of over two decades, he has worked in multiple domains of financial services such as Corporate Banking, Cash Management, Credit Rating, Retail Lending and Rural Finance. He has been with L&T Financial Services ("LTFS") since 2007 and has been instrumental in scaling up the retail business operations manifold, across customer segments and geographies. Under his leadership, the Company has been transformed into an organization focused on creating superior shareholder value through a sustained increase in Return on Equity (RoE), through decisive strategic choices in businesses, structures and people. Prior to LTFS, he was associated with organizations such as BNP Paribas, CARE Ratings and SBI Capital Markets in various capacities.	Mr. Thomas Mathew T. has over four decades of strategic leadership and operational experience in the Life Insurance & Reinsurance industry. He was the Managing Director and Interim Chairman of L.I.C. He was also India MD & CEO of 'Reinsurance Group of America'. He was nominated by SEBI as the Chairman of the Metropolitan Stock Exchange of India. He has served as Director on the Boards of Mahindra & Mahindra Limited, Tata Power Co. Limited, Voltas Limited, IFCI Limited and Corporation Bank. He was a member on the Governing Council of the MDI, Gurgaon, Actuarial Institute of India & Chairman of The National Insurance Academy, Pune. He is a Director on the Boards of 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.
Terms and conditions of appointment / re-appointment	Appointed as a Director liable to retire by rotation.	As approved by the Members at the AGM held on August 23, 2016	Re-appointed as an Independent Director for a second term of a period of 5 years i.e. from July 1, 2020 to June 30, 2020.
Directorships held in other companies (excluding foreign companies) as on date	1. Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited 2. ASREC (India) Limited 3. National Securities Depository Limited	1. L&T Finance Limited 2. L&T Infrastructure Finance Company Limited 3. L&T Housing Finance Limited 4. L&T Infra Debt Fund Limited 5. L&T Investment Management Limited 6. L&T Infra Investment Partners Advisory Private Limited	1. L&T Infrastructure Finance Company Limited 2. L&T Infra Debt Fund Limited 3. Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited 4. PTC India Financial Services Limited
Memberships / Chairpersonship of committees across companies (only Statutory Committees as required to be constituted under the Act considered)	**A. Audit Committee** 1. Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited (C) 2. ASREC (India) Limited (C) 3. National Securities Depository Limited **B. Stakeholder's Relationship Committee** 1. National Securities Depository Limited **C. Nomination and Remuneration Committee** 1. Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited (C) 2. ASREC (India) Limited 3. National Securities Depository Limited	**A. Audit Committee** 1. L&T Finance Limited 2. L&T Infrastructure Finance Company Limited 3. L&T Housing Finance Limited 4. L&T Infra Debt Fund Limited **B. Stakeholder's Relationship Committee** 1. L&T Finance Limited (C) 2. L&T Infrastructure Finance Company Limited (C) **C. Corporate Social Responsibility Committee** 1. L&T Finance Holdings Limited 2. L&T Finance Limited 3. L&T Infrastructure Finance Company Limited (C) 4. L&T Housing Finance Limited (C) 5. L&T Infra Debt Fund Limited (C) 6. L&T Investment Management Limited 7. L&T Infra Investment Partners Advisory Private Limited **D. Nomination and Remuneration Committee** 1. L&T Infrastructure Finance Company Limited 2. L&T Finance Limited 3. L&T Housing Finance Limited 4. L&T Infra Debt Fund Limited	**A. Audit Committee** 1. L&T Finance Holdings Limited 2. L&T Infrastructure Finance Company Limited (C) 3. L&T Infra Debt Fund Limited (C) 4. Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited **B. Stakeholder's Relationship Committee** 1. PTC India Financial Services Limited **C. Corporate Social Responsibility Committee** 1. L&T Infrastructure Finance Company Limited 2. L&T Infra Debt Fund Limited **D. Nomination and Remuneration Committee** 1. L&T Finance Holdings Limited (C) 2. L&T Infrastructure Finance Company Limited (C) 3. L&T Infra Debt Fund Limited (C) 4. Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited
Shareholding in the Company (Equity) as on March 31, 2020	353	4,36,087	–
Relationship with other Directors / Manager / Key Managerial Personnel	None	None	None
Number of Board Meetings attended during FY 2019-20	Four out of five meetings	All meetings (i.e. five out of five meetings)	All meetings (i.e. five out of five meetings)

(1) *For details pertaining to the remuneration last drawn, please refer the Corporate Governance Report forming part of Board's Report.*

(C) - Chairperson

By Order of the Board of Directors
For **L&T Finance Holdings Limited**

Apurva Rathod
Company Secretary
ACS - 18314

Date: June 30, 2020
Place: Mumbai

Investor information:

Market capitalisation as at March 31, 2020	:	₹ 10,262.61 Cr
BSE code	:	533519
NSE symbol	:	L&TFH
AGM date	:	July 28, 2020
AGM mode	:	Video-conference/other audio-visual means

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